

London Borough of Islington: Draft Local Plan Viability Study



Prepared for
London Borough of Islington
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1 Summary

- 1.1 This report tests the ability of developments in Islington to accommodate emerging policies in the Draft Local Plan alongside amounts of Community Infrastructure Levy ('CIL') in the Council's adopted Charging Schedule.
- 1.2 The study takes account of the cumulative impact of the Council's planning requirements, in line with the requirements of the National Planning Policy Framework ('NPPF'), the National Planning Practice Guidance ('NPPG') and the Local Housing Delivery Group guidance '*Viability Testing Local Plans: Advice for planning practitioners*'.

Methodology

- 1.3 The study methodology compares the residual land values of a range of developments and development typologies reflecting the types of developments expected to come forward in the borough over the life of the new Local Plan. The appraisals compare the residual land values generated by those developments (with varying levels of affordable housing and other policy requirements) to a benchmark land value to reflect the existing value of each site prior to redevelopment plus a premium for the landowner. If a development incorporating the Council's emerging policy requirements generates a higher residual land value than the benchmark land value, then it can be judged that the site is viable and deliverable. Following the adoption of policies, developers will need to reflect policy requirements in their bids for sites, in line with requirements set out in the Mayor of London's supplementary planning guidance on 'Affordable Housing and Viability', the Council's Development Viability SPD and in the RICS Guidance on '*Financial Viability in Planning*'¹.
- 1.4 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, other planning policy requirements 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.
- 1.5 The housing and commercial property markets are inherently cyclical and the Council is testing the viability of potential development sites at a time when the market has experienced a period of sustained growth. Forecasts for future house price growth point to continuing growth in mainstream London housing markets, although there is a degree of short term uncertainty following the referendum on the UK's membership of the European Union. We have allowed for this medium term growth over the plan period by running a sensitivity analysis which applies growth to sales values and inflation on costs to provide an indication of the extent of improvement to viability that might result. The assumed growth rates for this sensitivity analysis are outlined in Section 4.
- 1.6 This sensitivity analysis is indicative only, but is intended to assist the Council in understanding the viability of potential development sites on a high level basis, both in today's terms but also in the future.

Key findings

- 1.7 The key findings of the study are as follows:
 - **Affordable housing:** We have appraised residential schemes with 0% to 50% affordable housing in line with the Council's emerging site-specific target of 45% (no grant) and 50% (with grant) which aims to deliver a strategic borough-wide target of 50%. We have tested the schemes with two tenure scenarios (with the 30% intermediate housing element being tested

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

with London Living Rent and as shared ownership). We have also tested the impact of applying grant funding. This testing indicates that in most circumstances, the 45%/50% target should be achievable. Viability issues on the small number of individual schemes that are unviable can sometimes be resolved through flexible application of tenure mixes and provision of grant funding. However, while 45%/50% affordable housing is viable in a range of scenarios, there are some schemes which are unviable at these levels and may only be able to come forward at a lower affordable housing percentage.

- **Build for rent schemes:** we have tested the London Plan requirement in H13C for build to rent schemes to provide 35% affordable housing at London Living Rents (and also higher levels up to the Council's strategic 50% target). In general, the appraisals indicate that the viability of build to rent schemes is challenging on sites with high existing use values. The best viability outcomes are achieved on sites with low existing use values. Given the less viable outcomes for build for rent schemes in comparison to our results for build for sale schemes, reflecting their lower market value, greater flexibility in the application of the affordable housing target may be required for these types of development.
- **Student housing:** we have tested the viability of purpose build student housing incorporating the Council's requirement for student bursary contributions and London Plan policy H17A4 which requires 35% of units to be provided at affordable rent levels (defined as no more than 55% of the maximum maintenance loan of a student studying in London). Although these requirement reduces residual land values of the scheme tested, it remains above relevant benchmark land value used in the study and will not prevent schemes from coming forward.
- **Affordable workspace:** we have tested emerging requirements on schemes which provide new or replacement B1(a) floorspace at 10% of floorspace let at a peppercorn rent for 20 years. The scale of reduction in residual land value varies between schemes, but in all cases, the impact does not reduce the residuals below the benchmark land values. The affordable workspace should therefore be viable on most office developments.
- **Other requirements:** The Council's emerging requirement for contributions towards employment and training; accessible parking; sustainability; carbon off-setting; and heat network connection are tested in our appraisals and they do not adversely impact on the viability of developments. Where relevant, these requirements are tested alongside the affordable housing requirement and in all cases, the current rates of CIL and proposed Mayoral CIL 2 charges are factored in.
- The Council's adopted CIL rates have been in place since 1 September 2014 and there has been no demonstrable adverse impact on the supply of housing land or upon the viability of developments coming forward across the Borough.
- The proposed Mayoral CIL will also increase from £50 per square metre to £80 per square metre, with higher rates for certain uses in the CAZ. The revised rates will apply from April 2019 if the rates are not amended through the Examination process. We have incorporated the proposed Mayoral CIL rates in our appraisals as a development cost. While this increase may impact on the levels of affordable housing that can be secured, the effect will be marginal.

2 Introduction

- 2.1 The Council has commissioned this study to consider the ability of developments to accommodate emerging Draft Local Plan policies alongside the rates contained in the Council's adopted Charging Schedule (subject to indexation). The aim of the study is to assess at high level the viability of development typologies representing the types of sites that are expected to come forward to test the impact of emerging policies.
- 2.2 In terms of methodology, we adopted standard residual valuation approaches to test the viability of development typologies, including the impact on viability of the Council's emerging planning policies alongside adopted, and proposed increases in the levels of Mayoral 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 the conclusions must always be tempered by a level of flexibility in application of policy requirements on a site by site basis.
- 2.3 In light of the above we would highlight that the purpose of this viability study is to assist the Council in understanding changes to the capacity of schemes to absorb emerging policy. The study will form part of the Council's evidence base for its emerging Local Plan. The Study therefore provides an evidence base to show that the requirements set out within the NPPF, CIL regulations and National Planning Practice Guidance are satisfied. The key underlying principle is that planning authorities should use evidence to strike an appropriate balance between the desirability of policy requirements and the potential impact upon the economic viability of development across their area.
- 2.4 As an area wide study this assessment makes overall judgements as to viability of development within the London Borough of Islington and cannot account for individual site circumstances which can only be established when work on detailed planning applications is undertaken. However, an element of judgement has been applied within this study with regard to the individual characteristics of the sites tested. The schemes tested on these sites are based on assessments of likely development capacity on the sites and clearly this may differ from the quantum of development in actual planning applications that will come forward.
- 2.5 This position is recognised within Section 2 of the Local Housing Delivery Group guidance², which identifies the purpose and role of viability assessments within plan-making. This identifies that: *"The role of the test is not to give a precise answer as to the viability of every development likely to take place during the plan period. No assessment could realistically provide this level of detail. Some site-specific tests are still likely to be required at the development management stage. Rather, it is to provide high level assurance that the policies within the plan are set in a way that is compatible with the likely economic viability of development needed to deliver the plan."* This approach is reflected in the NPPG which indicates that *"where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage"*.

Economic and housing market context

- 2.6 The housing and commercial property markets are inherently cyclical. The downwards adjustment in house prices in 2008/9 was followed by a prolonged period of real house price growth. By 2010 improved consumer confidence fed through into more positive interest from potential house purchasers. However, this brief resurgence abated with figures falling and then fluctuating in 2011 and 2012. The improvement in the housing market towards the end of 2012 continued through into 2013 at which point the growth in sales values improved significantly through to the last quarter of 2014, where the pace of the improvement was seen to moderate and continued to do so in 2015. The UK economy sustained momentum following the result of the UK's referendum on its

² Although this document was published prior to the draft NPPF and NPPG, it remains relevant for testing local plans. The approaches to testing advocated by the LHDG guidance are consistent with those in the draft PPG. The same cannot be said of some of the approaches advocated in the RICS guidance (particularly its approach to site value benchmark) but these have always been inconsistent with the LHDG guidance and the approach now advocated in the draft PPG. In any event, the focus of the RICS guidance is on testing individual applications rather than testing plan policies.

membership of the European Union (EU), and as a result the UK housing market surprised many in 2016. The average house price rose 4.5%, which was 0.2% lower than our forecast and ahead of the level recorded in 2015. While first time buyer numbers continued to recover in 2016, overall transaction levels slowed as some home movers and investors withdrew from the market.

- 2.7 The referendum held on 23 June 2016 on the UK's membership of the EU resulted in a small majority in favour of exit. The immediate impact of the result of the vote was a fall in the Pound Sterling to a 31-year low and stocks overselling due to the earnings of the FTSE being largely in US Dollars. As the Pound dropped significantly this supported the stock market, which has since recouped all of the losses seen and is near the all-time highs. We are now in a period of uncertainty in relation to many factors that impact the property investment and letting markets. In March 2017, the Sterling Exchange Rate Index fell a further 1.5% from the end of February and was 10.5% lower compared with the end of March 2016. However, in other areas there are tentative signs of improvement and resilience in the market. For example, the International Monetary Fund revised its forecast for UK growth in 2016 on 4 October 2016 from 1.7% to 1.8%, thereby partly reversing the cut it made to the forecast shortly after the referendum (1.9% to 1.7%). However, it further trimmed its 2017 forecast from 1.3% to 1.1%, which stood at 2.2% prior to the Referendum.
- 2.8 The UK's first official growth figures since the referendum result vote exceeded initial estimates. Growth for Q3 2016 according to the ONS figures was 0.5%, higher than analyst's predictions of 0.3%. The ONS highlighted that "*the pattern of growth continues to be broadly unaffected following the EU referendum*". Initial expectations were that the better than expected GDP figures would deter the Bank of England Monetary Policy Committee from going ahead with any further or planned interest rate cuts. The Economy slowed slightly from the Q2 figure of 0.7% and the pattern was a slightly unbalanced one with services being the only sector continuing to grow, achieving a rate of 0.8%. The Chancellor, Phillip Hammond, noted at the time that "*the fundamentals of the UK economy are strong and today's data show that the economy is resilient*". Production increased by 1.6% in the 3 months to February 2017 and manufacturing increased by 2.2% over the same period. Notwithstanding this the ONS indicate that "*manufacturing is dependent upon both domestic and overseas demand for UK produced goods. Changes in output will reflect both domestic demand and how UK trade is faring post-referendum*"; especially as Article 50 has now been triggered and the negotiation process to leave the EU is underway. Data from the construction sector indicated that the quarterly movement shows a growth of 1.5% in output, which the ONS state "*may act as an indicator of how confident enterprises are in investing in buildings and the infrastructure as longer term assets*".
- 2.9 It was further expected that manufacturing would be bolstered by the fall in the value of the pound; however, this failed to materialise. Despite this, the ONS Head of GDP Darren Morgan observed that "*the economy grew slightly more in the last three months of 2016 than previously thought, mainly due to a stronger performance from manufacturing*".
- 2.10 The Office of Budgetary Responsibility's '*Economic and fiscal outlook*' report (November 2017) indicated that UK GDP slowed to an annualised rate of 1.2% over the first three quarters of 2017, caused largely by the impact of the fall in sterling feeding through into consumer facing services. In addition, the construction sector saw output fall in the second and third quarters of the year.
- 2.11 BNP Paribas Real Estate's UK Housing Market Prospects Q3 2017 report indicated that "*our Q2 forecast for a period of muted activity and price change remain unchanged*". In this report we note that "*we expect the average UK house price to rise by around 3.5%, effectively remaining close to flat in real terms given the current pace of inflation. We expect the average UK home to have increased in value by 13.7% or just over £28,000 over the next four years. This translates to an average UK house price increase of 3.4% per annum, although given the political and economic uncertainties ahead, the journey is unlikely to feel quite so benign with the average masking inevitable volatility*".
- 2.12 The May Halifax House Price Index Report identified that overall prices in the three months to April 2018 were marginally lower than in the preceding three months; the first quarterly decline since November 2012. The annual rate of growth remained at 3.8% in April, the lowest rate since May 2013. Martin Ellis, the Halifax housing economist comments that, "*Housing demand appears to have*

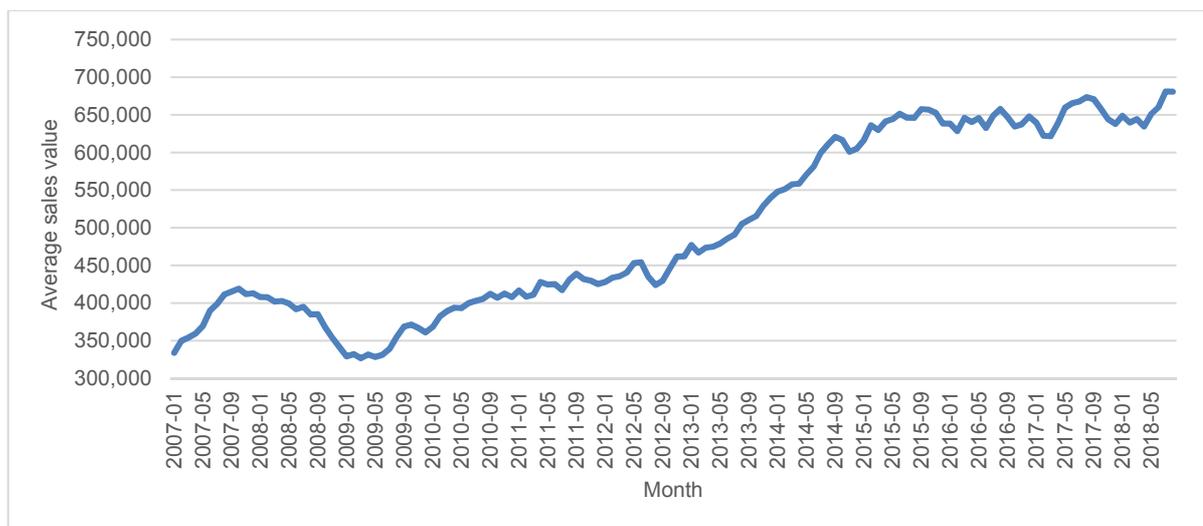
been curbed in recent months due to the deterioration in housing affordability caused by a sustained period of rapid house price growth during 2014-16. Signs of a decline in the pace of job creation, and the beginnings of a squeeze on households' finances as a result of increasing inflation may also be constraining the demand for homes".

- 2.13 This view is shared by Robert Gardiner, Nationwide's Chief Economist, who comments in their April 2018 House Price Index report, that *"in some respects, the softening in house price growth is surprising because the unemployment rate is near to a 40-year low, confidence is still relatively high and mortgage rates have fallen to new all-time lows in recent months"*. However, he balances this by highlighting that, *"while monthly figures can be volatile, the recent softening in price growth may be a further indication that households are starting to react to the emerging squeeze on real incomes or to affordability pressures in key parts of the country"*.
- 2.14 Residential sales value forecasts by numerous property firms identify that uncertainty has weighed down the market slowing sales value growth. The future trajectory of house prices is currently uncertain. Property firms' forecasts identify that values are expected to increase over the next five years, however this price growth is identified as being more moderate than over the past 20 years. There is a consensus that a low level of price growth is expected over the next year with a return to stronger sales value growth in 2019 – 2020, when it is anticipated that there will be more certainty on the deal agreed for the UK's exit from the EU and employment growth, wage growth and GDP growth return towards trend levels. Savills highlight in their Spotlight Autumn 2017 Residential Property Forecasts Report that, *"any rise in the Bank of England base rate, no matter how gradual or limited, will increase the cost of borrowing for households with a variable-rate mortgage. It will also hit households looking to agree a new mortgage: lenders must apply an interest rate 'stress test' to make sure their borrowers can afford repayments should rates rise. These new tests will push mortgage availability out of the reach of more households. This is what limits our growth forecasts for 2021 and 2022. With mortgage affordability increasingly constrained, any house price growth will be driven by earnings growth"*.

Local Housing Market Context

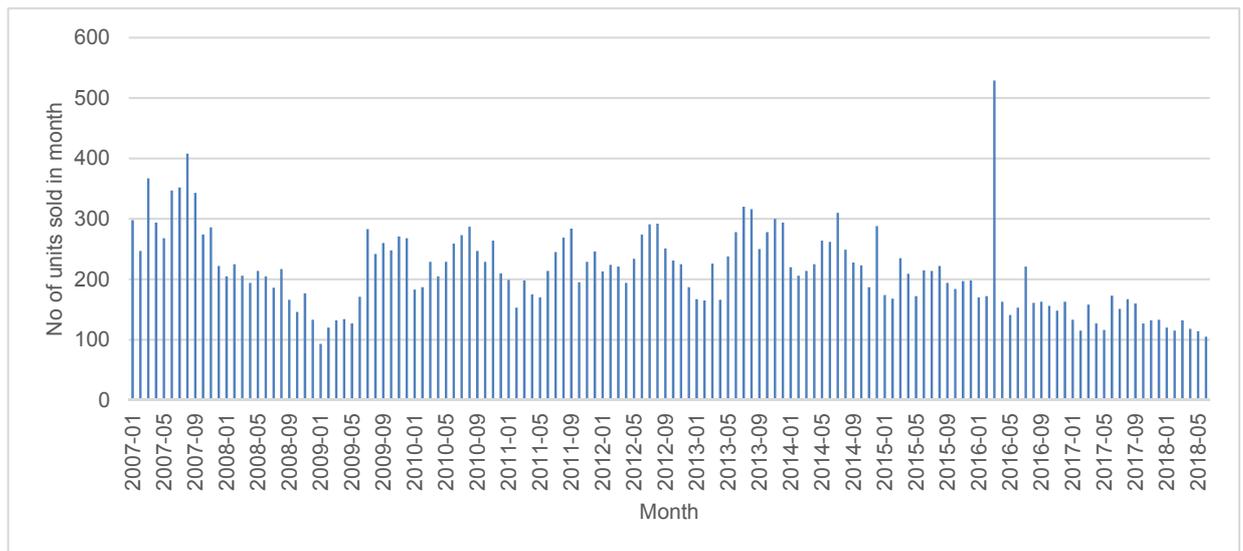
- 2.15 House prices in the London Borough of Islington have followed recent national trends, with values falling in 2008 to 2009 and recovering over the intervening years, as shown in Figure 2.15.1. Sales volumes fell below historic levels between 2009 and 2010, but have since recovered (see Figure 2.15.2). By August 2018, sales values had increased by 108.32% in comparison to the lowest point in the cycle in March 2009, or 62.42% higher than the previous peak in October 2007.

