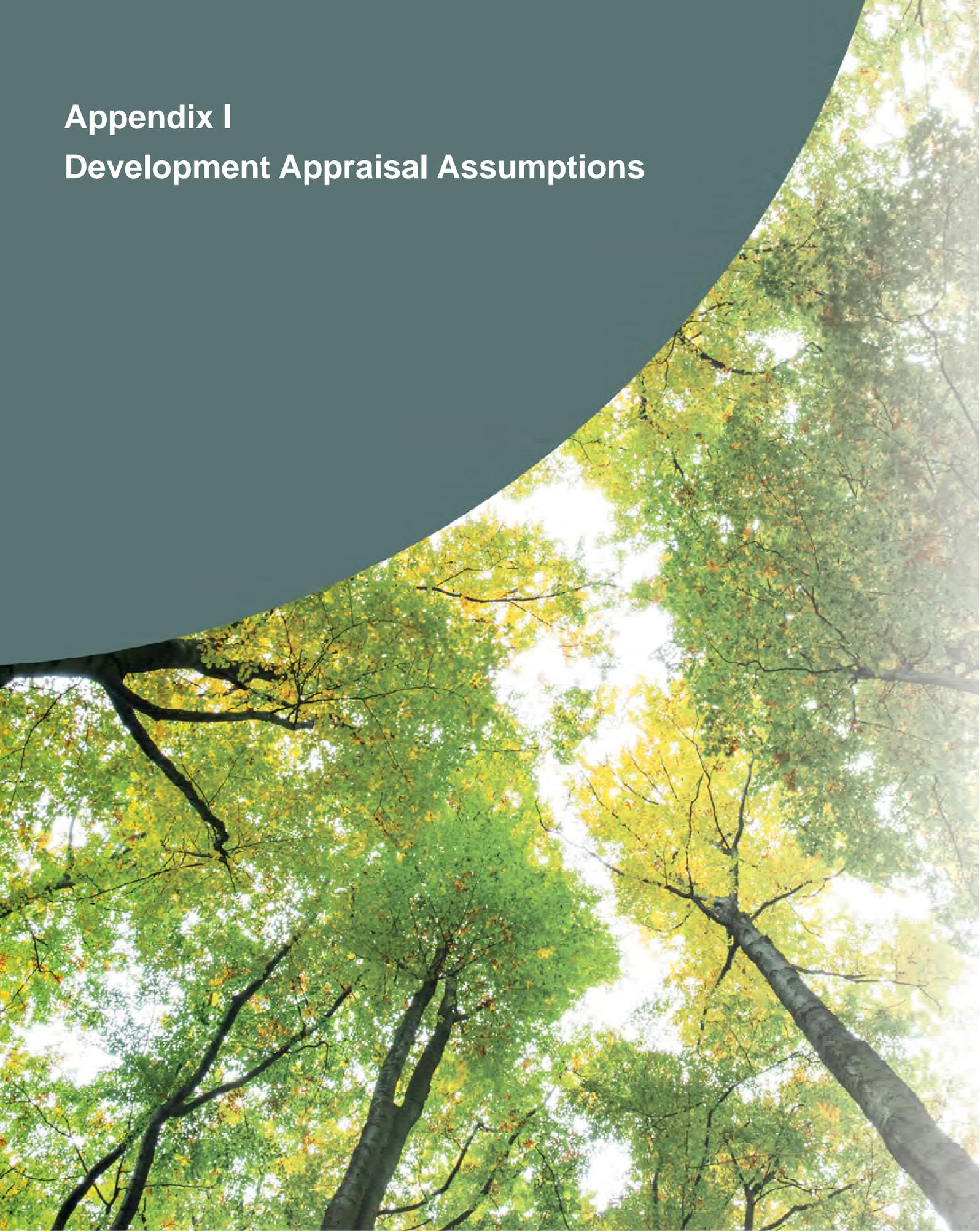


Appendix I

Development Appraisal Assumptions



Tunbridge Wells BC - Appendix I - Local Plan and CIL Viability Assessment - Residential Assumptions (Sheet 1 of 3)

