



Community Infrastructure Levy: Viability Study (2016 update)

Prepared for
Warwick District Council

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Contents

1	Executive Summary	3
2	Introduction	6
3	Methodology and appraisal inputs	11
4	Development appraisals	14
5	Appraisal outputs	27
6	Assessment of the results	31
7	Conclusions and recommendations	46

Appendices

- Appendix 1 - SHLAA sites
- Appendix 2 - Strategic sites details from SHLAA
- Appendix 3 - Residential appraisal results
- Appendix 4 - Strategic sites appraisal results
- Appendix 5 - Commercial appraisal results

1 Executive Summary

- 1.1 This report updates the results of our 2013 '*Community Infrastructure Levy Viability Study*'. The report tests the ability of a range of development types (including a sample of strategic sites) within Warwick District to yield contributions to infrastructure requirements through the Community Infrastructure Levy ('CIL') having regard to changes in key appraisal inputs since the 2013 study was completed. As was the case in the original report, levels of CIL has been tested in combination with the Council's other planning requirements, including the provision of affordable housing.

Methodology

- 1.2 The study methodology compares the residual land values of a range of hypothetical developments and a sample of five strategic sites to a range of benchmark land values. If a development incorporating a given level of CIL generates a higher value than the benchmark land value, then it can be judged that the proposed level of CIL will be viable.
- 1.3 The study utilises the residual land value method of calculating the value of each development. This method is used by developers when determining how much to bid for land and involves calculating the value of the completed scheme and deducting development costs (construction, fees, finance and CIL) and developer's profit. The residual amount is the sum left after these costs have been deducted from the value of the development, and guides a developer in determining an appropriate offer price for the site.
- 1.4 The housing and commercial property markets are inherently cyclical. The 2013 study was undertaken at a time when values had fallen below their peak and had subsequently recovered. During the following three years to 2016, that recovery has strengthened, although the result of the recent referendum on the UK's membership of the European Union has resulted in a degree of uncertainty. We have allowed for this by running a sensitivity analysis which decreases sales values by 5%, to enable the Council to take a view on the impact of any adverse movements in sales values in the short term. Our commercial appraisals incorporate sensitivity analyses on rent levels and yields.

Key findings

- 1.5 The key findings of the study are as follows:
- The results of this study are reflective of current market conditions, which are likely to improve over the medium term. It is therefore important that the Council monitors the viability situation on a regular basis. Should substantial changes in market conditions occur, the Council may then consider it appropriate to undertake a review of its CIL rates¹.
 - The ability of **residential schemes** to make CIL contributions varies between different parts of the District. Having regard to the need to set rates that are not at the margins of viability, our appraisals indicate that the following levels of CIL should not adversely impact on viability of development and delivery of the plan as a whole:
 - Much of Leamington Spa and higher value rural areas: £190 - £200 per square metre (Zones B and D on the charging zones map);
 - Kenilworth: £140 per square metre (Zone C on the charging zones map);
 - Warwick, East Leamington Spa and lower value rural areas (Zone A on the charging zones map): £70 per square metre.
 - Our appraisals of strategic sites (i.e. larger sites that make up a significant proportion of the Council's housing supply and subsequently of strategic importance) reflect the likely scale of on-site infrastructure requirements, including community infrastructure secured through Section

¹ The CIL regulations do not require charging authorities to publish specific dates or timescales for reviews of their charging schedules.

106 obligations (our appraisals incorporate an allowance of £13,000 per unit, which is broadly equivalent to a CIL charge of between £130 to £216 per square metre (depending on the percentage of affordable housing secured). As a result of these requirements, strategic sites will not be able to absorb the same levels of CIL as other residential developments, but they are providing community infrastructure on site in any event.

- At current rent levels, **Office development** is unlikely to come forward in the short to medium term as the capital values generated are insufficient to cover development costs. We therefore recommend that the Council sets a **nil rate** for office development.
- Our appraisals of developments of **industrial and warehousing floorspace** indicate that these uses are unlikely to generate positive residual land values. We therefore recommend a **nil rate** for industrial and warehousing floorspace.
- Retail developments in Leamington Spa's prime retail area generate sufficient surpluses to absorb a CIL of **£65 per square metre**, after allowing for a discount below the maximum rate.
- Although the 2013 CIL Viability Study recommended a CIL be applied to hotels, our updated appraisals indicate that this will no longer be possible due to rising costs and relatively static capital values over the intervening period.
- Residual values generated by **retail developments elsewhere** are unlikely to be sufficiently high to absorb a CIL charge. In any case, is likely that a significant proportion of retail development will involve the re-use of existing retail space, so the differential in value between current and newly developed space is modest in areas where rents are low. We therefore recommend a nil rate on retail development outside the prime Leamington Spa area.
- **Superstores, supermarket and retail parks**² are capable of generating greater surplus value and could absorb a CIL of £151 per square metre. After allowing for a discount below the maximum rate, we suggest a CIL of **£105 per square metre**.
- **Student housing** developments have capacity to absorb a CIL charge of up to £148 per square metre and we recommend a charge of £100 per square metre. This would apply to speculative private developments only, as the University would qualify for charitable relief for any residences that it develops itself.
- **D1 and D2** uses often do not generate sufficient income streams to cover their costs. Consequently, they require some form of subsidy to operate. This type of facility is very unlikely to be built by the private sector. We therefore suggest that a nil rate of CIL be set for D1 uses.

- 1.6 For residential schemes, the application of CIL of is unlikely to be an overriding factor in determining whether or not a scheme is viable. When considered in context of total scheme value, CIL will be a modest amount, typically accounting for less than 3% of value. Some schemes would be unviable even if a zero CIL were adopted. We therefore recommend that the Council pays limited regard to these schemes as they are unlikely to come forward during the life of the Charging Schedule.

² See definition in Table 1.6.1.

Table 1.6.1: Suggested CIL rates for DCS

Type of development	Zones B and D Much of Leamington Spa and rural higher value	Zone C Kenilworth	Zone A Warwick, East Leamington Spa & rural lower value
Residential	£190 - £200	£140	£70
Strategic residential	£50 - £60	£25	Nil
Retail development – prime Leamington Spa	£65	Nil	Nil
Convenience based supermarkets ³ and superstores and retail parks ⁴	£105		
Student housing	£100		
Hotels	Nil		
Offices	Nil		
Industrial and warehousing	Nil		
D1 and D2 uses	Nil		

³ Superstores/supermarkets are shopping destinations in their own right where weekly food shopping needs are met and which can also include non-food floorspace as part of the overall mix of the unit.

⁴ Retail warehouses are large stores specialising in the sale of household goods (such as carpets, furniture and electrical goods), DIY items and other ranges of goods, catering for mainly car-borne customers.

2 Introduction

- 2.1 This study has been commissioned to contribute towards an evidence base to inform Warwick District Council's ('the Council') CIL Charging Schedule ('CS'), as required by Regulation 14 of the CIL Regulations April 2010 (as subsequently amended). The aims of the study are summarised as follows:
- to test the impact upon the economics of residential development of a range of levels of CIL;
 - for residential schemes, to test CIL alongside the Council's requirements for 40% affordable housing on sites of 10 or more units within urban areas and on sites of 5 or more units in rural areas; as well as other planning obligations; and
 - to test the ability of commercial schemes to make a contribution towards infrastructure through CIL.
- 2.2 Our methodology, adopts a standard residual valuation approach to test the impact on viability of a range of levels of CIL. However, due to the extent and range of financial variables involved in residual valuations, they can only ever serve as a guide. Individual site characteristics (which are unique), mean that conclusions must always be tempered by a level of flexibility in application of policy requirements on a site by site basis. As CIL is fixed at the point of adoption, it is essential that levels of CIL are set so as to allow a sufficient margin to allow for these site specific variations.

Policy Context

- 2.3 The CIL regulations state that in setting a charge, local authorities must aim to strike the "*appropriate balance*" between revenue maximisation on the one hand and the potentially adverse impact upon the viability of development on the other. The regulations also state that local authorities should take account of other sources of available funding for infrastructure when setting CIL rates. This report deals with viability only and does not consider other sources of funding.
- 2.4 The Statutory Guidance places emphasis on setting rates of CIL that do not threaten "*the ability to develop viably the sites and the scale of development identified in the Local Plan*". This guidance also suggests that charging authorities can treat major strategic sites as separate geographical zones "*where it is supported by robust evidence on economic viability*".
- 2.5 Local authorities must consult relevant stakeholders on the nature and amount of any proposed CIL at two stages; after publication of the Preliminary Draft Charging Schedule ('PDCS') and the Draft Charging Schedule ('DCS'). Following consultation, a charging schedule must be submitted for independent examination.
- 2.6 The regulations allow a number of reliefs and exemptions from CIL. Firstly, affordable housing and buildings with other charitable uses (if controlled by a charity) are subject to relief. Secondly, local authorities may, if they choose, elect to offer an exemption on proven viability grounds. The exemption would be available for 12 months, after which time viability of the scheme concerned would need to be reviewed. To be eligible for exemption, regulation 55 states that the Applicant must enter into a Section 106 agreement (and the costs of complying with the agreement must exceed the amount of CIL that would have been payable); and that the Authority must be satisfied that granting relief would not constitute state aid.
- 2.7 The 2010 regulations set out clear timescales for payment of CIL, which varied according to the size of the payment, which by implication is linked to the size of the scheme. The 2011 amendments to the regulations allow local authorities to set their own timescales for the payment of CIL if they choose to do so. This is an important issue that the Council will need to consider, as the timing of payment of CIL can have an impact on an Applicant's cashflow (the earlier the payment of

Economic and housing market context

GDP

- 2.8 The UK's first official growth figures since the referendum on the UK's future membership of the European Union have exceeded initial estimates. Office for National Statistics GDP release indicates that growth for Q3 of 2016 reached 0.5%, higher than many analysts' predictions of 0.3%. The ONS observes that *"the pattern of growth continues to be broadly unaffected following the EU referendum"*. Initial expectations are that the better than expected GDP figures will deter the Bank of England Monetary Policy Committee from more monetary easing through a reduction in interest rates from the current base rate of 0.25%. The Economy has slowed slightly from Q2 figure of 0.7% and the pattern is a slightly unbalanced one with only the services sector showing higher growth at 0.8%.
- 2.9 The Chancellor, Phillip Hammond, has suggested that *"the fundamentals of the UK economy are strong and today's data show that the economy is resilient"*. Data from the construction and manufacturing sectors indicate continuing stagnation and decline, with construction contracting by 1.4% and manufacturing 0.4%. Analysts had expected that manufacturing would be bolstered by the unprecedented fall in the value of the pound but this has failed to materialise. Overall the figures are better than analysts had expected, but forecasts for 2017 are less optimistic, as Britain begins the formal process of exiting the EU through the process of invoking article 50, which is due before the end of March 2017. Any economic impact of leaving the European Union is only likely to be take effect once the nature of Britain's relationship is established through negotiations with the other European governments. Nevertheless, the Bank of England's November Inflation report has revised GDP forecasts for 2017 upwards from 0.8% to 1.4%, but downgraded growth in 2018 from 1.8% to 1.5%. The revisions indicate that the Bank now considers the impact of the UK's decision to leave the European Union will be felt later than expected.

Inflation

- 2.10 The Consumer Prices Index ('CPI') increased to 1.0% in the year to September 2016, compared with 0.6% in the year to August. The rate of inflation is the highest since November 2014, when it was also 1.0%. The main upward contributors to the change in rate were rising prices for clothing, overnight stays in hotels, motor fuels and prices for gas. This has been largely attributable to the falling value of the pound which has made domestic prices in real terms more expensive. This figure was somewhat offset by the falling prices of air fares and food. Looking forward analysts expect that prices will continue to increase in the New Year with National Institute for Economic and Social Research expecting inflation to increase to 4% next year.
- 2.11 The Bank of England inflation forecast for November indicates that inflation is on an upward trajectory, but remains on course to be lower than its historical 2% target. The contribution to inflation from petrol prices is expected to turn increasingly positive, in part reflecting rises in oil prices since January. In addition, sterling has depreciated by 21% since its peak in November 2015, which will continue to push up the prices of energy and other imported goods and services.
- 2.12 The precise path for inflation will depend on the speed and degree to which companies pass through rising external costs to consumer prices, given domestic conditions. Subdued domestic demand growth is likely to weigh somewhat on companies' margins and wage growth, and offset slightly the upward pressure from external costs on inflation. The influence of domestic pressure on inflation will also depend on companies' and households' inflation expectations, insofar as they influence wage and price-setting behaviour.

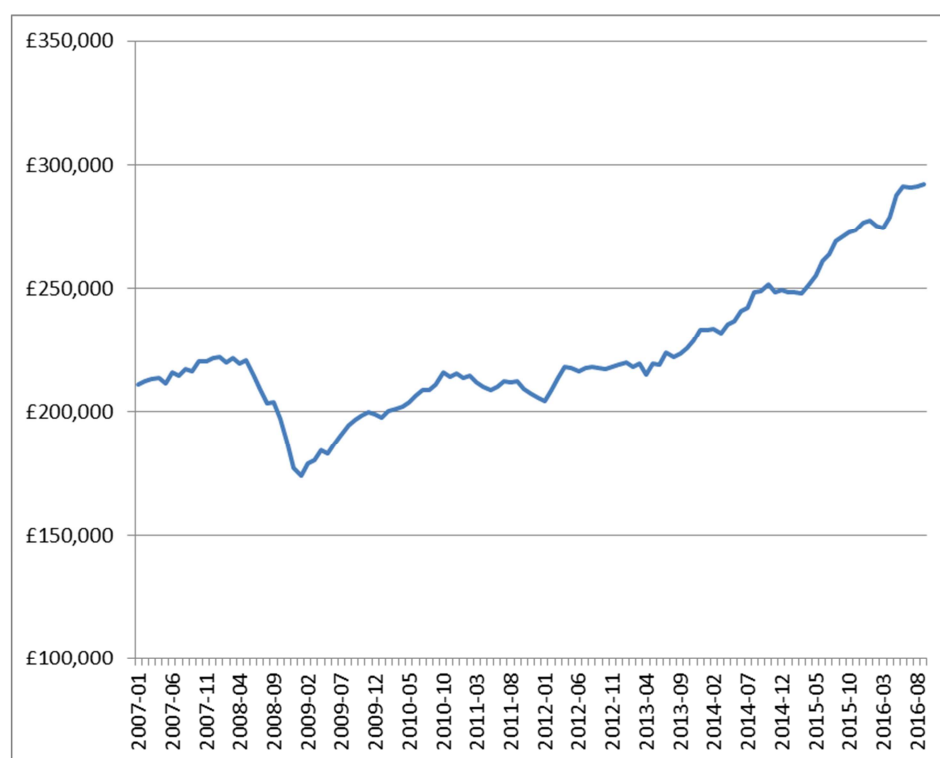
Housing Market

- 2.13 The most recent Halifax HPI report indicates that house prices in the three months to September were 5.8% higher on average than the equivalent three months of 2015, with the annual rate of growth easing from 6.9% in August to 5.8%. Prices in the last three months were however 0.1% lower than the preceding quarter. House prices have followed a steady downward trend in the last six months with clear evidence of a dampening in both activity levels and house price inflation. A lengthy period where house prices have outstripped earnings has put pressure on levels of

affordability. The HPI however indicates that low mortgage rates and a lack of supply in the market are likely to sustain price levels for the moment.

- 2.14 Looking to the New Year it is uncertain where prices will move, and any significant changes will be wholly dependent on the UK's terms of exit from the EU. That said the consensus in the market is that UK housing market will be more subdued for the next 2-3 years, as uncertainty in the economy will begin to have a dampening effect on the levels of activity.
- 2.15 According to Land Registry data, residential sales values in Warwickshire have recovered since the lowest point in the cycle in January 2009. Prices increased by 67.8% between January 2009 and September 2016, the most recent published data. In September 2016, sales values were 31.6% above their January 2008 peak value.
- 2.16 The future trajectory of house prices is currently uncertain, although Savills' current prediction is that values are expected to increase over the next five years. Medium term predictions are that properties in mainstream West Midlands markets will grow over the period between 2017 to 2021⁵. Savills predict that values in mainstream West Midlands markets (i.e. non-prime) will remain unchanged in 2017, increase by 1.0% in 2018, 5.0% in 2019, 3.0% in 2020 and 4.0% in 2021. This equates to cumulative growth of 14% between 2017-2021 inclusive, compared to a UK average of 21% cumulative growth over the same period.

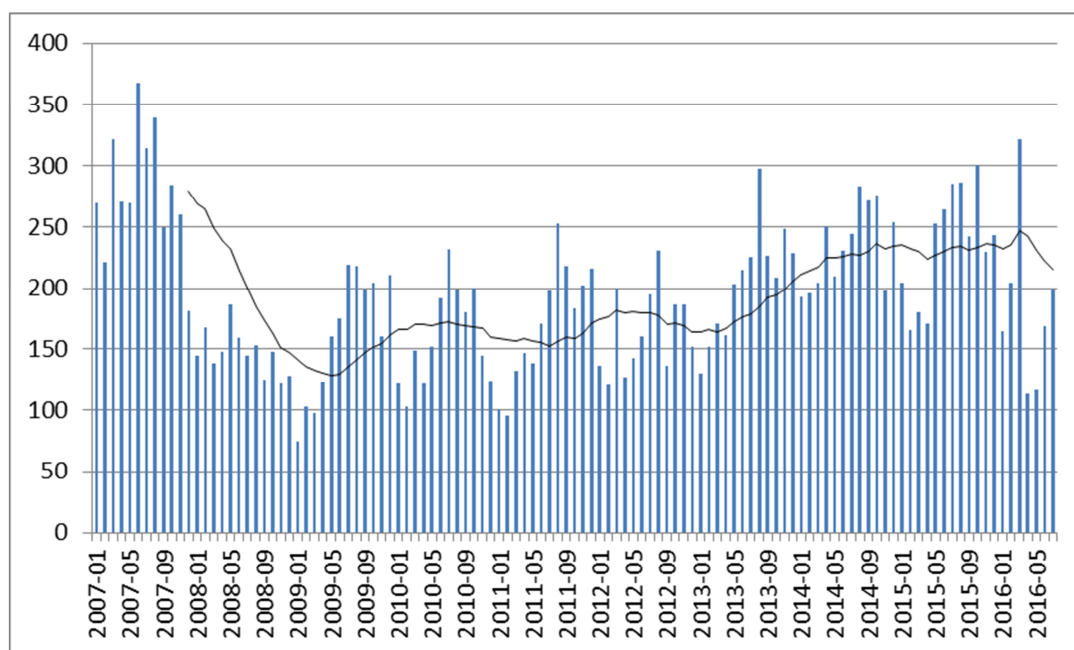
Figure 2.16.1: House prices in Warwick District



Source: Land Registry

⁵ Savills Research: Residential Property Focus, Qtr 4 2016 (October 2016)

Figure 2.16.2: Sales volumes in Warwickshire



Source: Land Registry

Local Policy context – affordable housing

- 2.17 In addition to financing infrastructure, the Council expects residential developments to provide a mix of affordable housing tenures, sizes and types to help meet identified housing needs. The Council's *Local Plan – Publication Draft* states that residential development on sites of 10 or more units/0.3 hectares (urban areas) or 5 or more units/0.17 hectares (rural areas) should provide 40% affordable housing, subject to negotiation and scheme viability.
- 2.18 The Local Plan – Publication Draft does not specify a tenure mix of the affordable housing. For modelling purposes, we have assumed a mix that reflects that adopted Local Plan requirement of 80% rented housing and 20% intermediate housing.

Development context

- 2.19 The District is a predominantly rural area, with three main settlements (Warwick and Royal Leamington Spa to the south and Kenilworth to the north). The District is adjacent to Coventry to the northern boundary. Developments in Warwick District range from small in-fill sites in rural areas to urban extensions attached mainly to the three main settlements and to Coventry across the District's boundary.
- 2.20 The District is dissected to the south by the M40, which provides road access via junction 15 to Birmingham and London. The A46 provides access into Coventry.
- 2.21 The Council's Strategic Housing Land Availability Assessment ('SHLAA') indicates that most new development will be located in urban extensions adjacent to the three main urban centres within the District, and adjacent to Coventry across the District boundary. The Local Plan – Publication Draft indicates that the Council will allocate land for 12,860 new homes and a minimum of 66 hectares of employment land over the plan period. The Council expects 6,188 of the homes to be on newly allocated sites, with the balance being from completions, commitments and windfalls.
- 2.22 The Local Plan – Publication Draft indicates that strategic housing sites (those exceeding 200 units) should not be developed at a density lower than 30 units per hectare on average. No upper limit on density is set in the Plan, but as noted in the 2013 CIL Viability Study, development is expected at densities of 25 to 33 units per hectare in rural areas and between 30 to 40 units per

hectare in suburban areas. In town centres, a higher density of 65 units per hectare is anticipated.

- 2.23 Residential sales values for new developments vary significantly between different parts of Warwick District. Our research indicates that there are higher values in some of the rural settlements (e.g. Barford, Norton Lindsey and Shrewley) than in the main settlements of Warwick, Leamington Spa and Kenilworth. Among the three main settlements, properties in Leamington Spa attract higher average sales values than Warwick and Kenilworth.
- 2.24 The District's main employment centre is at Leamington Spa, with some companies located in Warwick. Employers in the District include financial and business services companies, such as Merrill Lynch, Millward Brown and IBM. The University of Warwick is also a major employer in the District.
- 2.25 The retail market in Leamington Spa is understood to be performing reasonably well, with higher levels of expenditure on comparison goods than average retail centres and lower vacancy rates than average levels. The retail offer includes House of Fraser and two Marks and Spencer stores.

Sites in the Strategic Housing Land Availability Assessment

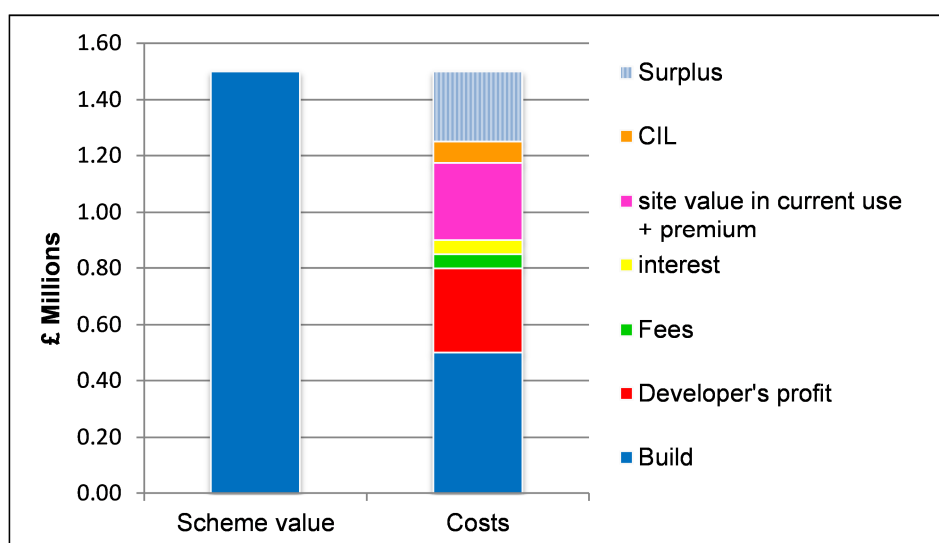
- 2.26 The Council's SHLAA identifies potential sites for development of new housing over the plan period. The sites are, in the main, urban extensions to the three main settlements and extensions adjacent to Coventry, which lies adjacent to the Council's northern boundary.
- 2.27 The sites are predominantly greenfield, with very few readily identifiable opportunities for intensification of previously developed land. However, since the Core Strategy - Preferred Options was published, the Council is developing a proactive approach to brownfield sites, which is shifting the emphasis slightly. The bulk of housing will, however, come from greenfield sites.
- 2.28 The SHLAA identifies some substantial urban extensions, including the following examples, which we appraise as part of this viability study:
- L09 Land at Grove Farm (extension to Leamington Spa);
 - L48 Land at Blackdown (extension to Leamington Spa);
 - W26 Gallows Hill/ Europa Way (extension to Warwick);
 - K17 Southcrest Farm, Glasshouse Lane (extension to Kenilworth);
 - C13 Lodge Farm Westwood Heath (extension to Coventry).

3 Methodology and appraisal inputs

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

Approach to testing development viability

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



- 3.3 The Residual Land Value is normally a key variable in determining whether a scheme will proceed. If a proposal generates sufficient positive land value (in excess of current use value), it will be implemented. If not, the proposal will not go ahead, unless there are alternative funding sources to bridge the 'gap'.
- 3.4 Ultimately, the landowner will make a decision on implementing a project on the basis of return and the potential for market change, and whether alternative developments might yield a higher value. The landowner's 'bottom line' will be achieving a residual land value that sufficiently exceeds 'existing use value' or another appropriate benchmark to make development worthwhile. The margin above current use value may be considerably different on individual sites, where there might be particular reasons why the premium to the landowner should be lower or higher than other sites.
- 3.5 Clearly, however, landowners have expectations of the value of their land which often exceed the value of the current use. CIL will be a cost to the scheme and will impact on the residual land value. Ultimately, if landowners' expectations are not met, they will not voluntarily sell their land and (unless a Local Authority is prepared to use its compulsory purchase powers) some may simply hold on to their sites, in the hope that policy may change at some future point with reduced requirements. It is within the scope of those expectations that developers have to formulate their offers for sites. The task of formulating an offer for a site is complicated further still during buoyant land markets, where developers have to compete with other developers to secure a site, often speculating on increases in value.