Figure 2.15.1: Average sales value in Islington



Source: Land Registry

Figure 2.15.2: Sales volumes in Islington (sales per month)

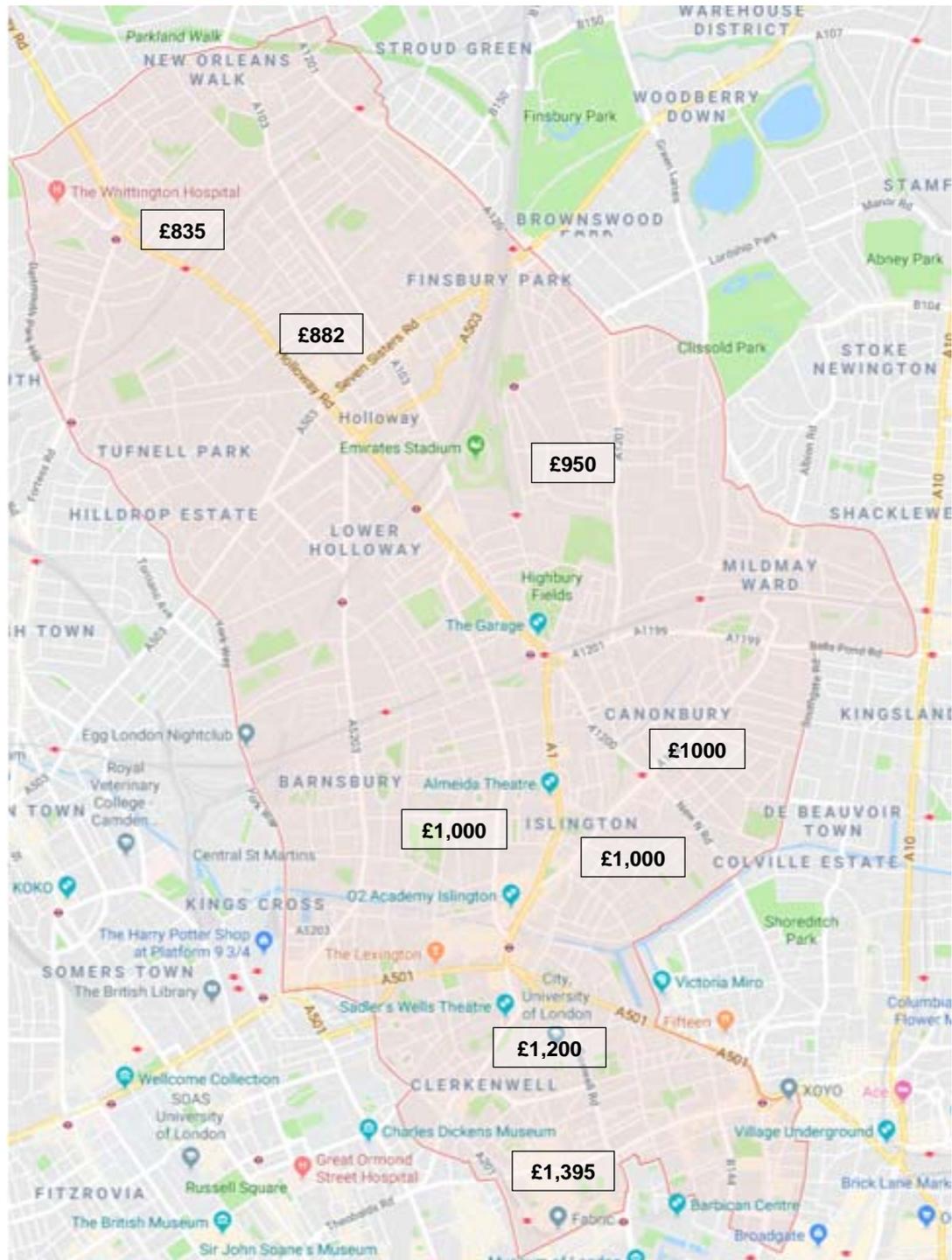


Source: Land Registry

- 2.16 The future trajectory of house prices is currently uncertain, although Savills' *UK Housing Market Update (September 2018)* prediction is that values are expected to increase over the next five years. Medium term predictions are that properties in mainstream London markets will grow over the period between 2018 and 2022. Savills predict that values in mainstream London markets (i.e. non-prime) will fall by 2% in 2018, remain unchanged in 2019 but will increase by 5% in 2020, 2% in 2021 and 2% in 2022. This equates to cumulative growth of 7.1% between 2018 and 2022 inclusive.
- 2.17 In common with other Boroughs in London, there are variations in sales values between different parts of Islington, as shown in Figure 2.17.1³. Highest sales values are achieved south of Pentonville Road and City Road, while values in the north of the borough are lowest.

³ Some of the price points in Figure 2.17.1 are for schemes in neighbouring boroughs close to the border with Islington

Figure 2.17.1: Sales values in Islington (approx. £s per square foot)



Sources: Map – Google; Values – Molior and scheme specific evidence

Private rented sector market context

- 2.18 Nationally, the proportion of households privately renting is forecast to increase from under 10% in 1991 to circa 25% by 2021, largely as a result of affordability issues for households who would have

preferred to owner occupy⁴. Over the same period, the proportion of households owner occupying is forecast to fall from 69% to under 60%. These trends are set to continue in the context of a significant disparity between average household incomes and the amounts required to purchase a residential property in the capital. In the London Borough of Islington, private renting has risen from 18% in 2008 to 31% in 2016⁵.

- 2.19 Perceived softening of the housing for sale market has prompted developers to seek bulk sales to PRS operators, with significant flows of investment capital into the sector. Investment yields have remained stable in the zones 2 to 4 London market at 3% to 4%. PRS housing as an asset class is still emerging and valuation portfolios and development opportunities are difficult in the context of lack of data. As the market matures, more information will become available, facilitating more sophisticated approaches to valuing and appraising PRS developments. The Council indicates that there have been no PRS schemes other than those developments which have arisen from office to residential conversion undertaken through Permitted Development Rights.
- 2.20 The PRS market is still immature and as a consequence there is little data available on management costs and returns that would assist potential entrants into the market. However, viability assessments of schemes brought forward to date confirm that profit margins are lower than build for sale on the basis that a developer will sell all the PRS units in a single transaction to an investor/operator. The income stream is therefore akin to a commercial investment where a 15% profit on GDV is typically sought.
- 2.21 A reduced profit margin helps to compensate (to some degree) for the discount to market value that investors will seek. PRS units typically transact at discounts of circa 20% of market value on the basis of build to sell. However, forward funding arrangements will help to reduce finance costs during the build period which offsets the reduction in market value to some degree.
- 2.22 On larger developments providing several hundred units or more, PRS can help to diversify the scheme so that the Developer is less reliant on build to sell units. Building a range of tenures will enable developers to continue to develop schemes through the economic cycle, with varying proportions of units being provided for sale and rent, depending on levels of demand from individual purchasers. However, demand for build for rent product will also be affected by the health of the economy generally, with starting and future rent levels more acutely linked to changes in incomes of potential tenants.

National Policy Context

The National Planning Policy Framework

- 2.23 In July 2018, the government published a revised National Planning Policy Framework ('NPPF') and revised National Planning Practice Guidance ('NPPG').
- 2.24 Paragraph 34 of the NPPF states that "*Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan*".
- 2.25 Paragraph 57 of the NPPF suggests that "*Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning*".

⁴ Knight Frank PRS Update August 2017

⁵ London Borough of Islington's Strategic Housing Market Assessment 2017

guidance, including standardised inputs, and should be made publicly available”.

- 2.26 In London and other major cities, the fine grain pattern of types of development and varying existing use values make it impossible to realistically test a sufficient number of typologies to reflect every conceivable scheme that might come forward over the plan period. The Mayor of London’s ‘threshold’ approach to affordable housing allows schemes that cannot provide as much as 35% affordable housing to still come forward rather than being sterilised by a fixed or ‘quota’ based approach to affordable housing. Any quota based approach to affordable housing requirements would inevitably result in a very low affordable housing target as it would need to be tailored to the least viable site or type of schemes.
- 2.27 Prior to the publication of the updated NPPF, the meaning of a “*competitive return*” had been the subject of considerable debate. For the purposes of testing the viability of a Local Plan, the Local Housing Delivery Group⁶ concluded that the current use value of a site (or a credible alternative use value) plus an appropriate uplift, represents a competitive return to a landowner. Some members of the RICS considered that a competitive return is determined by market value⁷, although there was no consensus around this view. The revised NPPF removes the requirement for “competitive returns” and is silent on how landowner returns should be assessed. The revised NPPG indicates that viability testing of plans should be based on existing use value plus a landowner premium. The revised NPPG also expresses a preference for plan makers to test the viability of planning obligations and affordable housing requirements at the plan making stage in the anticipation that this may reduce the need for viability testing developments at the development management stage. Local authorities have, of course, been testing the viability of their plan policies since the first NPPF was adopted (and indeed before), but have adopted policies based on the most viable outcome of their testing, recognising that some schemes coming forward will not meet the targets. This approach maximises delivery, as there is flexibility for schemes to come forward at levels of obligations that are lower than the target, if a proven viability case is made. The danger of the approach implied by the revised NPPF is that policy targets will inevitably be driven down to reflect the least viable outcome; schemes that could have delivered more would not do so.

CIL Policy Context

- 2.28 As of April 2015 (or the adoption of a CIL Charging Schedule by a charging authority, whichever was the sooner), the S106/planning obligations system’ i.e. the use of ‘pooled’ S106 obligations, was limited to a maximum of five S106 agreements. The adoption of a CIL charging schedule is discretionary for a charging authority; however, the scaling back of the use of pooled S106 obligations is not discretionary. As such, should a Council elect not to adopt a CIL Charging Schedule, it may have implications with regard to funding infrastructure in their borough or district in future. Councils which decide not to adopt a charging schedule will need to be aware of such implications in their decision-making.
- 2.29 It is worth noting that some site specific S106 obligations remain available for negotiation, however these are restricted to site specific mitigation that meet the three tests set out at CIL Regulation 122 and to the provision of affordable housing. They cannot be used for securing payments towards infrastructure⁸ that benefit more than one development, unless they form part of a maximum of five S106 agreements, from which contributions to provide infrastructure can be pooled.
- 2.30 The CIL regulations state that in setting a charge, local authorities must strike “an 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 (this is addressed elsewhere within the Council’s evidence base).
- 2.31 Local authorities must consult relevant stakeholders on the nature and amount of any proposed CIL

⁶ Viability Testing Local Plans: Advice for planning practitioners, June 2012

⁷ RICS Guidance Note: Financial Viability in Planning, August 2012

⁸ This infrastructure should not be identified on the Council’s Regulation 123 list.

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.

- 2.32 The payment of CIL becomes mandatory on all new buildings and extensions to buildings with a gross internal floorspace over 100 square metres once a charging schedule has been adopted. The CIL regulations allow a number of reliefs and exemptions from CIL. Firstly, affordable housing and buildings with other charitable uses (if a material interest in the land is owned by the charity and the development is to be used wholly or mainly for its charitable purpose) are subject to relief. Secondly, local authorities may, if they choose, elect to offer an exemption on proven viability grounds. A local authority wishing to offer exceptional circumstances relief in its area must first give notice publicly of its intention to do so. The local authority can then consider claims for relief on chargeable developments from landowners on a case by case basis. In each case, an independent expert with suitable qualifications and experience must be appointed by the claimant with the agreement of the local authority to assess whether paying the full CIL charge would have an unacceptable impact on the development’s economic viability.
- 2.33 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 that the Authority must be satisfied that granting relief would not constitute state aid. It should be noted however that CIL cannot simply be negotiated away or the local authority decide not to charge CIL.
- 2.34 CIL Regulation 40 includes a vacancy period test for calculating CIL liability so that vacant floorspace can be offset in certain circumstances. That is where a building that contains a part which has not been in lawful use for a continuous period of at least six months within the last three years, ending on the day planning permission first permits the chargeable development, the floorspace may not be offset.
- 2.35 The CIL regulations enable local authorities to set differential rates (including zero rates) for different zones within which development would take place and also for different types of development. The CIL Guidance set out in the NPPG (paragraph 022 Reference ID: 25-022-20140612) clarifies that CIL Regulation 13 permits charging authorities to levy *“differential rates by reference to different intended uses of development.”* Charging authorities taking this approach need to ensure that such different rates are justified by a comparative assessment of the economic viability of those categories of development. Further the NPPG clarifies that the definition of “use” for this purpose is not tied to the classes of development in the Town and Country Planning Act (Use Classes) Order 1987, although that Order does provide a useful reference point.’ The NPPG also sets out (paragraph 023 Reference ID: 25-023-20140612) that charging authorities may also set differential rates in relation to, scale of development i.e. by reference to either floor area or the number of units or dwellings.
- 2.36 The 2010 CIL regulations set out clear timescales for payment of CIL, which are 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 allowed charging 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 CIL, the more interest the Applicant will bear before the development is completed and sold).
- 2.37 The Government published the findings of the independent CIL review alongside the Housing White Paper in February 2017. The White Paper identified at paragraph 2.28 that the Government *“continue to support the existing principle that developers are required to mitigate the impacts of development in their area, in order to make it acceptable to the local community and pay for the cumulative impacts of development on the infrastructure of their area.”* The White Paper summarised the main finding of the CIL review to be that *“the current system is not as fast, simple, certain or transparent as originally intended.”*
- 2.38 As a result the Government committed to *“examine the options for reforming the system of developer contributions including ensuring direct benefit for communities, and will respond to the independent*

review and make an announcement at Autumn Budget 2017.” The government’s recent consultation on changes to the NPPF includes proposed reforms of CIL, including the following potential changes:

- The potential for councils to adopt Strategic Infrastructure Tariffs (‘SITs’) to fund strategic infrastructure that cross borough boundaries. Any potential SIT proposals would need to be factored into the viability testing to ensure rates of CIL that are set are viable alongside SITs and Local Plan policies.
- Potential changes to the approach to consultation with stakeholders, with the current formal process replaced with a statement on how the Authority has engaged, which would form part of the Examination in Public.
- Potential removal of pooling restrictions on Section 106. If councils intend to collect funds for infrastructure through pooled contributions, any such contributions would need to be incorporated into viability testing to ensure that the CIL rates charged alongside Section 106 remain viable.
- Encouragement for setting specific rates for all uses on large strategic developments would require the testing of individual strategic sites to determine an appropriate and specific rate. Councils would need to identify which sites this may apply to.
- Setting rates according to existing uses of sites is a key change proposed by the government. This would enable councils to set higher rates on sites that are currently in low value uses (e.g. secondary industrial).
- Changes to the way CIL is indexed, moving from indexation by reference to changes in build costs to changes in values across the borough.

Mayoral CIL

- 2.39 The Borough is located within Mayoral CIL Zone 1, which currently attracts a rate of £50 per square metre before indexation⁹ which has been used to fund circa £300 million of the costs of the Crossrail construction project. The proposed amendments to the Mayoral CIL indicates that a rate of £80 per square metre will be levied in Islington. In the parts of the borough within the Central Activities Zone, higher rates of £185 per square metre will be applied to offices, £165 per square metre on retail and £140 per square metre on hotels. The draft charging schedule has been examined and the Examiner’s report is yet to be published. Future receipts from the Mayoral CIL will be used to contribute towards funding Crossrail 2 (a north-east to south-west line) to relieve pressure on existing transport networks.

Borough CIL

- 2.40 The Council approved its CIL Charging Schedule on 26 June 2014 and it came into effect on 1 September 2014. Table 2.40.1 below summarises the prevailing rates of CIL (the indexed rates are shown in italics¹⁰). The Charging Schedule divides the borough into two zones; zone A is mainly to the south of Pentonville Road and City Road, with a small area to the north covering the southern end of Upper Street and Essex Street up to Islington Green; and zone B covering the rest of the borough. The rates in each zone are summarised in Table 2.40.1. The Council has an instalments policy.

⁹ The impact of indexation is discussed in section 6.

¹⁰ As per the CIL regulations, indexation applies to rates from the November in the year prior to implementation to the current date by reference to the BCIS All-In Tender Price Index. November 2013: 239; June 2018: 316. Change is 32%. The indexed rates are used in the appraisals.

Table 2.40.1: CIL rates per net additional square metre in the Charging Schedule (indexed rates shown in italics)

Use	CIL rate (pounds per square metre)	
	Zone A	Zone B
Residential dwellings (Use classes C3, C4); Residential institutions (Use class C2, C2A), not including: Public Health Facilities and Public Care Facilities	£300 <i>(£397)</i>	£250 <i>(£331)</i>
Retail (Use classes A1, A2, A3, A4, A5)	£175 <i>(£231)</i>	£125 <i>(£165)</i>
Hotels (Use class C1), apart-hotels	£350 <i>(£463)</i>	£250 <i>(£331)</i>
Offices (Use class B1a)	£80 <i>(£106)</i>	£0
Student accommodation	£400 <i>(£529)</i>	
Conference centres; nightclubs; private members' clubs; amusement centres; Assembly and leisure (Use class D2), not including public leisure facilities	£80 <i>(£106)</i>	
Research and development of products and processes (Use class B1b); Light industry appropriate in a residential area (Use class B1c); General industrial (Use class B2); Storage or Distribution (Use class B8); Public Leisure Facilities; Public Health Facilities; Public Care Facilities; Public Waste Facilities; Emergency Service Facilities; Water and Waste-Water Facilities; Non-residential Institutions (Use class D1) not including conference centres; sui generis, not including student accommodation; nightclubs; private members' clubs; and amusement centres.	£0	

Local Policy context

- 2.41 There are numerous policy requirements that are now embedded in base build costs for schemes in London addressing London Plan requirements, which are mirrored in borough Local Plans (i.e. secure by design, wheelchair accessibility/adaptability standards, landscaping, private amenity space, internal space standards, car parking, waste storage, sustainability standards including energy and SUDs, tree preservation and protection etc). Therefore, it is unnecessary to establish the cost of all these pre-existing policy requirements.
- 2.42 Although the Council is not proposing to change its CIL rates, it is necessary to factor in the pre-existing requirement in the adopted CIL Charging Schedule. The affordable housing policy is tested also at various percentages, as it has a significant bearing on the viability of developments, even though it has been in place for a considerable period.
- 2.43 To inform further work on the draft Local Plan, the Council has instructed us to test the following emerging plan policies alongside emerging or adopted London Plan policies:
- **Affordable housing:** 50% strategic borough-wide affordable housing target. Site specific target of 45% without grant funding, with a requirement on applicants to seek to secure grant funding to achieve the 50% target. Tenure split of 70% social rent and 30% intermediate (at London Living Rents and shared ownership).
 - **Affordable workspace:** The Council will seek provision of on-site affordable workspace which is assumed to be let at a peppercorn rent. We have tested the provision of 5%, 10% and 20% affordable workspace for 10, 15 and 20 year periods.

- **Employment and training (work placements):** The Council will seek provision of one placement per 20 residential units; one placement per 20 student/hostel rooms; and one placement per 1,000 square metres of commercial floorspace. For any placement not provided on site, the Council will seek a financial contribution of £5,000 per placement.
- **Carbon offsetting:** The Council will seek to charge a carbon offset contribution equating to £2,850 per tonne of CO2 not offset by the developer on-site.
- **Student bursaries:** The Council will seek a financial contribution from student housing developments equating 2.4% of annual rental income for a period of thirty years.
- **Code of construction practice:** The Council will seek a financial contribution towards the Code of construction Practice at a rate of £100 per residential unit; £100 per 100 square metres of commercial floorspace; and £50 per room for student housing, hostels and hotel bedrooms.
- **Employment and training (user training):** Financial contribution at a rate of £2,500 applied to 6.7% of the uplift in the total number of employees on the Site.
- **Accessible car parking:** requires that new developments provide one space per wheelchair accessible residential unit.
- **Small sites affordable housing contribution:** Schemes providing less than 10 units are required to make a financial contribution towards affordable housing at a rate of £60,000 per additional unit developed on sites south of City Road/Pentonville Road and £50,000 per unit elsewhere.
- **Small sites carbon offsetting:** schemes providing less than 10 units are required to make a financial contribution of £1,500 per house and £1,000 per flat.
- **Decentralised Energy Network connections:** Current Policy DM7.3 requires sites to be made capable of connection to a decentralised energy network where feasible.
- **Accessibility/adaptability standards:** set out in Policy D5 of the draft London Plan.