Scheme Size Appraised	Type	Site type	Density	Net Land Area (ha)	Gross Land Area (ha)	Plus OS Allowance (per ha)	Total Land Area (ha)	Build Period (Months)
1	House	PDL	30	0.03	0.04	0.01	0.05	6
3	Houses	PDL/Greenfield	30	0.10	0.12	0.02	0.14	6
5	Houses	PDL/Greenfield	30	0.17	0.19	0.03	0.23	6
6	Houses	PDL/Greenfield	30	0.20	0.23	0.04	0.27	7
10	Houses	PDL/Greenfield	35	0.29	0.33	0.07	0.40	9
15	Flats	PDL	75	0.20	0.23	0.07	0.30	12
15	Houses	PDL/Greenfield	35	0.43	0.49	0.11	0.60	12
30	Mixed	PDL/Greenfield	40	0.75	0.86	0.19	1.05	18
30	Flats (Sheltered)	PDL	125	0.24	0.28	0.15	0.43	18
50	Mixed	Greenfield	40	1.25	1.44	0.31	1.75	18
60	Flats (Extra Care)	PDL	125	0.48	0.55	0.30	0.86	18
75	Flats	PDL	75	1.00	1.15	0.37	1.52	24
100	Mixed	Greenfield	40	2.50	2.88	0.63	3.50	24
250	Mixed	Greenfield	40	6.25	7.19	1.56	8.75	48*

*assumes multiple developers

Notes:

The above Scenarios have been tested at 0%, 20%, 30%, 35% and 40% on-site AH on sites of 1+ units. Assumes fully applied policy position - actual percentage will vary due to policy requirement. Build to Rent scenario also tested on 75 Flats. Affordable Housing tenure split assumed as 60% Social Rent and 40% Intermediate (including 10% AHO where possible) based on the SHMA (2015) and advice from TWBC.

Unit Sizes (sq. m)*	Affordable	Private
1-bed flat	50	50
2-bed flat	70	70
2-bed house	79	79
3-bed house	93	100
4-bed house	112	130

*Retirement/sheltered 1-beds @ 55 sq. m

*Retirement/sheltered 2-beds @ 75 sq. m

*Large Houses @ 175sq.m (1 House only)

*based on nationally described space standards

Dwelling mix principles - for building up assumptions based on the SHMA (2015)

Market Housing: 5-10% 1-beds, 25-30% 2-beds, 35-40% 3-beds, 20-25% 4-beds

Affordable Housing - AR: 35-40% 1-beds, 30-35% 2-beds, 20-25% 3-beds, 5-10% 4-beds

All Housing - 15-25% 1-beds, 25-30% 2-beds, 30-35% 3-beds, 15-20% 4-beds

Note: All subject to 'best fit scenario'. Intermediate mix adjusted across 1 and 2-beds only

Value Levels - Tunbridge Wells BC

Market Value (MV) - Private units	VL1	VL2	VL3	VL4	VL5	VL6	VL7	VL8	VL9	VL10	VL11
Indicative Relevance of VLs	<< Lowest end re-sale values	Lower end new builds values		Typical new build values range			Upper-end new build values		>>Highest-end new build values/ bespoke design / high-end re-sale values		
1-bed flat	£150,000	£175,000	£200,000	£212,500	£225,000	£237,500	£250,000	£262,500	£275,000	£300,000	£325,000
2-bed flat	£210,000	£245,000	£280,000	£297,500	£315,000	£332,500	£350,000	£367,500	£385,000	£420,000	£455,000
2-bed house	£237,000	£276,500	£316,000	£335,750	£355,500	£375,250	£395,000	£414,750	£434,500	£474,000	£513,500
3-bed house	£300,000	£350,000	£400,000	£425,000	£450,000	£475,000	£500,000	£525,000	£550,000	£600,000	£650,000
4-bed house	£390,000	£455,000	£520,000	£552,500	£585,000	£617,500	£650,000	£682,500	£715,000	£780,000	£845,000
MV (£ / m ²)	£3,000	£3,500	£4,000	£4,250	£4,500	£4,750	£5,000	£5,250	£5,500	£6,000	£6,500

Note: Sheltered Housing tested at TBC

Affordable Housing Revenue Assumptions

Unit	Affordable Rent High Weald*	Social Rent**
	LHA Cap	
1BF	£135.36	£98.50
2BF	£176.56	£122.00
2BH	£176.56	£122.00
3BH	£223.19	£130.00
4BH	£336.82	£189.00

*covers majority of the Borough

**based on information provided by TWBC

Unit	Market Size	Affordable Rent	Social Rent
		Average AH Transfer Price (LHA Cap)	Average AH Transfer Price
1BF	50	£110,890	£80,694
2BF	70	£144,643	£99,946
2BH	79	£144,643	£99,946
3BH	100	£182,845	£106,499
4BH	130	£275,928	£154,834

Dixon Searle Partnership (2019)