Viability benchmark

- 3.6 The CIL Regulations provide no specific guidance on how local authorities should test the viability of their proposed charges. However, there is a range of good practice published by the Local Housing Delivery Group⁶, alongside appeal decisions that assist in guiding planning authorities on how they should approach viability testing for planning policy purposes.
- 3.7 The appropriate starting point for the assessment (as accepted in numerous planning appeal decisions and Secretary of State decisions, as well as the approach advocated by the HCA and CLG sponsored guidance 'Viability Testing Local Plans' published on 22 June 2012), is the current use of sites (often referred to as 'Existing Use Value' or 'Current Use Value'), rather than the value arising from the site if it is redeveloped.
- 3.8 We note that The National Planning Practice Guidance (NPPG) on Viability with regard to Viability and Plan Making sets out details on land or site values in relation to assessing viability at Paragraph: 014 Reference ID: 10-014-20140306. This identifies that:
- 'Central to the consideration of viability is the assessment of land or site value. The most appropriate way to assess land or site value will vary but there are common principles which should be reflected. In all cases, estimated land or site value should reflect emerging policy requirements and planning obligations and, where applicable, any Community Infrastructure Levy charge.'*
- 3.9 The NPPG goes on to define the meaning of 'a competitive return' at Paragraph: 015 Reference ID: 10-015-20140306. It identifies that:
- 'A competitive return for the land owner is the price at which a reasonable land owner would be willing to sell their land for the development. The price will need to provide an incentive for the land owner to sell in comparison with the other options available. Those options may include the current use value of the land or its value for a realistic alternative use that complies with planning policy.'*
- 3.10 Further, the GLA's Housing Supplementary Planning Guidance document identifies at paragraph 4.4.28 that,
- 'it should be noted that the NPPF's benchmark for viability appraisal is that it should "take 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". In light of inference to the contrary, either 'Market Value' or 'Existing Use Value plus' based approaches can address this requirement; their appropriate application depends on specific circumstances. On balance, the GLA has found that the 'Existing Use Value plus' based approach is generally more helpful for planning purposes and supports this approach'.*
- 3.11 The question of appropriate benchmarks was also considered in detail at the Mayoral CIL examination. The Examiner's report confirmed that existing use value plus a margin is an entirely acceptable basis for assessing levels of CIL. The examiner's report helpfully states that "...[a] reduction in development land value is an inherent part of the CIL concept". The Council will need to make a judgement as to how far land values can be reduced before landowners decide not to sell. This judgement is complex in urban areas where almost all sites are previously developed.
- 3.12 It is clear from the above that the most appropriate test of viability for planning policy purposes is to consider the residual value of schemes compared to the existing use value plus a premium. As discussed later in this report, our study adopts a range of benchmark land values. It is important to stress, however, that there is no single threshold land value at which land will come forward for development. The decision to bring land forward will depend on the type of owner and, in particular, whether the owner occupies the site or holds it as an asset; the strength of demand for the site's current use in comparison to others; how offers received compare to the owner's perception of the value of the site, which in turn is influenced by prices achieved by other sites.

⁶ 'Viability testing local plans: Advice for planning practitioners' 2012

Given the lack of a single threshold land value, it is difficult for policy makers to determine the minimum land value that sites should achieve. This will ultimately be a matter of judgement for each individual Planning Authority.

- 3.13 The issue of an appropriate benchmark land value is more complex in regards to greenfield/agricultural sites, where the current use value is low (typically circa £21,000 per hectare) and the uplift arising from planning permission can be very high. An element of judgement is required as to the uplift required, but it will typically be a multiple of the current use value (e.g. ten times current use value).

4 Development appraisals

Residential development

- 4.1 In the 2013 Viability Study, we appraised a series of hypothetical developments, reflecting both the range of sales values/capital values and also sizes/types of development and densities of development across the District. In addition, we appraised five strategic sites contained with the Strategic Housing Land Availability Assessment. The inputs to the appraisals were based on research on the local housing market and data from other identified sources. We have repeated this analysis in this update study, but with contemporary inputs reflecting changes in market conditions over the intervening period.

Residential sales values

- 4.2 Residential values in the area reflect national trends in recent years but do of course vary between different sub-markets. We have considered comparable evidence of transacted properties in the area. In the 2013 CIL Viability Study, our research indicated that developments in the District would at the time attract average sales values ranging from circa £214 per sq ft (£2,307 per square metre) to £295 per sq ft (£3,180 per square metre). Over the intervening period, the Land Registry House Price Index indicates that values in the District have increased by 33.2%.
- 4.3 We have applied the following average sales values in our appraisals, reflecting the range above (see Table 4.4.3).

Table 4.4.3: Average sales values used in appraisals

Area	Average values £s per sq m	Average values £s per sq ft
Warwick and East Leamington Spa	£3,073	£285
Most of Leamington Spa	£3,971	£369
Kenilworth	£3,584	£333
Rural areas (higher value – Rowington, Leek Wootton, Ashow, Hunningham, Cubbington, Norton Lindsey, Shrewley, Bishop's Tachbrook)	£4,236	£393
Rural areas (lower values)	£3,262	£304

- 4.4 As noted earlier in the report, Savills predict that sales values will increase over the medium term. However, as this growth cannot be relied upon, we recommend that the Council considers appropriate CIL rates based on current values only.

Affordable housing tenure and values

- 4.5 The Council's policy position is set out in Local Plan – Publication Draft document. Affordable housing is required on sites within built up areas of 10 or more units; and on sites in rural areas of 5 or more units. 40% of units should be provided as affordable housing. The tenure split of the affordable housing requires the provision of 80% social rented housing and 20% intermediate housing, with the exact split determined to reflect individual site circumstances and local need.
- 4.6 For modelling purposes, we have assumed that 40% of units on qualifying sizes of development are provided as affordable housing, with a tenure split of 80% rented housing and 20% intermediate.
- 4.7 The Council's *Joint Tenancy Strategy* sets out the Council's position with regards to rent levels. Registered Providers are expected to set rents for Affordable Rent properties so that they do not

exceed 60% of market rents. For modelling purposes, we have adopted a worst case scenario and assumed that all the rented housing is provided at Target Rents, thus ensuring that rents do not exceed those permitted by central government⁷.

- 4.8 The CLG/HCA 'Shared Ownership and Affordable Homes Programme 2016 to 2021 – Prospectus' document clearly states that RPs will not receive grant funding for any affordable housing provided through planning obligations. Consequently, all our appraisals assume nil grant. We recommend that the Council revisits this assumption when it next reviews its charging schedule, by which time a new funding programme may have been introduced by central government.
- 4.9 For shared ownership units, we have assumed that RPs will sell 40% initial equity stakes and charge a rent of 2.75% on the retained equity, capitalised at 5%.

Residential development types, density and mix

- 4.10 We have run appraisals using the range of densities that are typically encountered in the District. We have had regard to the density of development indicated by the Council's Local Plan – Publication Draft document. For modelling purposes, we have assumed densities ranging from (30 to 60 dwellings per hectare), although we note that the Council considers it unlikely that densities as high as 60 dwellings per hectare will be achieved.
- 4.11 Table 4.11.1 summarises the different development typologies selected for testing purposes. These are intended to reflect the range of developments across the District. Table 4.11.2 summaries the unit mix we have assumed for each of the development typologies.

Table 4.11.1: Development typologies

	Number of units	Housing type	Location type	Development density units per ha	Site area (ha) ⁸
1	4	100% houses	Greenfield	35	0.17
2	8	100% houses	Urban	35	0.23
3	25	90% houses 10% flats	Greenfield	35	1.06
4	35	90% houses 10% flats	Greenfield	30	1.74
5	50	50% houses 50% flats	Urban	50	1.00
6	65	60% houses 40% flats	Urban	40	1.63
7	75	100% houses	Greenfield	20	5.60
8	75	100% houses	Greenfield	35	3.20
9	100	100% flats	Urban	60	1.67

⁷ During 2015, the government imposed rent reductions of 1% per annum between 2016 to 2020 and also capped rents at Local Housing Allowance levels.

⁸ The Council's SHLAA assumes that on sites of 10 or more hectares, 50% of the site will be developable for housing, with the remaining space used for supporting facilities (e.g. open space). For sites of less than 10 units, the SHLAA assumes that 67% of the site will be developable for residential. In urban areas, 100% of site is considered as developable area.

Table 4.11.2: Unit mix

	1B flat	2B flat	3B flat	2B house	3B house	4B house
1	-	-	-	30%	50%	20%
2	-	-	-	40%	45%	15%
3	5%	5%	-	36%	42%	12%
4	7%	3%	-	38%	42%	10%
5	20%	22%	7%	20%	23%	8%
6	16%	18%	6%	24%	27%	9%
7	-	-	-	20%	40%	40%
8	-	-	-	40%	40%	20%
9	40%	40%	20%	-	-	-

Residential build costs

- 4.12 We have sourced build costs for the residential schemes from the RICS Building Cost Information Service (BCIS), which is based on tenders for actual schemes. However, adjustments to the base costs are necessary to reflect other factors which are not included in BCIS (external works and sustainability requirements). In addition to the build costs outlined below, our appraisals include a contingency of 5% of build costs. Our approach is set out in the following paragraphs.
- 4.13 **Houses:** we have used the mean average BCIS 'Estate housing – generally' cost, adjusted for Warwick, which is currently £1,127 per square metre. In addition to this base cost, we have included an allowance which equates to an additional 15% of the base cost for external works.
- 4.14 Although Code for Sustainable Homes level 4 has now been scrapped as a separate standard, we have incorporated a 6% allowance in our build costs to reflect the sustainability requirements embedded into Part L of the Building Regulations.
- 4.15 **Flats:** we have used the mean average BCIS 'Flats – generally' cost, adjusted for Warwick, which is currently £1,330 per square metre. In addition to this base cost, we have included an allowance which equates to an additional 15% of the base cost for external works. Our appraisal assumes a gross to net ratio of 85% for flats.
- 4.16 A summary of build costs for each scheme type is provided in Table 4.16.1.

Table 4.16.1: Build costs

Type	BCIS base – quarter 4 2016	Base cost	External works and sustainability	All-in cost (gross)	All-in cost (net)
Houses	Estate housing – generally	£1,127	£242	£1,369	£1,369
Flats	Flats – generally	£1,330	£242	£1,572	£1,849

- 4.17 As noted above, an additional 6% allowance is included across all tenures for meeting the sustainability requirements embedded into Part L of the Building Regulations, which is reflective of the costs of Code for Sustainable Homes level 4.
- 4.18 On strategic sites, we have included an additional £12,000 per unit allowance for on-site infrastructure (site roads, sewers, utilities etc). This is based on average infrastructure costs on strategic greenfield sites across the south east.

Development programme

- 4.19 The development programme for each development typology is summarised in Figure 4.19.1 (overleaf). This assumes a 6 month period for pre-commencement and varying build and sales periods, depending on the number of units in the scheme. We have assumed a sales rate of 3 private units per month. On the largest strategic sites, we have assumed that the development is undertaken by two developers, which effectively increases the sales rate to 6 per month from both sales outlets.

Professional fees

- 4.20 In addition to base build costs, schemes will incur professional fees, covering design, valuation, highways consultants and so on. Our appraisals incorporate an allowance of 10% (strategic sites include an allowance of 12%). This allowance incorporates all professional inputs and planning fees, Energy Performance Certificate and NHBC costs.
- 4.21 Our appraisals incorporate an allowance of 3% of GDV to cover marketing costs. An additional 0.5% of GDV is included for legal costs on sales.

Finance costs

- 4.22 Our appraisals incorporate finance costs on land and build at 7%.

Stamp duty and acquisition costs

- 4.23 We include stamp duty at 5% of land costs, agents fees of 1% and legal fees on acquisition of 0.8%.

Section 278 and residual Section 106 costs

- 4.24 Our appraisals incorporate an allowance of £1,500 per unit to address any Section 278 and residual Section 106 costs. This is an estimate only and actual sums sought will vary according to site specific circumstances.
- 4.25 On strategic sites, we have assumed a higher allowance of £10,000 per unit to reflect the costs of on-site infrastructure that will typically be sought by the Council. This is an estimate only and the actual amount sought on application schemes will be determined by specific needs and through negotiation between the Council and the Applicant.

Developer's profit

- 4.26 Developer's profit is closely correlated with the perceived risk of residential development. The greater the risk, the greater the required profit level, which helps to mitigate against the risk, but also to ensure that the potential rewards are sufficiently attractive for a bank and other equity providers to fund a scheme. In 2007, profit levels were at around 15% of GDV. However, following the impact of the credit crunch and the collapse in interbank lending and the various government bailouts of the banking sector, profit margins have increased. It is important to emphasise that the level of minimum profit is not necessarily determined by developers (although they will have their own view and the Boards of the major housebuilders will set targets for minimum profit).
- 4.27 The views of the banks which fund development are more important; if the banks decline an application by a developer to borrow to fund a development, it is very unlikely to proceed, as developers rarely carry sufficient cash to fund it themselves. Consequently, future movements in profit levels will largely be determined by the attitudes of the banks towards development proposals.
- 4.28 Prior to the result of the referendum on the UK's membership of the European Union, risk associated with residential had receded to a degree, resulting in profit margins falling slightly. However, the uncertainty caused by the result of the referendum and the nature of the UK's future

relationship with the EU has increased risk and profit margins have increased back to 20% of private housing GDV.

- 4.29 Our assumed return on the affordable housing GDV is 6%. A lower return on the affordable housing is appropriate as there is very limited sales risk on these units for the developer; there is often a pre-sale of the units to an RP prior to commencement. Any risk associated with take up of intermediate housing is borne by the acquiring RP, not by the developer.

Figure 4.19.1 – Development Programmes (smaller schemes)

DEVELOPMENT PROGRAMMES		Year 1				Year 2				Year 3				Year 4			
		Quarter															
Site type	Activity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Type 1 - 4 units, houses, GF	Pre-construction																
	Construction																
	Sales																
	S106 payment																
	CIL payment 1																
	CIL payment 2																
	CIL payment 3																
Site type	Activity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Type 2 - 8 units, houses, UB	Pre-construction																
	Construction																
	Sales																
	S106 payment																
	CIL payment 1																
	CIL payment 2																
	CIL payment 3																
Site type	Activity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Type 3 - 25 units, houses & flats, GF	Pre-construction																
	Construction																
	Sales																
	S106 payment																
	CIL payment 1																
	CIL payment 2																
	CIL payment 3																
Site type	Activity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Type 4 - 35 units, houses & flats, GF	Pre-construction																
	Construction																
	Sales																
	S106 payment																
	CIL payment 1																
	CIL payment 2																
	CIL payment 3																
Site type	Activity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Type 5 - 50 units, houses & flats, UB	Pre-construction																
	Construction																
	Sales																
	S106 payment																
	CIL payment 1																
	CIL payment 2																
	CIL payment 3																

Note: GF = Greenfield, UB = Urban

Site type	Activity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Type 6 - 65 units, houses & flats, UB	Pre-construction																
	Construction																
	Sales																
	S106 payment																
	CIL payment 1																
	CIL payment 2																
	CIL payment 3																
Site type	Activity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Type 7 - 75 units, houses, GF	Pre-construction																
	Construction																
	Sales																
	S106 payment																
	CIL payment 1																
	CIL payment 2																
	CIL payment 3																
Site type	Activity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Type 8 - 75 units, houses, GF	Pre-construction																
	Construction																
	Sales																
	S106 payment																
	CIL payment 1																
	CIL payment 2																
	CIL payment 3																
Site type	Activity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Type 9 - 100 units, flats, UB	Pre-construction																
	Construction																
	Sales																
	S106 payment																
	CIL payment 1																
	CIL payment 2																
	CIL payment 3																

21

Benchmark land values for the residential analysis

- 4.30 Benchmark land values, based on the current use value or alternative use value of sites are key considerations in the assessment of development economics for testing planning policies and tariffs. Clearly, there is a point where the Residual Land Value (what the landowner receives from a developer) that results from a scheme may be less than the land's current use value. Current use values can vary significantly, depending on the demand for the type of building relative to other areas. Similarly, subject to planning permission, the potential development site may be capable of being used in different ways – as a hotel rather than residential for example; or at least a different mix of uses. Current use value or alternative use value are effectively the 'bottom line' in a financial sense and therefore a key factor in this study.
- 4.31 We have arrived at a broad judgement on the likely range of benchmark land values. On previously developed sites, the calculations assume that the landowner has made a judgement that the current use does not yield an optimum use of the site; for example, it has fewer storeys than neighbouring buildings; or there is a general lack of demand for the type of space, resulting in low rentals, high yields and high vacancies (or in some cases no occupation at all over a lengthy period). We would not expect a building which makes optimum use of a site and that is attracting a market rent to come forward for development, as residual value may not exceed current use value in these circumstances.
- 4.32 Redevelopment proposals that generate residual land values below current use values are unlikely to be delivered. While any such thresholds are only a guide in 'normal' development circumstances, it does not imply that individual landowners, in particular financial circumstances, will not bring sites forward at a lower return or indeed require a higher return. If proven current use value justifies a higher benchmark than those assumed, then appropriate adjustments may be necessary. As such, current use values should be regarded as benchmarks rather than definitive fixed variables on a site by site basis.
- 4.33 The benchmark land values used in this study have been selected to provide a broad indication of likely land values across the District, having regard to the predominant types of sites in the Strategic Housing Land Availability Assessment. It is important to recognise that other site uses and values may exist on the ground. There can never be a single threshold land value at which we can say definitively that land will come forward for development, especially in urban areas.
- 4.34 It is also necessary to recognise that a landowner will require an additional incentive to release the site for development⁹. The premium above current use value would be reflective of specific site circumstances (the primary factors being the occupancy level and strength of demand from alternative occupiers). For policy testing purposes it is not possible to reflect the circumstances of each individual site, so a blanket assumption of a 20% premium has been adopted to reflect the 'average' situation.
- 4.35 The majority of new housing supply will be on greenfield sites, which has a very low existing use value. However, it is recognised that landowners of greenfield sites have expectations that exceed current values and adding a percentage premium is unlikely to provide a sufficient land value.

Benchmark land values

- 4.36 A majority of land identified for development in the District is greenfield, with some development in urban areas expected to come forward on former community buildings, car parks and former employment land. Our appraisals compare the value of each scheme to four benchmark land values. These benchmark land value are indicative of the 'threshold values' which will be required for land to be released for development.

⁹ This approach is therefore consistent with the National Planning Policy Framework, which indicates that development should provide "competitive returns" to landowners. A 20% return above current use value is a competitive return when compared to other forms of investment.

- 4.37 Land values will inevitably vary, depending on their location and their existing use, as outlined in the preceding sections. Some sites will be in commercial use and will have a higher value than greenfield sites. This is recognised in the 2013 CIL Viability Study, which adopted a 'threshold land value' of £1.05 million per hectare, using an average of alternative uses. We have taken this as the highest benchmark. Other sites will have lower values, such as those owned by the Council or are in use as community facilities.
- 4.38 Values for greenfield sites are considerably lower if they are currently used as agricultural land; typically £20 - £22,000 per hectare. Landowners are unlikely, however, to trade their land for development at these values. The extent of 'uplift' required is often a matter of debate and has been considered by CLG research on land values. This research indicates a range of £247,000 to £371,000 per hectare¹⁰. The four benchmark land values used in our appraisals are as follows:
- Commercial sites: £1.05 million per hectare;
 - Former community sites: £0.5 million per hectare;
 - Greenfield (CLG high end of range): £0.37 million per hectare;
 - Greenfield (CLG lower end of range): £0.25 million per hectare.
- 4.39 Land values are not fixed and can (and should) flex to accommodate planning requirements. We would draw readers' attention to the comments on land values in Examiner's report on the Mayor of London's CIL¹¹, which indicates that owners will need to adjust their expectations to accommodate allowances for infrastructure. This is also made clear in the National Planning Practice Guidance, which states that "*land or site value should... reflect emerging policy requirements and planning obligations and, where applicable, any Community Infrastructure Levy charge*"¹².

Commercial development

- 4.40 We have appraised a series of hypothetical commercial developments, reflecting a range of use classes at average rent levels achieved on lettings of commercial space in actual developments. In each case, our assessment assumes an intensification of the existing use on the site, based on the same type of commercial development. In each case, the existing use value assumes that the existing building is no more than half the size of the new development, with a lower rent and higher yield reflecting the secondary nature of the existing building.

Commercial rents and yields

- 4.41 Our research on lettings of commercial floorspace indicates a range of rents achieved, as summarised in Table 4.41.1. This table also includes our assumptions on appropriate yields to arrive at a capital value of the commercial space. The yields adopted in our appraisals are summarised in Table 4.41.1.
- 4.42 Our appraisals of commercial floorspace test the viability of developments on existing commercial sites. For these developments, we have assumed that the site currently accommodates the same use class and the development involves intensification of that use. We have assumed lower rents and higher yields for existing space than the planned new floorspace. This reflects the lower quality and lower demand for second hand space, as well as the poorer covenant strength of the likely occupier of second hand space. A modest refurbishment cost of is allowed for to reflect costs that would be incurred to secure a letting of the existing space. A 20% landowner premium is added to the resulting existing use value as an incentive for the site to come forward for

¹⁰ CLG 'Cumulative impacts of regulations on house builders and landowners Research paper' 2011

¹¹ Para 32: "the price paid for development land may be reduced.... a reduction in development land value is an inherent part of the CIL concept.... in some instances it may be possible for contracts and options to be re-negotiated in the light of the changed circumstances arising from the imposition of CIL charges."

¹² PPG Para 014 Reference ID 10-014-20140306

development. The actual premium would vary between sites, and be determined by site-specific circumstances, so the 20% premium has been adopted as a 'top of range' scenario for testing purposes.

Commercial build costs

- 4.43 We have sourced build costs for the commercial schemes from the RICS Building Cost Information Service (BCIS), which is based on tenders for actual schemes. These costs vary between different uses and exclude external works and fees (our appraisals include separate allowances for these costs). Costs for each type of development are shown in Table 4.41.1.

Profit

- 4.44 In common with residential schemes, commercial schemes need to show a risk adjusted profit to secure funding. Profit levels are typically around 20% of developments costs and we have incorporated this assumption into our appraisals.

Table 4.41.1: Commercial appraisal assumptions for each use

Appraisal input	Source/Commentary	Hotels	Offices (Prime Warwick)	Industrial and warehouses	Retail –Prime Leamington	Retail - elsewhere	Retail – superstores, retail parks	Student housing
Total floor area (sq ft)	Hypothetical scheme	35,000	30,000	30,000	3,000	3,000	30,000	142,500
Rent (£s per sq ft)	Based on average lettings sourced from EGI and Focus	Cap val £103k per room	£15	£6	£48	£25	£25	£180 pw 51 wk term
Rent free/void period (years)	BNPPRE assumption	0.5	2	1	1	1	1	n/a
Yield	BNPPRE prime yield schedule	6%	6.9%	7.0%	5.9%	6.7%	5.25%	6.25%
Purchaser's costs (% of GDV)	Stamp duty 5%, plus agent's and legal fees	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%
Demolition costs (£s per sq ft of existing space)	Based on experience from individual schemes	£7	£7	£7	£7	£7	£7	£7
Gross to net (net as % of gross)	Based on experience from individual schemes	70%	82%	90%	82%	82%	82%	75%
Base construction costs (£s per sq ft)	BCIS costs. Offices – 'generally' for air conditioned offices with adjustment for quality. 'Generally' figure for industrial, supermarkets and retail.	£164	£156	£76	£115	£115	£73	£152
External works (% of build costs)	BNPPRE assumption	10%	10%	10%	10%	10%	20%	10%
Contingency (% of build costs)	BNPPRE assumption	5%	5%	5%	5%	5%	5%	5%
Letting agent's fee	(% of first year's rent)	10%	10%	10%	10%	10%	10%	-
Agent's fees and legal fees	(% of capital value)	1%	1%	1%	1%	1%	1%	-
Interest rate	BNPPRE assumption	7%	7%	7%	7%	7%	7%	7%
Professional fees (% of build)	BNPPRE assumption, relates to complexity of scheme	10%	10%	10%	10%	10%	10%	10%
Profit (% of costs)	BNPPRE assumption based on schemes submitted for planning	20%	20%	20%	20%	20%	20%	20%

Table 4.41.1 (continued) Commercial appraisal assumptions for each use – existing uses

Appraisal input	Source/Commentary	Hotels	Offices (Prime Warwick)	Industrial and warehouses	Retail –Prime Leamington	Retail - elsewhere	Retail – super- stores, retail parks	Student housing
Existing floorspace (sq ft)	Assumed to be between 25% to 50% of new space	5,000	9,000	15,000	1,500	1,500	15,000	42,750
Rent on existing floorspace	Reflects poor quality second hand space of same use, low optimisation of site etc and ripe for redevelopment	£19 - £21	£5 - £10	£3.50 - £5	£33 - £34	£12 - £17	£17 - £18	£7
Yield on existing floorspace	BNPPRE assumption, reflecting lower covenant strength of potential tenants, poor quality building etc	7%	8% - 8.5%	9% - 10%	6.5%	7%	7%	8.5%
Rent free on existing space	Years	2	3	3	1.5	1.5	1.5	3
Refurbishment costs (£s per sq ft)	General allowance for bringing existing space up to lettable standard	£50	£50	£30	£50	£50	£50	£50
Fees on refurbishment (% of refurb cost)	BNPPRE assumption	7%	7%	7%	7%	7%	7%	7%
Landowner premium	BNPPRE assumption – in reality the premium is likely to be lower, therefore this is a conservative assumption	20%	15 - 20%	15%	20%	20%	20%	20%

5 Appraisal outputs

Residential appraisals

- 5.1 The full outputs from our appraisals of residential development are attached as Appendix 3 (smaller sites) and Appendix 4 (strategic sites). We have modelled nine hypothetical site types, reflecting different densities and types of development, which are tested in the six broad housing market areas identified in Section 4 and against the typical land value benchmarks for the District. The development typologies are summarised in table 5.1.1 below.

Table 5.1.1: Development typologies

	Number of units	Housing type	Location type	Development density units per ha	Site area (ha) ¹³
1	4	100% houses	Greenfield	35	0.17
2	8	100% houses	Urban	35	0.23
3	25	90% houses 10% flats	Greenfield	35	1.06
4	35	90% houses 10% flats	Greenfield	30	1.74
5	50	50% houses 50% flats	Urban	50	1.00
6	65	60% houses 40% flats	Urban	40	1.63
7	75	100% houses	Greenfield	20	5.60
8	75	100% houses	Greenfield	35	3.20
9	100	100% flats	Urban	60	1.67

- 5.2 In addition, we have tested the viability of five strategic sites, summarised in Table 5.2.1.

Table 5.2.1: Strategic sites

SHLAA code	Location	Major settlement	Gross site area (ha)	Estimated no of units @ 35 dph
L09	Land at Grove Farm	Extension to Leamington Spa	62.18	664
L48	Land at Blackdown	Extension to Leamington Spa	66.74	1,165
W26	Gallows Hill/ Europa Way	Extension to Warwick	21.53	377
K17	Southcrest Farm, Glasshouse Lane	Extension to Kenilworth	16.79	319
C13	Lodge Farm, Westwood Heath	Extension to Coventry	30.48	324

- 5.3 For schemes above the affordable housing threshold, we have tested with 40% affordable housing (the Council's strategic target) with a tenure mix of 80% rented and 20% intermediate housing. We have run sensitivities analyses using 30%, 20% and 10% affordable housing.

¹³ The Council's SHLAA assumes that on sites of 10 or more hectares, 50% of the site will be developable for housing, with the remaining space used for supporting facilities (e.g. open space). For sites of less than 10 units, the SHLAA assumes that 67% of the site will be developable for residential. In urban areas, 100% of site is considered as developable area.

- 5.4 The residual land values from each of the scenarios above in each housing market areas are then compared to the benchmark land value based on the assumptions set out in paragraphs 4.30 to 4.37. This comparison enables us to determine whether the imposition of CIL would have an impact on development viability. In some cases, the equation RLV less BLV results in a negative number, so the development would not proceed, whether CIL was imposed or not. We therefore focus on situations where the RLV is greater than BLV and where (all other things being equal) the development would proceed. In these situations, CIL has the potential to 'tip the balance' of viability into a negative position.