Development context

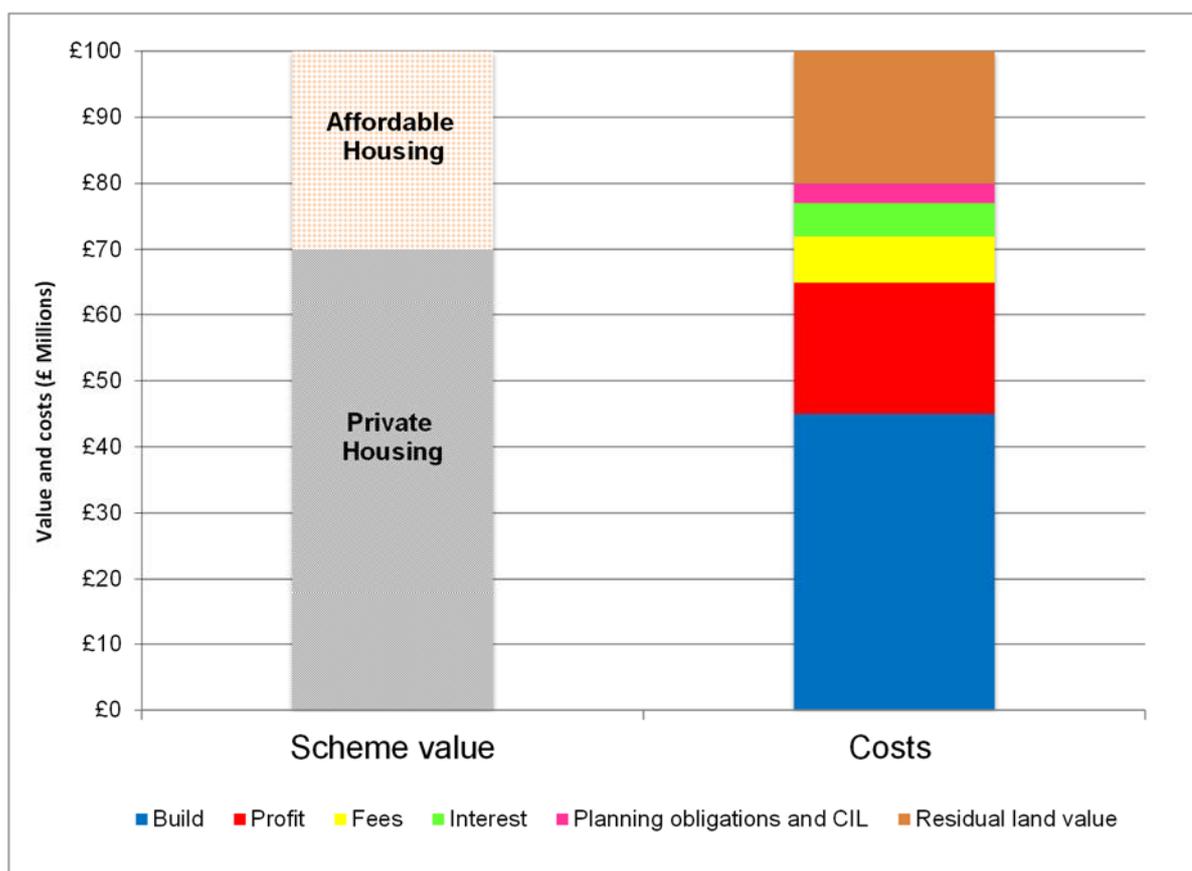
- 2.44 Islington is a Borough which borders the City of London to the south, and the boroughs of Camden, Hackney and Haringey to the west, east and north respectively. A significant part of the south of the borough is located within the Central London Activities Zone. Conservation areas cover significant parts of the borough and these areas contain many good examples of Georgian and early Victorian terraces, interspersed with more modern development including local authority estates. The borough has a thriving food and beverage industry with Upper Street providing a range of chain and independent bars and restaurants.
- 2.45 The Borough benefits from high levels of public transport accessibility, with 8 London Underground Stations (Northern, Piccadilly and Victoria lines) and 8 National Rail stations (London Overground, Thameslink and Great Northern lines). Farringdon Station will be served by Crossrail/Elizabeth lines when services commence in late 2019.
- 2.46 The borough is densely developed with the lowest amount of public open space of any London borough. Consequently, development opportunities typically involve intensification of previously developed sites and in-fill developments.

3 Methodology and appraisal approach

- 3.1 Our methodology follows standard development appraisal conventions, using locally-based sites and assumptions that reflect local market and planning policy circumstances. The study is therefore specific to Islington and tests the Council's emerging planning policy requirements alongside adopted CIL rates.

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 (the hatched portion) and the payment from a Registered Provider ('RP') (the chequered portion) for the completed affordable housing units. For a commercial scheme, scheme value equates to the capital value of the rental income after allowing for rent free periods and purchaser's costs. The model then deducts the build costs, fees, interest, planning obligations, CIL and developer's profit. A 'residual' amount is left after all these costs are deducted – this is the land value that the Developer would pay to the landowner. The residual land value is represented by the brown portion of the right hand bar in the diagram.



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

- 3.4 Issues with establishing key appraisal variables are summarised as follows:

- Development costs are subject to national and local monitoring and can be reasonably accurately assessed in 'normal' circumstances. In Boroughs like Islington, almost all sites will be

previously developed. These sites can sometimes encounter 'exceptional' costs such as decontamination. Such costs can be very difficult to anticipate before detailed site surveys are undertaken. Given the type of sites likely to come forward over the Plan period, the Council considers it unlikely that there will be sites affected by significant decontamination costs.

- Assumptions about development phasing, phasing of Section 106 contributions and infrastructure required to facilitate each phase of the development will affect residual values. Where the delivery of the obligations are deferred, the less the real cost to the applicant (and the greater the scope for increased affordable housing and other planning obligations). This is because the interest cost is reduced if the costs are incurred later in the development cashflow; and
 - While Developer's Profit has to be assumed in any appraisal, its level is closely correlated with risk. The greater the risk, the higher the profit level required by lenders. Typically, developers and banks are targeting around 17-20% profit on value of the private housing element.
- 3.5 Ultimately, the landowner will make a decision on implementing a project on the basis of return and the potential for market change, and whether alternative developments might yield a higher value. The landowner's 'bottom line' will be achieving a residual land value that sufficiently exceeds 'existing use value'¹¹ or another appropriate benchmark to make development worthwhile. The margin above existing use value may be considerably different on individual sites, where there might be particular reasons why the premium to the landowner should be lower or higher than other sites.
- 3.6 Clearly, however, landowners have expectations of the value of their land which often exceed the value of the current use. Ultimately, if landowners' reasonable 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. However, the communities in which development takes place also have reasonable expectations that development will provide community benefits such as affordable housing as well as mitigate its impact, in terms of provision of community infrastructure, which will reduce land values. 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 (and investors) to secure a site, often speculating on increases in value.

Viability benchmark

- 3.7 In July 2018, the government published a revised NPPF, which indicates at paragraph 34 that "*Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan*". The revised PPG indicates that for the purposes of testing viability, local authorities should have regard to existing use value of land plus a premium to incentivise release for redevelopment¹².
- 3.8 The Mayor's Affordable Housing and Viability SPG focuses on decision making in development management, rather than plan making, but indicates that benchmark land values should be based on existing use value plus a premium which should be "*fully justified based on the income generating capacity of the existing use with reference to comparable evidence on rents, which excludes hope value associated with development on the site or alternative uses*".
- 3.9 The Local Housing Delivery Group published guidance¹³ in June 2012 which provides guidance on testing viability of Local Plan policies. The guidance notes that "*consideration of an appropriate Threshold Land Value [or viability benchmark] needs to take account of the fact that future plan*

¹¹ For the purposes of this report, existing use value is defined as the value of the site in its existing use, assuming that it remains in that use. We are not referring to the RICS Valuation Standards definition of 'Existing Use Value'.

¹² The Council's Viability SPD reflects the requirements set out in the new PPG.

¹³ Viability Testing Local Plans: Advice for planning practitioners, Local Housing Delivery Group, Chaired by Sir John Harman, June 2012

policy requirements will have an impact on land values and landowner expectations. Therefore, using a market value approach as the starting point carries the risk of building-in assumptions of current policy costs rather than helping to inform the potential for future policy”.

3.10 In light of the weaknesses in the market value approach, the Local Housing Delivery Group guidance recommends that benchmark land value “*is based on a premium over current use values*” with the “*precise figure that should be used as an appropriate premium above current use value [being] determined locally*”. The guidance considers that this approach “*is in line with reference in the NPPF to take account of a “competitive return” to a willing land owner*”¹⁴.

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

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

3.12 In his concluding remark, the Examiner points out that

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

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

3.14 Respondents to consultations on planning policy documents in other authorities in London have made various references to the RICS Guidance on ‘Viability in Planning’ (which pre-dates the 2018 NPPF and NPPG) and have suggested that councils should run their analysis on market values. This would be an extremely misleading measure against which to test viability, as market values should reflect *existing policies already in place*, and would consequently tell us nothing as to how future (as yet un-adopted) policies might impact on viability. It has been widely accepted elsewhere that market values are inappropriate for testing planning policy requirements. This is acknowledged by the NPPG, which states that prices paid for sites should not be taken into account.

3.15 Relying upon historic transactions is a fundamentally flawed approach, as offers for these sites will have been framed in the context of current planning policy requirements, so an exercise using these transactions as a benchmark would tell the Council nothing about the potential for sites to absorb as yet unadopted policies. Various Local Plan inspectors and CIL examiners have accepted the key point that Local Plan policies and CIL will ultimately result in a reduction in land values, so benchmarks must consider a reasonable minimum threshold which landowners will accept. For local authority areas such as Islington, where the vast majority of sites are previously developed, the

¹⁴ Although the 2018 NPPF and NPPG do not use this term, the new documents reflect the need for the landowner’s reasonable expectations for a premium above existing use value to be reflected in viability modelling.

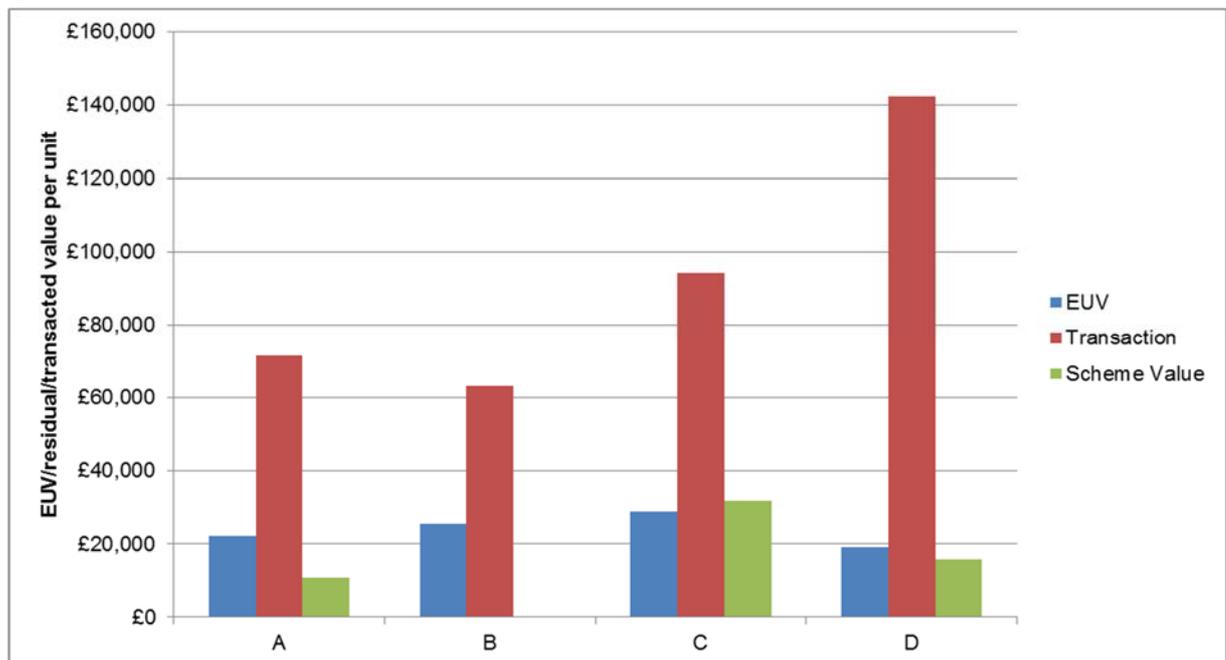
'bottom line' in terms of land value will be the value of the site in its existing use. This fundamental point is recognised by the RICS at paragraph 3.4.4. of their Guidance Note on 'Financial Viability in Planning':

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

- 3.16 The Guidance goes on to state that *"it would be inappropriate to assume an uplift based on set percentages ... given the diversity of individual development sites"*.
- 3.17 Commentators also make reference to 'market testing' of benchmark land values. This is another variant of the benchmarking advocated by respondents outlined at paragraph 3.14. These respondents advocate using benchmarks that are based on the prices that sites have been bought and sold for. There are significant weaknesses in this approach which none of the respondents who advocate this have addressed. In brief, prices paid for sites are a highly unreliable indicator of their actual value, due to the following reasons:
- Transactions are often based on bids that 'take a view' on squeezing planning policy requirements below target levels. This results in prices paid being too high to allow for policy targets to be met. If these transactions are used to 'market test' planning policies, the outcome would be unreliable and potentially highly misleading.
 - Historic transactions of housing sites are often based on the receipt of grant funding, which is either no longer available or available at much reduced rates.
 - There would be a need to determine whether the developer who built out the comparator sites actually achieved a profit at the equivalent level to the profit adopted in the viability testing. If the developer achieved a sub-optimal level of profit, then any benchmarking using these transactions would produce unreliable and misleading results.
 - Developers often build assumptions of growth in sales values into their appraisals, which provides a higher gross development value than would actually be achieved today. Given that our appraisals are based on current values, using prices paid would result in an inconsistent comparison (i.e. current values against the developer's assumed future values). Using these transactions would produce unreliable and misleading results.
- 3.18 These issues are evident from a recent BNP Paribas Real Estate review of evidence submitted in viability assessments where the differences between the value ascribed to developments by applicants and the amounts the sites were purchased for by the same parties. The prices paid exceeded the value of the consented schemes by between 52% and 1,300%, as shown in Figure 3.18.1. This chart compares the residual value of four central London development proposals to the sites' existing use values and the price which the developers paid to acquire the sites (all the data is on a per unit basis). Market evidence – if used for the purposes of informing a premium above EUV – therefore needs to be treated with extreme caution.
- 3.19 For the reasons set out above, the approach of using current use values is a more reliable indicator of viability than using market values or prices paid for sites, as advocated by certain observers. Our assessment follows this approach, as set out in Section 4.

3.20 The NPPG indicates that planning authorities should adopt benchmark land values based on existing use values. It then goes on to suggest that the premium above existing use value should be informed by land transactions. This would in effect simply level benchmark land values up to market value, with all the issues associated with this (as outlined above). The NPPG does temper this approach by indicating that “*the landowner premium should be tested and balanced against emerging policies*” and that “*the premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to comply with policy requirements*”. The guidance also stresses in several places that “*price paid for land*” should not be reflected in viability assessments. This would exclude use of transactional data thus addressing the issues highlighted in paragraphs 3.17 and 3.18.

Figure 3.18.1: Comparison of scheme residual value to existing use value and price paid for site



4 Appraisal assumptions

- 4.1 We have appraised 30 development typologies on sites across the borough to represent the types of sites that the Council expects to come forward over the life of the new Local Plan, and/or types of sites that may be affected by emerging Plan policies. The development typologies are outlined in Table 4.1.1 overleaf. Floor areas are informed in the main by live application schemes or schemes for which the Council has recently granted planning permission. In some cases, the floor areas are based on estimates. The appraisals include sufficient gross internal floorspace to accommodate the space standards in Policy D4 of the draft London Plan.

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, as noted in Section 2. We have considered comparable evidence of new build schemes in the borough to establish appropriate values for each scheme for testing purposes. This exercise indicates that the developments in Islington will attract average sales values ranging from circa £9,000 per square metre (£835 per square foot) to £15,000 per square metre (£1,395 per square foot), as shown in Figure 2.17.1. As noted in Section 2, the highest sales values are achieved in the south (Clerkenwell, City Road and Old Street) and the lowest value are achieved in the north.
- 4.3 We have tested the impact of the provision of private units as rented by discounting the market value for these units by 20%, which reflects the discount we have seen on live developments when units are provided as Private Rented Sector stock. As previously noted, there is limited data on operating costs and investment yields and the actual discount may therefore vary depending on scheme-specific assumptions in relation to these variables. As noted in Section 2, this discount is offset to a degree by a reduction in profit margin of circa 5%, so the net reduction in value is 15%.
- 4.4 As noted earlier in the report, Savills predict that sales values will increase over the medium term (i.e. the next five years). Whilst this predicted growth cannot be guaranteed, we have run a series of sensitivity analyses assuming growth in sales values accompanied by cost inflation as summarised in Table 4.4.1. While these growth scenarios are based on a number of forecasts, they cannot be guaranteed and the results which these scenarios produce must be viewed as indicative only. We have also increased the benchmark land values in the growth scenarios by 10%, reflecting some improvement in the value of secondary assets.

Table 4.4.1: Growth scenario

Year	1 2018	2 2019	3 2020	4 2021	5 2022	6 2023 and each year thereafter
Values	0%	3%	5%	5%	5%	5%
Costs	0.5%	0.5%	1.0%	1.5%	2.0%	2.5%

Affordable housing tenure and values

- 4.5 The Council's existing strategic policy target is that at least 50% of units on a development should be provided as affordable, with a tenure split of 70% social rent and 30% intermediate. The Council intends to retain this approach in its new Local Plan and we have therefore tested 50% affordable alongside lower percentages. The Council historically accepted shared ownership as the intermediate element but this has become increasingly unaffordable to households on modest incomes. We have therefore reflected the Council's emerging approach of seeking intermediate rented units, let at London Living Rent.
- 4.6 For the purposes of establishing the viability of emerging plan policies, our appraisals assume that the social rented housing is let at rents that do not exceed target rent, as shown in Table 4.6.1. These rents are the lowest rates that RPs can charge.