Tunbridge Wells BC - Appendix I - Local Plan and CIL Viability Assessment - Residential Assumptions (Sheet 2 of 3)

Development / Policy Costs	Tunbridge Wells BC	Notes / variances
RESIDENTIAL BUILDING, MARKETING & S106 COSTS		
Build Costs one off Estate Housing (3 units or less) ¹	£1,967	1 & 3 Houses only
Build Costs Mixed Developments - generally (£/sq. m) ¹	£1,366	
Build Costs Estate Housing - generally (£/sq. m) ²	£1,525	5 - 9 units only. Increased by 14% based on FSB report.
Build Costs Estate Housing - generally (£/sq. m) ¹	£1,338	>10 units
Build Costs Flats - generally (£/sq. m) ¹	£1,558	
Build Costs Flats - generally (£/sq. m) ²	£1,484	1 - 10 units only. Reduced by -5% based on FSB report.
Build Costs (Supported Housing) (£/sq.m) ¹	£1,644	
External Works	10% (Flats) 15% (Houses)	added to build costs
Site Works	£300,000/net developable ha	
Contingencies (% of build cost)	5%	
Professional & Other Fees (% of build cost)	10%	
Sustainable Design / Construction Standards (% of build cost) ³	4%	Latest data suggests allowances in the range of 1% to 1.5% to meet building regulations. Includes allowance for increased sustainability as set out in draft policy.
Potential Building Regs M4 (2) Compliance (£ per unit) ⁴	£1,646 (Flats) £2,447 (Houses)	per unit (applicable units only) - 100% on AH only. Potential sample sensitivity test on market
Potential Building Regs M4 (3) Compliance (£ per unit) ⁴	£15,691 (Flats) £26,816 (Houses)	per unit (applicable units only) - sample sensitivity test on Sheltered Housing scenario only.
Potential CIL trial rates testing (£/m ²)	at £25/m ² intervals up to £300/m ²	
Water Efficiency Standards	110 litres per person per day	based on the Housing Standards Review
Residual s.106 /non-CIL costs (£ per unit) - small scale PDL / Greenfield sites	£3,000	
Residual s.106 /non-CIL costs (£ per unit) - large scale strategic greenfield sites	n/a	s106 scope explored through running appraisals as s106 surplus residual above BLV.
Marketing & Sales Costs (%of GDV)	3%	
Legal Fees on sale (£ per unit)	£750	
DEVELOPER'S RETURN FOR RISK AND PROFIT		
Open Market Housing Profit (% of GDV)	20%	Build to Rent testing assumes 10% GDV/12% on Cost
Affordable Housing Profit (% of GDV)	6%	
FINANCE & ACQUISITION COSTS		
Agents Fees (% of site value)	1.50%	
Legal Fees (% of site value)	0.75%	
Stamp Duty Land Tax (% of site value)	0% to 5%	HMRC scale
Finance Rate - Build (%)	6.5%	
Finance Rate - Land (%)	6.5%	

Notes:

¹ Build cost taken as "Median" figure from BCIS for that build type unless otherwise stated - e.g. flats ; houses storey heights etc. and then rounded. Median figure gives a better figure than the Mean as it is not so influenced by rogue figures that can distort the mean on small sample sizes. The BCIS figure for Tunbridge Wells Borough has been used and averaged across the area. Includes allowance for uplift to build costs based on BCIS / FSB research for sites of 10 or fewer dwellings. External added separately at 10-15%. Site works added separately.

²BCIS report for the Federation of Small Businesses - Housing development: the economics of small sites - the effect of project size on the cost of housing construction (August 2015)

³ The above costs are based on the DCLG Housing Standards Review Impact Assessment costings assuming equivalent CfSH L4 energy costs only base. Appraisals assume cost uplift in line with figures above assuming average cost uplift from each unit type (£1,932 per unit average, equating to the 2% assumed above).

⁴ Sensitivity tested allowance to meet Building Regs M4 Category 2 and Category 3 (adaptable) acknowledged within report as potential variable cost issue (depending on design etc.). EC Harris DCLG Housing Standards Review Cost Impact indicate average extra over cost to be £1,646 (Cat.2) and £15,691 (additional space cost (Cat. 3)) for flats and £2,447 (Cat.2) and £26,816 (additional space cost (Cat.3 adaptable)) for houses.