Commercial appraisals

- 5.5 Our research on rents achieved on commercial lettings indicates a range of rents within each main use class. Our commercial appraisals therefore model base position and test the range of rates (higher and lower than the base level) and changes to yields. This enables us to draw conclusions on maximum potential rates of CIL. For each type of development tested, we have run appraisals of a quantum of floorspace, each with rent levels reflecting the range identified by our research.

Presentation of data

Residential appraisals results

- 5.6 The results for each site type are presented in tables showing the CIL rate and the corresponding RLV (which is then converted into a RLV per hectare). The RLV per hectare is then compared to the four benchmark land values, which are also expressed as a per hectare value. Where the RLV exceeds the benchmark, the amount of CIL entered into the appraisal is considered viable.
- 5.7 A sample of the format of the results is provided below. This sample relates to strategic site L09 (Land at Grove Farm).

Community Infrastructure Levy
Warwick District Council

Benchmark Land Values (per gross ha)

BLV1	BLV2	BLV3	BLV4
Greenfield 1	Greenfield 2	Greenfield 3	Greenfield 4
£1,049,750	£500,000	£371,000	£247,000

Site type	2
Houses	
No of units	664 units
Density:	35 dph
CSH level:	4

Affordable %	30%
% rented	80%
% intermed	20%

Site area	37.94 ha
Net to gross	50%

Growth	
Sales	0%
Build	0%

Rural areas (higher value)

Private values £3180 psm

CIL amount per sq m	RLV	RLV per ha	RLV less BLV 1	RLV less BLV 2	RLV less BLV 3	RLV less BLV 4
0	24,328,725	641,194	-408,556	141,194	270,194	394,194
20	23,732,308	625,475	-424,275	125,475	254,475	378,475
40	23,135,890	609,756	-439,994	109,756	238,756	362,756
60	22,539,473	594,037	-455,713	94,037	223,037	347,037
80	21,943,055	578,318	-471,432	78,318	207,318	331,318
100	21,346,637	562,600	-487,150	62,600	191,600	315,600
120	20,749,393	546,859	-502,891	46,859	175,859	299,859
140	20,139,651	530,789	-518,961	30,789	159,789	283,789
160	19,526,027	514,617	-535,133	14,617	143,617	267,617
180	18,912,402	498,444	-551,306	-1,556	127,444	251,444
200	18,290,350	482,050	-567,700	-17,950	111,050	235,050
210	17,976,516	473,779	-575,971	-26,221	102,779	226,779
220	17,659,899	465,434	-584,316	-34,566	94,434	218,434
230	17,340,932	457,028	-592,722	-42,972	86,028	210,028
240	17,021,965	448,621	-601,129	-51,379	77,621	201,621
250	16,701,679	440,180	-609,570	-59,820	69,180	193,180

Commercial appraisal results

- 5.8 The appraisals include a 'base' rent level, with sensitivity analyses which model rents above and below the base level (an illustration is provided in Chart 5.9.1). The maximum CIL rates are then shown per square metre, against three different current use values (see Table 4.40.1). Chart 5.9.2

provides an **illustration** of the outputs in numerical format, while Chart 5.9.3 shows the data in graph format. In this example, the scheme could viably absorb a CIL of between £0 and £275 per square metre, depending on the current use value. The analysis demonstrates the significant impact of very small changes in yields (see appraisals 4 and 6, which vary the yield by 0.25% up or down) on the viable levels of CIL.

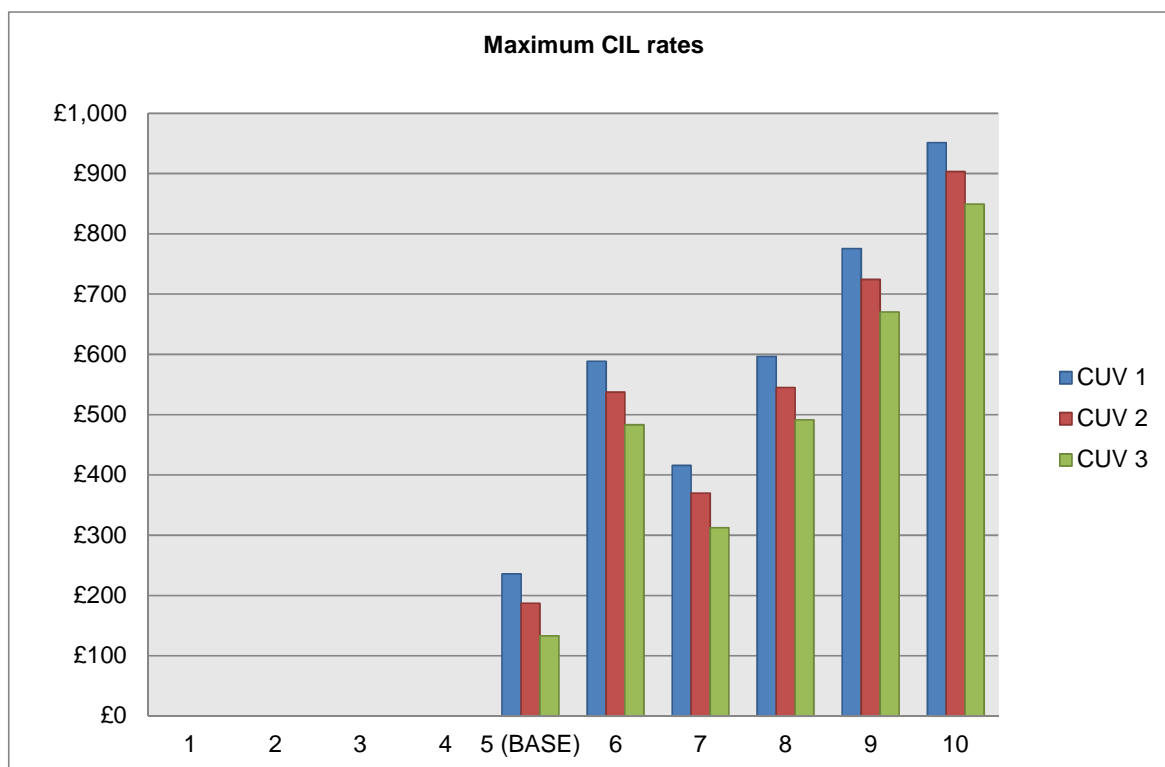
Chart 5.8.1: Illustration of sensitivity analyses

	£s per sqft	Yield	Rent free
Appraisal 1	£21.00	6.50%	2.00 years
Appraisal 2	£22.00	6.50%	2.00 years
Appraisal 3	£23.00	6.50%	2.00 years
Appraisal 4	£24.00	6.75%	2.00 years
Appraisal 5 (base)	£24.00	6.50%	2.00 years
Appraisal 6	£24.00	6.25%	2.00 years
Appraisal 7	£25.00	6.50%	2.00 years
Appraisal 8	£26.00	6.50%	2.00 years
Appraisal 9	£27.00	6.50%	2.00 years
Appraisal 10	£28.00	6.50%	2.00 years

Chart 5.8.2: Maximum CIL rates – numerical format

	Change in rent from base	CUV 1	CUV 2	CUV 3
Appraisal 1	-14%	£0	£0	£0
Appraisal 2	-9%	£0	£0	£0
Appraisal 3	-4%	£100	£23	£0
Appraisal 4	0%	£99	£21	£0
Appraisal 5 (base)	-	£275	£197	£0
Appraisal 6	0%	£465	£387	£38
Appraisal 7	4%	£449	£371	£23
Appraisal 8	8%	£624	£546	£197
Appraisal 9	11%	£798	£720	£371
Appraisal 10	14%	£972	£894	£546

Chart 5.8.3: Maximum CIL rates – graph format



6 Assessment of the results

- 6.1 This section should be read in conjunction with the full results attached at Appendix 3 (residential appraisal results – urban areas), Appendix 4 (strategic sites results) and Appendix 5 (commercial appraisal results). In these results, the residual land values are calculated for scenarios with sales values and capital values reflective of market conditions across the District. These RLVs are then compared to appropriate benchmark land values.
- 6.2 The CIL regulations state that in setting a charge, local authorities must “*strike the appropriate balance*” between revenue maximisation on the one hand and the potentially adverse impact of CIL upon the viability of development across the whole area on the other. Our recommendations are that:
- Firstly, the Council should take a strategic view of viability. There will always be variations in viability between individual sites, but viability testing should establish the most typical viability position; not the exceptional situations.
 - Secondly, the Council should take a balanced view of viability – residual valuations are just one factor influencing a developer’s decision making – the same applies to local authorities.
 - Thirdly, while a single charge is attractive, it may not be appropriate for all authorities, particularly in areas where sales values vary between areas.
 - Fourthly, markets are cyclical and subject to change over short periods of time. Sensitivity testing to sensitivity test levels of CIL to ensure they are robust in the event that market conditions improve over the life of a Charging Schedule is essential.
 - Fifthly, the Council should not set their rates of CIL at the limits of viability. A margin or contingency below the maximum rate should be allowed for to account for market change and site specific viability issues.
- 6.3 CIL rates should not necessarily be determined solely by viability evidence, but *should not be logically contrary* to the evidence. Councils should not follow a mechanistic process when setting rates – appraisals are just a guide to viability and are widely understood to be a less than precise tool.

Assessment – residential development

- 6.4 As CIL is intended to operate as a fixed charge, the Council will need to consider the impact on two key factors. Firstly, the need to strike a balance between maximising revenue to invest in infrastructure on the one hand and the need to *minimise* the impact upon development viability on the other. Secondly, as CIL will effectively take a ‘top-slice’ of development value, there is a potential impact on the percentage or tenure mix of affordable housing that can be secured. This is a change from the current system of negotiated financial contributions, where the planning authority can weigh the need for contributions against the requirement that schemes need to contribute towards affordable housing provision.
- 6.5 In assessing the results, it is important to clearly distinguish between two scenarios; namely, schemes that are unviable *regardless of the level of CIL* (including a nil rate) and schemes that are viable *prior* to the imposition of CIL at certain levels. If a scheme is unviable before CIL is levied, it is unlikely to come forward and CIL would not be a factor that comes into play in the developer’s/landowner’s decision making. We have therefore disregarded the ‘unviable’ schemes in recommending an appropriate level of CIL. The unviable schemes will only become viable following a degree of real house price inflation, or in the event that the Council agrees to a lower level of affordable housing for particular sites in the short term¹⁴.

¹⁴ However, as shown by the sensitivity analyses (which reduce affordable housing to 30%, 20% and 10%) even a reduction in affordable housing does not *always* remedy viability issues. In these situations, it is not the presence or

Determining maximum viable rates of CIL for residential development

- 6.6 As noted in paragraph 6.5, where a scheme is unviable the imposition of CIL at a zero level will not make the scheme viable. Other factors (i.e. sales values, build costs or benchmark land values) would need to change to make the scheme viable. For the purposes of establishing a maximum viable rate of CIL, we have had regard to the development scenarios that are currently viable and that might, therefore, be affected by a CIL requirement. All the results summarised below assume, firstly, that current affordable housing requirements are met in full. Sensitivity analyses which adopt reduced levels of affordable housing are also provided. This shows the relationship between CIL and affordable housing and the amounts that could be secured by changing the other requirement.
- 6.7 Tables 6.71 to 6.7.9 summarise the results of our residential appraisals of smaller sites (the full results are attached as Appendix 3). For each development typology, the tables show the highest CIL rate (within the testing range of £0 to £300 per square metre) that is viable against each of the four benchmark land values.
- 6.8 Site typologies 1, 3, 4, 7 and 8 are located on greenfield sites, while site typologies 2, 5, 6 and 9 are developments in urban areas. The relevant parts of the tables are shaded either green or brown to focus on the results that are most pertinent for each particular development typology. For example, for Site typology 1, BLV 3 and BLV 4 are shaded green, as these are the most relevant benchmarks for greenfield sites.
- 6.9 It is also important to note that Site typology 1 is a 4 unit scheme that falls below the Council's affordable housing threshold of 5 units in a rural area. Similarly, Site typology 2 is an 8 unit scheme that falls below the 10 unit threshold for urban areas. Although the tables show the results for a range of affordable housing percentages (up to 40%), the current policy position does not require any contribution from these types of sites. The relevant results for site types 1 and 2 is therefore the '0%' affordable housing column.

absence of planning obligations that is the primary viability driver – it is simply that the value generated by residential development is lower than some existing use values. In these situations, sites would remain in their existing use.

Table 6.7.1: Site type 1 – 4 units, 100% houses, greenfield (35 dph) – below Aff Hsg threshold

	BLV1					BLV2					BLV3					BLV4				
	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%
Warwick	nv	nv	nv	40	160	nv	80	220	300	300	0	180	300	300	300	100	260	300	300	300
Leamington Spa	200	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Kenilworth	nv	120	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Rural areas (higher value)	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Rural areas (lower value)	nv	nv	40	180	300	60	240	300	300	300	160	300	300	300	300	260	300	300	300	300

Table 6.7.2: Site type 2 – 8 units, 100% houses, urban area (35 dph) – below Aff Hsg threshold

	BLV1					BLV2					BLV3					BLV4				
	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%
Warwick	nv	nv	60	180	280	nv	160	280	300	300	40	220	300	300	300	120	280	300	300	300
Leamington Spa	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Kenilworth	80	280	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Rural areas (higher value)	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Rural areas (lower value)	nv	40	200	300	300	140	300	300	300	300	200	300	300	300	300	280	300	300	300	300

Table 6.7.3: Site type 3 – 25 units, 90% houses and 10% flats, greenfield (35 dph)

	BLV1					BLV2					BLV3					BLV4				
	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%
Warwick	nv	nv	nv	nv	40	nv	nv	120	240	300	nv	60	200	300	300	nv	160	280	300	300
Leamington Spa	0	240	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Kenilworth	nv	nv	140	280	300	160	300	300	300	300	280	300	300	300	300	300	300	300	300	300
Rural areas (higher value)	220	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Rural areas (lower value)	nv	nv	nv	40	180	nv	100	260	300	300	20	200	300	300	300	140	300	300	300	300

nv = not viable at zero CIL

Table 6.7.4: Site type 4: 35 units, 90% houses and 10% flats, greenfield (30 dph)

	BLV1					BLV2					BLV3					BLV4				
	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%
Warwick	nv	nv	nv	nv	nv	nv	nv	60	180	280	nv	0	160	280	300	nv	120	260	300	300
Leamington Spa	nv	100	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Kenilworth	nv	nv	0	180	300	80	280	300	300	300	220	300	300	300	300	300	300	300	300	300
Rural areas (higher value)	40	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Rural areas (lower value)	nv	nv	nv	nv	80	nv	40	200	300	300	nv	160	300	300	300	100	260	300	300	300

Table 6.7.5: Site type 5: 50 units, 50% houses and 50% flats, urban area (50 dph)

	BLV1					BLV2					BLV3					BLV4				
	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%
Warwick	nv	nv	nv	nv	100	nv	nv	20	160	260	nv	nv	80	200	300	nv	nv	120	240	300
Leamington Spa	100	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Kenilworth	nv	40	220	300	300	60	260	300	300	300	120	300	300	300	300	180	300	300	300	300
Rural areas (higher value)	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Rural areas (lower value)	nv	nv	nv	120	240	nv	0	160	300	300	nv	60	220	300	300	nv	120	260	300	300

Table 6.7.6: Site type 6: 65 units, 60% houses and 40% flats, urban area (40 dph)

	BLV1					BLV2					BLV3					BLV4				
	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%
Warwick	nv	nv	nv	nv	80	nv	nv	40	180	280	nv	nv	100	220	300	nv	20	160	260	300
Leamington Spa	80	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Kenilworth	nv	0	180	300	300	80	280	300	300	300	160	300	300	300	300	220	300	300	300	300
Rural areas (higher value)	280	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Rural areas (lower value)	nv	nv	nv	100	220	nv	40	180	300	300	nv	100	240	300	300	nv	160	300	300	300

nv = not viable at zero CIL

Table 6.7.7: Site type 7: 75 units, 100% houses, greenfield area (lower density – 20 dph)

	BLV1					BLV2					BLV3					BLV4				
	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%
Warwick	nv	nv	nv	nv	nv	nv	nv	nv	60	180	nv	nv	60	180	280	nv	60	180	280	300
Leamington Spa	nv	nv	40	220	300	240	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Kenilworth	nv	nv	nv	nv	80	nv	160	300	300	300	120	300	300	300	300	280	300	300	300	300
Rural areas (higher value)	nv	0	240	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Rural areas (lower value)	nv	nv	nv	nv	nv	nv	nv	80	200	300	nv	60	200	300	300	20	200	300	300	300

Table 6.7.8: Site type 8: 75 units, 100% houses, greenfield area (standard density – 35 dph)

	BLV1					BLV2					BLV3					BLV4				
	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%
Warwick	nv	nv	nv	nv	20	nv	nv	100	200	300	nv	40	180	280	300	nv	140	260	300	300
Leamington Spa	0	220	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Kenilworth	nv	nv	120	260	300	160	300	300	300	300	260	300	300	300	300	300	300	300	300	300
Rural areas (higher value)	200	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300	300
Rural areas (lower value)	nv	nv	nv	40	140	nv	100	240	300	300	20	180	300	300	300	120	280	300	300	300

Table 6.7.9: Site type 9: 100 units, 100% flats, urban area (60 dph)

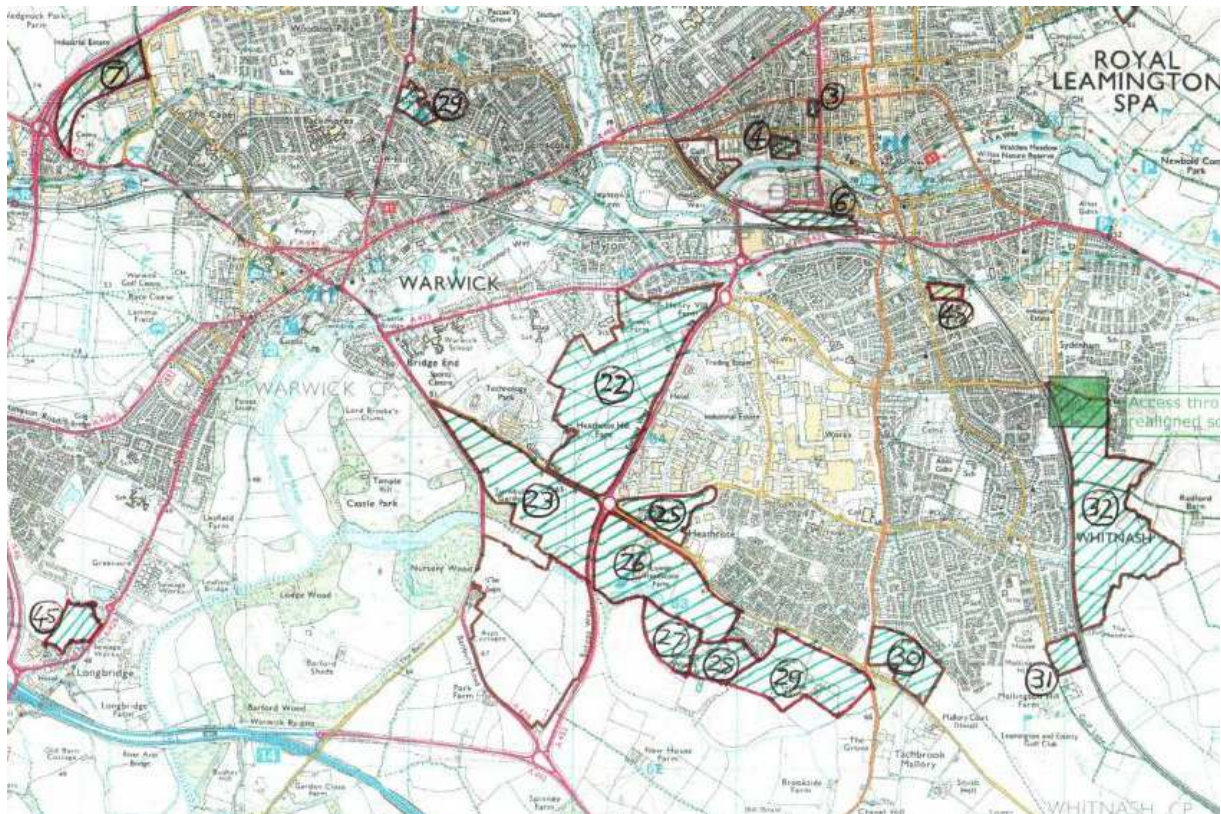
	BLV1					BLV2					BLV3					BLV4				
	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%
Warwick	nv	nv	nv	nv	nv	nv	nv	nv	nv	nv	nv	nv	nv	nv	nv	nv	nv	nv	nv	nv
Leamington Spa	nv	nv	nv	160	300	nv	nv	180	300	300	nv	40	240	300	300	nv	100	280	300	300
Kenilworth	nv	nv	nv	nv	40	nv	nv	nv	80	200	nv	nv	nv	120	240	nv	nv	0	160	280
Rural areas (higher value)	nv	nv	160	300	300	nv	180	300	300	300	nv	240	300	300	300	40	280	300	300	300
Rural areas (lower value)	nv	nv	nv	nv	nv	nv	nv	nv	nv	nv	nv	nv	nv	nv	20	nv	nv	nv	nv	60

nv = not viable at zero CIL

Strategic sites

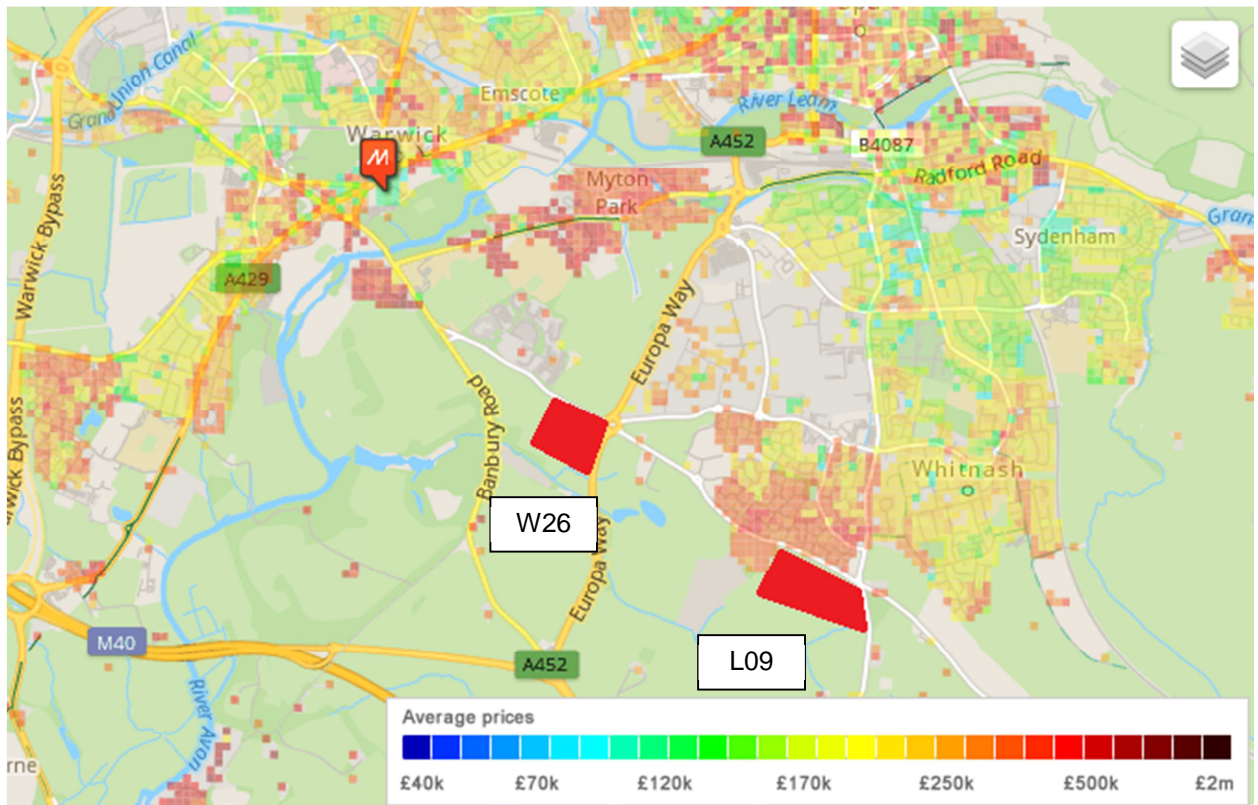
- 6.10 Tables 6.10.1 to 6.10.5 summarise the results from our appraisals of five strategic sites in the District, located adjacent to the three main settlements and neighbouring Coventry. The results are displayed in the same format as the smaller sites, but with all five strategic sites being greenfield, benchmark land values 3 and 4 are the most pertinent when considering a rate of CIL for these types of development.
- 6.11 As noted previously, the strategic sites carry higher costs than other developments, most notably on-site infrastructure (utilities, drainage, site roads etc) and on-site community infrastructure (schools, community facilities etc). For each unit, our appraisals assume a £12,000 allowance for on-site infrastructure (i.e. roads, utilities etc) and a further £13,000 to contribute towards on-site community infrastructure (through Section 106 obligations). Other relevant factors to consider are the long build out rate, which means that developers are carrying costs for a much longer period of time than is the case with small schemes. These factors combine to make these types of development more challenging, at least in principle.
- 6.12 Although each of the five strategic sites is clearly located adjacent to a particular settlement, we have also appraised them using sales values from each of the main value areas (i.e. Warwick, Leamington Spa, Kenilworth, higher value rural area and lower value rural area). As well as reflecting the viability conditions in their 'actual' area, the sites also provide an indication of the viability of a development of those characteristics in the other areas. This helps give more depth to the results and an indication of the likely viability of other strategic sites.
- 6.13 Although strategic site W26 (Gallows Hill) is identified in the SHLAA as being located in Warwick, it actually lies to the south of Myton, which attracts significantly higher values than those in Warwick. There is a cluster of strategic sites in this area, as shown in Figure 6.13.1 below. These sites are more likely to benefit from the higher values in Myton and Heathcote

Figure 6.13.1: Location of strategic sites between Warwick and Leamington Spa



- 6.14 Figure 6.14.1 shows average house prices in 'heat map' format. This shows the location of two sites we have tested in this study (W26 – Gallows Hill and L09 – Land at Grove Farm) shaded in red. This shows that both of these sites (and others adjacent to them) are likely to attract higher values than those found in the urban areas. In the results tables (6.10.1 to 6.10.5), the results for the Leamington Spa area are likely to apply to both sites.