Table 4.1.1: Development typologies tested in the study (all areas are square metre gross internal areas)

Site No.	Location	Summary of uses	Site area (sqm)	Total gross internal floorspace (sqm)	Total net internal floorspace (sqm)	Residential	Office	Retail: A-uses	Community	Hotel	Other	Ave dwelling size sqm GIA	Existing use
1	N7	Retail-led mixed-use development, with element of conventional residential accommodation on the upper floors	16,015	61,517	49,213	12,303	12,303	36,910				85	Supermarket
2	N19	Business led mixed use development. Intensification of business/retail space.	3,341	12,963	10,370	3,241	9,722					85	Job Centre
3	N4	Mixed use redevelopment of the site to include retail floorspace at ground floor level, flexible business floorspace suitable for SMEs on upper floors and an element of residential.	3,818	16,666	13,333	8,333	6,666	1,667				85	Retail units
4	N4	Hotel and some business use	1,311	12,081	9,665					9,665	2,416	85	Vacant public house
5	N4	Re-provision of retail with scope for residential development above.	3,541	10,991	8,793	7,694		3,297				85	Supermarket
6	N4	Business use including storage.	499	2,662	2,130						2,662	85	Temporary storage
7	N7	Intensification for residential	6,000	8,500	6,800	8,500						85	Community use
8	N7	Student accommodation.	5,167	29,350	23,480		1338	446			27,566	85	Vehicle repair workshop
9	N1	Re-provided/improved retail uses, significant amount of business use.	8,774	29,788	23,830		22,341	7,447				85	Supermarket
10	N1	Intensification for business use.	1,321	8,970	7,176		8,970					85	Leisure use

Site No.	Location	Summary of uses	Site area (sqm)	Total gross internal floorspace (sqm)	Total net internal floorspace (sqm)	Residential	Office	Retail: A-uses	Community	Hotel	Other	Ave dwelling size sqm GIA	Existing use
11	N7	Industrial uses.	4,251	18,556	14,844		8350				8,350	85	Industrial and storage
12	EC1M	Intensification of business use, with a small element of hotel use	1,563	28,332	22,665		22,665			5,666		85	Offices
13	, EC1R	Residential-led development to include some reprovision of social infrastructure/community use.	1,298	3,404	2,723	2,498	906					85	Community use
14	EC1R	Business uses, with retail on the ground floor.	1,931	11,238	8,991		4,495	1,124		5,619		85	Car park
15	, EC1V	Office led mixed use.	6,904	26,794	21,435		26,794					85	Offices
16	EC2Y	Office led mixed use.	3,300	69,142	55,313		62,227	6,914				85	Offices
17	EC2A	Intensification of business use.	3,146	12,206	9,765		12,206					85	Offices
18	, E8	Mixed use commercial and residential development, retaining and intensifying employment use, including offices (B1) at the ground floor and lower levels.	4,500	15,278	12,222	6,111	9,167					85	Offices and telecoms facility
19	N19	Residential with potential to re-provide the existing Cultural facility/ Another community use.	1,028	4,070	3,256	3,400			670			85	Community facility
20	N7	To redevelop existing community service facility for residential -led mixed use development. (B1/A1/A2/A3).	1,297	4,105	3,284	3,825	140	140				85	Community facility
21	N7	Residential development with retail on ground floor	747	2,600	2,080	2,210		390				85	Public House
22	N1	Reprovision of community sports facility with scope for residential development above.	1,100	3,830	3,064	3,230			600			85	Community sports facility

Site No.	Location	Summary of uses	Site area (sqm)	Total gross internal floorspace (sqm)	Total net internal floorspace (sqm)	Residential	Office	Retail: A-uses	Community	Hotel	Other	Ave dwelling size sqm GIA	Existing use
23	N7	Residential and nursery	1,590	1,700	1,360	1,700					450	85	Nursery
24	N19	Residential led development and reversion of employment use.	1,454	2,170	1,736	2,040	130					85	Former industrial/storage (cleared)
25	N4	Mixed-use/town centre uses, workspace for SMEs and	476	980	784	850	130					85	Social club
26	N7	The site is within the Vale Royal locally significant industrial site (LSIS). Any development should seek to intensify business use of the site.	2,919	3,887	3,110		973				2914	85	Storage
27	N7	Intensification of business use.	722	2,800	2,240		2,100				700	85	Industrial
28	N7	Intensification of business use.	1,476	3,770	3,016		3,770					85	Industrial
29	N7	Intensification of business use.	1,649	4,000	3,200		2,400				1600	85	Industrial
30	N19	Residential led development with an element of business floorspace	2,633	8,300	6,640	7,480	820					85	Public transport facility and community facility

Note: Appendix 1 provides a more detailed breakdown of uses by floorspace for each typology.

Table 4.6.1: Affordable housing rents (per week)

Rent type	1 bed	2 bed	3 bed	4 bed
Social Rent	£150.03	£158.84	£167.67	£176.49
London Living Rent (intermediate tenure) ¹⁵	£171	£190	£209	£228

4.7 In the July 2015 Budget, the Chancellor announced that Registered Providers ('RPs') will be required to reduce rents by 1% per annum for the next four years. This will reduce the capital values that RPs will pay developers for completed affordable housing units. From 2019/20 onwards, RPs will be permitted to increase rents by CPI plus 1% per annum. Given that rents will be increasing by CPI plus 1% by the time the Local Plan is adopted, we have applied this assumption to our appraisals.

4.8 The capital values generated by the two affordable housing tenures are summarised in Table 4.8.1.

Table 4.8.1: Capital values of affordable housing (per square foot Net Internal Area)

Tenure	1 bed	2 bed	3 bed	4 bed	Blended value
Social Rent	£309	£244	£197	£198	£221
London Living Rent	£480	£384	£302	£296	£343

4.9 As an alternative to London Living Rent, we have tested 30% shared ownership aimed at households on gross incomes of up to £60,000 which generates capital values of approximately 55% of market value.

4.10 The CLG/HCA 'Shared Ownership and Affordable Homes Programme 2016-2021: Prospectus' document clearly states that Registered Providers will not receive grant funding for any affordable housing provided through planning obligations on developer-led developments. However, grant funding is sometimes made available by the GLA and we have tested the impact at £70,000 per social rented unit and £38,000 per intermediate unit.

Rents and yields for commercial development

4.11 Our assumptions on rents and yields for the retail, office and industrial floorspace are summarised in Table 4.12.1. These assumptions are informed by lettings of similar floorspace in the area over the past year. Our appraisals assume a 12-month rent-free period for both retail and office floorspace.

Table 4.12.1: Commercial rents (£s per square metre) and yields

Commercial floorspace	Rent per square metre	Investment yield	Rent free period (months)
Retail	South of borough: £650	5.25%	12
	Rest of borough: £400	6.00%	12
Office	South of borough: £700	5.00%	12
	Rest of borough: £450	5.00%	12
Light industrial (B1c)	Borough-wide: £250	6.00%	12
Industrial and warehousing	Borough-wide: £188	6.00%	12
Student housing	Borough-wide: £396	5.00%	12
Hotel	South of borough: £600	5.00%	12
	Rest of borough: £500	5.00%	12

¹⁵ Based on borough average of ward data produced by GLA at <https://www.london.gov.uk/what-we-do/housing-and-land/renting/london-living-rent>

Build costs

- 4.12 We have sourced build costs from the RICS Building Cost Information Service (BCIS), which is based on tenders for actual schemes. Base costs (adjusted for local circumstances by reference to BICS multiplier) are as follows:
- Flats (3 – 5 storeys): £2,016 per square metre;
 - Flats (6+ storeys): £2,376 per square metre;
 - Retail: £1,655 to £2,060 per square metre;
 - Supermarkets: £1,907 - £2,458 per square metre;
 - Offices: £2,507 per square metre;
 - B1 Light industrial: £1,645 per square metre;
 - B2 Industrial: £1,273 per square metre;
 - Warehouse/storage: £1,334 per square metre;
 - Student housing and co-living: £2,538 per square metre;
 - Hotel: £2,822 per square metre
 - D1/D2 Education, health, leisure etc: £2,060 per square metre.
- 4.13 In addition, the base costs above are increased by 15% to account for external works (including car parking spaces for wheelchair users) and 6% for the costs of meeting the energy requirements now embedded into Part L of the Building Regulations.

Zero carbon and BREEAM

- 4.14 The 'Greater London Authority Housing Standards Review: Viability Assessment' estimates that the cost of achieving zero carbon standards is 1.4% of base build costs. The Council has provided calculations of the carbon offset payment required for each site, as noted for each site in Appendix 1.
- 4.15 For commercial developments, we have increased base build costs by 2% to allow for the extra-over costs of achieving BREEAM 'excellent' standard¹⁶. This is assumed to also address the 'excellent;' standard in relation to water efficiency, for which no clear data is available.
- 4.16 The Council's revised policy promotes the use of the Fabric Energy Efficiency Standard (FEES) on new residential development, and sets standard for "interim" and "full" fees. This is based on energy modelling work undertaken as part of a separate Energy Study by consultancy Etude.
- 4.17 The energy modelling has concluded that compliance with the 'interim' FEES, and future transition to 'full' FEES, will discourage poorly efficient buildings (i.e. those proposing an inefficient form alongside inefficient specifications) without precluding a wide range of residential developments in Islington. The FEES have the potential to assist viability because designers will be able to achieve greater energy efficiency by improving building form, in addition to specification, which is likely to be cost neutral or potentially cost positive. Compliance with the FEES levels recommended by the Zero Carbon Hub not only supports carbon reduction, but also long term energy security and the reduction of fuel poverty.

¹⁶ Based on 'Delivering Sustainable Buildings: savings and payback', BREEAM and Sweett Group Research 2014, which identified an increase of between 0.87% to 1.71% of build costs

Accessibility standards

- 4.18 Our appraisals assume that all units are constructed to meet wheelchair accessibility standards (Category 2) apply to all dwellings at an average cost of £521 per house and £924 per unit for flats. In addition, we have assumed that Category 3 standard applies to 10% of dwellings at a cost of £22,694 per house and £7,908 per flat¹⁷. These costs address both parts A and B of the requirements (i.e. that the communal areas are designed and fitted out to allow wheelchair access and also that the dwellings themselves are designed and fitted out to facilitate occupation by wheelchair users).
- 4.19 The Council is seeking to apply an additional accessible car parking levy of £2,000 per space. The number of spaces required is calculated on the following bases:
- 1 space per 10 residential units;
 - 1 space per 10 hotel or student housing rooms;
 - 1 space per 33 new employees in a commercial development.

Professional fees

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

Development finance

- 4.21 Our appraisals assume that development finance can be secured at a rate of 6%, inclusive of arrangement and exit fees, reflective of current funding conditions.

Marketing costs

- 4.22 Our appraisals incorporate an allowance of 3% for marketing costs, which includes show homes and agents' fees, plus 0.5% for sales legal fees.

Mayoral CIL

- 4.23 Mayoral CIL is payable on most developments that receive planning consent from 1 April 2012 onwards. Islington falls within Zone 1, where a CIL of £60 per square metre is levied. The Mayoral CIL takes precedence over Borough requirements, including affordable housing. Our appraisals take into account Mayoral CIL.
- 4.24 The Mayor has recently submitted a revised charging schedule for examination which will (if adopted) increase the rate in Islington to £80 per square metre. The proposed Mayoral CIL was examined in September 2018 with an anticipated date for introduction of 1 April 2019. If the Mayoral CIL rates change, the Council would need to consider any potential impact on its own rates. However, CIL rates have never increased as a result of examination and have only been reduced. Given that we have applied the full proposed CIL rates any changes will almost certainly be downwards which will improve viability.

Islington CIL

- 4.25 As previously noted, the Council approved its CIL Charging Schedule on 26 June 2014 and it came into effect on 1 September 2014. Table 4.25.1 below summarises the prevailing rates of CIL (the indexed rates are shown in italics).

¹⁷ Based on DCLH 'Housing Standards Review: Cost Impacts' September 2014

Table 4.25.1: CIL rates per net additional square metre in the Charging Schedule (indexed rates shown in italics)

Use	CIL rate (pounds per square metre)	
	Zone A	Zone B
Residential dwellings (Use classes C3, C4); Residential institutions (Use class C2, C2A), not including: Public Health Facilities and Public Care Facilities	£300 <i>(£397)</i>	£250 <i>(£331)</i>
Retail (Use classes A1, A2, A3, A4, A5)	£175 <i>(£231)</i>	£125 <i>(£165)</i>
Hotels (Use class C1), apart-hotels	£350 <i>(£463)</i>	£250 <i>(£331)</i>
Offices (Use class B1a)	£80 <i>(£106)</i>	£0
Student accommodation	£400 <i>(£529)</i>	
Conference centres; nightclubs; private members' clubs; amusement centres; Assembly and leisure (Use class D2), not including public leisure facilities	£80 <i>(£106)</i>	
Research and development of products and processes (Use class B1b); Light industry appropriate in a residential area (Use class B1c); General industrial (Use class B2); Storage or Distribution (Use class B8); Public Leisure Facilities; Public Health Facilities; Public Care Facilities; Public Waste Facilities; Emergency Service Facilities; Water and Waste-Water Facilities; Non-residential Institutions (Use class D1) not including conference centres; sui generis, not including student accommodation; nightclubs; private members' clubs; and amusement centres.	£0	

The amended CIL Regulations specify that if any part of an existing building is in lawful use for 6 months within the 36 months prior to the time at which planning permission first permits development, all of the existing floorspace will be deducted when determining the amount of chargeable floorspace. This is likely to be the case for many development sites in Islington but not all existing floorspace will qualify. Therefore, for the purposes of our appraisals, we have assumed that there is no deduction for existing floorspace to ensure that the proposed CIL rate is viable for developments where there is no qualifying existing floorspace to net off.

Section 106 costs

- 4.26 To account for residual Section 106 requirements, we have included an allowance of up to £20 per square metre for non-residential development and up to £1,500 per unit for residential development (the precise amount varies between the typologies, as shown at Appendix 1). The actual amounts will of course be subject to site-specific negotiations when schemes are brought forward through the development management process.
- 4.27 In addition to the allowances above, our appraisals include an allowance for Section 278 works of £1,000 per residential unit and £15 per square metre for commercial developments.

Student housing – affordable student housing provision

- 4.28 The new draft London Plan policy H17A4 requires that student housing makes provision for affordable student accommodation, which we have applied using the £155 per week benchmark rent. In our appraisals, the percentage of affordable student accommodation is applied at the same rate as other residential schemes. Market rents for student housing in Islington are as follows:
- Pure Student Living, Highbury: £220 to £315 per week, 51 week tenancies

- Chapter Islington: £259 to £389 per week, 51 week tenancies
- Unite Student Living Heights, Clerkenwell: £242 to £320 per week, 51 week tenancies.

Our appraisals assume a rent of £235 per week for market units and £155 per week for affordable units with a £2,000 per unit deduction for management and maintenance. Our appraisals assume that the affordable element is let on 38 week tenancies and the full rent units are let on 51 week tenancies.

Affordable workspace

- 4.29 The Council is seeking to secure affordable workspace in commercial developments at a rate of 10% of floorspace provided to an affordable workspace provider at a peppercorn rent for 20 years. We have also tested discounts of 20% of space using the same level of discount (i.e. peppercorn rent for 20 years).

Development and sales periods

- 4.30 Development and sales periods vary between type of scheme. However, our sales periods are based on an assumption of a sales rate of 6 units per month, with an element of off-plan sales reflected in the timing of receipts. This is reflective of current market conditions, whereas in improved markets, a sales rate of up to 8 units per month might be expected. We also note that many schemes in London have sold entirely off-plan, in some cases well in advance of completion of construction. Clearly markets are cyclical and sales periods will vary over the economic cycle and the extent to which units are sold off-plan will vary over time. Our programme assumptions assume that units are sold over varying periods after completion, which is a conservative approach.

Developer's profit

- 4.31 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. 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).
- 4.32 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.
- 4.33 The near collapse of the global banking system in the final quarter of 2008 is resulting in a much tighter regulatory system, with UK banks having to take a much more cautious approach to all lending. In this context, and against the backdrop of the current sovereign debt crisis in the Eurozone, the banks were for a time reluctant to allow profit levels to decrease. However, perceived risk in the UK housing market is receding, albeit there is a degree of caution in prime central London markets as a consequence of the outcome of the referendum on the UK's membership of the EU. We have therefore adopted a profit margin of 18% of private GDV for testing purposes, although individual schemes may require lower or higher profits, depending on site specific circumstances.
- 4.34 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. A reduced profit level on the affordable housing reflects the GLA 'Development Control Toolkit' guidance (February 2014) and Homes and Communities Agency's guidelines in its Development Appraisal Tool (August 2013).

Exceptional costs

- 4.35 Exceptional costs can be an issue for development viability on previously developed land. These

costs relate to works that are 'atypical', such as remediation of sites in former industrial use and that are over and above standard build costs. However, in the absence of details site investigations, it is not possible to provide a reliable estimate of what exceptional costs might be. Our analysis therefore excludes exceptional costs, as to apply a blanket allowance would generate misleading results. An 'average' level of costs for abnormal ground conditions and some other 'abnormal' costs is already reflected in BCIS data, as such costs are frequently encountered on sites that form the basis of the BCIS data sample. As stated above, the Council has advised that it is considered unlikely that the types of sites coming forward in Islington will have significant abnormal costs.

Benchmark land value

- 4.36 Benchmark land value, based on the existing use value of sites is a key consideration in the assessment of development economics for testing planning policies. Clearly, there is a point where the Residual Land Value (what the landowner receives from a developer) that results from a scheme may be less than the land's existing use value. Existing use values can vary significantly, depending on the demand for the type of building relative to other areas. Similarly, subject to planning permission, the potential development site may be capable of being used in different ways – as a hotel rather than residential for example; or at least a different mix of uses. Existing use value is effectively the 'bottom line' in a financial sense and therefore a key factor in this study.
- 4.37 We have arrived at a broad judgement on the likely existing use value for each site based on their rateable values. Rateable values are determined by the rents payable for similar types of property, assuming they are in reasonable condition and capable of occupation. Rateable values were published in 2017.
- 4.38 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 at the planning application stage. As such, current use values should be regarded as benchmarks rather than definitive fixed variables on a site by site basis.
- 4.39 The calculation of benchmark land values for each site are summarised at Appendix 1. This includes the assumed rentals for each of the sites (based on their rateable values), the investment yield applied, the existing use value, the premium and calculated benchmark land value. The benchmark land values for each site are also shown alongside the results in the next sections of the report.

5 Appraisal outputs

- 5.1 The full inputs to and outputs from our appraisals of the various developments are set out in Section 6 and appendices 2 to 5. We have appraised 30 development typologies, reflecting different densities and types of development across the Borough. These typologies include non-residential uses, including offices, retail and industrial floorspace.
- 5.2 Each appraisal incorporates (where relevant) the following levels of affordable housing:
- 50% affordable housing;
 - 45% affordable housing;
 - 40% affordable housing;
 - 35% affordable housing;
 - 30% affordable housing;
 - 20% affordable housing;
 - 10% affordable housing;
 - 0% affordable housing.
- 5.3 All the scenarios above are run assuming a tenure mix of 70% social rent and 30% Intermediate (London Living Rent); and 70% social rent and 30% shared ownership.
- 5.4 The schemes are tested on a grant and no-grant basis. Assumed grant levels are £70,000 per social rented unit and £38,000 per intermediate unit.
- 5.5 The results of our appraisals with the various tenure scenarios are presented as tables showing the assumed residential sales value and the resulting residual land values for each scheme. An example is provided below. Where residual land values exceed the relevant benchmark land value, the cell is shown in green, meaning it is viable. Where the residual land value is lower than the relevant benchmark land value, the cell is shown in red, meaning it is unviable.