Tunbridge Wells BC - Appendix I - Local Plan and CIL Viability Assessment - Build to Rent Assumptions (Sheet 3 of 3)

DSP assumptions - BTR Rents			
Beds	sq ft	sq m	Rent per week
1 Bed	538	50	£211.00
2 Bed	753	70	£375.00
3 Bed	850	79	£473.00

Rental costs	
Rent inflation	3%
IRR	6%
Net exit yield	4%
Management	7%
Maintenance	13%
Refurbishment	£10,000
Voids	2%
Bad debts	3%

Type/size of unit	Social Rent pw	SR as a % of MR
1 Bed	£98.50	47%
2 Bed	£122.00	38%
3 Bed	£130.00	27%

TWBC BTR - build cost assumptions

Some costs in BTR appraisals differ from standard market housing e.g.

External works/site works in BTR study	15% total on build costs
Developer's return for risk and profit	10% on GDV for Build to Rent
Net:Gross adjustment of 75:25 to reflect more communal area and higher spec	
Additions made for fixtures and fittings up to BTR standard: £2,500 per unit	

DSP 2019

Tunbridge Wells BC - Appendix I - LP & CIL Viability Assessment - Commercial Assumptions

Use Class / Type	Example Scheme Type	GIA (m ²)	Site Coverage	Site Size (Ha)	Build Period (Months)*	Values Range - Annual Rents £ per sq m			Build Cost (£ per sq m)**	External works cost addition (%)	Total Build Cost (£/sq m excl fees etc)	Notes:
						Low	Mid	High				
Large Retail	Large Supermarket - out of town	2500	35%	0.71	18	£240	£270	£300	£1,601	15%	£1,841	BCIS - Hypermarkets / Supermarkets - generally.
Large Retail	Retail warehouse	1000	40%	0.25	7	£225	£250	£275	£938	15%	£1,079	BCIS - Retail warehouses - up to 1,000 sq m.
Town Centre Retail	Comparison shops (general/non shopping centre)	300	75%	0.04	6	£150	£250	£350	£1,181	50%	£1,772	BCIS - Shops - Generally
Small Retail	Convenience Store - various locations	300	60%	0.05	6	£125	£150	£175	£1,181	15%	£1,358	BCIS - Shops - Generally
Business - Offices - Town Centre	Office Building	500	60%	0.08	6	£175	£200	£250	£2,006	15%	£2,307	BCIS - Offices - 3-5 Storey; airconditioned
Business - Offices - Out of town centre /Business Park	Office Building	1000	40%	0.25	12	£175	£200	£250	£1,915	15%	£2,202	BCIS - Offices - 1-2 Storey; airconditioned
Business - Industrial / Warehousing	Smaller / Move-on type industrial unit including offices - industrial estate	500	40%	0.13	6	£80	£100	£120	£1,613	15%	£1,855	BCIS - Advance factories / offices - mixed facilities (B1) - generally
Business - Industrial / Warehousing	Larger industrial / warehousing unit including offices - industrial estate	2000	40%	0.50	12	£60	£75	£90	£1,108	15%	£1,274	BCIS - Advance factories / offices - mixed facilities (B1) - >2000
Hotel (budget - 120 Beds)	Hotel - edge of town centre / edge of town	3000	50%	0.60	18	£160	£200	£240	£2,190	15%	£2,519	BCIS - Hotels
C2 - Residential Institution	Nursing Home	1230	60%	0.21	16	£180	£240	£300	£1,878	15%	£2,160	BCIS - Care Homes for the Elderly

Note: Average Location Factor assumed for Tunbridge Wells

Development Costs	
BREAAM / other enhancements addition contingency (% of cost)	5%
Professional Fees (% of cost)	10%
Contingencies (% of cost)	5%
Planning / Building Regs etc / insurances (% of cost)	2.0%
Site survey / preparation costs / S106	Variable £0 - £200
Potential CIL - trial rates testing	(£25/m ² intervals)
Finance Costs	
Finance rate p.a. (including over lead-in and letting / sales period)	6.5%
Arrangement / other fees (% of cost)	(Included within overall finance rate allowance)
Marketing Costs	
Advertising Fees (% of annual income)	1%
Letting Fees (% of annual income)	10%
Purchaser's costs	5.75%
Developer Profit (% of GDV)	20%
Yields	Variable applicability sensitivity tested across range at 5.0% to 7.0%
Site Acquisition Costs	
Agents Fees (% of site value)	1.50%
Legal Fees (% of site value)	0.75%
Stamp Duty (% of value - HMRC scale)	0 to 5%

*BCIS Construction Duration Calculator

**BCIS Median - Location Factor for Tunbridge Wells