Figure 6.14.1: Average values heat map



Source: Mouseprice

- 6.15 The results of our appraisals for Land at Blackdown, Leamington Spa, show lower residual land values than for the other strategic sites at Leamington. This is because this site is considerably large than the other sites, with a longer build out period. This longer build period means that costs are carried for a longer period of time before sales income is received, resulting in higher finance costs.

Table 6.10.1: K17 Southcrest Farm, Kenilworth (35dph)

	BLV1					BLV2					BLV3					BLV4				
	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%
Warwick	nv	nv	nv	nv	nv	nv	nv	nv	nv	0	nv	nv	nv	nv	100	nv	nv	nv	80	180
Leamington Spa	nv	nv	nv	20	180	nv	180	250	250	250	100	250	250	250	250	250	250	250	250	250
Kenilworth	nv	nv	nv	nv	nv	nv	nv	80	240	250	nv	20	210	250	250	nv	160	250	250	250
Rural areas (higher value)	nv	nv	0	220	250	140	250	250	250	250	250	250	250	250	250	250	250	250	250	250
Rural areas (lower value)	nv	nv	nv	nv	nv	nv	nv	nv	0	120	nv	nv	nv	120	230	nv	nv	80	220	250

Table 6.10.2: L09 Land at Grove Farm, Leamington Spa (35dph)

	BLV1					BLV2					BLV3					BLV4				
	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%
Warwick	nv	nv	nv	nv	nv	nv	nv	nv	nv	0	nv	nv	nv	nv	100	nv	nv	nv	80	180
Leamington Spa	nv	nv	nv	0	180	nv	180	250	250	250	100	250	250	250	250	250	250	250	250	250
Kenilworth	nv	nv	nv	nv	nv	nv	nv	80	240	250	nv	20	210	250	250	nv	160	250	250	250
Rural areas (higher value)	nv	nv	nv	200	250	140	250	250	250	250	250	250	250	250	250	250	250	250	250	250
Rural areas (lower value)	nv	nv	nv	nv	nv	nv	nv	nv	0	120	nv	nv	nv	100	230	nv	nv	80	220	250

Table 6.10.3: C13 Lodge Farm, Coventry border (35 dph)

	BLV1					BLV2					BLV3					BLV4				
	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%
Warwick	nv	nv	nv	nv	nv	nv	nv	nv	nv	0	nv	nv	nv	nv	100	nv	nv	nv	80	180
Leamington Spa	nv	nv	nv	0	180	nv	180	250	250	250	100	250	250	250	250	250	250	250	250	250
Kenilworth	nv	nv	nv	nv	nv	nv	nv	80	230	250	nv	20	210	250	250	nv	160	250	250	250
Rural areas (higher value)	nv	nv	nv	200	250	140	250	250	250	250	250	250	250	250	250	250	250	250	250	250
Rural areas (lower value)	nv	nv	nv	nv	nv	nv	nv	nv	0	120	nv	nv	nv	100	230	nv	nv	80	220	250

nv = not viable at zero CIL

Table 6.10.4: W26 Gallows Hill, Warwick

	BLV1					BLV2					BLV3					BLV4				
	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%
Warwick	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	80	<i>nv</i>	<i>nv</i>	<i>nv</i>	60	180
Leamington Spa	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	120	<i>nv</i>	140	250	250	250	80	250	250	250	250	240	250	250	250	250
Kenilworth	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	60	210	250	<i>nv</i>	0	180	250	250	<i>nv</i>	140	250	250	250
Rural areas (higher value)	<i>nv</i>	<i>nv</i>	<i>nv</i>	140	250	100	250	250	250	250	250	250	250	250	250	250	250	250	250	250
Rural areas (lower value)	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	100	<i>nv</i>	<i>nv</i>	<i>nv</i>	100	210	<i>nv</i>	<i>nv</i>	80	210	250

Table 6.10.5: L48 Land at Blackdown, Leamington Spa

	BLV1					BLV2					BLV3					BLV4				
	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%	40%	30%	20%	10%	0%
Warwick	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	20	<i>nv</i>	<i>nv</i>	<i>nv</i>	40	160
Leamington Spa	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	210	250	250	<i>nv</i>	210	250	250	250	180	250	250	250	250
Kenilworth	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	100	240	<i>nv</i>	<i>nv</i>	100	250	250	<i>nv</i>	100	250	250	250
Rural areas (higher value)	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	60	<i>nv</i>	200	250	250	250	160	250	250	250	250	250	250	250	250	250
Rural areas (lower value)	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	<i>nv</i>	0	<i>nv</i>	<i>nv</i>	<i>nv</i>	20	160	<i>nv</i>	<i>nv</i>	40	180	250

nv = not viable at zero CIL

CIL rate setting considerations

- 6.16 The results indicate that residential development should be able to absorb a CIL payment in all areas across the District, subject to allowing for a buffer or margin to address risks to delivery. There are four key risk factors:
- the first is that individual sites might incur exceptional costs (decontamination, difficult ground conditions etc) and as a result the residual land value could fall. Developers will try and reflect such costs in their offer to the landowner, but the extent of any issues is not always fully apparent until the land value is fixed. Where sites have an existing use, an owner will not be prepared to accept a reduction below the value of the current building to accommodate exceptional costs upon redevelopment;
 - Secondly, current use values on individual sites will inevitably vary and will fall somewhere between the values used in our appraisals. As a result, the ability of schemes to absorb high rates of CIL could be adversely affected;
 - Thirdly, sales values could fall or normal build costs could rise over the life of the Charging Schedule, adversely affecting scheme viability. While the Council could change its rates to adapt to these changes, this cannot be done quickly due to the need to develop a refreshed evidence base and follow the statutory consultation and examination process; and
 - Fourthly, imposing a high rate of CIL (that vastly exceeds the current levels of Section 106 obligations) in the Council's first Charging Schedule could result in a more than modest reduction in land values and a consequential risk that land supply falls. This factor has led many charging authorities to seek to limit their CIL rates to no more than around 3-5% of development costs, or to set their CIL rates so that they are broadly comparable to existing Section 106 contributions¹⁵.
- 6.17 It is also important to consider that where a scheme is shown as unviable before the application of CIL, it will be other factors such as sales values, build costs and the percentage of affordable housing that will need to adjust for the scheme to become viable.

Suggested CIL rates – smaller (non-strategic) sites

- 6.18 Our appraisals indicate that smaller sites below the affordable housing threshold are viable with high levels of CIL against the relevant benchmark land values. In most situations, the maximum rate within the testing range (£300 per square metre) is achievable. The Council could potentially set a separate rate for these types of scheme, perhaps with a higher CIL rate than schemes which are required to provide on-site affordable housing.
- 6.19 Schemes located in **Warwick** and the surrounding **lower value rural areas** are unlikely to be able to make substantial CIL contributions as well as making a meaningful affordable housing contribution. We therefore suggest that the Council considers a relatively modest CIL rate in this area. The maximum rate varies according to the affordable housing percentage secured, but is generally in the range of £60 to £280 per square metre when secured alongside 20% affordable housing. We therefore suggest a rate of **£70 per square**, which allows some headroom for the factors listed at section 6.16.
- 6.20 Schemes in the **Kenilworth** area are more viable than those in Warwick, but the trade-off between high levels of CIL and affordable housing at levels of around 40% is very clear in our appraisal results. To ensure an optimum balance between maximising affordable housing and infrastructure requirements, we consider that the maximum CIL level is in the region of £180 to £200 per square metre. At this level of CIL, most scheme types can provide 30% affordable housing. After allowing a discount for the factors outlined at section 6.16, this would result in a CIL of around **£140 per square metre**.

¹⁵ For example, Wandsworth Council has adopted this approach in the Vauxhall Nine Elms Opportunity Area, where the existing tariff has been converted into a per square metre CIL rate.

- 6.21 Schemes in **Leamington Spa** and the **higher value rural areas** are the most viable in the District, with a maximum CIL in region of £220 - £300 per square metre achievable in most scenarios. After allowing for a discount for the factors outlined in section 6.16, we suggest a CIL of **£190 to £200 per square metre**.

Suggested CIL rates – strategic sites

- 6.22 The results of our strategic site appraisals indicate that major schemes adjacent to Warwick are likely to be challenging to bring forward in the short term if they are required to provide policy levels of affordable housing, on-site infrastructure and CIL. When tested against benchmark land value 3 and 4, all five strategic sites are unviable at policy levels of affordable housing. When affordable housing is provided at 10% of units, CIL starts to become viable. However, it should be noted that all the major sites identified by the Council to the south of Warwick and Leamington Spa are in areas of higher value in comparison to average Warwick values.
- 6.23 Requiring anything but a modest level of CIL (e.g. £20 per square metre) on these sites is likely to reduce opportunities for securing a reasonable affordable housing contribution from major sites adjacent to Warwick. However, given that no major sites are identified in or around the Warwick area, levying a slightly higher CIL would not adversely impact of delivery of the scale of development identified in the Plan.
- 6.24 A similar result emerges for strategic sites that might be located in the 'rural' lower value area, to a lesser degree than in Warwick. However, we understand that strategic sites adjacent to the main urban settlements are to be prioritised over large sites in rural areas. The Council may therefore decide to place limited weight on these results.
- 6.25 Strategic sites that might be located in the rural higher value area should be able to absorb relatively high levels of CIL as well as meeting the full 40% affordable housing target.
- 6.26 Strategic sites adjacent to Leamington Spa appear to be reasonably viable and able to accommodate CIL contributions as well as affordable housing percentages relatively close to the policy target. We would suggest, however, that the Council adopts a cautious approach, as the affordable housing percentage appears to be very sensitive to the level of CIL. The Council would therefore maximise the potential for securing 40% affordable housing if the rates of CIL are set at a modest level.
- 6.27 We would suggest the following approach for strategic sites that optimises opportunities for securing a meaningful affordable housing contribution alongside a contribution towards infrastructure through CIL:
- **Leamington Spa and Rural higher value area:** 'Maximum' rate - £100 per square metre (taking the results somewhere between BLV3 and BLV4); suggested rate £50 to £60 per square metre;
 - **Kenilworth,** 'Maximum' rate - £50 per square metre (taking the results as lying somewhere between BLV3 and BLV4 and 30% to 40% affordable housing); suggested rate £25 per square metre;
 - **Warwick and rural 'lower' value area:** 'Maximum' rate – nil with any meaningful proportion of affordable housing; suggested rate nil per square metre.

Assessment – commercial development

- 6.28 Our appraisals indicate that the potential for commercial schemes to be viably delivered will be limited in current market conditions. Retail rents vary to some degree, but differences in yields are likely to be a more important factor in determining capital values of completed retail developments. For other types of development, such as offices, there is unlikely to be much, if any, net additional floorspace in the short term.
- 6.29 As noted in section 4, the level of rents that can be achieved for commercial space varies according to exact location; quality of building; and configuration of space. Consequently, our appraisals adopt a 'base' position based on average rents for each type of development and show the results of appraisals with lower and higher rents. This analysis will enable the Council to consider the

robustness of potential CIL charges on commercial uses, including the impact that changes in rents might have on viability.

Office development

- 6.30 The results of our office appraisals indicate that new developments are unlikely to be viable, unless rents increase significantly over the life of the Charging Schedule (see Appendix 5). Short term demand for offices is likely to be relatively weak due to changing patterns of working and slower employment growth. It is therefore unlikely that any significant level of new office development will come forward in the District in the short term. In some parts of the District, there is a surplus second hand office buildings that owners may seek to redevelop for other uses. Once this space is converted to other uses, rents for the remaining space may increase, which could stimulate more development.
- 6.31 Office rents currently average £15 per sq ft (an increase since the 2013 CIL Viability Study) but a further increase would be required to make development of new space economically viable. Whilst it is possible that new development might attract higher rents, there is currently insufficient evidence to demonstrate that this might be the case. If any significant schemes do come forward for development, the Council could seek to negotiate Section 106 obligations with developers, although clearly these would be restricted by Regulation 122.
- 6.32 A **nil CIL rate** is recommended for any office development that comes forward.

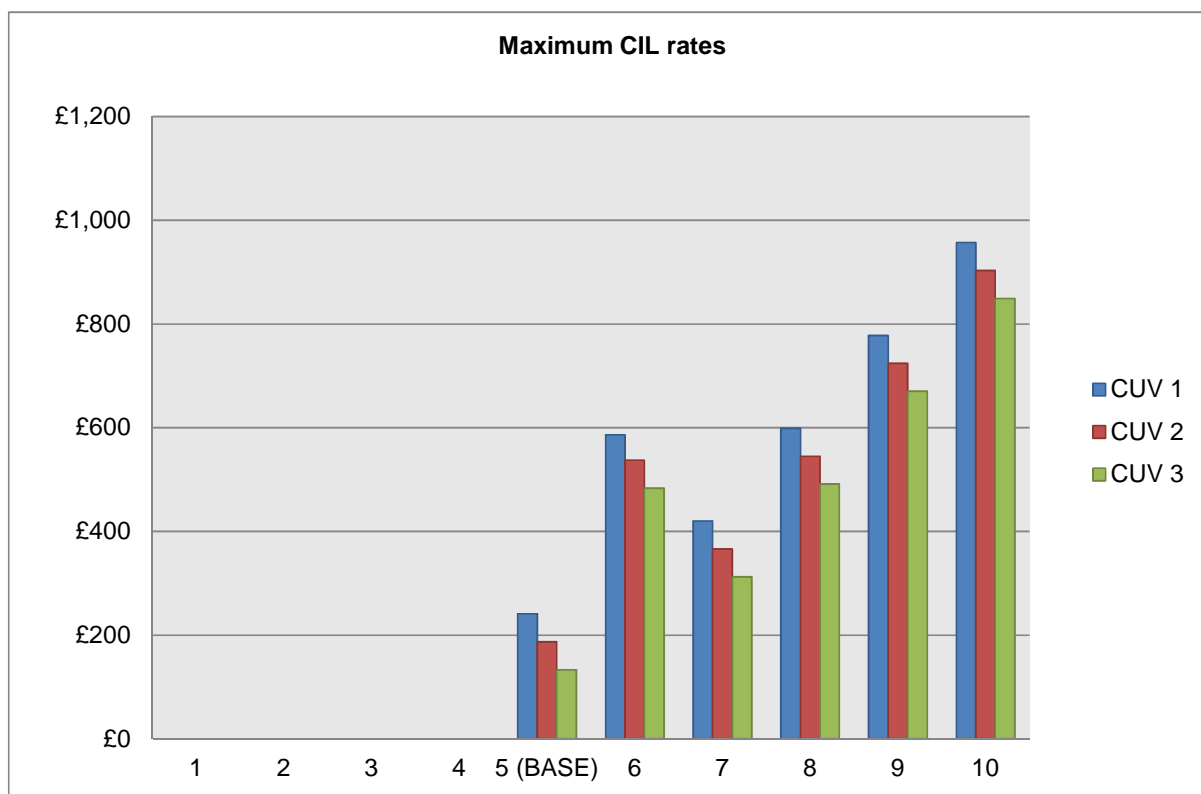
Industrial and warehouse development

- 6.33 Our appraisals of industrial development indicate that residual values are likely to be too low to absorb any level of CIL (see Appendix 4). A considerable increase in new build industrial rents would be required before any CIL could be absorbed. Rents would need to increase from their current level of around £7.50 per sq ft to over £15 per sq ft before developments would become sufficiently viable to absorb a CIL.
- 6.34 We note that the Council has received applications for logistics parks and other commercial development. It is possible that some or all of the warehouse floorspace will be sold to owner occupiers. In light of this, the Council may wish to consider adopting a modest rate on industrial and warehouse development. This rate would recognise that speculative development for rent is unlikely to come forward, but would capture schemes that are occupied by major national owner occupiers.
- 6.35 A **nil CIL rate** is recommended for any industrial and warehousing development that comes forward.
- 6.36 Alternatively, if any significant industrial and distribution schemes do come forward for development, the Council could seek to negotiate Section 106 obligations with developers, subject to the restrictions in CIL Regulation 122¹⁶.

Retail development – Prime Leamington (Central Parade and Royal Priors)

- 6.37 Our appraisals of development in the prime retail areas in Leamington (Central Parade and Royal Priors) indicate that they are sufficiently viable to absorb a CIL. The results vary depending on the current or existing use value selected. When viability is considered against the highest current use value, a CIL of up to £133 per square metre could be absorbed. We would suggest a CIL rate of around 50% of this maximum level (around **£65 per square metre**).

¹⁶ CIL Regulation 122 restricts the use of planning obligations. A planning obligation may only constitute a reason for granting planning permission if the obligation is (a) necessary to make the development acceptable in planning terms; (b) directly related to the development; and (c) fairly and reasonably related in scale and kind to the development.

Table 6.37.1: Prime retail development


- 6.38 The existing retail market in the District is predominantly characterised by district centres arranged in traditional high street form. Consequently, a significant proportion of development activity involves recycling existing retail floorspace, rather than the creation of additional space. Consequently, it is unlikely that retail development would generate very substantial amounts of net additional floorspace that would be liable to pay CIL.

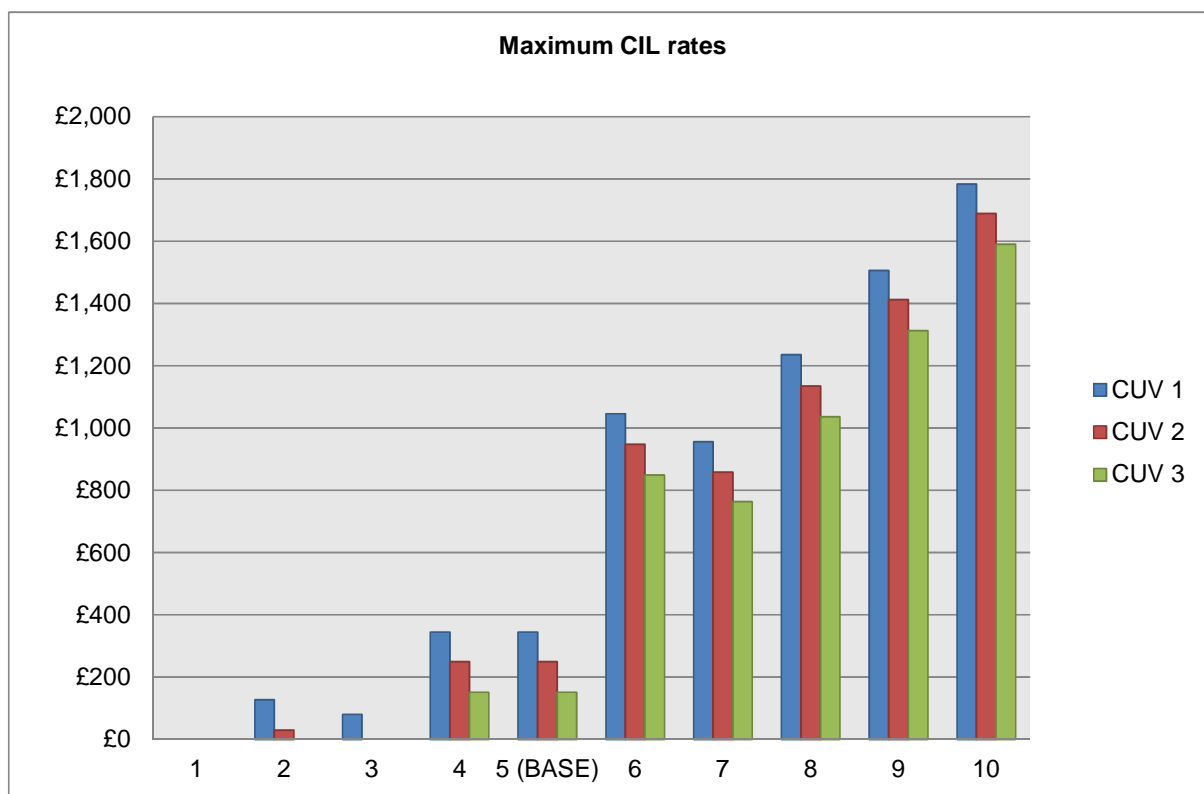
Retail elsewhere in Leamington Spa and other settlements

- 6.39 Rents for retail floorspace in other parts of Leamington Spa and the rest of the District are lower than in the prime retail area. Consequently, development of new retail floorspace on existing sites is unlikely to generate significant surpluses that could fund CIL. This is because rents for new build floorspace are only slightly higher than rents for existing floorspace. Our appraisals indicate that a CIL would not be viable until rents increased substantially from their current levels. We therefore recommend a **nil rate** on retail outside the Leamington Spa prime retail area.

Superstores, supermarkets and retail parks

- 6.40 Our appraisals of superstores, supermarkets and retail parks indicate a greater degree of viability than for other types of retail. This is associated largely with the lower yield attached to floorspace occupied by the large national retail chains, due to their perceived greater covenant strength in comparison to smaller operators. Chart 6.40.1 summarises the rates of CIL that large retail development could absorb. Based on the lowest of the three current use values, large retail development could absorb a CIL of up to £151 per square metre. To allow a sufficient buffer below the maximum rate, we suggest a CIL rate of **£105 per square metre**.

Chart 6. 40.1: Supermarket and retail park development



Hotel development

- 6.41 In the 2013 CIL Viability Study, our appraisals indicated that hotel developments could fund a CIL contribution of £100 per square metre. However, since that time rising costs and static capital values mean that hotel development is no longer as viable as was previously the case. Hotel developments will not generate a sufficient surplus to make a CIL contribution.

Student housing

- 6.42 Our appraisals of student housing assume a halls of residence type development with ensuite bathrooms and communal kitchens and living space. Assuming rents charged by University of Warwick for its own accommodation¹⁷, our appraisals indicate that student housing developments could viably absorb a CIL of up to £148 per square metre. After allowing for a discount below the maximum rate, we would suggest a CIL rate of **£100 per square metre**.
- 6.43 If the University continues to develop its own student accommodation, developments would be exempt from CIL under Regulation 43, providing the provision of student accommodation is consistent with the University's charitable objectives. Consequently, only speculative student housing built by the private sector would be liable.

D1 and D2 floorspace development

- 6.44 D1 and D2 floorspace typically includes uses that do not accommodate revenue generating operations, such as schools, health centres, museums and places of worship. Other uses that do generate an income stream (such as swimming pools) have operating costs that are far higher than the income and require public subsidy. Many D1 uses will be infrastructure themselves, which CIL will help to provide. It is therefore unlikely that D1 and D2 uses will be capable of generating any

¹⁷ Based on higher priced accommodation for postgraduates for 2017 (e.g. Benefactors Ensuite £180 per week for a 51 week year tenancy or Benefactors single duplex studio £199 per week for a 51 week tenancy).

contribution towards CIL. D1 and D2 uses will sometimes include developments that are operated commercially (such as gyms) but with many new operations opening in existing floorspace, very little, if any CIL income could be secured.

7 Conclusions and recommendations

- 7.1 The results of our analysis indicate a degree of variation in viability of development in terms of different uses. In light of these variations, two options are available to the Council under the CIL regulations. Firstly, the Council could set a single CIL rate across the District, having regard to the least viable types of development and least viable locations. This option would suggest the adoption of the 'lowest common denominator', with sites that could have provided a greater contribution towards infrastructure requirements not doing so. In other words, the Council could be securing the benefit of simplicity at the expense of potential income foregone that could otherwise have funded infrastructure. Secondly, the Council has the option of setting different rates for different types of development. The results of our study point firmly towards the second option as our recommended route.
- 7.2 We have also referred to the results of development appraisals as being highly dependent upon the inputs, which will vary significantly between individual developments. In the main, the imposition of CIL is not *the* critical factor in determining whether a scheme is viable or not (with the relationship between scheme value, costs and land value benchmarks being far more important).
- 7.3 Given CIL's nature as a fixed tariff, it is important that the Council selects rates that are not on the limit of viability. This is particularly important for commercial floorspace, where the Council does not have the ability to 'flex' other planning obligations to absorb site-specific viability issues. In contrast, the Council could in principle set higher rates for residential schemes as the level of affordable housing could be adjusted in the case of marginally viable schemes. However, this approach runs the risk of frustrating one of the Council's other key objectives of delivering affordable housing. Consequently, sensitive CIL rate setting for residential schemes is also vital.
- The results of this study are reflective of current market conditions, which are likely to improve over the medium term. It is therefore important that the Council continually monitors the market so that levels of CIL can be adjusted to reflect any future changes.
 - The ability of **residential schemes** to make CIL contributions varies between different parts of the District. Having regard to the need to set rates that are not at the margins of viability, our appraisals indicate that the following levels of CIL should not adversely impact on viability of development and delivery of the plan as a whole:
 - Leamington Spa and higher value rural areas (Zones B and D on the charging zones map): £190 - £200 per square metre;
 - Kenilworth (Zone C on the charging zones map): £140 per square metre;
 - Warwick, East Leamington Spa and lower value rural areas (Zone A on the charging zones map): £70 per square metre.
 - At current rent levels, **Office development** is unlikely to come forward in the short to medium term as the capital values generated are insufficient to cover development costs. We therefore recommend that the Council sets a **nil rate** for office development.
 - Our appraisals of developments of **industrial and warehousing floorspace** indicate that these uses are unlikely to generate positive residual land values. We therefore recommend a **nil rate** for industrial and warehousing floorspace.
 - Retail developments in Leamington Spa's prime retail area generate sufficient surpluses to absorb a CIL of **£65 per square metre**, after allowing for a discount below the maximum rate.
 - Although the 2013 CIL Viability Study recommended a CIL be applied to **hotels**, our updated appraisals indicate that this will no longer be possible due to rising costs and relatively static capital values over the intervening period.
 - Residual values generated by **retail developments elsewhere** are unlikely to be sufficiently high to absorb a CIL charge. In any case, it is likely that a significant proportion of retail development will involve the re-use of existing retail space, so the differential in value between current and newly

developed space is modest in areas where rents are low. We therefore recommend a nil rate on retail development outside the prime Leamington Spa area.

- **Student housing** developments have capacity to absorb a CIL charge of up to £148 per square metre and we recommend a charge of £100 per square metre. This would apply to speculative private developments only, as the University would qualify for charitable relief for any residences that it develops itself.
- **Superstores, supermarket and retail parks** are capable of generating greater surplus value and could absorb a CIL of £151 per square metre. After allowing for a discount below the maximum rate, we suggest a CIL of **£105 per square metre**.
- **D1 and D2** uses often do not generate sufficient income streams to cover their costs. Consequently, they require some form of subsidy to operate. This type of facility is very unlikely to be built by the private sector. We therefore suggest that a nil rate of CIL be set for D1 uses.

- 7.4 For residential schemes, the application of CIL of is unlikely to be an overriding factor in determining whether or not a scheme is viable. When considered in context of total scheme value, CIL will be a modest amount, typically accounting for less than 3% of value. Some schemes would be unviable even if a zero CIL were adopted. We therefore recommend that the Council pays limited regard to these schemes as they are unlikely to come forward during the life of the current Charging Schedule.