Figure 5.5.1: Example of appraisal outputs

Site no	Site	Benchmark land value	Affordable workspace provision										No of resi units
			No affordable workspace	5% of floorspace 10 years	5% of floorspace, 15 years	5% of floorspace, 20 years	10% of floorspace, 10 years	10% of floorspace, 15 years	10% of floorspace, 20 years	20% of floorspace, 10 years	20% of floorspace, 15 years	20% of floorspace, 20 years	
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£30.92	£29.78	£29.43	£29.18	£28.98	£28.78	£27.97	£27.29	£26.85	£24.78	145
2	Business led mixed use development. Intensification of business/retail space	£9.09	£15.85	£12.96	£12.89	£12.47	£12.31	£11.73	£11.25	£10.96	£9.82	£9.89	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£11.48	£11.02	£10.82	£10.87	£10.56	£10.17	£9.86	£9.65	£5.96	£8.23	98
4	Hotel and some business use	£3.45	£13.42	£13.25	£13.18	£13.12	£13.09	£12.84	£12.83	£12.75	£12.46	£12.23	0
6	Business use including storage	£0.19	£3.39	£3.20	£3.12	£3.06	£3.01	£2.85	£2.73	£2.64	£2.32	£2.01	0
8	Student accommodation	£2.80	£5.95	£4.96	£4.92	£4.89	£4.87	£4.79	£4.72	£4.65	£4.52	£4.38	0
9	Re-provided retail, business use and residential development	£56.14	£101.42	£96.91	£97.86	£97.04	£96.41	£94.31	£92.67	£91.39	£87.29	£83.91	0
10	Intensification for business use.	£9.60	£31.49	£30.40	£30.96	£29.73	£29.48	£28.64	£27.96	£27.47	£25.78	£24.46	0
11	Industrial uses.	£27.57	£8.86	£9.27	£8.91	£8.83	£8.88	£8.16	£7.78	£7.52	£6.11	£5.75	0
12	Intensification of business use, with hotel	£112.61	£96.88	£88.26	£87.20	£86.36	£86.72	£83.38	£81.80	£80.83	£78.38	£73.04	0
13	Residential-led development and re-provision of community use	£1.78	£5.35	£5.25	£5.21	£5.17	£5.15	£5.05	£5.00	£4.95	£4.78	£4.64	29
14	Business uses, with retail on the ground floor	£9.30	£29.89	£29.39	£29.18	£29.01	£28.86	£28.46	£28.13	£27.86	£27.03	£26.37	0
15	Office led mixed use	£57.89	£94.25	£91.24	£89.99	£89.00	£88.24	£85.72	£83.75	£82.23	£77.19	£73.25	0
16	Office led mixed use	£186.70	£249.89	£233.02	£228.16	£227.81	£226.84	£225.18	£215.62	£212.07	£209.38	£181.23	0
17	Intensification of business use	£40.26	£43.63	£41.88	£41.98	£40.84	£40.29	£39.38	£38.59	£37.94	£36.26	£35.48	0
18	Mixed use commercial (B1) intensifying employment use and residential	£4.30	£18.95	£18.42	£18.14	£18.93	£18.79	£18.28	£18.01	£18.53	£17.44	£15.58	72
20	Residential-led mixed use development (B1A1/A2/A3)	£4.00	£2.98	£2.92	£2.24	£2.24	£2.24	£2.24	£2.24	£2.24	£2.21	£2.18	45
24	Residential led development and re-provision of employment use	£0.73	£1.49	£1.48	£1.47	£1.47	£1.46	£1.45	£1.44	£1.44	£1.41	£1.38	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£0.59	£0.58	£0.57	£0.57	£0.56	£0.55	£0.55	£0.55	£0.53	£0.51	10
26	Intensification of light industrial use	£2.33	£1.91	£1.84	£1.71	£1.68	£1.67	£1.66	£1.66	£1.64	£1.62	£1.61	0
27	Intensification of business use	£1.12	£1.38	£1.29	£1.26	£1.23	£1.21	£1.14	£1.08	£1.04	£0.90	£0.79	0
29	Intensification of business use	£1.28	£0.77	£0.71	£0.69	£0.67	£0.66	£0.63	£0.62	£0.61	£0.48	£0.37	0
30	Residential led development with an element of business floorspace	£1.20	£4.89	£4.82	£4.91	£4.89	£4.88	£4.83	£4.79	£4.76	£4.66	£4.58	88

- 5.6 The Student housing scheme was tested assuming that a proportion of bed spaces are rented at 'affordable rents' which as noted previously are considered to equate to £155 per week, based on 55% of the maintenance loan available to an undergraduate studying in London.
- 5.7 All the scenarios are tested with the growth and inflation rates summarised in Table 4.3.1.
- 5.8 Policies seeking affordable workspace are tested separately using the commercial typologies. All schemes include employment and training levies and an accessible parking contributions.

6 Assessment of appraisal results

- 6.1 This section sets out the results of our appraisals with the residual land values calculated for scenarios with sales values and capital values reflective of market conditions across the Borough. We have firstly tested the impact of emerging plan policies to assist the Council in its decision making on potential options.

Affordable workspace

- 6.2 The Council is considering an affordable workspace policy which will require a percentage of B1 (a) office floorspace to be let at a peppercorn rent for 20 years. We have tested 5%, 10%, and 20% of floorspace let at peppercorn rents for 10, 15 and 20 years.
- 6.3 The results of our appraisals of the schemes which include office floorspace are summarised in tables 6.3.1 and 6.3.2. These tables includes all schemes which provide an element of office floorspace, even when this is not the primary use within the development. As many of the schemes also include residential, we have assumed 50% affordable housing (70% social rent and 30% London Living Rent), with and without grant funding. All other policy requirements are also incorporated (Section 106 and CIL, employment and training levies, and accessible parking).
- 6.4 The impact of the emerging policy requirement varies depending on the balance of uses in each scheme. Where a scheme comprises mostly B1 (a) office floorspace, the impact of the requirement will have a more significant impact on the residual land value. For example, the residual land value generated by Site 16 falls significantly, as it is comprised almost entirely of office floorspace. However, the residual land value remains well above the Site's existing use value.
- 6.5 For office-led developments, all the developments tested remain viable after the 10% affordable workspace is applied for a 10-year period, although site 17 becomes unviable if the requirement is extended to 15 years and 20 years respectively. Some sites are unviable before the requirement is applied and are therefore unlikely to come forward. This is because these sites have high existing use values. All of the sites that were viable before the policy requirement is applied remain viable after 10% affordable workspace is reflected.

Student housing – bursaries

- 6.6 The Council is intending to seek a bursary payment which will equate to 2.4% of the annual gross rent for a 30-year period following completion.
- 6.7 In addition, London Plan policy H17A4 requires that 35% of units should be provided at affordable rent levels. For the purposes of the policy, 'affordable' is defined as 55% of the maximum loan income that a new full-time student studying in London and living away from home could receive from the government's maintenance loan. This currently equates to a rent of £155 per week.
- 6.8 Site 8 is a student housing development providing 27,566 square metres of gross internal floorspace. The Site's existing use is a Vehicle Repair Workshop with a value of circa £2.8 million. The residual land value generated by the development with no affordable housing and no student bursary requirement is £46.66 million, which falls to £18.24 million if the London Plan affordable housing requirement of 35% is factored in. The bursary requirement of 2.4% of rental roll has a less significant impact on the residual land value, with residual and values falling from £18.37 million to £11.95 million. If the bursary is increased to 5% of rental roll, the residual land value would fall to £4.87 million.

Table 6.3.1: Affordable workspace provision – residual land values in millions. Where relevant, affordable housing provided at 50% (70% social rent and 30% London Living Rent) – no grant funding. Employment and Training levies and accessible parking requirements applied

Site no	Site	Benchmark land value	Affordable workspace provision										No of resi units
			No affordable workspace	5% of floorspace 10 years	5% of floorspace, 15 years	5% of floorspace, 20 years	10% of floorspace, 10 years	10% of floorspace, 15 years	10% of floorspace, 20 years	20% of floorspace, 10 years	20% of floorspace, 15 years	20% of floorspace, 20 years	
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£30.62	£29.79	£29.43	£29.15	£28.96	£28.23	£27.67	£27.29	£25.85	£24.72	145
2	Business led mixed use development. Intensification of business/retail space	£9.09	£13.65	£12.98	£12.69	£12.47	£12.31	£11.73	£11.28	£10.98	£9.82	£8.91	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£11.48	£11.02	£10.82	£10.67	£10.56	£10.17	£9.86	£9.65	£8.86	£8.23	98
4	Hotel and some business use	£0.45	£13.42	£13.25	£13.18	£13.12	£13.09	£12.94	£12.83	£12.75	£12.46	£12.23	0
6	Business use including storage.	£0.19	£3.39	£3.20	£3.12	£3.06	£3.01	£2.85	£2.73	£2.64	£2.32	£2.07	0
8	Student accommodation	£2.80	£5.05	£4.96	£4.92	£4.89	£4.87	£4.79	£4.72	£4.68	£4.52	£4.39	0
9	Re-provided retail, business use and residential development	£56.14	£101.42	£98.91	£97.86	£97.04	£96.41	£94.31	£92.67	£91.39	£87.20	£83.91	0
10	Intensification for business use.	£9.60	£31.49	£30.48	£30.05	£29.73	£29.48	£28.64	£27.98	£27.47	£25.78	£24.46	0
12	Intensification of business use, with hotel	£112.61	£98.80	£88.26	£87.20	£86.36	£85.72	£83.59	£81.92	£80.83	£76.38	£73.04	0
13	Residential-led development and reprovision of community use	£1.78	£5.35	£5.25	£5.21	£5.17	£5.15	£5.06	£5.00	£4.95	£4.78	£4.64	29
14	Business uses, with retail on the ground floor	£9.30	£29.89	£29.39	£29.18	£29.01	£28.88	£28.46	£28.13	£27.88	£27.03	£26.37	0
15	Office led mixed use	£57.69	£94.25	£91.24	£89.99	£89.00	£88.24	£85.72	£83.75	£82.23	£77.19	£73.25	0
16	Office led mixed use	£106.70	£240.00	£233.02	£230.10	£227.81	£226.04	£220.19	£215.62	£212.07	£200.39	£191.23	0
17	Intensification of business use	£40.26	£43.03	£41.66	£41.09	£40.64	£40.29	£39.15	£38.25	£37.55	£35.26	£33.47	0
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£16.05	£15.42	£15.14	£14.93	£14.79	£14.24	£13.81	£13.53	£12.44	£11.58	72
20	Residential-led mixed use development. (B1/A1/A2/A3)	£4.00	£2.28	£2.25	£2.25	£2.24	£2.24	£2.23	£2.23	£2.22	£2.21	£2.19	45
24	Residential led development and reprovision of employment use	£0.73	£1.49	£1.46	£1.47	£1.47	£1.46	£1.45	£1.44	£1.44	£1.41	£1.39	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£0.59	£0.58	£0.57	£0.57	£0.57	£0.56	£0.55	£0.55	£0.53	£0.52	10
30	Residential led development with an element of business floorspace	£1.28	£4.99	£4.93	£4.91	£4.89	£4.88	£4.83	£4.79	£4.76	£4.66	£4.59	88

Table 6.3.2: Affordable workspace provision – residual land values in millions. Where relevant, affordable housing provided at 50% (70% social rent and 30% London Living Rent) – with grant funding. Employment and Training levies and accessible parking requirements applied

Site no	Site	Benchmark land value	Affordable workspace provision										No of resi units
			No affordable workspace	5% of floorspace 10 years	5% of floorspace, 15 years	5% of floorspace, 20 years	10% of floorspace, 10 years	10% of floorspace, 15 years	10% of floorspace, 20 years	20% of floorspace, 10 years	20% of floorspace, 15 years	20% of floorspace, 20 years	
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£34.49	£33.66	£33.39	£33.01	£32.63	£32.10	£31.54	£31.18	£29.73	£28.58	145
2	Business led mixed use development. Intensification of business/retail space.	£9.09	£14.68	£14.02	£13.73	£13.50	£13.35	£12.77	£12.32	£12.01	£10.85	£9.95	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£14.11	£13.66	£13.46	£13.31	£13.20	£12.81	£12.50	£12.29	£11.50	£10.87	98
4	Hotel and some business use	£0.45	£13.42	£13.25	£13.18	£13.12	£13.09	£12.94	£12.83	£12.75	£12.46	£12.23	0
6	Business use including storage.	£0.19	£3.39	£3.20	£3.12	£3.06	£3.01	£2.85	£2.73	£2.64	£2.32	£2.07	0
8	Student accommodation	£2.80	£5.05	£4.96	£4.92	£4.89	£4.87	£4.79	£4.72	£4.68	£4.52	£4.39	0
9	Re-provided retail, business use and residential development	£56.14	£101.42	£98.91	£97.86	£97.04	£96.41	£94.31	£92.67	£91.39	£87.20	£83.91	0
10	Intensification for business use.	£9.60	£31.49	£30.48	£30.06	£29.73	£29.48	£28.64	£27.98	£27.47	£25.78	£24.46	0
12	Intensification of business use, with hotel	£112.61	£90.80	£88.28	£87.20	£86.36	£85.72	£83.59	£81.92	£80.63	£76.38	£73.04	0
13	Residential-led development and re-provision of community use	£1.78	£6.15	£6.05	£6.01	£5.98	£5.95	£5.87	£5.80	£5.75	£5.58	£5.44	29
14	Business uses, with retail on the ground floor	£9.30	£29.89	£29.39	£29.18	£29.01	£28.88	£28.46	£28.13	£27.88	£27.03	£26.37	0
15	Office led mixed use	£57.69	£94.25	£91.24	£89.99	£89.00	£88.24	£85.72	£83.75	£82.23	£77.19	£73.25	0
16	Office led mixed use	£106.70	£240.00	£233.02	£230.10	£227.81	£226.04	£220.19	£215.62	£212.07	£200.39	£191.23	0
17	Intensification of business use	£40.26	£43.03	£41.66	£41.09	£40.64	£40.29	£39.15	£38.25	£37.55	£35.26	£33.43	0
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£17.99	£17.36	£17.09	£16.87	£16.73	£16.18	£15.76	£15.47	£14.38	£13.52	72
20	Residential-led mixed use development. (B1/A1/A2/A3)	£4.00	£3.49	£3.48	£3.47	£3.47	£3.47	£3.46	£3.45	£3.45	£3.43	£3.42	45
24	Residential led development and re-provision of employment use	£0.73	£2.15	£2.13	£2.13	£2.12	£2.12	£2.11	£2.10	£2.09	£2.06	£2.05	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£0.86	£0.85	£0.84	£0.84	£0.84	£0.83	£0.83	£0.82	£0.81	£0.79	10
30	Residential led development with an element of business floorspace	£1.28	£7.38	£7.33	£7.30	£7.28	£7.27	£7.22	£7.18	£7.16	£7.06	£6.98	88

Table 6.8.1: Impact of student housing bursary and affordable housing requirement on residual land values £m¹⁸

Scheme	Benchmark land value	No policies applied	London Plan affordable housing requirement	London Plan affordable housing requirement and student bursary (2.4% of rental roll)	London Plan affordable housing requirement and student bursary (5% of rental roll)
8 – Student housing	£2.80	£46.66	£18.24	£11.82	£4.87

Affordable housing

- 6.9 As noted in Section 4.9, we have tested a series of tenure scenarios, which are summarised in Table 6.9.1 below. For all the scenarios, we have tested an overall tenure split of 70% rented/30% intermediate with the intermediate element tested as London Living Rent or shared ownership. The results are summarised in tables 6.9.2. and 6.9.3 (intermediate housing assumed to be provided as London Living Rent), with no affordable workspace and tables 6.9.4 and 6.9.5 (intermediate assumed to be provided as shared ownership), with no affordable workspace. Tables 6.9.6 to 6.9.9 then repeat this analysis incorporating (where relevant) the affordable workspace requirement at 10% of floorspace for a 10-year period. The analysis is then carried out for 10% of floorspace for a 20 year period in tables 6.9.10 to 6.9.13.

Table 6.9.1: Affordable housing percentage and tenure scenarios

Assumed aff hsg percentage	Grant	% rented	Type of rented housing	% intermediate	Type of intermediate	Affordable workspace (only applies to schemes including office floorspace)
0%, 10%, 20%, 30%, 35%, 40%, 45% and 50%	No	70%	Social Rented	30%	London Living rent	Not included
0%, 10%, 20%, 30%, 35%, 40%, 45% and 50%	Yes	70%	Social Rented	30%	London Living rent	Not included
0%, 10%, 20%, 30%, 35%, 40%, 45% and 50%	No	70%	Social Rented	30%	Shared ownership	Not included
0%, 10%, 20%, 30%, 35%, 40%, 45% and 50%	Yes	70%	Social Rented	30%	Shared ownership	Not included
0%, 10%, 20%, 30%, 35%, 40%, 45% and 50%	No	70%	Social Rented	30%	London Living rent	Included
0%, 10%, 20%, 30%, 35%, 40%, 45% and 50%	Yes	70%	Social Rented	30%	London Living rent	Included
0%, 10%, 20%, 30%, 35%, 40%, 45% and 50%	No	70%	Social Rented	30%	Shared ownership	Included
0%, 10%, 20%, 30%, 35%, 40%, 45% and 50%	Yes	70%	Social Rented	30%	Shared ownership	Included

¹⁸ This scheme includes an element of office floorspace to which we have applied the emerging Affordable Workspace policy at a rate of 10% of floorspace for 10 years

Table 6.9.2: Residual values – 70% Social Rented, 30% London Living Rent, no affordable workspace required on relevant schemes, accessible parking charges included, employment and training levies included

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£48.62	£43.42	£40.22	£37.02	£35.42	£33.82	£32.22	£30.62	145
2	Business led mixed use development. Intensification of business/retail space	£9.09	£17.52	£16.75	£15.97	£15.20	£14.81	£14.42	£14.04	£13.65	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£22.29	£20.13	£17.96	£15.80	£14.72	£13.64	£12.56	£11.48	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£13.50	£11.47	£9.44	£8.42	£7.40	£6.38	£5.37	91
7	Intensification for residential	£0.76	£14.44	£12.41	£10.37	£8.34	£7.32	£6.31	£5.29	£4.27	100
13	Residential-led development and reversion of community use	£1.78	£10.21	£9.24	£8.27	£7.30	£6.81	£6.32	£5.84	£5.35	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£24.88	£23.11	£21.35	£19.58	£18.70	£17.81	£16.93	£16.05	72
19	Residential with reprovided Cultural facility/another community use	£0.93	£5.81	£5.00	£4.19	£3.37	£2.97	£2.56	£2.16	£1.75	40
20	Residential -led mixed use development. (B1/A1/A2/A3)	£4.00	£6.84	£5.92	£5.01	£4.09	£3.63	£3.18	£2.72	£2.26	45
21	Residential development with retail on ground floor	£1.84	£3.46	£2.93	£2.40	£1.88	£1.61	£1.35	£1.08	£0.82	26
22	Reprovision of community sports facility with residential development above	£0.62	£8.29	£7.21	£6.13	£5.05	£4.51	£3.97	£3.43	£2.89	38
23	Residential and nursery	£0.76	£2.69	£2.26	£1.88	£1.47	£1.27	£1.06	£0.86	£0.66	20
24	Residential led development and reversion of employment use	£0.73	£3.93	£3.45	£2.96	£2.47	£2.23	£1.98	£1.74	£1.49	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£1.60	£1.40	£1.20	£0.99	£0.89	£0.79	£0.69	£0.59	10
30	Residential led development with an element of business floorspace	£1.28	£13.94	£12.15	£10.36	£8.57	£7.67	£6.78	£5.89	£4.99	88

Table 6.9.3: Residual values – with grant – 70% Social Rented, 30% London Living Rent, no affordable workspace required on relevant schemes, accessible parking charges included, employment and training levies included