Table 7.4.1: Suggested rates for DCS consultation

Type of development	Zones B and D Much of Leamington Spa and rural higher value zone	Zone C Kenilworth	Zone A Warwick, East Leamington Spa and and rural lower value zone
Residential	£190 to £200	£140	£70
Strategic residential	£50 - £60	£25	Nil
Retail development – prime Leamington Spa	£65	Nil	Nil
Convenience based Superstores and supermarkets ¹⁸ and retail parks ¹⁹	£105		
Student housing	£100		
Hotels	Nil		
Offices	Nil		
Industrial and warehousing	Nil		
D1 and D2 uses	Nil		

- 7.5 While there is no requirement for charging authorities to commit to a formal timescale for reviewing its CIL charging schedule, we recommend that the Council monitors the market on a regular basis. The proposed rates above allow a margin for movements in key variables, but if there are substantial movements in costs and values, a formal review of the CIL rates may be required. The Council may need to amend the rates in the future if significant changes occur.
- 7.6 The Council may also wish to consider developing an instalments policy which makes provision for distributing CIL payments over the development period of a scheme. This would help to minimise the cashflow impact of CIL in comparison to upfront payments.

¹⁸ Superstores/supermarkets are shopping destinations in their own right where weekly food shopping needs are met and which can also include non-food floorspace as part of the overall mix of the unit.

¹⁹ Retail warehouses are large stores specialising in the sale of household goods (such as carpets, furniture and electrical goods), DIY items and other ranges of goods, catering for mainly car-borne customers.

Appendix 1 - SHLAA sites

SITES WITHIN OR ON THE EDGE OF LEAMINGTON SPA AND WHITNASH

Site Ref	Site Name	Site Area
L01	Lime Avenue	0.36
L02	R/O 22 Llewelyn Road	0.14
L03	R/O Bamburgh Grove	1.79
L04	Former Factory, Clarendon Street	0.10
L05	Trinity Storage Site, Queensway	1.50
L07	Land North of Milverton	83.30
L09	Land at Grove Farm	62.18
L10	Land South of Sydenham	7.56
L11	Golf Lane/ Fieldgate Lane	4.01
L12	Land at Golf Lane	0.26
L13	Soans Site & Land Adjacent	2.49
L14	Land at Woodside Farm	10.99
L15	Court Street/ Cumming Street	0.10
L16	77 Lillington Road	0.13
L17	Cubbington East	11.00
L18	Allotment Land, Rugby Road	2.23
L19	Land at North Cubbington	51.40
L20	Land at South Cubbington	16.00
L21	St Mary's Allotments, Radford Road	7.80
L22	Allotment Gardens, Coventry Road	1.50
L23	Land at Red House Farm, Campion Hills	11.53
L24	Confidential Site	0.27
L25	Confidential Site	0.24
L26	Confidential Site	0.67
L27	R/O Homepage	2.00
L28	Off Princes Drive	1.00
L30	Telephone Exchange	0.32
L31	Garage Site, Russell Street	0.37
L32	Jewsons & Quarry Street Dairy	1.60
L33	Court Street Opportunity Site	0.86
L34	Wise Street Opportunity Site	1.60
L35	Land at Station Approach	4.47
L36	Warwickshire College	5.78
L37	Riverside House	1.75
L38	Glebe Farm	53.20
L39	Land at Campion School/ S. Sydenham	51.49
L40	Leamington Cricket Club	3.19
L41	Castel Froma	1.14
L43	Waverley Equestrian Centre	1.72
L44	Confidential Site	0.40
L45	Leamington Fire Station	0.52
L46	Confidential Site	0.45
L47	Former Bath Place Community Venture	0.14
L48	Land at Blackdown	66.74

SITES WITHIN OR ON THE EDGE OF WARWICK

Site Ref	Site Name	Site Area
W01	Tamlea Building, Nelson Lane 0.48	0.48
W02	2-22 Northgate Street & Offices to Rear 0.54	0.54
W03	Heathcote Sewage Works 13.10	13.10
W04	Former Car Park at IBM 4.35	4.35
W05	Hintons Nursery, Coventry Road 1.61	1.61
W06	Land at Stratford Road 4.44	4.44
W07	Lower Heathcote Farm 122.90	122.90
W08	Land West of Europa Way 38.86	38.86
W09	Ponderosa, Wedgenock Lane 0.72	0.72
W10	Land to the South of Gallows Hill 14.9	14.90
W11	Campbell House, Stratford Road 1.70	1.70
W12	Home Farm, Longbridge 18.42	18.42
W13	Darsons Yard, Miller Road 0.84	0.84
W14	Land at Corner of Cross Street and Priory Road 0.02	0.02
W15	Confidential Site 0.37	0.37
W16	Confidential Site 0.29	0.29
W17	Confidential Site 0.16	0.16
W18	Land at Montague Road 3.49	3.49
W19	Land at Gogbrook Farm 2.50	2.50
W20	Warwick Gates Employment Land 9.77	9.77
W21	County Land Europa Way 24.43	24.43
W23	R/O Cherry Street 0.33	0.33
W24	64 West Street 0.06	0.06
W25	Nelson Club Car Park 0.12	0.12
W26	Gallows Hill/ Europa way 21.53	21.53
W27	The Asps, Europa Way 94.46	94.46
W28	Loes Farm, Guy's Cliffe 28.54	28.54
W29	Heathcote Farmhouse 0.46	0.46
W30	Confidential Site 0.98	0.98
W31	Confidential Site 0.78	0.78
W32	Warwick Fire Station 0.16	0.16
W33	Confidential Site 22.26	22.26
W34	Confidential Site 0.53	0.53
W35	West of Warwick Racecourse	

SITES WITHIN OR ON THE EDGE OF KENILWORTH

Site Ref	Site Name	Site Area
K01	Land at Thickthorn	16.51
K02	Crackley Triangle and east of Kenilworth Road	14.26
K03	North of Highland Road	3.26
K04	East of Inchbrook Road	3.67
K05	Kenilworth RFC Land off Rocky Lane	11.30
K06	Kenilworth Rugby Club	1.76
K07	Kenilworth Golf Club, Dalehouse Lane	4.02
K08	Common Lane Industrial Estate	2.97
K09	Jersey Farm, Glasshouse Lane	15.47
K10	Land to the West of Clinton Lane	1.54
K11	Land at New Street	1.83
K12	Land at Clinton Road	16.54
K13	Land at Crackley Lane/ Coventry Road	9.01
K14	Playing Fields at Coventry Road/ Princes Drive	3.13
K15	Talisman Theatre Site	0.13
K17	Southcrest Farm, Glasshouse lane	16.79
K18	Glasshouse Lane/ Crewe Lane	37.28
K19	Woodside Training Centre	15.01
K20	Kenilworth Wardens Cricket Club	4.75
K21	Oaks Farm	102.26
K22	Former Magistrates Court	0.21
K23	Confidential Site	0.65
K24	Confidential Site	0.34
K25	East of Warwick Road	5.68

SITES ON THE EDGE OF COVENTRY

Site Ref	Site Name	Site Area
C01	Russells Garden Centre Baginton	7.87
C02	Land SW of Westwood Heath Road Burton Green	2.44
C03	Westwood Heath Road/Bockendon Road Westwood Heath	14.40
C04	Land at Oak Lea, Howes Lane Coventry	1.77
C05	Land off Cromwell Lane Burton Green	3.21
C06	King's Hill Lane, Finham Coventry	269.24
C07	Land at Mill Hill Baginton	9.97
C08	Russells Garden Centre East Baginton	2.34
C09	Lodge Farmhouse Westwood Heath	0.13
C10	Land south of Baginton Baginton	62.26
C12	Seven Acre Egg Farm Coventry	3.91
C13	Lodge Farm Westwood Heath	30.48
C14	Land North of Baginton - Junction A45/A46 Baginton	13.59
C15	Land off Church Road Baginton	2.75
C18	Hurst Farm South Burton Green	99.19
C19	Land at Baginton Baginton	363.00

SITES IN THE RURAL AREA

Site Ref	Site Name	Site Area
R01	The Valley, Radford Semele Radford Semele	0.14
R02	Hill Farm Bishops Tachbrook	18.54
R03	Tinkers Close Radford Semele	0.73
R04	Land adjacent to The Meadow House Lapworth	0.11
R06	Land South of Baddesley Clinton Baddesley Clinton	3.49
R07	Adjacent to Oak Gable Cottage Baddesley Clinton	0.38
R08	Land North of Oakley Cottage, Bedlam's End Chadwick End	0.78
R09	Barford House Barford	4.39
R10	South of Barford House Barford	0.83
R11	South of School Bishops Tachbrook	4.11
R12	Land north of Croft Close Bishops Tachbrook	1.84
R13	Shrewley Gate Nursery Shrewley	1.35
R14	Land east of Oakley Wood Road Bishops Tachbrook	2.54
R15	Land west of Wellesbourne Road Barford	0.17
R16	Sherbourne Nursery Barford	2.59
R17	Land at Brickyard Cottage Bishops Tachbrook	3.66
R18	Land NW of Rye Fields Bishops Tachbrook	0.61
R19	Land at Brickyard Farm Bishops Tachbrook	35.34
R20	Land at Brickyard Barn Bishops Tachbrook	0.28
R21	Land South of Radford Semele Radford Semele	2.62
R22	Land West of Bishop's Tachbrook Bishops Tachbrook	2.41
R23	Low Hill, Oakley Wood Road Bishops Tachbrook	0.37
R25	Ward's Hill & Snitterfield Lane Norton Lindsey	0.25
R26	Land West of Old Budbrooke Road Budbrooke	1.50
R27	Land Fronting Ward's Hill Norton Lindsey	0.90
R28	Land adj. Hall Farm Cottages Hunningham	0.20
R29	R/O 65 Lewis Road & Thornley Close Radford Semele	0.17
R30	Land south of Westham Lane Leamington Spa	1.25
R31	Land at Tachbrook Hill Farm Bishops Tachbrook	18.43
R33	South East of Convent Farm Baddesley Clinton	0.76
R34	Land West of Baddesley Clinton Baddesley Clinton	20.66
R35	Land at the Plough Eathorpe	0.20
R39	Land at Hatton Green Hatton	0.34
R40	Land at the Gatehouse Shrewley	0.42
R41	Land at Southam Road Radford Semele	7.78
R42	Land at Village Farm Offchurch	0.67
R43	Sydon's Piece Offchurch	3.84
R44	Canal Field, Offchurch Lane Radford Semele	2.58
R45	Canal Wharf, Offchurch Lane Radford Semele	1.14
R46	Land West of School Lane Radford Semele	14.06
R47	Land R/O Rectory Barford	0.28
R48	West of School Hill Offchurch	0.26
R49	Land off Green Lane, Little Shrewley Shrewley	0.32
R50	Land at Convent Farm Baddesley Clinton	0.28

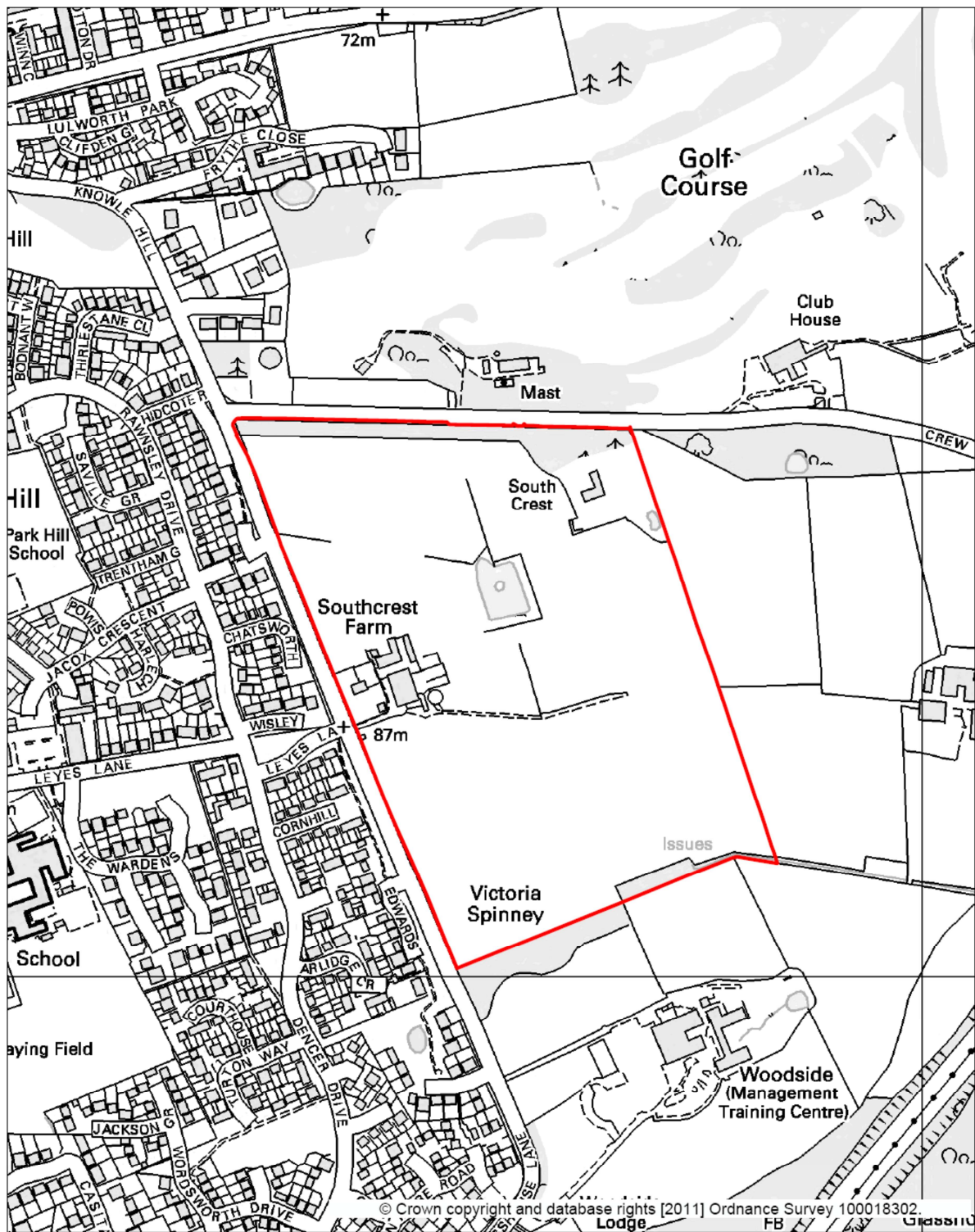
Site Ref	Site Name	Site Area
R51	Land SE of Shrewley Common Shrewley	0.27
R52	New House Farm Bishops Tachbrook	47.60
R53	R/O The Hamlet Leek Wootton	3.36
R54	Land N of Hill Wootton Road Leek Wootton	1.80
R55	West of Mill Lane Barford	0.54
R56	South West Radford Semele Radford Semele	5.94
R57	Land off Moat Close, Bubbenhall Bubbenhall	1.00
R58	Land at Red Lane Burton Green	0.43
R59	Land off Pit Hill/ Church Road Bubbenhall	3.02
R60	Land R/O Lower End Bubbenhall	3.82
R61	Land off Ryton Road Bubbenhall	1.73
R62	Land Off Warwick Road Leek Wootton	4.59
R63	Land NW of Leek Wootton Leek Wootton	25.50
R64	Land NE of Leek Wootton (1&2) Leek Wootton	46.90
R65	R/O Savages Close Bishops Tachbrook	2.44
R66	Land fronting Old Warwick Road Lapworth	0.19
R67	Land Fronting Southam Road Radford Semele	3.38
R68	Sunnyside, Valley Road Radford Semele	2.23
R69	South of Elmdene Close Hatton	1.25
R70	North of Hatton Station Hatton	2.06
R71	West of Station Road Hatton	1.20
R72	Cubbington Wood Yard Cubbington	1.04
R73	Land off Starmer Place Hatton	0.60
R74	Land South of Arras Boulevard Hampton Magna	6.45
R75	407 Birmingham Road & Land to West Hatton	1.15
R76	Confidential Site Kenilworth	19.63
R77	Former Storage Depot Hatton	1.16
R78	Village Field (North) Eathorpe	0.60
R79	Village Field (South) Eathorpe	0.38
R80	Penns Lane Eathorpe	0.72
R81	Confidential Site Pinley Green	0.81

Note: highlighted sites have been tested as the five strategic sites in this study.

Appendix 2 - Strategic sites details from SHLAA

Site Ref	K17	Site Name	Southcrest Farm
Site Size (Hectares)	18.27	Settlement	Kenilworth
Source	SHLAA 08	Land Type	Greenfield
Adjacent/ Overlapping Site	K18 Glasshouse Lane/ Crewe Lane; K19 Woodside Training Centre & K07 Kenilworth Golf Club		

Suitability for Housing						
Location	Adjacent to Kenilworth urban area					
Policy Restrictions	Green Belt					
Physical Constraints	Site slopes down towards A46. Surface water drainage potentially a problem in eastern part of site. Part of River Avon Local Wildlife Site traverses south eastern corner of the site					
Potential Impacts						
Environmental Conditions	Satisfactory, subject to mitigation against potential noise from A46					
Overall Suitability	Potentially suitable, subject to Green Belt amendment and significant buffer to contain surface water and protect properties from noise.					
Availability						
Available - the site is in the control of a developer						
Achievability						
Achievable with a strong housing market and subject to appropriate contributions being made towards improving infrastructure and services.						
Housing Capacity						
Development Mix	Housing	50%	Other Uses	50%		
Potential Capacity	30dph	273	40dph	364	50dph	455
Timeframe (in terms of practicality only)	2014/19	200	2019/24	115	2024/29	0



K17 Southcrest Farm

LOCATION PLAN

Scale:
1:5000

Drawn By:
CP

Date:
21 October 2011

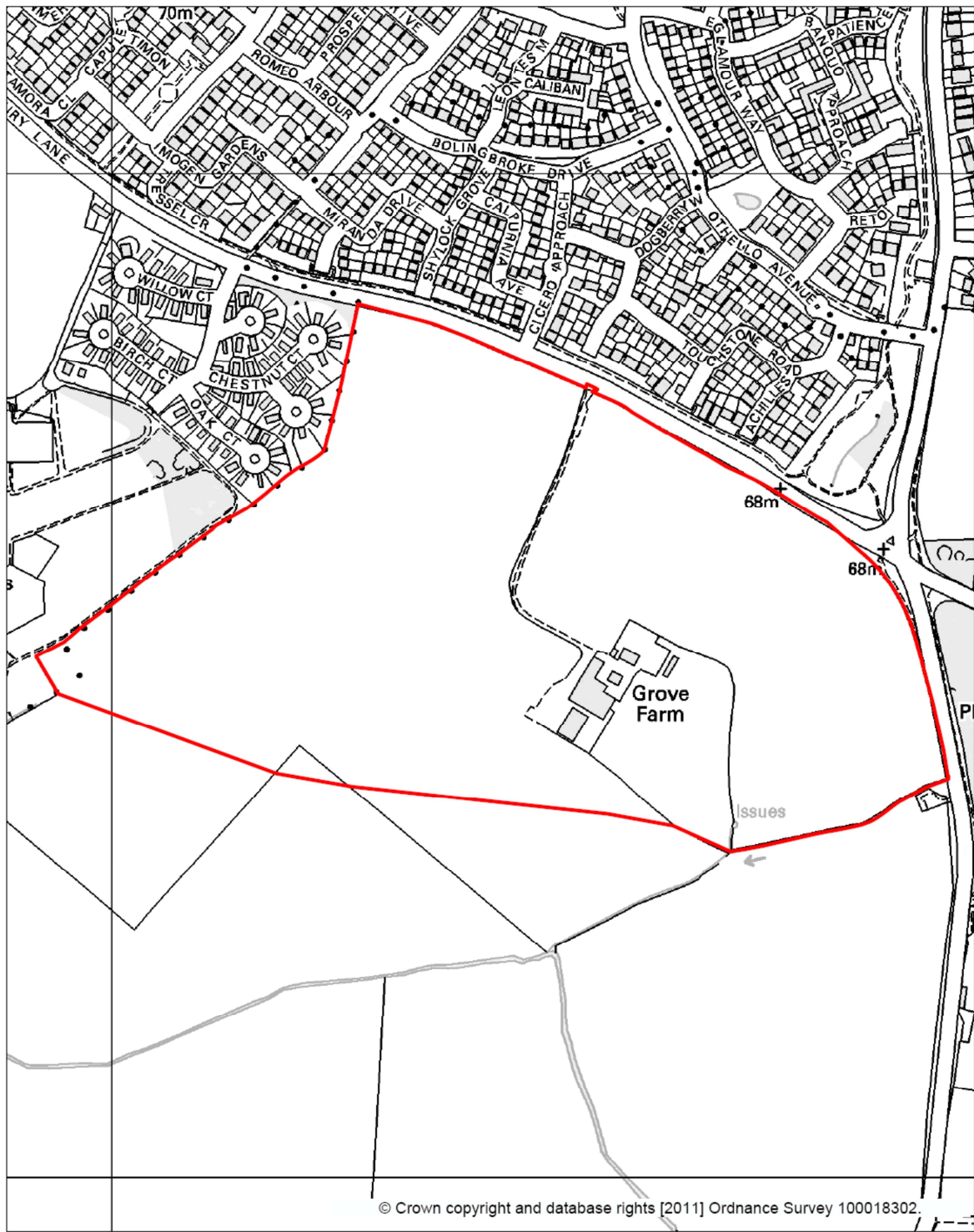
Grid Reference:
430570 E, 272355 N

North:

Development Services: P.O. Box 2178, Riverside House, Milverton Hill, Royal Leamington Spa. CV32 5QH.
Telephone: (01926) 450000. Facsimile: (01926) 456542.

Site Ref	L09	Site Name	Land at Grove Farm
Site Size (Hectares)	62.18*	Settlement	Leamington Spa
Source	SHLAA 08	Land Type	Greenfield
Adjacent/ Overlapping Site	W07 Lower Heathcote Farm		

Suitability for Housing						
Location	Adjacent to Warwick/Leamington urban area					
Policy Restrictions	Open Countryside					
Physical Constraints	Adjacent to former sewage works – likely to require ground remediation works.					
Potential Impacts	Impact on open countryside of medium/ high landscape value					
Environmental Conditions	Satisfactory					
Overall Suitability	Potentially suitable, subject to amendment to open countryside designation, landscaped buffer zone north of the Tach Brook and ground remediation.					
Availability						
*Landowners have expressed willingness to release 28.29ha of land for development with a further 19.93ha for open space.						
Achievability						
This site is understood to be achievable although the scale of development will require significant contributions towards improved infrastructure and services, including transport, education and health, and parks and open spaces. This may require third party land and the agreement of statutory bodies. Employment areas may also be required to provide the opportunity for people to live and work in close proximity.						
Housing Capacity						
Development Mix	Housing	67%	Other Uses	33%		
Potential Capacity	30dph	569	40dph	758	50dph	948
Timescale (in terms of practicality only)	2014/19	200	2019/24	460	2024/29	0



L09 Land at Grove Farm

LOCATION PLAN

Scale:
1:5000

Drawn By:
CP

Date:
20 October 2011

Grid Reference:
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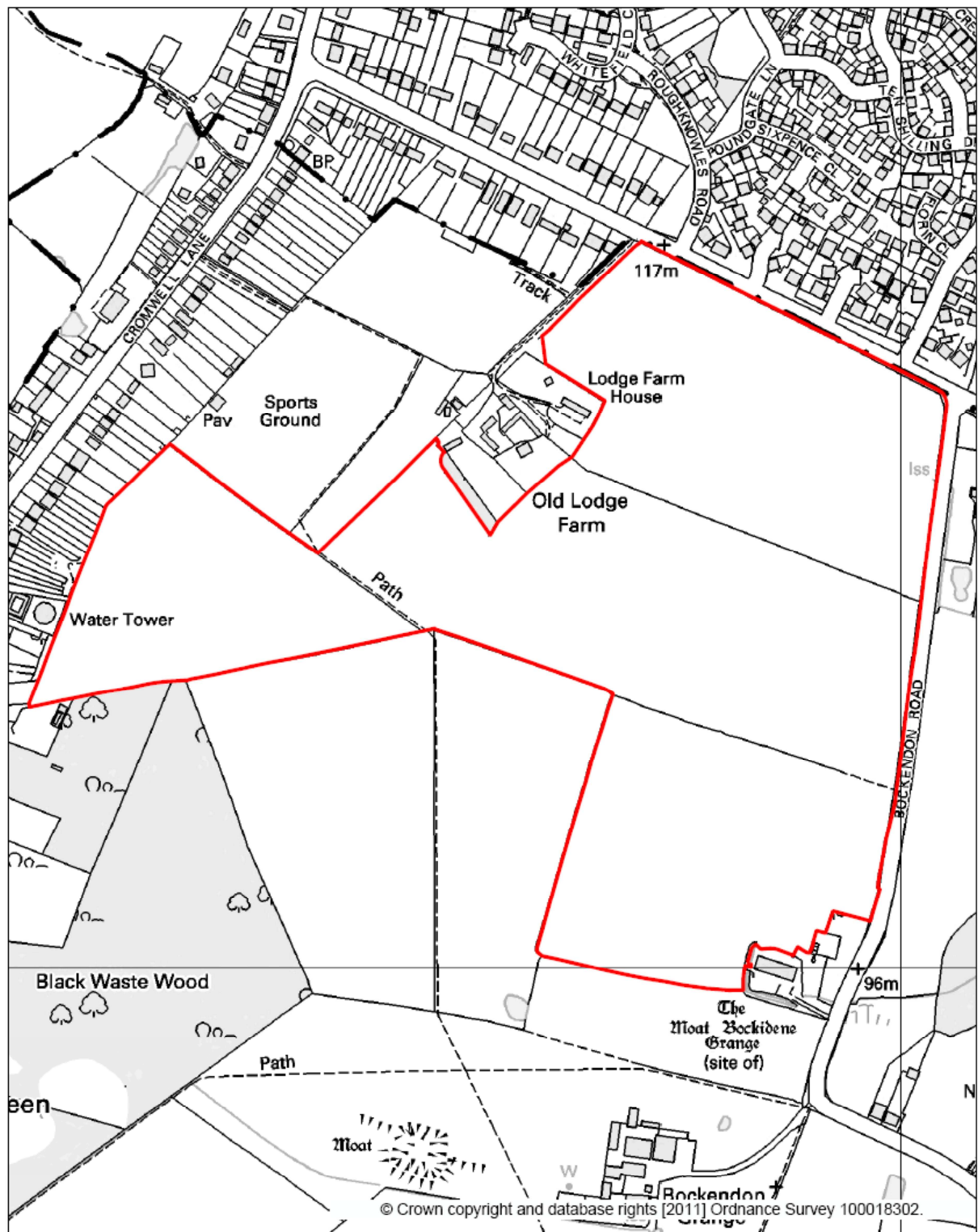
North:

Development Services: P.O. Box 2178, Riverside House, Milverton Hill, Royal Leamington Spa. CV32 5QH.
Telephone: (01926) 450000. Facsimile: (01926) 456542.



Site Ref	C13	Site Name	Lodge Farm, Westwood Heath Road
Site Size (Hectares)	30.48	Settlement	Coventry
Source	SHLAA08	Land Type	Greenfield
Adjacent/ Overlapping Site	C02, C03, C05, C09		

Suitability for Housing						
Location	Adjacent to Coventry urban area					
Policy Restrictions	Green Belt					
Physical Constraints	Public footpaths through site					
Potential Impacts	Extending development beyond a definable boundary into an area of high landscape value with no strong recognisable boundary to south. Brockendon Grange Pond & Black Waste Wood are potential SINC's Loss of Grade 2 Agricultural Land					
Environmental Conditions	Satisfactory					
Overall Suitability	Potentially suitable in part only (18.5 hectares) excluding southern extensions to site which could impact upon potential SINC's. Any development would be subject to satisfactory measures to mitigate against impact on area of high landscape value					
Availability						
The owners have expressed a willingness to release the site for development						
Achievability						
Housing Capacity						
Development Mix	Housing	50%	Other Uses	50%		
Potential Capacity	30dph	278	40dph	370	50dph	462
Timeframe (in terms of practicality only)	2014/19	0	2019/24	325	2024/29	0



C13 Lodge Farm, Westwood Heath Road

LOCATION PLAN

Scale:
1:5000

Drawn By:
CP

Date:
27 October 2011

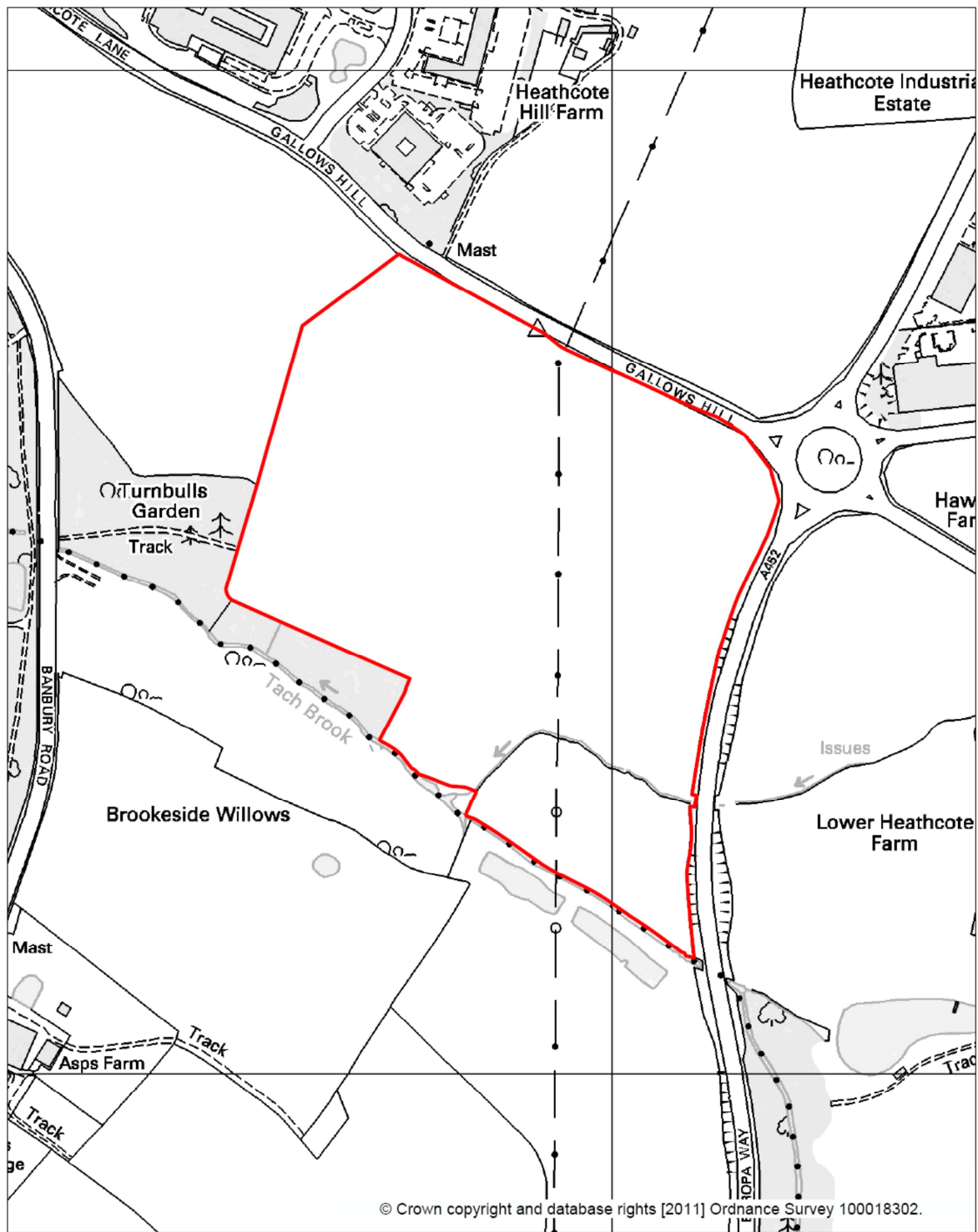
Grid Reference:
427592 E, 276346 N

North:

Development Services: P.O. Box 2178, Riverside House, Milverton Hill, Royal Leamington Spa. CV32 5QH.
Telephone: (01926) 450000. Facsimile: (01926) 456542.

Site Ref	W26	Site Name	Gallows Hill/ Europa Way
Site Size (Hectares)	21.53	Settlement	Warwick
Source	SHLAA 08	Land Type	Greenfield
Adjacent/ Overlapping Site	W10 Land South of Gallows Hill; W27 The Asps		

Suitability for Housing						
Location	Open countryside and not adjacent to built up area					
Policy Restrictions	Open Countryside					
Physical Constraints	Small section of Flood Zones 2 and 3A to south of site. Overhead power lines 33kV and 132kV traverse the site. The site is classified as ALC Grade 2					
Potential Impacts	Impact on nearby Warwick Castle Registered Park and Garden of Special Historic Interest to the west of site. Impact on Potential SINC to south of site (New Waters & Nursery Wood) Impact on area of high landscape value Loss of Grade 2 Agricultural Land					
Environmental Conditions	Landfill to south of site – land remediation may be required					
Overall Suitability	Potentially suitable, subject to mitigation of impact on historic park and open countryside within an area of high landscape value.					
Availability						
Site promoter has expressed willingness to bring the site forward for development						
Achievability						
Achievable within a strong housing market and subject to appropriate contributions being made towards improving infrastructure and services.						
Housing Capacity						
Development Mix	Housing	50%	Other Uses	50%		
Potential Capacity	30dph	323	40dph	430	50dph	538
Timeframe (in terms of practicality only)	2014/19	0	2019/24	380	2024/29	0



W26 Gallows Hill/ Europa Way

LOCATION PLAN

Scale:
1:5000

Drawn By:
CP

Date:
21 October 2011

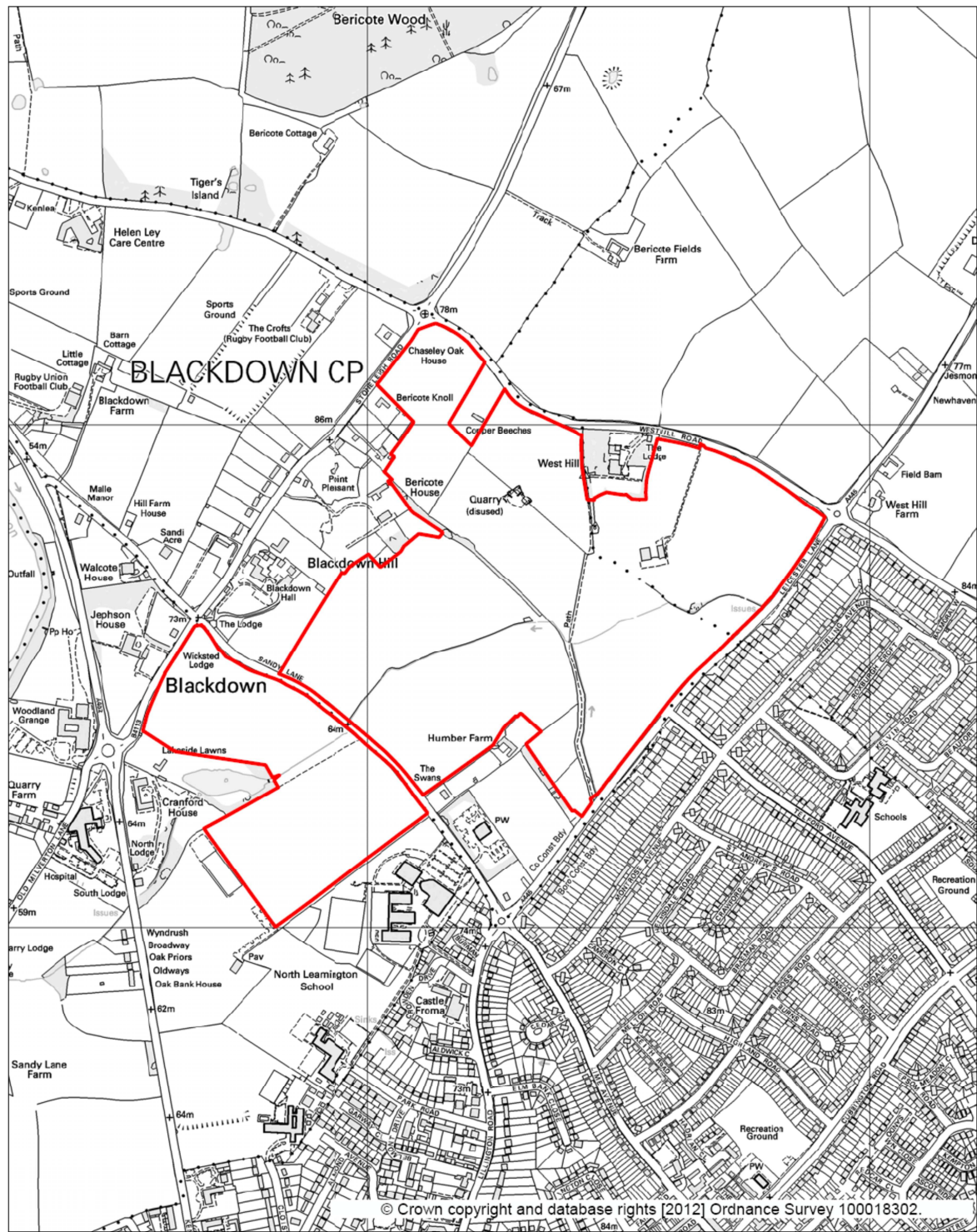
Grid Reference:
429880 E, 263451 N

North:

Development Services: P.O. Box 2178, Riverside House, Milverton Hill, Royal Leamington Spa. CV32 5QH.
Telephone: (01926) 450000. Facsimile: (01926) 456542.

Site Ref	L48	Site Name	Land at Blackdown
Site Size (Hectares)	66.74	Settlement	Leamington Spa
Source	SHLAA11	Land Type	Greenfield
Adjacent/ Overlapping Site			

Suitability for Housing						
Location	On the edge of Leamington Spa built up area					
Policy Restrictions	Green Belt					
Physical Constraints	The site is within a Water Source Protection Zone and an Area of Groundwater Vulnerability. A minor watercourse traverses the site. A public footpath traverses the site. Topography – site slopes up to north east.					
Potential Impacts	Loss of Grade 2 agricultural land over large area of site Area of High Landscape Value No recent detailed information on bio-diversity but previous surveys suggest that none of the findings give cause for concern. Further work will be undertaken.					
Environmental Conditions	Satisfactory					
Overall Suitability	Potentially suitable subject to alteration of Green Belt boundary.					
Availability						
Owner of large part of site has expressed willingness to make the site available						
Achievability						
Development is understood to be achievable, subject to the market, although the scale of the development will require significant contributions towards improved infrastructure and services, including transport, education, health, parks and open spaces. Employment areas may also be required to provide the opportunity for people to live and work in close proximity						
Housing Capacity						
Development Mix	Housing	50%	Other Uses	50%		
Potential Capacity	30dph	1,000	40dph	1,330	50dph	1,670
Timeframe (in terms of practicality only)	2014/19	0	2019/24	470	2024/29	700



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L48 Land at Blackdown

LOCATION PLAN

Scale:
1:10000

Drawn By:
DR

Date:
17 May 2012

Grid Reference:
432248 E, 268612 N

North:

Development Services: P.O. Box 2178, Riverside House, Milverton Hill, Royal Leamington Spa. CV32 5QH.
Telephone: (01926) 450000. Facsimile: (01926) 456542.

Appendix 3 - Residential appraisal results

Community Infrastructure Levy Viability
Warwick District Council
Results summary

#N/A = Scheme RLV is lower
than EUV with nil rate of CIL.
40% affordable housing

Site type **Type 1 - 4 units, houses, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	0	100
Leamington Spa	200	300	300	300
Kenilworth	#N/A	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	#N/A	60	160	260

Site type **Type 2 - 8 units, houses, UB**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	40	120
Leamington Spa	300	300	300	300
Kenilworth	80	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	#N/A	140	200	280

Site type **Type 3 - 25 units, houses & flats, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	0	300	300	300
Kenilworth	#N/A	160	280	300
Rural areas (higher value)	220	300	300	300
Rural areas (lower value)	#N/A	#N/A	20	140

Site type **Type 4 - 35 units, houses & flats, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	#N/A	300	300	300
Kenilworth	#N/A	80	220	300
Rural areas (higher value)	40	300	300	300
Rural areas (lower value)	#N/A	#N/A	#N/A	100

Site type **Type 5 - 50 units, houses & flats, UB**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	100	300	300	300
Kenilworth	#N/A	60	120	180
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	#N/A	#N/A	#N/A	#N/A

Community Infrastructure Levy Viability
Warwick District Council
Results summary

#N/A = Scheme RLV is lower
than EUV with nil rate of CIL.
40% affordable housing

Site type **Type 6 - 65 units, houses & flats, UB**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	80	300	300	300
Kenilworth	#N/A	80	160	220
Rural areas (higher value)	280	300	300	300
Rural areas (lower value)	#N/A	#N/A	#N/A	#N/A

Site type **Type 7 - 75 units, houses, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	#N/A	240	300	300
Kenilworth	#N/A	#N/A	120	280
Rural areas (higher value)	#N/A	300	300	300
Rural areas (lower value)	#N/A	#N/A	#N/A	20

Site type **Type 8 - 75 units, houses, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	0	300	300	300
Kenilworth	#N/A	160	260	300
Rural areas (higher value)	200	300	300	300
Rural areas (lower value)	#N/A	#N/A	20	120

Site type **Type 9 - 100 units, flats, UB**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	#N/A	#N/A	#N/A	#N/A
Kenilworth	#N/A	#N/A	#N/A	#N/A
Rural areas (higher value)	#N/A	#N/A	#N/A	40
Rural areas (lower value)	#N/A	#N/A	#N/A	#N/A

Community Infrastructure Levy Viability
Warwick District Council
Results summary

#N/A = Scheme RLV is lower
than EUV with nil rate of CIL.
30% affordable housing

Site type **Type 1 - 4 units, houses, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	80	180	260
Leamington Spa	300	300	300	300
Kenilworth	120	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	#N/A	240	300	300

Site type **Type 2 - 8 units, houses, UB**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	160	220	280
Leamington Spa	300	300	300	300
Kenilworth	280	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	40	300	300	300

Site type **Type 3 - 25 units, houses & flats, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	60	160
Leamington Spa	240	300	300	300
Kenilworth	#N/A	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	#N/A	100	200	300

Site type **Type 4 - 35 units, houses & flats, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	0	120
Leamington Spa	100	300	300	300
Kenilworth	#N/A	280	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	#N/A	40	160	260

Site type **Type 5 - 50 units, houses & flats, UB**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	300	300	300	300
Kenilworth	40	260	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	#N/A	0	60	120

Community Infrastructure Levy Viability
Warwick District Council
Results summary

#N/A = Scheme RLV is lower
than EUV with nil rate of CIL.
30% affordable housing

Site type **Type 6 - 65 units, houses & flats, UB**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	20
Leamington Spa	300	300	300	300
Kenilworth	0	280	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	#N/A	40	100	160

Site type **Type 7 - 75 units, houses, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	60
Leamington Spa	#N/A	300	300	300
Kenilworth	#N/A	160	300	300
Rural areas (higher value)	0	300	300	300
Rural areas (lower value)	#N/A	#N/A	60	200

Site type **Type 8 - 75 units, houses, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	40	140
Leamington Spa	220	300	300	300
Kenilworth	#N/A	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	#N/A	100	180	280

Site type **Type 9 - 100 units, flats, UB**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	#N/A	#N/A	40	100
Kenilworth	#N/A	#N/A	#N/A	#N/A
Rural areas (higher value)	#N/A	180	240	280
Rural areas (lower value)	#N/A	#N/A	#N/A	#N/A

Community Infrastructure Levy Viability
Warwick District Council
Results summary

#N/A = Scheme RLV is lower
than EUV with nil rate of CIL.
20% affordable housing

Site type **Type 1 - 4 units, houses, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	220	300	300
Leamington Spa	300	300	300	300
Kenilworth	300	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	40	300	300	300

Site type **Type 2 - 8 units, houses, UB**

	BLV1	BLV2	BLV3	BLV4
Warwick	60	280	300	300
Leamington Spa	300	300	300	300
Kenilworth	300	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	200	300	300	300

Site type **Type 3 - 25 units, houses & flats, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	120	200	280
Leamington Spa	300	300	300	300
Kenilworth	140	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	#N/A	260	300	300

Site type **Type 4 - 35 units, houses & flats, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	60	160	260
Leamington Spa	300	300	300	300
Kenilworth	0	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	#N/A	200	300	300

Site type **Type 5 - 50 units, houses & flats, UB**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	20	80	120
Leamington Spa	300	300	300	300
Kenilworth	220	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	#N/A	160	220	260

Community Infrastructure Levy Viability
Warwick District Council
Results summary

#N/A = Scheme RLV is lower
than EUV with nil rate of CIL.
20% affordable housing

Site type **Type 6 - 65 units, houses & flats, UB**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	40	100	160
Leamington Spa	300	300	300	300
Kenilworth	180	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	#N/A	180	240	300

Site type **Type 7 - 75 units, houses, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	60	180
Leamington Spa	40	300	300	300
Kenilworth	#N/A	300	300	300
Rural areas (higher value)	240	300	300	300
Rural areas (lower value)	#N/A	80	200	300

Site type **Type 8 - 75 units, houses, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	100	180	260
Leamington Spa	300	300	300	300
Kenilworth	120	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	#N/A	240	300	300

Site type **Type 9 - 100 units, flats, UB**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	#N/A	180	240	280
Kenilworth	#N/A	#N/A	#N/A	0
Rural areas (higher value)	160	300	300	300
Rural areas (lower value)	#N/A	#N/A	#N/A	#N/A

Community Infrastructure Levy Viability
Warwick District Council
Results summary

#N/A = Scheme RLV is lower
than EUV with nil rate of CIL.
10% affordable housing

Site type **Type 1 - 4 units, houses, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	40	300	300	300
Leamington Spa	300	300	300	300
Kenilworth	300	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	180	300	300	300

Site type **Type 2 - 8 units, houses, UB**

	BLV1	BLV2	BLV3	BLV4
Warwick	180	300	300	300
Leamington Spa	300	300	300	300
Kenilworth	300	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	300	300	300	300

Site type **Type 3 - 25 units, houses & flats, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	240	300	300
Leamington Spa	300	300	300	300
Kenilworth	280	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	40	300	300	300

Site type **Type 4 - 35 units, houses & flats, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	180	280	300
Leamington Spa	300	300	300	300
Kenilworth	180	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	#N/A	300	300	300

Site type **Type 5 - 50 units, houses & flats, UB**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	160	200	240
Leamington Spa	300	300	300	300
Kenilworth	300	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	120	300	300	300

Community Infrastructure Levy Viability
Warwick District Council
Results summary

#N/A = Scheme RLV is lower
than EUV with nil rate of CIL.
10% affordable housing

Site type **Type 6 - 65 units, houses & flats, UB**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	180	220	260
Leamington Spa	300	300	300	300
Kenilworth	300	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	100	300	300	300

Site type **Type 7 - 75 units, houses, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	60	180	280
Leamington Spa	220	300	300	300
Kenilworth	#N/A	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	#N/A	200	300	300

Site type **Type 8 - 75 units, houses, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	200	280	300
Leamington Spa	300	300	300	300
Kenilworth	260	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	40	300	300	300

Site type **Type 9 - 100 units, flats, UB**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	160	300	300	300
Kenilworth	#N/A	80	120	160
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	#N/A	#N/A	#N/A	#N/A

Community Infrastructure Levy Viability
Warwick District Council
Results summary

#N/A = Scheme RLV is lower
than EUV with nil rate of CIL.

0% affordable housing

Site type **Type 1 - 4 units, houses, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	160	300	300	300
Leamington Spa	300	300	300	300
Kenilworth	300	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	300	300	300	300

Site type **Type 2 - 8 units, houses, UB**

	BLV1	BLV2	BLV3	BLV4
Warwick	280	300	300	300
Leamington Spa	300	300	300	300
Kenilworth	300	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	300	300	300	300

Site type **Type 3 - 25 units, houses & flats, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	40	300	300	300
Leamington Spa	300	300	300	300
Kenilworth	300	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	180	300	300	300

Site type **Type 4 - 35 units, houses & flats, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	280	300	300
Leamington Spa	300	300	300	300
Kenilworth	300	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	80	300	300	300

Site type **Type 5 - 50 units, houses & flats, UB**

	BLV1	BLV2	BLV3	BLV4
Warwick	100	260	300	300
Leamington Spa	300	300	300	300
Kenilworth	300	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	240	300	300	300

Community Infrastructure Levy Viability
Warwick District Council
Results summary

#N/A = Scheme RLV is lower
than EUV with nil rate of CIL.

0% affordable housing

Site type **Type 6 - 65 units, houses & flats, UB**

	BLV1	BLV2	BLV3	BLV4
Warwick	80	280	300	300
Leamington Spa	300	300	300	300
Kenilworth	300	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	220	300	300	300

Site type **Type 7 - 75 units, houses, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	180	280	300
Leamington Spa	300	300	300	300
Kenilworth	80	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	#N/A	300	300	300

Site type **Type 8 - 75 units, houses, GF**

	BLV1	BLV2	BLV3	BLV4
Warwick	20	300	300	300
Leamington Spa	300	300	300	300
Kenilworth	300	300	300	300
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	140	300	300	300

Site type **Type 9 - 100 units, flats, UB**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	300	300	300	300
Kenilworth	40	200	240	280
Rural areas (higher value)	300	300	300	300
Rural areas (lower value)	#N/A	#N/A	20	60

Appendix 4 - Strategic sites appraisal results

Community Infrastructure Levy Viability
Warwick District Council
Results summary

#N/A = Scheme RLV is lower
than EUV with nil rate of CIL.
40% affordable housing

Site type **K17 - Southcrest Farm, Kenilworth**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	#N/A	#N/A	#N/A	140
Kenilworth	#N/A	#N/A	#N/A	#N/A
Rural areas (higher value)	#N/A	0	180	250
Rural areas (lower value)	#N/A	#N/A	#N/A	#N/A

Site type **L09 - Land at Grove Farm, Leamington Spa**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	#N/A	#N/A	#N/A	140
Kenilworth	#N/A	#N/A	#N/A	#N/A
Rural areas (higher value)	#N/A	#N/A	160	250
Rural areas (lower value)	#N/A	#N/A	#N/A	#N/A

Site type **C13 - Lodge Farm, Coventry**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	#N/A	#N/A	#N/A	140
Kenilworth	#N/A	#N/A	#N/A	#N/A
Rural areas (higher value)	#N/A	#N/A	160	250
Rural areas (lower value)	#N/A	#N/A	#N/A	#N/A

Site type **W26 - Gallows Hill, Warwick**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	#N/A	#N/A	#N/A	120
Kenilworth	#N/A	#N/A	#N/A	#N/A
Rural areas (higher value)	#N/A	#N/A	140	250
Rural areas (lower value)	#N/A	#N/A	#N/A	#N/A

Site type **L48 - Land at Blackdown, Leamington Spa**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	#N/A	#N/A	#N/A	60
Kenilworth	#N/A	#N/A	#N/A	#N/A
Rural areas (higher value)	#N/A	#N/A	0	250
Rural areas (lower value)	#N/A	#N/A	#N/A	#N/A

Community Infrastructure Levy Viability
Warwick District Council
Results summary

#N/A = Scheme RLV is lower
than EUV with nil rate of CIL.
30% affordable housing

Site type **K17 - Southcrest Farm, Kenilworth**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	#N/A	180	250	250
Kenilworth	#N/A	#N/A	20	160
Rural areas (higher value)	#N/A	250	250	250
Rural areas (lower value)	#N/A	#N/A	#N/A	#N/A

Site type **L09 - Land at Grove Farm, Leamington Spa**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	#N/A	180	250	250
Kenilworth	#N/A	#N/A	20	160
Rural areas (higher value)	#N/A	250	250	250
Rural areas (lower value)	#N/A	#N/A	#N/A	#N/A

Site type **C13 - Lodge Farm, Coventry**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	#N/A	180	250	250
Kenilworth	#N/A	#N/A	20	160
Rural areas (higher value)	#N/A	250	250	250
Rural areas (lower value)	#N/A	#N/A	#N/A	#N/A

Site type **W26 - Gallows Hill, Warwick**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	#N/A	140	250	250
Kenilworth	#N/A	#N/A	0	140
Rural areas (higher value)	#N/A	250	250	250
Rural areas (lower value)	#N/A	#N/A	#N/A	#N/A

Site type **L48 - Land at Blackdown, Leamington Spa**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	#N/A	#N/A	210	250
Kenilworth	#N/A	#N/A	#N/A	100
Rural areas (higher value)	#N/A	200	250	250
Rural areas (lower value)	#N/A	#N/A	#N/A	#N/A

Community Infrastructure Levy Viability
Warwick District Council
Results summary

#N/A = Scheme RLV is lower
than EUV with nil rate of CIL.
20% affordable housing

Site type **K17 - Southcrest Farm, Kenilworth**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	#N/A	250	250	250
Kenilworth	#N/A	80	210	250
Rural areas (higher value)	0	250	250	250
Rural areas (lower value)	#N/A	#N/A	#N/A	80

Site type **L09 - Land at Grove Farm, Leamington Spa**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	#N/A	250	250	250
Kenilworth	#N/A	80	210	250
Rural areas (higher value)	#N/A	250	250	250
Rural areas (lower value)	#N/A	#N/A	#N/A	80

Site type **C13 - Lodge Farm, Coventry**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	#N/A	250	250	250
Kenilworth	#N/A	80	210	250
Rural areas (higher value)	#N/A	250	250	250
Rural areas (lower value)	#N/A	#N/A	#N/A	80

Site type **W26 - Gallows Hill, Warwick**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	#N/A	250	250	250
Kenilworth	#N/A	60	180	250
Rural areas (higher value)	#N/A	250	250	250
Rural areas (lower value)	#N/A	#N/A	#N/A	80

Site type **L48 - Land at Blackdown, Leamington Spa**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	#N/A
Leamington Spa	#N/A	210	250	250
Kenilworth	#N/A	#N/A	100	250
Rural areas (higher value)	#N/A	250	250	250
Rural areas (lower value)	#N/A	#N/A	#N/A	40

Community Infrastructure Levy Viability
Warwick District Council
Results summary

#N/A = Scheme RLV is lower
than EUV with nil rate of CIL.
10% affordable housing

Site type **K17 - Southcrest Farm, Kenilworth**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	80
Leamington Spa	20	250	250	250
Kenilworth	#N/A	240	250	250
Rural areas (higher value)	220	250	250	250
Rural areas (lower value)	#N/A	0	120	220

Site type **L09 - Land at Grove Farm, Leamington Spa**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	80
Leamington Spa	0	250	250	250
Kenilworth	#N/A	240	250	250
Rural areas (higher value)	200	250	250	250
Rural areas (lower value)	#N/A	0	100	220

Site type **C13 - Lodge Farm, Coventry**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	80
Leamington Spa	0	250	250	250
Kenilworth	#N/A	230	250	250
Rural areas (higher value)	200	250	250	250
Rural areas (lower value)	#N/A	0	100	220

Site type **W26 - Gallows Hill, Warwick**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	60
Leamington Spa	#N/A	250	250	250
Kenilworth	#N/A	210	250	250
Rural areas (higher value)	140	250	250	250
Rural areas (lower value)	#N/A	#N/A	100	210

Site type **L48 - Land at Blackdown, Leamington Spa**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	#N/A	40
Leamington Spa	#N/A	250	250	250
Kenilworth	#N/A	100	250	250
Rural areas (higher value)	#N/A	250	250	250
Rural areas (lower value)	#N/A	#N/A	20	180

Community Infrastructure Levy Viability
Warwick District Council
Results summary

#N/A = Scheme RLV is lower
than EUV with nil rate of CIL.