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£48.62	£44.20	£41.77	£39.34	£38.13	£36.92	£35.70	£34.49	145
2	Business led mixed use development. Intensification of business/retail space.	£9.09	£17.52	£16.95	£16.39	£15.82	£15.53	£15.25	£14.97	£14.68	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£22.29	£20.86	£19.03	£17.40	£16.58	£15.76	£14.93	£14.11	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£14.00	£12.47	£10.92	£10.15	£9.38	£8.61	£7.84	91
7	Intensification for residential	£0.76	£14.44	£12.96	£11.47	£9.98	£9.24	£8.49	£7.74	£7.00	100
13	Residential-led development and reversion of community use	£1.78	£10.21	£9.40	£8.59	£7.78	£7.37	£6.97	£6.56	£6.15	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£24.88	£23.50	£22.13	£20.75	£20.06	£19.37	£18.68	£17.99	72
19	Residential with reprovided Cultural facility/another community use	£0.93	£5.81	£5.22	£4.63	£4.03	£3.73	£3.43	£3.14	£2.84	40
20	Residential -led mixed use development. (B1/A1/A2/A3)	£4.00	£6.84	£6.17	£5.50	£4.83	£4.49	£4.16	£3.82	£3.49	45
21	Residential development with retail on ground floor	£1.84	£3.46	£3.08	£2.69	£2.30	£2.11	£1.91	£1.72	£1.53	26
22	Reprovision of community sports facility with residential development above	£0.62	£8.29	£7.42	£6.55	£5.67	£5.24	£4.80	£4.36	£3.93	38
23	Residential and nursery	£0.76	£2.69	£2.39	£2.10	£1.80	£1.65	£1.50	£1.35	£1.20	20
24	Residential led development and reversion of employment use	£0.73	£3.93	£3.58	£3.22	£2.86	£2.68	£2.51	£2.33	£2.15	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£1.60	£1.45	£1.31	£1.16	£1.08	£1.01	£0.93	£0.86	10
30	Residential led development with an element of business floorspace	£1.28	£13.94	£12.63	£11.32	£10.01	£9.35	£8.70	£8.04	£7.38	88

Table 6.9.4: Residual values – no grant – 70% Social Rented, 30% shared ownership, no affordable workspace required on relevant schemes, accessible parking charges included, employment and training levies included

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£46.62	£43.61	£40.60	£37.58	£36.07	£34.57	£33.06	£31.55	145
2	Business led mixed use development. Intensification of business/retail space	£9.09	£17.52	£16.80	£16.07	£15.35	£14.99	£14.62	£14.26	£13.90	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£22.29	£20.25	£18.22	£16.19	£15.17	£14.15	£13.13	£12.12	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£13.62	£11.71	£9.79	£8.84	£7.88	£6.92	£5.97	91
7	Intensification for residential	£0.76	£14.44	£12.54	£10.64	£8.74	£7.79	£6.84	£5.89	£4.94	100
13	Residential-led development and re-provision of community use	£1.78	£10.21	£9.28	£8.35	£7.41	£6.95	£6.48	£6.01	£5.55	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£24.88	£23.21	£21.53	£19.86	£19.02	£18.19	£17.35	£16.52	72
19	Residential with re-provided Cultural facility/another community use	£0.93	£5.81	£5.05	£4.29	£3.53	£3.15	£2.77	£2.39	£2.01	40
20	Residential -led mixed use development. (B1/A1/A2/A3)	£4.00	£6.84	£5.98	£5.13	£4.27	£3.84	£3.41	£2.99	£2.58	45
21	Residential development with retail on ground floor	£1.84	£3.46	£2.97	£2.47	£1.98	£1.73	£1.48	£1.24	£0.99	26
22	Re-provision of community sports facility with residential development above	£0.62	£8.29	£7.26	£6.23	£5.20	£4.69	£4.17	£3.66	£3.14	38
23	Residential and nursery	£0.76	£2.69	£2.31	£1.93	£1.55	£1.36	£1.17	£0.98	£0.79	20
24	Residential led development and re-provision of employment use	£0.73	£3.93	£3.48	£3.02	£2.56	£2.34	£2.11	£1.88	£1.65	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£1.60	£1.41	£1.22	£1.03	£0.94	£0.84	£0.75	£0.65	10
30	Residential led development with an element of business floorspace	£1.28	£13.94	£12.26	£10.59	£8.92	£8.08	£7.25	£6.41	£5.57	88

Table 6.9.5: Residual values – with grant – 70% Social Rented, 30% shared ownership, no affordable workspace required on relevant schemes, accessible parking charges included, employment and training levies included

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£46.62	£44.38	£42.14	£39.90	£38.78	£37.66	£36.54	£35.43	145
2	Business led mixed use development. Intensification of business/retail space.	£9.09	£17.52	£17.00	£16.49	£15.97	£15.71	£15.45	£15.19	£14.93	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£22.29	£20.78	£19.26	£17.78	£17.03	£16.26	£15.50	£14.74	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£14.12	£12.71	£11.28	£10.57	£9.86	£9.15	£8.43	91
7	Intensification for residential	£0.76	£14.44	£13.09	£11.74	£10.38	£9.70	£9.02	£8.34	£7.66	100
13	Residential-led development and re-provision of community use	£1.78	£10.21	£9.44	£8.67	£7.90	£7.51	£7.12	£6.74	£6.35	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£24.88	£23.60	£22.31	£21.03	£20.39	£19.75	£19.10	£18.46	72
19	Residential with re-provided Cultural facility/another community use	£0.93	£5.81	£5.27	£4.73	£4.19	£3.92	£3.65	£3.37	£3.10	40
20	Residential -led mixed use development. (B1/A1/A2/A3)	£4.00	£6.84	£6.23	£5.62	£5.01	£4.70	£4.40	£4.09	£3.78	45
21	Residential development with retail on ground floor	£1.84	£3.46	£3.11	£2.76	£2.41	£2.23	£2.05	£1.88	£1.70	26
22	Re-provision of community sports facility with residential development above	£0.62	£8.29	£7.47	£6.65	£5.83	£5.41	£5.00	£4.59	£4.18	38
23	Residential and nursery	£0.76	£2.69	£2.42	£2.15	£1.88	£1.74	£1.60	£1.47	£1.33	20
24	Residential led development and re-provision of employment use	£0.73	£3.93	£3.61	£3.29	£2.96	£2.80	£2.63	£2.47	£2.31	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£1.60	£1.47	£1.33	£1.20	£1.13	£1.06	£0.99	£0.92	10
30	Residential led development with an element of business floorspace	£1.28	£13.94	£12.75	£11.56	£10.36	£9.76	£9.16	£8.56	£7.97	88

Table 6.9.6: Residual values – no grant – 70% Social Rented, 30% London Living Rent, with affordable workspace required on relevant schemes at 10% of floorspace for 10 years, accessible parking charges included, employment and training levies included

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£44.96	£41.76	£38.56	£35.36	£33.76	£32.16	£30.56	£28.96	145
2	Business led mixed use development. Intensification of business/retail space	£9.09	£16.19	£15.41	£14.64	£13.86	£13.47	£13.09	£12.70	£12.31	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£21.37	£19.21	£17.05	£14.89	£13.81	£12.73	£11.64	£10.56	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£13.50	£11.47	£9.44	£8.42	£7.40	£6.38	£5.37	91
7	Intensification for residential	£0.76	£14.44	£12.41	£10.37	£8.34	£7.32	£6.31	£5.29	£4.27	100
13	Residential-led development and re-provision of community use	£1.78	£10.01	£9.04	£8.07	£7.09	£6.61	£6.12	£5.63	£5.15	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£23.62	£21.85	£20.09	£18.32	£17.44	£16.55	£15.67	£14.79	72
19	Residential with re-provided Cultural facility/another community use	£0.93	£5.81	£5.00	£4.19	£3.37	£2.97	£2.56	£2.16	£1.75	40
20	Residential -led mixed use development. (B1/A1/A2/A3)	£4.00	£6.82	£5.90	£4.99	£4.07	£3.61	£3.16	£2.70	£2.24	45
21	Residential development with retail on ground floor	£1.84	£3.46	£2.93	£2.40	£1.88	£1.81	£1.35	£1.08	£0.82	26
22	Re-provision of community sports facility with residential development above	£0.62	£8.29	£7.21	£6.13	£5.05	£4.51	£3.97	£3.43	£2.89	38
23	Residential and nursery	£0.76	£2.69	£2.28	£1.88	£1.47	£1.27	£1.06	£0.86	£0.66	20
24	Residential led development and re-provision of employment use	£0.73	£3.90	£3.42	£2.93	£2.44	£2.20	£1.95	£1.71	£1.46	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£1.58	£1.36	£1.18	£0.97	£0.87	£0.77	£0.67	£0.57	10
30	Residential led development with an element of business floorspace	£1.28	£13.82	£12.03	£10.24	£8.45	£7.56	£6.67	£5.77	£4.88	88

Table 6.9.7: Residual values – with grant – 70% Social Rented, 30% London Living Rent, with affordable workspace required on relevant schemes at 10% of floorspace for 10 years, accessible parking charges included, employment and training levies included

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£44.96	£42.53	£40.10	£37.68	£36.46	£35.25	£34.04	£32.82	145
2	Business led mixed use development. Intensification of business/retail space.	£9.09	£16.19	£15.62	£15.05	£14.48	£14.20	£13.91	£13.63	£13.35	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£21.37	£19.74	£18.11	£16.48	£15.66	£14.84	£14.02	£13.20	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£14.00	£12.47	£10.92	£10.15	£9.38	£8.61	£7.84	91
7	Intensification for residential	£0.76	£14.44	£12.96	£11.47	£9.98	£9.24	£8.49	£7.74	£7.00	100
13	Residential-led development and re-provision of community use	£1.78	£10.01	£9.20	£8.39	£7.58	£7.17	£6.76	£6.36	£5.95	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£23.62	£22.24	£20.87	£19.49	£18.80	£18.11	£17.42	£16.73	72
19	Residential with re-provided Cultural facility/another community use	£0.93	£5.81	£5.22	£4.63	£4.03	£3.73	£3.43	£3.14	£2.84	40
20	Residential -led mixed use development. (B1/A1/A2/A3)	£4.00	£6.82	£6.15	£5.48	£4.81	£4.48	£4.14	£3.80	£3.47	45
21	Residential development with retail on ground floor	£1.84	£3.46	£3.06	£2.69	£2.30	£2.11	£1.91	£1.72	£1.53	26
22	Re-provision of community sports facility with residential development above	£0.62	£8.29	£7.42	£6.55	£5.67	£5.24	£4.80	£4.36	£3.93	38
23	Residential and nursery	£0.76	£2.69	£2.39	£2.10	£1.80	£1.65	£1.50	£1.35	£1.20	20
24	Residential led development and re-provision of employment use	£0.73	£3.90	£3.55	£3.19	£2.83	£2.66	£2.48	£2.30	£2.12	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£1.58	£1.44	£1.29	£1.14	£1.06	£0.99	£0.91	£0.84	10
30	Residential led development with an element of business floorspace	£1.28	£13.82	£12.52	£11.21	£9.90	£9.24	£8.58	£7.93	£7.27	88

Table 6.9.8: Residual values – no grant – 70% Social Rented, 30% shared ownership, with affordable workspace required on relevant schemes at 10% of floorspace for 10 years, accessible parking charges included, employment and training levies included

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£44.96	£41.94	£38.93	£35.91	£34.41	£32.90	£31.39	£29.89	145
2	Business led mixed use development. Intensification of business/retail space	£9.09	£16.19	£15.46	£14.74	£14.01	£13.65	£13.29	£12.92	£12.56	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£21.37	£19.34	£17.30	£15.27	£14.25	£13.24	£12.22	£11.20	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£13.62	£11.71	£9.79	£8.84	£7.88	£6.92	£5.97	91
7	Intensification for residential	£0.76	£14.44	£12.54	£10.64	£8.74	£7.79	£6.84	£5.89	£4.94	100
13	Residential-led development and re-provision of community use	£1.78	£10.01	£9.08	£8.14	£7.21	£6.74	£6.28	£5.81	£5.34	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£23.62	£21.95	£20.27	£18.60	£17.76	£16.93	£16.09	£15.25	72
19	Residential with re-provided Cultural facility/another community use	£0.93	£5.81	£5.05	£4.29	£3.53	£3.15	£2.77	£2.39	£2.01	40
20	Residential -led mixed use development. (B1/A1/A2/A3)	£4.00	£6.82	£5.96	£5.11	£4.25	£3.82	£3.40	£2.97	£2.54	45
21	Residential development with retail on ground floor	£1.84	£3.46	£2.97	£2.47	£1.98	£1.73	£1.48	£1.24	£0.99	26
22	Re-provision of community sports facility with residential development above	£0.62	£8.29	£7.26	£6.23	£5.20	£4.69	£4.17	£3.66	£3.14	38
23	Residential and nursery	£0.76	£2.69	£2.31	£1.93	£1.55	£1.36	£1.17	£0.98	£0.79	20
24	Residential led development and re-provision of employment use	£0.73	£3.90	£3.45	£2.99	£2.54	£2.31	£2.08	£1.85	£1.62	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£1.58	£1.39	£1.20	£1.01	£0.92	£0.82	£0.73	£0.63	10
30	Residential led development with an element of business floorspace	£1.28	£13.82	£12.15	£10.48	£8.80	£7.97	£7.13	£6.29	£5.46	88

Table 6.9.9: Residual values – with grant – 70% Social Rented, 30% shared ownership, with affordable workspace required on relevant schemes at 10% of floorspace for 10 years, accessible parking charges included, employment and training levies included

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£44.96	£42.72	£40.48	£38.23	£37.11	£35.99	£34.87	£33.75	145
2	Business led mixed use development. Intensification of business/retail space.	£9.09	£16.19	£15.67	£15.15	£14.63	£14.37	£14.11	£13.85	£13.60	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£21.37	£19.87	£18.37	£16.86	£16.11	£15.35	£14.60	£13.84	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£14.12	£12.71	£11.28	£10.57	£9.86	£9.15	£8.43	91
7	Intensification for residential	£0.76	£14.44	£13.09	£11.74	£10.38	£9.70	£9.02	£8.34	£7.66	100
13	Residential-led development and re-provision of community use	£1.78	£10.01	£9.24	£8.47	£7.69	£7.31	£6.92	£6.53	£6.15	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£23.62	£22.34	£21.05	£19.77	£19.13	£18.49	£17.84	£17.20	72
19	Residential with re-provided Cultural facility/another community use	£0.93	£5.81	£5.27	£4.73	£4.19	£3.92	£3.65	£3.37	£3.10	40
20	Residential -led mixed use development. (B1/A1/A2/A3)	£4.00	£6.82	£6.21	£5.60	£4.99	£4.68	£4.38	£4.07	£3.77	45
21	Residential development with retail on ground floor	£1.84	£3.46	£3.11	£2.76	£2.41	£2.23	£2.05	£1.88	£1.70	26
22	Re-provision of community sports facility with residential development above	£0.62	£8.29	£7.47	£6.65	£5.83	£5.41	£5.00	£4.59	£4.18	38
23	Residential and nursery	£0.76	£2.69	£2.42	£2.15	£1.88	£1.74	£1.60	£1.47	£1.33	20
24	Residential led development and re-provision of employment use	£0.73	£3.90	£3.58	£3.26	£2.93	£2.77	£2.60	£2.44	£2.28	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£1.58	£1.45	£1.31	£1.18	£1.11	£1.04	£0.97	£0.91	10
30	Residential led development with an element of business floorspace	£1.28	£13.82	£12.63	£11.44	£10.25	£9.65	£9.05	£8.45	£7.85	88

Table 6.9.10: Residual values – no grant – 70% Social Rented, 30% London Living Rent, with affordable workspace required on relevant schemes at 10% of floorspace for 20 years, accessible parking charges included, employment and training levies included

Site no	Site	Benchmark land value	Affordable housing								No of resi units
			0%	10%	20%	30%	35%	40%	45%	50%	
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£43.67	£40.47	£37.27	£34.07	£32.47	£30.87	£29.27	£27.67	145
2	Business led mixed use development. Intensification of business/retail space	£9.09	£15.15	£14.38	£13.60	£12.83	£12.44	£12.06	£11.67	£11.28	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£20.66	£18.50	£16.34	£14.18	£13.10	£12.02	£10.94	£9.86	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£13.50	£11.47	£9.44	£8.42	£7.40	£6.38	£5.37	91
7	Intensification for residential	£0.76	£14.44	£12.41	£10.37	£8.34	£7.32	£6.31	£5.29	£4.27	100
13	Residential-led development and re-provision of community use	£1.78	£9.86	£8.89	£7.91	£6.94	£6.46	£5.97	£5.48	£5.00	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£22.65	£20.88	£19.11	£17.35	£16.46	£15.58	£14.70	£13.81	72
19	Residential with re-provided Cultural facility/another community use	£0.93	£5.81	£5.00	£4.19	£3.37	£2.97	£2.56	£2.16	£1.75	40
20	Residential -led mixed use development. (B1/A1/A2/A3)	£4.00	£6.80	£5.89	£4.97	£4.06	£3.60	£3.14	£2.68	£2.23	45
21	Residential development with retail on ground floor	£1.84	£3.46	£2.93	£2.40	£1.88	£1.81	£1.35	£1.08	£0.82	26
22	Re-provision of community sports facility with residential development above	£0.62	£8.29	£7.21	£6.13	£5.05	£4.51	£3.97	£3.43	£2.89	38
23	Residential and nursery	£0.76	£2.69	£2.28	£1.88	£1.47	£1.27	£1.08	£0.86	£0.66	20
24	Residential led development and re-provision of employment use	£0.73	£3.88	£3.39	£2.91	£2.42	£2.17	£1.93	£1.69	£1.44	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£1.57	£1.37	£1.16	£0.96	£0.86	£0.76	£0.65	£0.55	10
30	Residential led development with an element of business floorspace	£1.28	£13.73	£11.94	£10.16	£8.37	£7.47	£6.58	£5.68	£4.79	88

Table 6.9.11: Residual values – with grant – 70% Social Rented, 30% London Living Rent, with affordable workspace required on relevant schemes at 10% of floorspace for 20 years, accessible parking charges included, employment and training levies included

Site no	Site	Benchmark land value	Affordable housing								No of resi units
			0%	10%	20%	30%	35%	40%	45%	50%	
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£43.67	£41.25	£38.82	£36.39	£35.18	£33.96	£32.75	£31.54	145
2	Business led mixed use development. Intensification of business/retail space.	£9.09	£15.15	£14.59	£14.02	£13.45	£13.17	£12.88	£12.60	£12.32	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£20.66	£19.03	£17.40	£15.77	£14.96	£14.14	£13.32	£12.50	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£14.00	£12.47	£10.92	£10.15	£9.38	£8.61	£7.84	91
7	Intensification for residential	£0.76	£14.44	£12.96	£11.47	£9.98	£9.24	£8.49	£7.74	£7.00	100
13	Residential-led development and re-provision of community use	£1.78	£9.86	£9.05	£8.24	£7.43	£7.02	£6.61	£6.21	£5.80	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£22.65	£21.27	£19.89	£18.52	£17.83	£17.14	£16.45	£15.76	72
19	Residential with re-provided Cultural facility/another community use	£0.93	£5.81	£5.22	£4.63	£4.03	£3.73	£3.43	£3.14	£2.84	40
20	Residential -led mixed use development. (B1/A1/A2/A3)	£4.00	£6.80	£6.13	£5.47	£4.80	£4.46	£4.12	£3.79	£3.45	45
21	Residential development with retail on ground floor	£1.84	£3.46	£3.08	£2.69	£2.30	£2.11	£1.91	£1.72	£1.53	26
22	Re-provision of community sports facility with residential development above	£0.62	£8.29	£7.42	£6.55	£5.67	£5.24	£4.80	£4.36	£3.93	38
23	Residential and nursery	£0.76	£2.69	£2.39	£2.10	£1.80	£1.65	£1.50	£1.35	£1.20	20
24	Residential led development and re-provision of employment use	£0.73	£3.88	£3.53	£3.17	£2.81	£2.63	£2.45	£2.28	£2.10	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£1.57	£1.42	£1.27	£1.12	£1.05	£0.97	£0.90	£0.83	10
30	Residential led development with an element of business floorspace	£1.28	£13.73	£12.43	£11.12	£9.81	£9.15	£8.49	£7.84	£7.18	88

Table 6.9.12: Residual values – no grant – 70% Social Rented, 30% shared ownership, with affordable workspace required on relevant schemes at 10% of floorspace for 20 years, accessible parking charges included, employment and training levies included

Site no	Site	Benchmark land value	Affordable housing								No of resi units
			0%	10%	20%	30%	35%	40%	45%	50%	
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£43.67	£40.66	£37.64	£34.63	£33.12	£31.61	£30.11	£28.60	145
2	Business led mixed use development. Intensification of business/retail space	£9.09	£15.15	£14.43	£13.70	£12.98	£12.62	£12.25	£11.89	£11.53	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£20.66	£18.63	£16.60	£14.56	£13.55	£12.53	£11.51	£10.50	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£13.62	£11.71	£9.79	£8.84	£7.88	£6.92	£5.97	91
7	Intensification for residential	£0.76	£14.44	£12.54	£10.64	£8.74	£7.79	£6.84	£5.89	£4.94	100
13	Residential-led development and re-provision of community use	£1.78	£9.86	£8.92	£7.99	£7.06	£6.59	£6.12	£5.66	£5.19	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£22.65	£20.97	£19.30	£17.63	£16.79	£15.96	£15.12	£14.28	72
19	Residential with re-provided Cultural facility/another community use	£0.93	£5.81	£5.05	£4.29	£3.53	£3.15	£2.77	£2.39	£2.01	40
20	Residential -led mixed use development. (B1/A1/A2/A3)	£4.00	£6.80	£5.95	£5.09	£4.24	£3.81	£3.38	£2.95	£2.53	45
21	Residential development with retail on ground floor	£1.84	£3.46	£2.97	£2.47	£1.98	£1.73	£1.48	£1.24	£0.99	26
22	Re-provision of community sports facility with residential development above	£0.62	£8.29	£7.26	£6.23	£5.20	£4.69	£4.17	£3.66	£3.14	38
23	Residential and nursery	£0.76	£2.69	£2.31	£1.93	£1.55	£1.38	£1.17	£0.98	£0.79	20
24	Residential led development and re-provision of employment use	£0.73	£3.88	£3.43	£2.97	£2.51	£2.29	£2.06	£1.83	£1.60	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£1.57	£1.38	£1.19	£1.00	£0.90	£0.81	£0.71	£0.62	10
30	Residential led development with an element of business floorspace	£1.28	£13.73	£12.06	£10.39	£8.72	£7.88	£7.04	£6.21	£5.37	88

Table 6.9.13: Residual values – with grant – 70% Social Rented, 30% shared ownership, with affordable workspace required on relevant schemes at 10% of floorspace for 20 years, accessible parking charges included, employment and training levies included

Site no	Site	Benchmark land value	Affordable housing								No of resi units
			0%	10%	20%	30%	35%	40%	45%	50%	
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£43.67	£41.43	£39.19	£36.95	£35.83	£34.71	£33.59	£32.47	145
2	Business led mixed use development. Intensification of business/retail space.	£9.09	£15.15	£14.64	£14.12	£13.60	£13.34	£13.08	£12.82	£12.56	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£20.66	£19.16	£17.66	£16.16	£15.40	£14.65	£13.89	£13.14	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£14.12	£12.71	£11.28	£10.57	£9.86	£9.15	£8.43	91
7	Intensification for residential	£0.76	£14.44	£13.09	£11.74	£10.38	£9.70	£9.02	£8.34	£7.66	100
13	Residential-led development and re-provision of community use	£1.78	£9.86	£9.09	£8.31	£7.54	£7.16	£6.77	£6.38	£5.99	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£22.65	£21.36	£20.08	£18.80	£18.16	£17.51	£16.87	£16.22	72
19	Residential with re-provided Cultural facility/another community use	£0.93	£5.81	£5.27	£4.73	£4.19	£3.92	£3.65	£3.37	£3.10	40
20	Residential -led mixed use development. (B1/A1/A2/A3)	£4.00	£6.80	£6.19	£5.59	£4.97	£4.67	£4.36	£4.06	£3.75	45
21	Residential development with retail on ground floor	£1.84	£3.46	£3.11	£2.76	£2.41	£2.23	£2.05	£1.88	£1.70	26
22	Re-provision of community sports facility with residential development above	£0.62	£8.29	£7.47	£6.65	£5.83	£5.41	£5.00	£4.59	£4.18	38
23	Residential and nursery	£0.76	£2.69	£2.42	£2.15	£1.88	£1.74	£1.60	£1.47	£1.33	20
24	Residential led development and re-provision of employment use	£0.73	£3.88	£3.56	£3.23	£2.91	£2.74	£2.58	£2.42	£2.26	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£1.57	£1.43	£1.30	£1.16	£1.10	£1.03	£0.96	£0.89	10
30	Residential led development with an element of business floorspace	£1.28	£13.73	£12.54	£11.35	£10.16	£9.56	£8.96	£8.36	£7.76	88

- 6.10 The results indicate that a majority of development scenarios are capable of viably providing 50% affordable housing with the Council's preferred tenure mix of 70% rented housing and 30% intermediate (London Living Rent). The notable exception is Site 1 (where the main existing use is a large supermarket) where the residual land value prior to the application of the Council's affordable housing requirement is significantly lower than the existing use value. 'Big four' supermarkets have high covenant strength which drives high capital values. The quantum of replacement space envisaged in the development we have tested is too low to generate sufficient value to make the scheme viable against the high existing value of the supermarket. However, sites such as these with high existing use values that are functioning well financially continue to serve an important role in a town centre, making an important contribution to the vitality of the local retail offer.
- 6.11 A similar issue emerges with Site 5 (small supermarket), although not to the same extent as Site 1, with our appraisals indicating that this scheme can viably provide 20% to 40% affordable housing, depending on the type of intermediate housing and availability of grant funding.
- 6.12 Site 20 is a former emergency services building and valued by the Valuation Office Agency as 'offices'. As a consequence, the existing use value is relatively high which results in the maximum viable level of affordable housing being between 30% and 45%, depending on tenure and grant funding availability. However, it is possible that in practice the existing use value reflected here may be too high if there are costs required to convert the space from a former emergency services building to an office. Secondly, depending on the current ownership status, the site could be classified as public land and the Mayor of London would then require any scheme coming forward to provide 50% affordable housing. This may also impact on the land value. On balance, this viability issues on this site clearly do not undermine the Council's policy approach.
- 6.13 Site 21 has a similar issue resulting from a high existing use value (we understand that the former public house also had a significant quantum of residential floorspace above). Despite this, our appraisals indicate that the scheme can provide between 30% to 45% affordable housing, depending on tenure and grant funding availability.
- 6.14 The appraisal results indicate that some sites will not be able to come forward if the Council operates its 50% strategic target as a quota. Some flexibility will be required to address schemes on the margins of viability which can only come forward at slightly lower levels of affordable housing.
- 6.15 Where schemes cannot meet the required 45% to 50% affordable housing target, the Council will need to apply a flexible approach on the basis of evidence produced by the applicant (which will need to be robustly scrutinised on the Council's behalf).

Build for rent schemes

- 6.16 We have tested a build to rent schemes assuming that the 50% affordable housing element is provided as London Living Rent on a with and without grant basis. The capital values for London Living rent are summarised in Section 4.
- 6.17 As noted earlier, build for rent is an immature sector of the market with little information on viability metrics. As a consequence, there is little agreement on appropriate inputs for viability assessments, arising from uncertainty on operating costs and forward funding arrangements. However, it is generally considered that build for rent units trade at a 20% discount to market value, but profits are lower than developments built for sale due to lower risk associated with a pre-sale to the operator or investor. Profit as a percentage of GDV is typically 5% lower for build for rent in comparison to build for sale. The combined impact is therefore a 15% reduction in value in comparison to housing built for sale.
- 6.18 PRS operators tend to prefer buildings providing a sufficient number of residential units to achieve efficient management and service provision. We have therefore tested the largest schemes (sites 3, 5 and 7) which provide between 98 and 100 residential units. We have tested these three schemes assuming that the affordable housing element is secured as London Living Rent. The results are outlined in Table 6.18.1.

Table 6.18.1: Build for rent scheme results with grant (residual values £ millions)

Site	Benchmark land value	Affordable housing percentage and resulting residual values £m								No of resi units
		0%	10%	20%	30%	35%	40%	45%	50%	
3	£7.83	£11.01	£9.37	£7.74	£6.10	£5.28	£4.46	£3.64	£2.82	98
5	£9.36	£10.01	£8.47	£6.94	£5.39	£4.62	£3.85	£3.08	£2.30	91
7	£0.76	£8.65	£7.17	£5.69	£4.19	£3.45	£2.70	£1.96	£1.21	100

6.19 Clearly there are significant differences in outcomes between the four schemes with viable levels of affordable housing ranging from zero to 50%. Any build to rent schemes that come forward may not be able to meet the Council's 50% target in all cases and a viability assessment may be required in individual cases to establish the viable percentage.

Other draft Local Plan and draft London Plan policies

6.20 As noted in Section 2, our appraisals reflect the requirements of the following policies:

- Employment and training contributions;
- Accessible parking contributions;
- Affordable workspace
- Draft London Plan space standards set out in Policy D4.
- Accessibility/adaptability standards set out in Policy D5 of the draft London Plan.
- Low carbon requirements in draft London Plan policy S12C including the technical solutions required at local level to achieve these requirements, including heat network connection and BREEAM.

6.21 We have run a further set of appraisals to test the cumulative impact of employment and training requirements, accessible parking contributions and the affordable workspace policy (which as noted has been tested earlier with varying percentages; here it is tested at 10% of floorspace at a peppercorn rent for 20 years). The results are summarised in Table 6.21.1 (residential-led schemes), Table 6.21.2 (commercial-led schemes) and Table 6.21.3 (industrial-led schemes). Where relevant, the table include 50% affordable housing with grant (70% rented and 30% intermediate – London Living Rent).

6.22 None of the residential-led schemes become unviable as a result of the other draft Local Plan and draft London Plan policies being applied. Sites 1, 5, 20 and 21 were unviable prior to the application of these policies. One scheme containing offices (site 17) becomes unviable following the application of the affordable workspace policy.

Table 6.21.1: Cumulative impact of other polices – schemes incorporating residential floorspace

Site no	Site	Benchmark land value	AH @ 50% with grant 70% rent, 30% LLR, CIL and S106 only	Plus E&T	Plus Accessible parking	With AW (10% of floor space at peppercorn rent for 20 years)
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£35.36	£34.99	£34.49	£31.54
2	Business led mixed use development. Intensification of business/retail space	£9.09	£15.12	£14.99	£14.68	£12.32
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£14.54	£14.41	£14.11	£12.50
5	Re-provision of retail and residential development above	£9.36	£7.69	£7.65	£7.64	£7.64
7	Intensification for residential	£0.76	£7.04	£7.02	£7.00	£7.00
13	Residential-led development and re-provision of community use	£1.78	£6.22	£6.20	£6.15	£5.80
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£18.51	£18.36	£17.99	£15.76
19	Residential with re-provided Cultural facility/another community use	£0.93	£2.85	£2.84	£2.84	£2.84
20	Residential -led mixed use development. (B1/A1/A2/A3)	£4.00	£3.51	£3.50	£3.49	£3.45
21	Residential development with retail on ground floor	£1.84	£1.54	£1.53	£1.53	£1.53
22	Re-provision of community sports facility with residential development above	£0.62	£3.94	£3.93	£3.93	£3.93
23	Residential and nursery	£0.76	£1.21	£1.20	£1.20	£1.20
24	Residential led development and re-provision of employment use	£0.73	£2.16	£2.16	£2.15	£2.10
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£0.87	£0.87	£0.86	£0.83
30	Residential led development with an element of business floorspace	£1.28	£7.44	£7.41	£7.38	£7.18

Table 6.21.2: Cumulative impact of other polices – commercial-led schemes

Site no	Site	Benchmark land value	AH @ 50% with grant 70% rent, 30% LLR (where relevant), CIL and S106 only	Plus E&T	Plus Accessible parking	With AW (10% of floor space at peppercorn rent for 20 years)
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£35.36	£34.99	£34.49	£31.54
2	Business led mixed use development. Intensification of business/retail space	£9.09	£15.12	£14.99	£14.68	£12.32
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£14.54	£14.41	£14.11	£12.50
4	Hotel and some business use	£0.45	£13.44	£13.43	£13.42	£12.83
6	Business use including storage.	£0.19	£3.40	£3.39	£3.39	£2.73
8	Student accommodation	£2.80	£5.18	£5.13	£5.05	£4.72
9	Re-provided retail, business use and residential development	£56.14	£102.81	£102.42	£101.42	£92.67
10	Intensification for business use.	£9.60	£31.92	£31.80	£31.49	£27.98
12	Intensification of business use, with hotel	£112.61	£91.42	£91.21	£90.80	£81.92
13	Residential-led development and reprovion of community use	£1.78	£6.22	£6.20	£6.15	£5.80
14	Business uses, with retail on the ground floor	£9.30	£30.18	£30.10	£29.89	£28.13
15	Office led mixed use	£57.69	£95.36	£95.04	£94.25	£83.75
16	Office led mixed use	£106.70	£243.10	£242.23	£240.00	£215.62
17	Intensification of business use	£40.26	£43.44	£43.32	£43.03	£38.28
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£18.51	£18.36	£17.99	£15.76
20	Residential -led mixed use development. (B1/A1/A2/A3)	£4.00	£3.51	£3.50	£3.49	£3.45
24	Residential led development and reprovion of employment use	£0.73	£2.16	£2.16	£2.15	£2.10
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£0.87	£0.87	£0.86	£0.83
30	Residential led development with an element of business floorspace	£1.28	£7.44	£7.41	£7.38	£7.18

Table 6.21.3 Cumulative impact of other polices – industrial-led schemes

Site no	Site	Benchmark land value	CIL and S106 only	Plus E&T	Plus Accessible parking
11	Industrial uses.	£27.57	£10.34	£10.18	£9.85
26	Intensification of light industrial use	£2.33	£1.22	£1.21	£1.21
27	Intensification of business use	£1.12	£1.50	£1.47	£1.38
28	Intensification of business use	£1.20	£0.14	£0.10	£0.03
29	Intensification of business use	£1.28	£0.91	£0.88	£0.77

- 6.23 The Council considers that the Vale Royal/Brewery Road LSIS is a sought after area with few vacancies and considerable developer interest. Consequently, the Council feels that this LSIS may attract higher rents for industrial use than the rest of the borough and has requested that we carry out a sensitivity analysis for this area. Table 6.23.1 summarises the lettings in the LSIS since 2015, which indicates industrial units have let at an average of £148 per square metre, but one of the most recent lettings achieved a rent of £188 per square metre, the latter being reflective of the rent applied in our appraisals. This indicates that rents for industrial space in the LSIS do not exceed the borough average.

Table 6.23.1: Industrial rents in the Vale Royal/Brewery Road LSIS

Sign Date	Address	Total SF Leased	Rent/SM/Yr	Service	Use
31/10/2018	55-83 Blundell St	18,800	129	FRI	Industrial
03/07/2015	260-266 York Way	5,500	138		Industrial
03/06/2015	276 York Way	16,960	138	FRI	Industrial
12/02/2018	3 Brewery Rd	4,567	188	FRI	Industrial
31/01/2015	Brewery Rd	2,588	215		Office
13/07/2015	Brewery Rd	4,989	215		Office
24/04/2018	62 Brewery Rd	1,000	224	FRI	Office
08/11/2017	62 Brewery Rd	2,173	233	FRI	Office
21/03/2017	357 Caledonian Rd	465	301	FRI	Office

Sign Date	Address	Total SF Leased	Rent/SM/Yr	Service	Use
18/06/2018	22 Market Rd	1,500	415	FRI	Office

- 6.24 The high rents and low yields for industrial space result in high existing use values which make redevelopment options more difficult to deliver unless there is a significant intensification of uses on a site. If investment yields sharpen from 6% to 5% for both industrial and light industrial, sites 28 and 29 become viable. If rents increase from £188 to £205 per square metre, site 27 becomes viable. For site 26 to become viable, rents would need to increase to £280 per square metre.

7 Conclusions and recommendations

- 7.1 The NPPF states that “Plans should set out the contributions expected in association with particular sites and types of development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, green and digital infrastructure). Such policies should not undermine the delivery of the plan”. This report and its supporting appendices test the ability of development typologies in Islington to support local plan policies while making contributions to infrastructure that will support growth through CIL.

Viability of Local Plan and London Plan policies

- 7.2 We have tested the impact of the main policies which may have an impact on viability:
- **Affordable housing:** We have appraised residential schemes with 0% to 50% affordable housing in line with the Council’s emerging site-specific target of 45% (no grant) and 50% (with grant) which aims to deliver a strategic borough-wide target of 50%. We have tested the schemes with two tenure scenarios (with the 30% intermediate housing element being tested with London Living Rent and as shared ownership). We have also tested the impact of applying grant funding. This testing indicates that in most circumstances, the 45%/50% target should be achievable. Viability issues on the small number of individual schemes that are unviable can sometimes be resolved through flexible application of tenure mixes and provision of grant funding. However, while 45%/50% affordable housing is viable in a range of scenarios, there are some schemes which are unviable at these levels and may only be able to come forward at a lower affordable housing percentage.
 - **Build for rent schemes:** we have tested the London Plan requirement in H13C for build to rent schemes to provide 35% affordable housing at London Living Rents (and also higher levels up to the Council’s strategic 50% target). In general, the appraisals indicate that the viability of build to rent schemes is challenging on sites with high existing use values due to the particular characteristics of build for rent schemes including their lower values compared to build for sale schemes. The best viability outcomes are achieved on sites with low existing use values. Given the less viable outcomes for build for rent schemes in comparison to our results for build for sale schemes, greater flexibility in the application of the affordable housing target may be required for these types of development.
 - **Student housing:** we have tested the viability of purpose build student housing incorporating the Council’s requirement for student bursary contributions and London Plan policy H17A4 which requires 35% of units to be provided at affordable rent levels (defined as no more than 55% of the maximum maintenance loan of a student studying in London). Although these requirement reduces residual land values of the scheme tested, it remains above relevant benchmark land value used in the study and will not prevent schemes from coming forward.
 - **Affordable workspace:** we have tested emerging requirements on schemes which provide new or replacement B1(a) floorspace at 10% of floorspace let at a peppercorn rent for 20 years. The scale of reduction in residual land value varies between schemes, but in all cases, the impact does not reduce the residuals below the benchmark land values. The affordable workspace should therefore be viable on most office developments.
 - **Other requirements:** The Council’s emerging requirement for contributions towards employment and training; accessible parking; sustainability; carbon off-setting and heat network connection are tested in our appraisals and they do not adversely impact on the viability of developments. Where relevant, these requirements are tested alongside the affordable housing requirement and in all cases, the current rates of CIL and proposed Mayoral CIL 2 charges are factored in.

Additional observations

- 7.3 Viability measured in present value terms is only one of several factors that determine whether a site is developed. Developers need to maintain a throughput of sites to ensure their staff are utilised and

they can continue to generate returns for their shareholders. Consequently, small adjustments to residual land values resulting from changes to policy requirements can often be absorbed by developers taking a commercial view on the impact.