0% affordable housing

Site type **K17 - Southcrest Farm, Kenilworth**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	0	100	180
Leamington Spa	180	250	250	250
Kenilworth	#N/A	250	250	250
Rural areas (higher value)	250	250	250	250
Rural areas (lower value)	#N/A	120	230	250

Site type **L09 - Land at Grove Farm, Leamington Spa**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	0	100	180
Leamington Spa	180	250	250	250
Kenilworth	#N/A	250	250	250
Rural areas (higher value)	250	250	250	250
Rural areas (lower value)	#N/A	120	230	250

Site type **C13 - Lodge Farm, Coventry**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	0	100	180
Leamington Spa	180	250	250	250
Kenilworth	#N/A	250	250	250
Rural areas (higher value)	250	250	250	250
Rural areas (lower value)	#N/A	120	230	250

Site type **W26 - Gallows Hill, Warwick**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	80	180
Leamington Spa	120	250	250	250
Kenilworth	#N/A	250	250	250
Rural areas (higher value)	250	250	250	250
Rural areas (lower value)	#N/A	100	210	250

Site type **L48 - Land at Blackdown, Leamington Spa**

	BLV1	BLV2	BLV3	BLV4
Warwick	#N/A	#N/A	20	160
Leamington Spa	#N/A	250	250	250
Kenilworth	#N/A	240	250	250
Rural areas (higher value)	60	250	250	250
Rural areas (lower value)	#N/A	0	160	250

Appendix 5 - Commercial appraisal results

COMMUNITY INFRASTRUCTURE LEVY
Commercial Development

Use class:	Offices
Location:	Prime

	£s per sqft	Yield	Rent free
Appraisal 1	£12.00	6.90%	2.00 years
Appraisal 2	£13.00	6.90%	2.00 years
Appraisal 3	£14.00	6.90%	2.00 years
Appraisal 4	£15.00	7.40%	2.00 years
Appraisal 5 (base)	£15.00	6.90%	2.00 years
Appraisal 6	£15.00	6.50%	2.00 years
Appraisal 7	£20.00	6.90%	2.00 years
Appraisal 8	£25.00	6.90%	2.00 years
Appraisal 9	£30.00	6.90%	2.00 years
Appraisal 10	£32.50	6.90%	2.00 years

Existing floorspace as % of new
30%

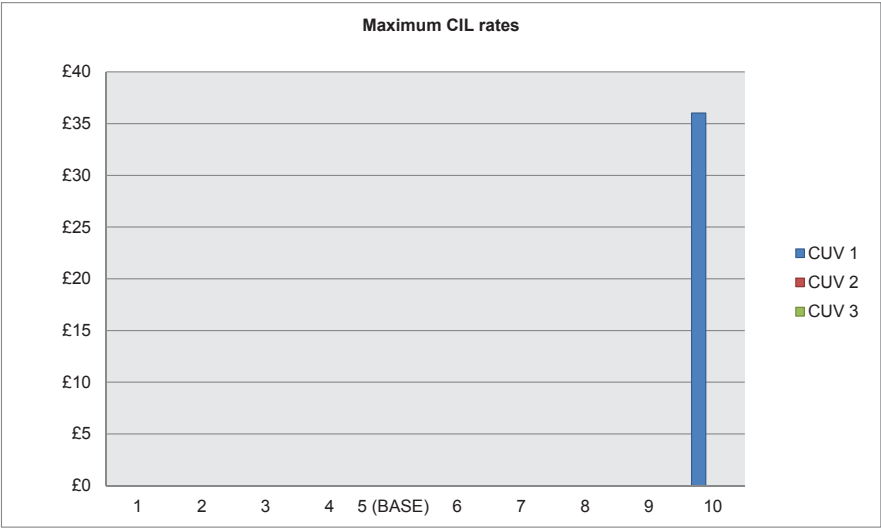
Net off existing floorspace from CIL calculation: y

Ctrl + y to goal seek max CIL

	£s per sqft	Yield	Rent free	Premium
Current use value 1	£8.00	8.00%	3.00 years	15.00%
Current use value 2	£9.00	8.00%	3.00 years	20.00%
Current use value 3	£10.00	8.00%	3.00 years	20.00%

Results - Maximum CIL rates per square metre

	Change in rent from base	CUV 1	CUV 2	CUV 3
Appraisal 1	-25%	£0	£0	£0
Appraisal 2	-15%	£0	£0	£0
Appraisal 3	-7%	£0	£0	£0
Appraisal 4	0%	£0	£0	£0
Appraisal 5 (base)	-	£0	£0	£0
Appraisal 6	0%	£0	£0	£0
Appraisal 7	25%	£0	£0	£0
Appraisal 8	40%	£0	£0	£0
Appraisal 9	50%	£0	£0	£0
Appraisal 10	54%	£36	£0	£0



DEVELOPMENT APPRAISAL

Commercial Development

Use class:	Offices
Location:	Prime

DEVELOPMENT VALUE

[illegible]

CURRENT USE VALUE
Commercial Development

Use class:	Offices
------------	---------

Common assumptions		CUV 1		CUV 2		CUV 3	
Current use value							
Existing space as percentage of new	30% 9,000						
Rent per sq ft		£8 psf		£9 psf		£10 psf	
Rental income per annum		£72,000		£81,000		£90,000	
Rent free/voids (years)		3.0	0.7938	3.0	0.7938	3.0	0.7938
Total revenue, capitalised (including all costs)		8.00%		8.00%		8.00%	
Refurbishment costs	£50 psf	£450,000		£450,000		£450,000	
Fees	7%	£31,500		£31,500		£31,500	
Capitalised rent, net of refurb and fees		£232,949		£322,255		£411,561	
	5.80%						
Current use value		£232,949		£322,255		£411,561	
CUV including Landowner premium		15% £267,891		20.00% £386,706		20.00% £493,874	

COMMUNITY INFRASTRUCTURE LEVY
Commercial Development

Use class:	Retail superstores
Location:	Whole district

	£s per sqft	Yield	Rent free
Appraisal 1	£22.00	5.25%	1.00 years
Appraisal 2	£23.00	5.25%	1.00 years
Appraisal 3	£24.00	5.50%	1.00 years
Appraisal 4	£25.00	5.50%	1.00 years
Appraisal 5 (base)	£25.00	5.50%	1.00 years
Appraisal 6	£25.00	5.00%	1.00 years
Appraisal 7	£26.00	5.25%	1.00 years
Appraisal 8	£27.00	5.25%	1.00 years
Appraisal 9	£28.00	5.25%	1.00 years
Appraisal 10	£29.00	5.25%	1.00 years

Existing floorspace as % of new
50%

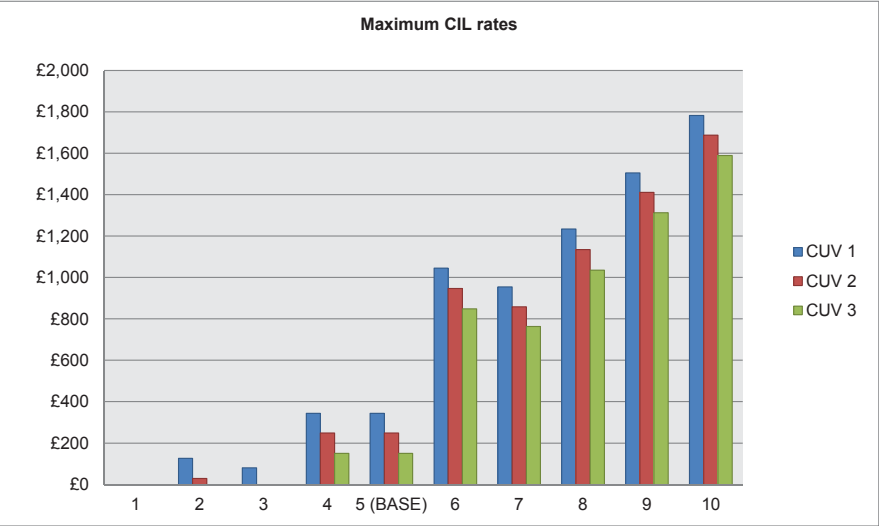
Net off existing floorspace from CIL calculation: y

Ctrl + y to goal seek max CIL

	£s per sqft	Yield	Rent free	Premium
Current use value 1	£17.50	6.00%	1.50 years	20.00%
Current use value 2	£18.00	6.00%	1.50 years	20.00%
Current use value 3	£18.50	6.00%	1.50 years	20.00%

Results - Maximum CIL rates per square metre

	Change in rent from base	CUV 1	CUV 2	CUV 3
Appraisal 1	-14%	£0	£0	£0
Appraisal 2	-9%	£127	£29	£0
Appraisal 3	-4%	£80	£0	£0
Appraisal 4	0%	£345	£249	£151
Appraisal 5 (base)	-	£345	£249	£151
Appraisal 6	0%	£1,046	£948	£849
Appraisal 7	4%	£956	£858	£764
Appraisal 8	7%	£1,235	£1,135	£1,036
Appraisal 9	11%	£1,506	£1,412	£1,313
Appraisal 10	14%	£1,784	£1,689	£1,590



DEVELOPMENT APPRAISAL

Commercial Development

Use class:	Retail superstores
Location:	Whole district

Rent free - reduced from 2 yrs to 1.5 yrs

DEVELOPMENT VALUE		Common assumptions		Appraisal 1		Appraisal 2		Appraisal 3		Appraisal 4		Appraisal 5		Appraisal 6		Appraisal 7		Appraisal 8		Appraisal 9		Appraisal 10	
Rental Income	Floor area	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum
Rent - area 1	30,000	£22.00	£660,000	£23	£690,000	£24.00	£720,000	£25.00	£750,000	£25.00	£750,000	£25.00	£750,000	£25.00	£750,000	£26.00	£780,000	£27.00	£810,000	£28.00	£840,000	£29.00	£870,000
Rent - area 2		£22.00	£0	£23	£0	£24.00	£0	£25.00	£0	£25.00	£0	£25.00	£0	£25.00	£0	£26.00	£0	£27.00	£0	£28.00	£0	£29.00	£0
Rent - area 3		£22.00	£0	£23	£0	£24.00	£0	£25.00	£0	£25.00	£0	£25.00	£0	£25.00	£0	£26.00	£0	£27.00	£0	£28.00	£0	£29.00	£0
Total floor area / rent	30,000		£660,000		£690,000		£720,000		£750,000		£750,000		£750,000		£750,000		£780,000		£810,000		£840,000		£870,000
Rent free/voids (years)		1.0	0.9501	1.0	0.9501	1.0	0.9479	1.0	0.9479	1.0	0.9479	1.0	0.9479	1.0	0.9524	1.0	0.9501	1.0	0.9501	1.0	0.9501	1.0	0.9501
Yield		5.25%		5.25%		5.50%		5.50%		5.50%		5.50%		5.00%		5.25%		5.25%		5.25%		5.25%	
Capitalised rent			£11,944,350		£12,487,275		£12,408,445		£12,925,463		£12,925,463		£12,925,463		£14,285,714		£14,116,050		£14,658,975		£15,201,900		£15,744,825
GROSS DEVELOPMENT VALUE																							
Purchaser's costs	5.80%		£692,772		£724,262		£719,690		£749,677		£749,677		£749,677		£828,571		£818,731		£850,221		£881,710		£913,200
			£11,251,578		£11,763,013		£11,688,755		£12,175,786		£12,175,786		£12,175,786		£13,457,143		£13,297,319		£13,808,755		£14,320,190		£14,831,625
DEVELOPMENT COSTS																							
Land costs			£4,122,506		£4,122,506		£4,122,506		£4,122,506		£4,122,506		£4,122,506		£4,122,506		£4,122,506		£4,122,506		£4,122,506		£4,122,506
Stamp duty and acquisition costs			-£280,330		-£280,330		-£280,330		-£280,330		-£280,330		-£280,330		-£280,330		-£280,330		-£280,330		-£280,330		-£280,330
Development Costs																							
Existing floor area	50%	15,000																					
Demolition costs	£5 psf		£75,000		£75,000		£75,000		£75,000		£75,000		£75,000		£75,000		£75,000		£75,000		£75,000		£75,000
Building costs	£73 psf		£2,670,732		£2,670,732		£2,670,732		£2,670,732		£2,670,732		£2,670,732		£2,670,732		£2,670,732		£2,670,732		£2,670,732		£2,670,732
Area	82% grs to net	36,585																					
External works	20.00%		£534,146		£534,146		£534,146		£534,146		£534,146		£534,146		£534,146		£534,146		£534,146		£534,146		£534,146
Allowance for car parking			£775,000		£775,000		£775,000		£775,000		£775,000		£775,000		£775,000		£775,000		£775,000		£775,000		£775,000
Professional fees	10.00%		£405,488		£405,488		£405,488		£405,488		£405,488		£405,488		£405,488		£405,488		£405,488		£405,488		£405,488
Contingency	5.00%		£223,018		£223,018		£223,018		£223,018		£223,018		£223,018		£223,018		£223,018		£223,018		£223,018		£223,018
Residual S106	£2 psf		£60,000		£60,000		£60,000		£60,000		£60,000		£60,000		£60,000		£60,000		£60,000		£60,000		£60,000
CIL	£s psf	15,000	-£32	-£482,616	-£6	-£96,774	-£10	-£156,268	£14	£210,633	£14.042	£210,633	£79	£1,182,896	£71	£1,064,683	£96	£1,444,125	£122	£1,829,810	£148	£2,215,493	
Disposal Costs																							
Letting Agent's fee (% of rent)	10.00%		£66,000		£69,000		£72,000		£75,000		£75,000		£75,000		£75,000		£78,000		£81,000		£84,000		£87,000
Agent's fees (on capital value)	1.00%		£119,444		£124,873		£124,084		£129,255		£129,255		£129,255		£142,857		£141,161		£146,590		£152,019		£157,448
Legal fees (% of capital value)	0.75%		£89,583		£89,583		£89,583		£89,583		£89,583		£89,583		£89,583		£89,583		£89,583		£89,583		£89,583
Finance																							
Interest rate	7.00%																						
Interest	28 months		£997,979		£1,030,177		£1,025,499		£1,056,130		£1,056,130		£1,056,130		£1,136,643		£1,127,095		£1,158,771		£1,190,957		£1,223,143
Profit on cost			£1,875,629		£1,960,594		£1,948,297		£2,029,626		£2,029,626		£2,029,626		£2,244,605		£2,211,238		£2,303,127		£2,388,262		£2,473,398
Profit on cost (%)			20.00%		20.00%		20.00%		20.00%		20.00%		20.00%		20.02%		19.95%		20.02%		20.02%		20.01%
Net additional floorspace (sq ft)		15,000	15,000		15,000		15,000		15,000		15,000		15,000		15,000		15,000		15,000		15,000		15,000
Net additional floorspace (sq m)		1,394	1,394		1,394		1,394		1,394		1,394		1,394		1,394		1,394		1,394		1,394		1,394

CURRENT USE VALUE
Commercial Development

Use class:	Retail superstores
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	Common assumptions		CUV 1		CUV 2		CUV 3	
Current use value								
Existing space as percentage of new	50%	15,000						
Rent per sq ft			£18 psf		£18 psf		£19 psf	
Rental income per annum			£262,500		£270,000		£277,500	
Rent free/voids (years)			1.5	0.9163	1.5	0.9163	1.5	0.9163
Total revenue, capitalised (including all costs)			6.00%		6.00%		6.00%	
Refurbishment costs	£50 psf		£750,000		£750,000		£750,000	
Fees	7%		£52,500		£52,500		£52,500	
Capitalised rent, net of refurb and fees			£3,206,345		£3,320,883		£3,435,422	
	6.80%							
Current use value			£3,206,345		£3,320,883		£3,435,422	
CUV including Landowner premium			20% £3,847,614		20.00% £3,985,060		20.00% £4,122,506	

COMMUNITY INFRASTRUCTURE LEVY
Commercial Development

Use class:	Retail
Location:	Prime Leamington

	£s per sqft	Yield	Rent free
Appraisal 1	£42.00	5.40%	1.00 years
Appraisal 2	£44.00	5.40%	1.00 years
Appraisal 3	£46.00	5.40%	1.00 years
Appraisal 4	£48.00	5.90%	1.00 years
Appraisal 5 (base)	£48.00	5.40%	1.00 years
Appraisal 6	£48.00	5.20%	1.00 years
Appraisal 7	£49.00	5.40%	1.00 years
Appraisal 8	£50.00	5.40%	1.00 years
Appraisal 9	£51.00	5.40%	1.00 years
Appraisal 10	£52.00	5.40%	1.00 years

Existing floorspace as % of new
25%

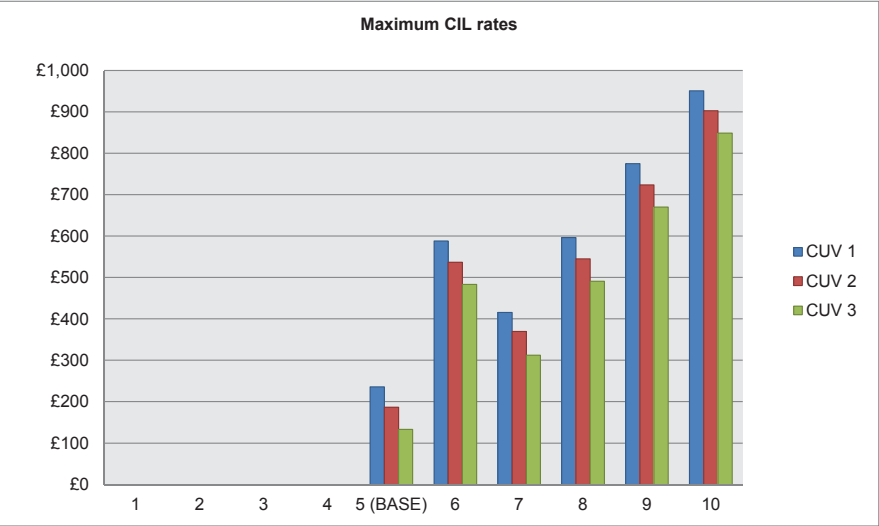
Net off existing floorspace from CIL calculation: y

Ctrl + y to goal seek max CIL

	£s per sqft	Yield	Rent free	Premium
Current use value 1	£30.00	7.00%	2.00 years	20.00%
Current use value 2	£31.00	7.00%	2.00 years	20.00%
Current use value 3	£32.00	7.00%	2.00 years	20.00%

Results - Maximum CIL rates per square metre

	Change in rent from base	CUV 1	CUV 2	CUV 3
Appraisal 1	-14%	£0	£0	£0
Appraisal 2	-9%	£0	£0	£0
Appraisal 3	-4%	£0	£0	£0
Appraisal 4	0%	£0	£0	£0
Appraisal 5 (base)	-	£236	£187	£133
Appraisal 6	0%	£588	£537	£483
Appraisal 7	2%	£416	£370	£312
Appraisal 8	4%	£597	£545	£491
Appraisal 9	6%	£775	£724	£670
Appraisal 10	8%	£951	£903	£849



DEVELOPMENT APPRAISAL
Commercial Development

Use class:	Retail
Location:	Prime Leamington

Rent free - reduced from 2 yrs to 1.5 yrs

DEVELOPMENT VALUE		Common assumptions		Appraisal 1		Appraisal 2		Appraisal 3		Appraisal 4		Appraisal 5		Appraisal 6		Appraisal 7		Appraisal 8		Appraisal 9		Appraisal 10	
				£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum
<u>Rental Income</u>		Floor area																					
Rent - area 1		3,000		£42.00	£126,000	£44	£132,000	£46.00	£138,000	£48.00	£144,000	£48.00	£144,000	£48.00	£144,000	£49.00	£147,000	£50.00	£150,000	£51.00	£153,000	£52.00	£156,000
Rent - area 2				£42.00	£0	£44	£0	£46.00	£0	£48.00	£0	£48.00	£0	£48.00	£0	£49.00	£0	£50.00	£0	£51.00	£0	£52.00	£0
Rent - area 3				£42.00	£0	£44	£0	£46.00	£0	£48.00	£0	£48.00	£0	£48.00	£0	£49.00	£0	£50.00	£0	£51.00	£0	£52.00	£0
Total floor area / rent		3,000			£126,000		£132,000		£138,000		£144,000		£144,000		£144,000		£147,000		£150,000		£153,000		£156,000
Rent free/voids (years)				1.0	0.9488	1.0	0.9488	1.0	0.9488	1.0	0.9443	1.0	0.9488	1.0	0.9506	1.0	0.9488	1.0	0.9488	1.0	0.9488	1.0	0.9488
Yield				5.40%		5.40%		5.40%		5.90%		5.40%		5.20%		5.40%		5.40%		5.40%		5.40%	
Capitalised rent					£2,213,789		£2,319,207		£2,424,626		£2,304,701		£2,530,044		£2,632,349		£2,582,754		£2,635,463		£2,688,172		£2,740,881
GROSS DEVELOPMENT VALUE																							
Purchaser's costs		5.80%			£128,400		£134,514		£140,628		£133,673		£146,743		£152,676		£149,800		£152,857		£155,914		£158,971
					£2,085,389		£2,184,693		£2,283,997		£2,171,028		£2,383,302		£2,479,672		£2,432,954		£2,482,606		£2,532,258		£2,581,910
DEVELOPMENT COSTS																							
Land costs					£311,208		£311,208		£311,208		£311,208		£311,208		£311,208		£311,208		£311,208		£311,208		£311,208
Stamp duty and acquisition costs					-£21,162		-£21,162		-£21,162		-£21,162		-£21,162		-£21,162		-£21,162		-£21,162		-£21,162		-£21,162
Development Costs																							
Existing floor area		25%	750																				
Demolition costs		£5 psf			£3,750		£3,750		£3,750		£3,750		£3,750		£3,750		£3,750		£3,750		£3,750		£3,750
Building costs		£115 psf			£420,732		£420,732		£420,732		£420,732		£420,732		£420,732		£420,732		£420,732		£420,732		£420,732
Area		82% grs to net	3,659																				
External works		10.00%			£42,073		£42,073		£42,073		£42,073		£42,073		£42,073		£42,073		£42,073		£42,073		£42,073
Allowance for car parking					£775,000		£775,000		£775,000		£775,000		£775,000		£775,000		£775,000		£775,000		£775,000		£775,000
Professional fees		10.00%			£124,155		£124,155		£124,155		£124,155		£124,155		£124,155		£124,155		£124,155		£124,155		£124,155
Contingency		5.00%			£68,286		£68,286		£68,286		£68,286		£68,286		£68,286		£68,286		£68,286		£68,286		£68,286
Residual S106		£2 psf			£6,000		£6,000		£6,000		£6,000		£6,000		£6,000		£6,000		£6,000		£6,000		£6,000
CIL		£s psf	2,250	-£87	-£196,729	-£54	-£121,885	-£21	-£46,793	-£59	-£133,462	£12,377	£27,849	£45	£101,053	£29	£65,294	£46	£102,682	£62	£140,111	£79	£177,540
Disposal Costs																							
Letting Agent's fee (% of rent)		10.00%			£12,600		£13,200		£13,800		£14,400		£14,400		£14,400		£14,700		£15,000		£15,300		£15,600
Agent's fees (on capital value)		1.00%			£22,138		£23,192		£24,246		£23,047		£25,300		£26,323		£25,828		£26,355		£26,882		£27,409
Legal fees (% of capital value)		0.75%			£16,603		£16,603		£16,603		£16,603		£16,603		£16,603		£16,603		£16,603		£16,603		£16,603
Finance																							
Interest rate		7.00%			£0		£0		£0		£0		£0		£0		£0		£0		£0		£0
Interest		28 months			£153,100		£159,348		£165,615		£158,488		£171,846		£177,908		£174,972		£178,093		£181,217		£184,341
Profit on cost					£347,635		£364,193		£380,485		£361,910		£397,261		£413,343		£405,515		£413,831		£422,103		£430,375
Profit on cost (%)					20.00%		20.01%		19.99%		20.00%		20.00%		20.00%		20.00%		20.00%		20.00%		20.00%
Net additional floorspace (sq ft)			2,250		2,250		2,250		2,250		2,250		2,250		2,250		2,250		2,250		2,250		2,250
Net additional floorspace (sq m)			209		209		209		209		209		209		209		209		209		209		209

CURRENT USE VALUE
Commercial Development

Use class:	Retail
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Common assumptions		CUV 1		CUV 2		CUV 3	
Current use value							
Existing space as percentage of new	25% 750						
Rent per sq ft		£30 psf		£31 psf		£32 psf	
Rental income per annum		£22,500		£23,250		£24,000	
Rent free/voids (years)		2.0 0.8734		2.0 0.8734		2.0 0.8734	
Total revenue, capitalised (including all costs)		7.00%		7.00%		7.00%	
Refurbishment costs	£50 psf	£37,500		£37,500		£37,500	
Fees	7%	£2,625		£2,625		£2,625	
Capitalised rent, net of refurb and fees		£240,623		£249,981		£259,340	
	6.80%						
Current use value		£240,623		£249,981		£259,340	
CUV including Landowner premium		20% £288,748		20.00% £299,978		20.00% £311,208	

COMMUNITY INFRASTRUCTURE LEVY
Commercial Development

Use class:	Retail
Location:	Outside prime Leamington

	£s per sqft	Yield	Rent free
Appraisal 1	£22.00	6.70%	1.00 years
Appraisal 2	£23.00	6.70%	1.00 years
Appraisal 3	£24.00	6.70%	1.00 years
Appraisal 4	£25.00	7.00%	1.00 years
Appraisal 5 (base)	£25.00	6.70%	1.00 years
Appraisal 6	£25.00	6.40%	1.00 years
Appraisal 7	£26.00	6.70%	1.00 years
Appraisal 8	£27.00	6.70%	1.00 years
Appraisal 9	£28.00	6.70%	1.00 years
Appraisal 10	£29.00	6.70%	1.00 years

Existing floorspace as % of new
50%

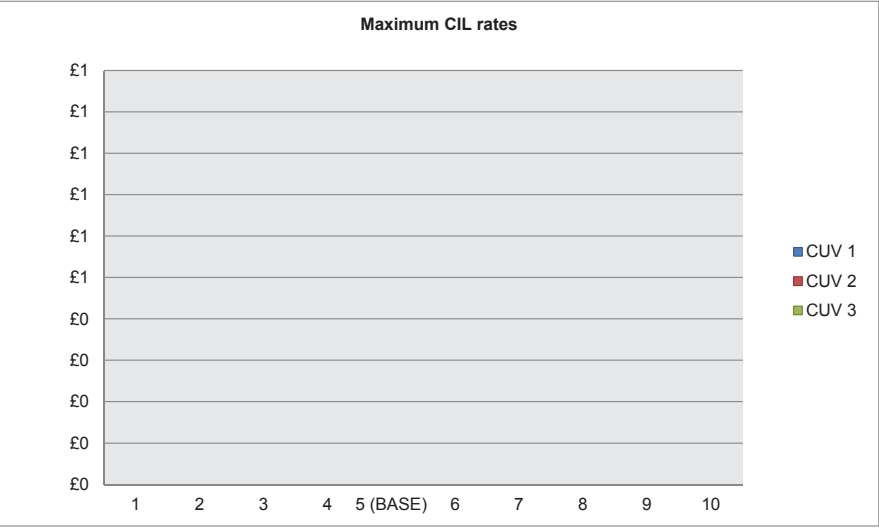
Net off existing floorspace from CIL calculation: y

Ctrl + y to goal seek max CIL

	£s per sqft	Yield	Rent free	Premium
Current use value 1	£12.00	7.00%	1.50 years	20.00%
Current use value 2	£15.00	7.00%	1.50 years	20.00%
Current use value 3	£17.00	7.00%	1.50 years	20.00%

Results - Maximum CIL rates per square metre

	Change in rent from base	CUV 1	CUV 2	CUV 3
Appraisal 1	-14%	£0	£0	£0
Appraisal 2	-9%	£0	£0	£0
Appraisal 3	-4%	£0	£0	£0
Appraisal 4	0%	£0	£0	£0
Appraisal 5 (base)	-	£0	£0	£0
Appraisal 6	0%	£0	£0	£0
Appraisal 7	4%	£0	£0	£0
Appraisal 8	7%	£0	£0	£0
Appraisal 9	11%	£0	£0	£0
Appraisal 10	14%	£0	£0	£0



DEVELOPMENT APPRAISAL

Commercial Development

Use class:	Retail
Location:	Outside prime Leamington

Rent free - reduced from 2 yrs to 1.5 yrs

[illegible]

CURRENT USE VALUE
Commercial Development

Use class:	Retail
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Common assumptions		CUV 1		CUV 2		CUV 3	
Current use value							
Existing space as percentage of new	50% 1,500						
Rent per sq ft		£12 psf		£15 psf		£17 psf	
Rental income per annum		£18,000		£22,500		£25,500	
Rent free/voids (years)		1.5 0.9035		1.5 0.9035		1.5 0.9035	
Total revenue, capitalised (including all costs)		7.00%		7.00%		7.00%	
Refurbishment costs	£50 psf	£75,000		£75,000		£75,000	
Fees	7%	£5,250		£5,250		£5,250	
Capitalised rent, net of refurb and fees		£152,077		£210,158		£248,879	
	6.80%						
Current use value		£152,077		£210,158		£248,879	
CUV including Landowner premium		20% £182,492		20.00% £252,190		20.00% £298,655	

COMMUNITY INFRASTRUCTURE LEVY
Commercial Development

Use class:	Hotels
Location:	Whole district

	£s per sqft	Yield	Rent free
Appraisal 1	£27.90	6.00%	0.50 years
Appraisal 2	£28.90	6.00%	0.50 years
Appraisal 3	£29.90	6.00%	0.50 years
Appraisal 4	£30.90	6.25%	0.50 years
Appraisal 5 (base)	£30.90	6.00%	0.50 years
Appraisal 6	£30.90	5.75%	0.50 years
Appraisal 7	£32.90	6.00%	0.50 years
Appraisal 8	£33.90	6.00%	0.50 years
Appraisal 9	£34.90	6.00%	0.50 years
Appraisal 10	£35.90	6.00%	0.50 years

	£s per sqft	Yield	Rent free	Premium
Current use value 1	£19.00	7.00%	2.00 years	20.00%
Current use value 2	£20.00	7.00%	2.00 years	20.00%
Current use value 3	£21.00	7.00%	2.00 years	20.00%

Results - Maximum CIL rates per square metre

	Change in rent from base	CUV 1	CUV 2	CUV 3
Appraisal 1	-11%	£0	£0	£0
Appraisal 2	-7%	£0	£0	£0
Appraisal 3	-3%	£0	£0	£0
Appraisal 4	0%	£0	£0	£0
Appraisal 5 (base)	-	£0	£0	£0
Appraisal 6	0%	£0	£0	£0
Appraisal 7	6%	£0	£0	£0
Appraisal 8	9%	£0	£0	£0
Appraisal 9	11%	£0	£0	£0
Appraisal 10	14%	£41	£0	£0

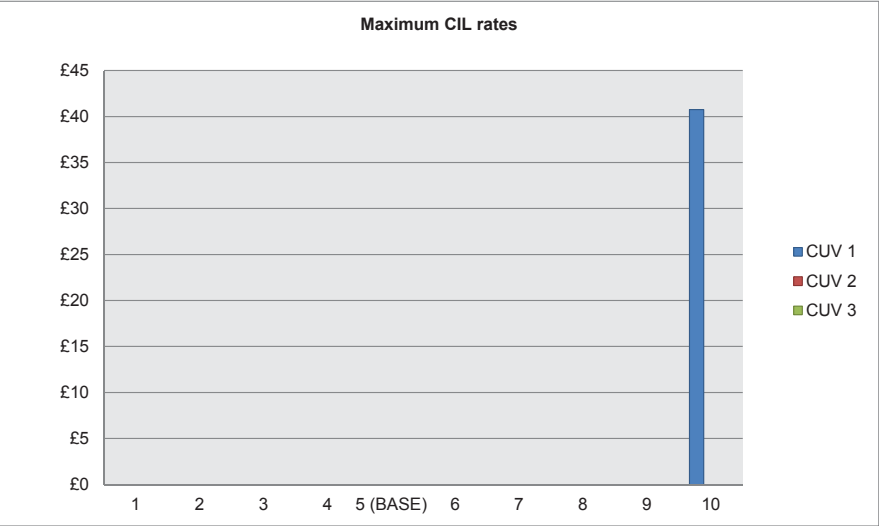
Existing floorspace as % of new
25%

Net off existing floorspace from CIL calculation: y

Ctrl + y to goal seek max CIL

Average room size	200 sq ft
Cap value per room	£103,000
Cap value per sq ft	£515.00
Rent	£30.90

Average gross area per toom 286 sq ft



DEVELOPMENT APPRAISAL

Commercial Development

Use class:	Hotels
Location:	Whole district

Rent free - reduced from 2 yrs to 1.5 yrs

DEVELOPMENT VALUE			Common assumptions		Appraisal 1		Appraisal 2		Appraisal 3		Appraisal 4		Appraisal 5		Appraisal 6		Appraisal 7		Appraisal 8		Appraisal 9		Appraisal 10	
Rental Income	Floor area		£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum
Rent - area 1	20,000		£27.90	£558,000	£29	£578,000	£29.90	£598,000	£30.90	£618,000	£30.90	£618,000	£30.90	£618,000	£32.90	£658,000	£33.90	£678,000	£34.90	£698,000	£35.90	£718,000		
Rent - area 2			£27.90	£0	£29	£0	£29.90	£0	£30.90	£0	£30.90	£0	£30.90	£0	£32.90	£0	£33.90	£0	£34.90	£0	£35.90	£0		
Rent - area 3			£27.90	£0	£29	£0	£29.90	£0	£30.90	£0	£30.90	£0	£30.90	£0	£32.90	£0	£33.90	£0	£34.90	£0	£35.90	£0		
Total floor area / rent	20,000			£558,000		£578,000		£598,000		£618,000		£618,000		£618,000		£658,000		£678,000		£698,000		£718,000		
Rent free/voids (years)			0.5	0.9713	0.5	0.9713	0.5	0.9713	0.5	0.9701	0.5	0.9713	0.5	0.9724	0.5	0.9713	0.5	0.9713	0.5	0.9713	0.5	0.9713		
Yield			6.00%		6.00%		6.00%		6.25%		6.00%		5.75%		6.00%		6.00%		6.00%		6.00%		6.00%	
Capitalised rent				£9,032,959		£9,356,720		£9,680,482		£9,592,769		£10,004,244		£10,451,544		£10,651,768		£10,975,530		£11,299,292		£11,623,054		
GROSS DEVELOPMENT VALUE																								
Purchaser's costs	6.80%			£614,241		£636,257		£658,273		£652,308		£680,289		£710,705		£724,320		£746,336		£768,352		£790,368		
				£8,418,717		£8,720,463		£9,022,210		£8,940,461		£9,323,956		£9,740,839		£9,927,448		£10,229,194		£10,530,940		£10,832,686		
DEVELOPMENT COSTS																								
Land costs				£1,251,190		£1,251,190		£1,251,190		£1,251,190		£1,251,190		£1,251,190		£1,251,190		£1,251,190		£1,251,190		£1,251,190		
Stamp duty and acquisition costs				-£85,081		-£85,081		-£85,081		-£85,081		-£85,081		-£85,081		-£85,081		-£85,081		-£85,081		-£85,081		
Development Costs																								
Existing floor area	25%	5,000																						
Demolition costs	£7 psf			£35,000		£35,000		£35,000		£35,000		£35,000		£35,000		£35,000		£35,000		£35,000		£35,000		
Building costs	£164 psf			£4,685,714		£4,685,714		£4,685,714		£4,685,714		£4,685,714		£4,685,714		£4,685,714		£4,685,714		£4,685,714		£4,685,714		
Area	70% grs to net	28,571																						
External works	10.00%			£468,571		£468,571		£468,571		£468,571		£468,571		£468,571		£468,571		£468,571		£468,571		£468,571		
Allowance for car parking				£775,000		£775,000		£775,000		£775,000		£775,000		£775,000		£775,000		£775,000		£775,000		£775,000		
Professional fees	10.00%			£596,429		£596,429		£596,429		£596,429		£596,429		£596,429		£596,429		£596,429		£596,429		£596,429		
Contingency	5.00%			£328,036		£328,036		£328,036		£328,036		£328,036		£328,036		£328,036		£328,036		£328,036		£328,036		
Residual S106	£2 psf			£40,000		£40,000		£40,000		£40,000		£40,000		£40,000		£40,000		£40,000		£40,000		£40,000		
CIL	£s psf	15,000	-£127	-£1,911,506	-£112	-£1,684,276	-£97	-£1,457,046	-£101	-£1,521,149	-£81.988	-£1,229,816	-£81	-£913,119	-£51	-£769,799	-£37	-£547,671	-£21	-£320,664	-£6	-£93,107		
Disposal Costs																								
Letting Agent's fee (% of rent)	10.00%			£55,800		£57,800		£59,800		£61,800		£61,800		£61,800		£65,800		£67,800		£69,800		£71,800		
Agent's fees (on capital value)	1.00%			£90,330		£93,567		£96,805		£95,928		£100,042		£104,515		£106,518		£109,755		£112,993		£116,231		
Legal fees (% of capital value)	0.75%			£67,747		£67,747		£67,747		£67,747		£67,747		£67,747		£67,747		£67,747		£67,747		£67,747		
Finance																								
Interest rate	7.00%				£0	£0		£0		£0		£0		£0		£0		£0		£0		£0		
Interest	28 months			£617,673		£636,657		£655,642		£650,499		£674,627		£700,856		£713,051		£731,619		£750,586		£769,597		
Profit on cost				£1,403,815		£1,454,109		£1,504,403		£1,490,777		£1,554,696		£1,624,181		£1,649,273		£1,705,085		£1,755,619		£1,805,560		
Profit on cost (%)				20.01%		20.01%		20.01%		20.01%		20.01%		20.01%		19.92%		20.00%		20.01%		20.00%		
Net additional floorspace (sq ft)		15,000		15,000		15,000		15,000		15,000		15,000		15,000		15,000		15,000		15,000		15,000		
Net additional floorspace (sq m)		1,394		1,394		1,394		1,394		1,394		1,394		1,394		1,394		1,394		1,394		1,394		

CURRENT USE VALUE
Commercial Development

Use class:	Hotels
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Common assumptions		CUV 1		CUV 2		CUV 3	
Current use value							
Existing space as percentage of new	25% 5,000						
Rent per sq ft		£19 psf		£20 psf		£21 psf	
Rental income per annum		£95,000		£100,000		£105,000	
Rent free/voids (years)		2.0 0.8734		2.0 0.8734		2.0 0.8734	
Total revenue, capitalised (including all costs)		7.00%		7.00%		7.00%	
Refurbishment costs	£50 psf	£250,000		£250,000		£250,000	
Fees	7%	£17,500		£17,500		£17,500	
Capitalised rent, net of refurb and fees		£917,881		£980,270		£1,042,658	
	6.80%						
Current use value		£917,881		£980,270		£1,042,658	
CUV including Landowner premium		20% £1,101,457		20.00% £1,176,324		20.00% £1,251,190	

DEVELOPMENT APPRAISAL

Commercial Development

Use class:	STUDENT HSG
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DEVELOPMENT VALUE	Term rent	£180 per week	
	Vacation rent		
Rental Income			
Annual rent per unit - term time (95% occupancy)	51 weeks	98% occupancy	88,200
Annual rent per unit - summer (50% occupancy)	weeks	50% occupancy	-
Operating costs	500 units	£2100 per unit	(1,050,000)
Net annual rents			3,448,200
Total revenue, capitalised (including all costs)		6.25%	55,171,200
Purchaser's costs		6.8%	(3,751,642)
GROSS DEVELOPMENT VALUE			51,419,558

DEVELOPMENT COSTS			
Development Costs			
Demolition costs	£7 psf	71,250 sqt	498,750
Building costs	£151.71 psf		21,618,590
Area per unit (incl common areas)	285 sqft pu	142,500	
External works		10.00%	2,161,859
Contingency		5.00%	1,189,022
CIL		147.61	977,083
S106			712,500
Professional fees		10.00%	2,427,920
Disposal Costs			
Letting Agent's fee (% of rent)		0.00%	-
Agent's fees (on capital value)		0.00%	-
Legal fees (% of capital value)		0.00%	-
Interest on Finance			
Total development duration	24 months		-
Interest on Construction Costs	24 months	7.00%	2,071,001
Profit			
Developer's profit on total revenue		20.00%	10,283,912
TOTAL DEVELOPMENT COSTS			41,940,636

LAND VALUE			
Land surplus			9,478,922
Stamp duty		4.00%	(379,157)
Agent's fees		1.25%	(118,487)
Legal fees		0.50%	(47,395)
Interest on land finance	24 months	7.00%	(1,250,744)
RESIDUAL LAND VALUE			7,683,140

Existing use value			
Existing space as % of new	50%	71,250	
Rent per sq ft		£15.00 psf	
Rental income per annum		1,068,750	
Rent free/voids (years)		3.0	0.7938
Total revenue, capitalised (including all costs)			8.00%
Refurbishment costs		£50 psf	3,562,500
Fees		7%	249,375
Purchaser's costs		5.75%	390,611
Existing use value			6,402,617

EUV including Landowner premium	20%	7,683,140
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Residual Land Value less EUV plus premium		-
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COMMUNITY INFRASTRUCTURE LEVY
Commercial Development

Use class:	Industrial and warehousing
Location:	Whole district

	£s per sqft	Yield	Rent free
Appraisal 1	£6.00	7.00%	1.00 years
Appraisal 2	£6.00	7.00%	1.00 years
Appraisal 3	£6.00	7.00%	1.00 years
Appraisal 4	£5.50	7.50%	1.00 years
Appraisal 5 (base)	£6.00	7.00%	1.00 years
Appraisal 6	£6.50	6.50%	1.00 years
Appraisal 7	£9.00	7.00%	1.00 years
Appraisal 8	£12.00	7.00%	1.00 years
Appraisal 9	£15.00	7.00%	1.00 years
Appraisal 10	£15.15	7.00%	1.00 years

Existing floorspace as % of new
50%

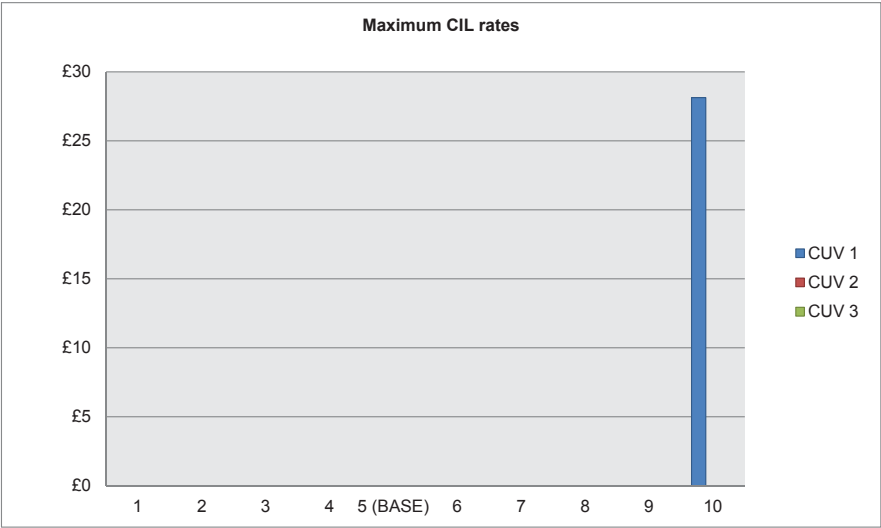
Net off existing floorspace from CIL calculation: y

Ctrl + y to goal seek max CIL

	£s per sqft	Yield	Rent free	Premium
Current use value 1	£3.50	10.00%	3.00 years	15.00%
Current use value 2	£4.00	9.50%	3.00 years	15.00%
Current use value 3	£5.00	9.00%	3.00 years	15.00%

Results - Maximum CIL rates per square metre

	Change in rent from base	CUV 1	CUV 2	CUV 3
Appraisal 1	0%	£0	£0	£0
Appraisal 2	0%	£0	£0	£0
Appraisal 3	0%	£0	£0	£0
Appraisal 4	-9%	£0	£0	£0
Appraisal 5 (base)	-	£0	£0	£0
Appraisal 6	8%	£0	£0	£0
Appraisal 7	33%	£0	£0	£0
Appraisal 8	50%	£0	£0	£0
Appraisal 9	60%	£0	£0	£0
Appraisal 10	60%	£28	£0	£0



DEVELOPMENT APPRAISAL

Commercial Development

Use class:	Industrial and warehousing
Location:	Whole district

DEVELOPMENT VALUE

Development Value			Common assumptions		Appraisal 1		Appraisal 2		Appraisal 3		Appraisal 4		Appraisal 5		Appraisal 6		Appraisal 7		Appraisal 8		Appraisal 9		Appraisal 10	
Rental Income	Floor area		£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum	£ psf	£ per annum
Rent - area 1	30,000		£6.00	£180,000	£6	£180,000	£6.00	£180,000	£5.50	£165,000	£6.00	£180,000	£6.50	£195,000	£9.00	£270,000	£12.00	£360,000	£15.00	£450,000	£15.15	£454,500		
Rent - area 2			£6.00	£0	£6	£0	£6.00	£0	£5.50	£0	£6.00	£0	£6.50	£0	£9.00	£0	£12.00	£0	£15.00	£0	£15.15	£0		
Rent - area 3			£6.00	£0	£6	£0	£6.00	£0	£5.50	£0	£6.00	£0	£6.50	£0	£9.00	£0	£12.00	£0	£15.00	£0	£15.15	£0		
Total floor area / rent	30,000			£180,000		£180,000		£180,000		£165,000		£180,000		£195,000		£270,000		£360,000		£450,000		£454,500		
Rent free/voids (years)			1.0	0.9346	1.0	0.9346	1.0	0.9346	1.0	0.9302	1.0	0.9346	1.0	0.9390	1.0	0.9346	1.0	0.9346	1.0	0.9346	1.0	0.9346		
Yield			7.00%		7.00%		7.00%		7.50%		7.00%		6.50%		7.00%		7.00%		7.00%		7.00%			
Capitalised rent				£2,403,204		£2,403,204		£2,403,204		£2,046,512		£2,403,204		£2,816,901		£3,604,806		£4,806,409		£6,008,011		£6,068,091		
GROSS DEVELOPMENT VALUE																								
Purchaser's costs	6.80%			£163,418		£163,418		£163,418		£139,163		£163,418		£191,549		£245,127		£326,836		£408,545		£412,630		
				£2,239,786		£2,239,786		£2,239,786		£1,907,349		£2,239,786		£2,625,352		£3,359,680		£4,479,573		£5,599,466		£5,655,461		
DEVELOPMENT COSTS																								
Land costs				£186,284		£186,284		£186,284		£186,284		£186,284		£186,284		£186,284		£186,284		£186,284		£186,284		
Stamp duty and acquisition costs				-£10,804		-£10,804		-£10,804		-£10,804		-£10,804		-£10,804		-£10,804		-£10,804		-£10,804		-£10,804		
Development Costs																								
Existing floor area	50%	15,000																						
Demolition costs	£7 psf			£105,000		£105,000		£105,000		£105,000		£105,000		£105,000		£105,000		£105,000		£105,000		£105,000		
Building costs	£76 psf			£2,533,333		£2,533,333		£2,533,333		£2,533,333		£2,533,333		£2,533,333		£2,533,333		£2,533,333		£2,533,333		£2,533,333		
Area	90% grs to net	33,333																						
External works	10.00%			£253,333		£253,333		£253,333		£253,333		£253,333		£253,333		£253,333		£253,333		£253,333		£253,333		
Allowance for car parking				£775,000		£775,000		£775,000		£775,000		£775,000		£775,000		£775,000		£775,000		£775,000		£775,000		
Professional fees	10.00%			£366,667		£366,667		£366,667		£366,667		£366,667		£366,667		£366,667		£366,667		£366,667		£366,667		
Contingency	5.00%			£201,667		£201,667		£201,667		£201,667		£201,667		£201,667		£201,667		£201,667		£201,667		£201,667		
Residual S106	£2 psf			£60,000		£60,000		£60,000		£60,000		£60,000		£60,000		£60,000		£60,000		£60,000		£60,000		
CIL	£s psf	15,000	-£188	-£2,818,200	-£188	-£2,818,200	-£188	-£2,818,200	-£205	-£3,069,234	-£187,880	-£2,818,200	-£168	-£2,525,532	-£132	-£1,975,972	-£76	-£1,134,573	-£20	-£293,758	-£17	-£253,958		
Disposal Costs																								
Letting Agent's fee (% of rent)	10.00%			£18,000		£18,000		£18,000		£16,500		£18,000		£19,500		£27,000		£36,000		£45,000		£45,450		
Agent's fees (on capital value)	1.00%			£24,032		£24,032		£24,032		£20,465		£24,032		£28,169		£36,048		£48,064		£60,080		£60,681		
Legal fees (% of capital value)	0.75%			£18,024		£18,024		£18,024		£18,024		£18,024		£18,024		£18,024		£18,024		£18,024		£18,024		
Finance																								
Interest rate	7.00%																							
Interest	28 months			£154,172		£154,172		£154,172		£133,257		£154,172		£178,533		£224,670		£295,100		£365,483		£368,819		
Profit on cost				£373,279		£373,279		£373,279		£317,857		£373,279		£436,178		£559,430		£746,477		£934,157		£945,965		
Profit on cost (%)				20.00%		20.00%		20.00%		20.00%		20.00%		19.92%		19.98%		20.00%		20.02%		20.09%		
Net additional floorspace (sq ft)		15,000		15,000		15,000		15,000		15,000		15,000		15,000		15,000		15,000		15,000		15,000		
Net additional floorspace (sq m)		1,394		1,394		1,394		1,394		1,394		1,394		1,394		1,394		1,394		1,394		1,394		

CURRENT USE VALUE
Commercial Development

Use class:	Industrial and warehousing
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	Common assumptions		CUV 1		CUV 2		CUV 3	
Current use value								
Existing space as percentage of new	50%	15,000						
Rent per sq ft			£4 psf		£4 psf		£5 psf	
Rental income per annum			£52,500		£60,000		£75,000	
Rent free/voids (years)			3.0	0.7513	3.0	0.7617	3.0	0.7722
Total revenue, capitalised (including all costs)			10.00%		9.50%		9.00%	
Refurbishment costs	£30 psf		£450,000		£450,000		£450,000	
Fees	7%		£31,500		£31,500		£31,500	
Capitalised rent, net of refurb and fees				-£87,060		-£455		£161,986
	5.80%							
Current use value				-£87,060		-£455		£161,986
CUV including Landowner premium			15%	-£100,119	15.00%	-£524	15.00%	£186,284