- 7.4 In considering the outputs of the appraisals, it is important to recognise that some developments will be unviable regardless of the Council's requirements. In these cases, the value of the existing building will be higher than a redevelopment opportunity over the medium term. However, this situation should not be taken as an indication of the viability (or otherwise) of the Council's policies and requirements.
- 7.5 It is critical that developers do not over-pay for sites such that the value generated by developments is paid to the landowner, rather than being used to provide affordable housing. The Council should work closely with developers to ensure that landowners' expectations of land value are appropriately framed by the local policy context. There may be instances when viability issues emerge on individual developments, even when the land has been purchased at an appropriate price (e.g. due to extensive decontamination requirements). In these cases, some flexibility may be required subject to submission of a robust site-specific viability assessment.

Appendix 1 - Sites details

LONDON BOROUGH OF ISLINGTON																										
Site ref	SITE NAME	Gross Site area	Site coverage	Heights	Years 1 - 5		Years 6 - 10		Years 11 - 15		Floor areas - proposed (sqm)											Total resi units	Total resi FS			
					No of Houses	No of Flats	No of Houses	No of Flats	No of Houses	No of Flats	Resi costs Houses	Resi costs Flats	GIA flats	Retail A1-A2	Retail S'Mark	Note: B1 office includes B1(b)	B1 office	B2 industrial	B8 storage	C1 Hotel	Student hse			D1	B1C	
1	Retail-led mixed-use development, with residential on upper floors	1.60	100%	6.60	-	-	-	-	-	145	1,200	2,376	12,303	-	36,910	12,303	-	-	-	-	-	-	-	-	145	12,303
2	Business led mixed use development. Intensification of business/retail space	0.33	100%	5.00	-	-	-	-	38	-	1,200	2,016	3,241	-	-	9,722	-	-	-	-	-	-	-	-	38	3,241
3	Mixed use redevelopment incl retail, flexible business space and residential	0.38	100%	4.50	-	-	-	-	98	-	1,200	2,376	8,333	1,667	-	6,666	-	-	-	-	-	-	-	-	98	8,333
4	Hotel and some business use	0.13	100%	10.00	-	-	-	-	-	-	1,200	2,376	-	-	-	4,416	-	9,665	-	-	-	-	-	-	-	-
5	Re-provision of retail and residential development above	0.35	100%	4.00	-	-	-	-	91	-	1,200	2,016	7,694	797	2,500	-	-	-	-	-	-	-	-	91	7,694	
6	Business use including storage.	0.05	100%	5.50	-	-	-	-	-	-	1,200	2,016	-	-	-	2,662	-	-	-	-	-	-	-	-	-	-
7	Intensification for residential	0.60	100%	2.09	-	100	-	-	-	-	1,200	2,016	8,500	-	-	-	-	-	-	-	-	-	-	100	8,500	
8	Student accommodation	0.52	100%	6.89	-	-	-	-	-	-	1,200	2,376	-	446	-	1,338	-	-	27,566	-	-	-	-	-	-	-
9	Re-provided retail, business use and residential development	0.88	100%	4.38	-	-	-	-	-	-	1,200	2,376	-	7,447	-	22,341	-	-	-	-	-	-	-	-	-	-
10	Intensification for business use.	0.13	100%	7.00	-	-	-	-	-	-	1,200	2,376	-	-	-	8,970	-	-	-	-	-	-	-	-	-	-
11	Industrial uses.	0.43	100%	4.50	-	-	-	-	-	-	1,200	2,016	-	-	-	8,350	8,350	-	-	-	-	-	-	-	-	-
12	Intensification of business use, with hotel	0.16	100%	8.00	-	-	-	-	-	-	1,200	2,376	-	-	-	22,665	-	5,666	-	-	-	-	-	-	-	-
13	Residential-led development and re-provision of community use	0.13	100%	5.41	-	-	-	-	29	-	1,200	2,376	2,498	-	-	906	-	-	-	-	-	-	-	29	2,498	
14	Business uses, with retail on the ground floor	0.19	100%	6.00	-	-	-	-	-	-	1,200	2,376	-	1,124	-	4,495	-	-	5,619	-	-	-	-	-	-	-
15	Office led mixed use	0.69	100%	8.00	-	-	-	-	-	-	1,200	2,016	-	-	-	26,794	-	-	-	-	-	-	-	-	-	-
16	Office led mixed use	0.33	100%	27.00	-	-	-	-	-	-	1,200	2,376	-	6,914	-	62,227	-	-	-	-	-	-	-	-	-	-
17	Intensification of business use	0.31	100%	5.00	-	-	-	-	-	-	1,200	2,016	-	-	-	12,206	-	-	-	-	-	-	-	-	-	-
18	Mixed use commercial (B1) intensifying employment use and residential	0.45	100%	5.00	-	-	-	-	72	-	1,200	2,016	6,111	-	-	9,167	-	-	-	-	-	-	-	72	6,111	
19	Residential with re-provided Cultural facility/another community use	0.10	100%	7.00	-	40	-	-	-	-	1,200	1,934	3,400	-	-	-	-	-	-	-	670	-	-	40	3,400	
20	Residential -led mixed use development. (B1/A1/A2/A3)	0.13	100%	4.50	-	45	-	-	-	-	1,200	2,016	3,825	140	-	140	-	-	-	-	-	-	-	45	3,825	
21	Residential development with retail on ground floor	0.07	100%	4.50	-	26	-	-	-	-	1,200	2,016	2,210	-	390	-	-	-	-	-	-	-	-	26	2,210	
22	Re-provision of community sports facility with residential development above	0.11	100%	5.50	-	38	-	-	-	-	1,200	2,016	3,230	-	-	-	-	-	-	-	600	-	-	38	3,230	
23	Residential and nursery	0.16	100%	4.00	-	20	-	-	-	-	1,200	2,016	1,700	-	-	-	-	-	-	-	450	-	-	20	1,700	
24	Residential led development and re-provision of employment use	0.15	100%	3.50	-	24	-	-	-	-	1,200	2,016	2,040	-	-	130	-	-	-	-	-	-	-	24	2,040	
25	Mixed use/town centre uses, workspace for SMEs	0.05	100%	3.50	-	10	-	-	-	-	1,200	2,016	850	-	-	130	-	-	-	-	-	-	-	10	850	
26	Intensification of light industrial use	0.29	100%	3.00	-	-	-	-	-	-	1,200	2,016	-	-	-	973	968	-	-	-	-	-	1,946	-	-	
27	Intensification of business use	0.07	100%	4.00	-	-	-	-	-	-	1,200	2,016	-	-	-	1,190	-	700	-	-	-	-	910	-	-	
28	Intensification of business use	0.15	100%	5.00	-	-	-	-	-	-	1,200	2,016	-	-	-	-	-	-	-	-	-	-	3,770	-	-	
29	Intensification of business use	0.16	100%	5.00	-	-	-	-	-	-	1,200	2,016	-	-	-	800	-	1,600	-	-	-	-	1,600	-	-	
30	Residential led development with an element of business floorspace	0.26	100%	4.06	-	88	-	-	-	-	1,200	2,016	7,480	-	-	820	-	-	-	-	-	-	-	88	7,480	

1	29	30	31	32	33	34	35	36	37	38	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68								
LONDON ICIL (rate per sqm) - INCLUDING MAYORAL CIL @ MCIL2 PROPOSED RATES																	S106 (per sqm for commercial; per unit for resi)										Rents									Cap val		
Site ref	Retail A1-A	Retail S/M	B1 office	B2 industri	B8 storage	C1 Hotel	Student hs	D1	D2	Resi	Retail A1-A	Retail S/M	B1 office	B2 industri	B8 storage	C1 Hotel	Student hs	D1	D2	Resi	Retail A1-A	Retail S/M	B1 office	B2 industri	B8 storage	C1 Hotel	Student hs	D1	D2	Resi								
1	330.27	330.27	185.00	80.00	80.00	470.54	608.87	80.00	80.00	410.54	35	35	35	35	35	35	35	35	35	1,500	400	296	450	188.37	188.37	500	395.9722	250	250	9,500								
2	330.27	330.27	185.00	80.00	80.00	470.54	608.87	80.00	80.00	410.54	35	35	35	35	35	35	35	35	35	1,500	400	296	450	188.37	188.37	500	395.9722	250	250	9,000								
3	330.27	330.27	185.00	80.00	80.00	470.54	608.87	80.00	80.00	410.54	35	35	35	35	35	35	35	35	35	1,500	400	296	450	188.37	188.37	500	395.9722	250	250	9,500								
4	330.27	330.27	185.00	80.00	80.00	470.54	608.87	80.00	80.00	410.54	35	35	35	35	35	35	35	35	35	1,500	400	296	450	188.37	188.37	500	395.9722	250	250	9,500								
5	330.27	330.27	185.00	80.00	80.00	470.54	608.87	80.00	80.00	410.54	35	35	35	35	35	35	35	35	35	1,500	400	296	450	188.37	188.37	500	395.9722	250	250	9,500								
6	330.27	330.27	185.00	80.00	80.00	470.54	608.87	80.00	80.00	410.54	35	35	35	35	35	35	35	35	35	1,500	400	296	450	188.37	188.37	500	395.9722	250	250	9,500								
7	330.27	330.27	185.00	80.00	80.00	470.54	608.87	80.00	80.00	410.54	35	35	35	35	35	35	35	35	35	1,500	400	296	450	188.37	188.37	500	395.9722	250	250	9,000								
8	330.27	330.27	185.00	80.00	80.00	470.54	608.87	80.00	80.00	410.54	35	35	35	35	35	35	35	35	35	1,500	400	296	450	188.37	188.37	500	395.9722	250	250	9,000								
9	396.38	396.38	290.77	80.00	80.00	602.76	608.87	80.00	80.00	476.65	35	35	35	35	35	35	35	35	35	1,500	650	296	700	188.37	188.37	600	395.9722	250	250	11,000								
10	396.38	396.38	290.77	80.00	80.00	602.76	608.87	80.00	80.00	476.65	35	35	35	35	35	35	35	35	35	1,500	650	296	700	188.37	188.37	600	395.9722	250	250	11,000								
11	330.27	330.27	185.00	80.00	80.00	470.54	608.87	80.00	80.00	410.54	35	35	35	35	35	35	35	35	35	1,500	400	296	450	188.37	188.37	500	395.9722	250	250	9,000								
12	396.38	396.38	290.77	80.00	80.00	602.76	608.87	80.00	80.00	476.65	35	35	35	35	35	35	35	35	35	1,500	650	296	700	188.37	188.37	600	395.9722	250	250	12,000								
13	396.38	396.38	290.77	80.00	80.00	602.76	608.87	80.00	80.00	476.65	35	35	35	35	35	35	35	35	35	1,500	650	296	700	188.37	188.37	600	395.9722	250	250	12,000								
14	396.38	396.38	290.77	80.00	80.00	602.76	608.87	80.00	80.00	476.65	35	35	35	35	35	35	35	35	35	1,500	650	296	700	188.37	188.37	600	395.9722	250	250	12,000								
15	396.38	396.38	290.77	80.00	80.00	602.76	608.87	80.00	80.00	476.65	35	35	35	35	35	35	35	35	35	1,500	650	296	700	188.37	188.37	600	395.9722	250	250	13,000								
16	396.38	396.38	290.77	80.00	80.00	602.76	608.87	80.00	80.00	476.65	35	35	35	35	35	35	35	35	35	1,500	650	296	700	188.37	188.37	600	395.9722	250	250	15,000								
17	396.38	396.38	290.77	80.00	80.00	602.76	608.87	80.00	80.00	476.65	35	35	35	35	35	35	35	35	35	1,500	650	296	700	188.37	188.37	600	395.9722	250	250	15,000								
18	330.27	330.27	185.00	80.00	80.00	470.54	608.87	80.00	80.00	410.54	35	35	35	35	35	35	35	35	35	1,500	400	296	450	188.37	188.37	500	395.9722	250	250	10,000								
19	330.27	330.27	185.00	80.00	80.00	470.54	608.87	80.00	80.00	410.54	35	35	35	35	35	35	35	35	35	1,500	400	296	450	188.37	188.37	500	395.9722	250	250	9,000								
20	330.27	330.27	185.00	80.00	80.00	470.54	608.87	80.00	80.00	410.54	35	35	35	35	35	35	35	35	35	1,500	400	296	450	188.37	188.37	500	395.9722	250	250	9,000								
21	330.27	330.27	185.00	80.00	80.00	470.54	608.87	80.00	80.00	410.54	35	35	35	35	35	35	35	35	35	1,500	400	296	450	188.37	188.37	500	395.9722	250	250	9,000								
22	396.38	396.38	290.77	80.00	80.00	602.76	608.87	80.00	80.00	476.65	35	35	35	35	35	35	35	35	35	1,500	400	296	450	188.37	188.37	500	395.9722	250	250	11,000								
23	330.27	330.27	185.00	80.00	80.00	470.54	608.87	80.00	80.00	410.54	35	35	35	35	35	35	35	35	35	1,500	400	296	450	188.37	188.37	500	395.9722	250	250	9,000								
24	330.27	330.27	185.00	80.00	80.00	470.54	608.87	80.00	80.00	410.54	35	35	35	35	35	35	35	35	35	1,500	650	296	700	188.37	188.37	600	395.9722	250	250	9,000								
25	330.27	330.27	185.00	80.00	80.00	470.54	608.87	80.00	80.00	410.54	35	35	35	35	35	35	35	35	35	1,500	400	296	450	188.37	188.37	500	395.9722	250	250	9,000								
26	330.27	330.27	185.00	80.00	80.00	470.54	608.87	80.00	80.00	410.54	35	35	35	35	35	35	35	35	35	1,500	400	296	450	188.37	188.37	500	395.9722	250	250	9,000								
27	330.27	330.27	185.00	80.00	80.00	470.54	608.87	80.00	80.00	410.54	35	35	35	35	35	35	35	35	35	1,500	400	296	450	188.37	188.37	500	395.9722	250	250	9,000								
28	330.27	330.27	185.00	80.00	80.00	470.54	608.87	80.00	80.00	410.54	35	35	35	35	35	35	35	35	35	1,500	400	296	450	188.37	188.37	500	395.9722	250	250	9,000								
29	330.27	330.27	185.00	80.00	80.00	470.54	608.87	80.00	80.00	410.54	35	35	35	35	35	35	35	35	35	1,500	400	296	450	188.37	188.37	500	395.9722	250	250	9,000								
30	330.27	330.27	185.00	80.00	80.00	470.54	608.87	80.00	80.00	410.54	35	35	35	35	35	35	35	35	35	1,500	400	296	450	188.37	188.37	500	395.9722	250	250	9,000								

LONDON I															
Sales period start															
Area	On-site AH	% AH rented	Existing floorspace				6.80% Purchasers costs					Site areas			Student bursary
Site ref	Resi	% of PRS units	Total sqm	Rent	Yield	EUV	EUV uplift	BLV	Existing use	CIL Zone	Gross	Net			
1	10 N7	100.00%	4,729,447	6.00%	73,464,076	20%	88,156,891	Supermarket	B	1.60				£0	
2	10 N19	100.00%	487,500	6.00%	7,572,500	20%	9,087,000	Job Centre	B	0.33				£0	
3	10 N4	100.00%	420,128	6.00%	6,525,988	20%	7,831,186	Retail units	B	0.38				£0	
4	10 N4	100.00%	28,112	7.00%	374,291	20%	449,149	Vacant pub	B	0.13				£0	
5	10 N4	100.00%	418,350	5.00%	7,798,044	20%	9,357,653	Supermarket	B	0.35				£0	
6	10 N4	100.00%	10,000	6.00%	155,333	20%	186,400	Temporary storage	B	0.05				£0	
7	10 N7	100.00%	41,000	6.00%	636,867	20%	764,240	Defence facility	B	0.60				£0	
8	10 N7	100.00%	150,150	6.00%	2,332,330	20%	2,798,796	Vehicle repair workshop	B	0.52				£0	
9	10 N1	100.00%	2,510,000	5.00%	46,786,400	20%	56,143,680	Supermarket	A	0.88				£0	
10	10 N1	100.00%	515,000	6.00%	7,999,667	20%	9,599,600	Leisure use	A	0.13				£0	
11	10 N7	100.00%	1,479,200	6.00%	22,976,907	20%	27,572,288	Industrial and storage	B	0.43				£0	
12	10 EC	100.00%	5,286,272	5.25%	93,843,922	20%	112,612,706	Offices	A	0.16				£0	
13	10 EC	100.00%	95,250	6.00%	1,479,550	20%	1,775,460	Fmr Emergency services building	A	0.13				£0	
14	10 EC	100.00%	457,500	5.50%	7,752,545	20%	9,303,055	Car park	A	0.19				£0	
15	10 EC	100.00%	2,708,220	5.25%	48,077,353	20%	57,692,824	Offices	A	0.69				£0	
16	10 EC	100.00%	5,008,650	5.25%	88,915,463	20%	106,698,555	Offices and Fin Services	A	0.33				£0	
17	10 EC	100.00%	1,890,000	5.25%	33,552,000	20%	40,262,400	Offices	A	0.31				£0	
18	10 E8	100.00%	232,000	6.00%	3,603,733	20%	4,324,480	Offices and telecoms station	B	0.45				£0	
19	10 N19	100.00%	66,800	8.00%	778,220	20%	933,864	Community Centre	B	0.10				£0	
20	10 N7	100.00%	232,400	6.50%	3,332,258	20%	3,998,710	Former emergency services bldg	B	0.13				£0	
21	10 N7	100.00%	115,200	7.00%	1,533,806	20%	1,840,567	Public House	B	0.07				£0	
22	10 N19	100.00%	39,000	7.00%	519,257	20%	623,109	Community sports facility	A	0.11				£0	
23	10 N7	100.00%	47,500	7.00%	632,429	20%	758,914	Nursery	B	0.16				£0	
24	10 N1	100.00%	39,000	6.00%	605,800	20%	726,960	B2/B8 (cleared)	B	0.15				£0	
25	10 N4	100.00%	36,750	7.50%	456,680	20%	548,016	Social club	B	0.05				£0	
26	10 N7	100.00%	145,700	7.00%	1,939,891	20%	2,327,870	Storage	B	0.29				£0	
27	10 N7	100.00%	70,000	7.00%	932,000	20%	1,118,400	Assumed to be industrial	B	0.07				£0	
28	10 N7	100.00%	75,400	7.00%	1,003,897	20%	1,204,677	Assumed to be industrial	B	0.15				£0	
29	10 N7	100.00%	80,000	7.00%	1,065,143	20%	1,278,171	Assumed to be industrial	B	0.16				£0	
30	10 N7	100.00%	80,000	7.00%	1,065,143	20%	1,278,171	Public transport facility	B	0.26				£0	

LONDON I					
Site ref	Code of construction practice	Accessible car parking	E&T end training	E&T placements	Carbon offset
1	63,688.00	567,667	135,488	282,254	3,572,787
2	13,534.98	347,207	85,405	58,143	446,943
3	18,136.53	348,463	82,708	66,174	589,470
4	13,288.95	5,523	-	18,984	989,187
5	12,348.76	18,104	-	39,114	447,131
6	2,662.17	-	-	13,311	99,622
7	10,000.00	20,000	-	25,000	217,968
8	34,863.20	88,061	16,601	36,486	1,368,798
9	29,788.00	1,102,156	277,194	148,940	1,400,384
10	8,969.59	342,765	86,206	44,848	335,691
11	16,700.00	362,458	91,159	83,500	344,575
12	29,040.05	447,214	111,661	117,374	1,375,104
13	3,844.82	50,574	11,241	11,877	109,502
14	11,940.82	224,982	55,776	32,110	775,916
15	26,794.00	867,137	218,086	133,970	1,002,731
16	69,141.60	2,445,376	615,016	345,708	2,852,678
17	12,206.48	312,274	78,537	61,032	456,794
18	16,355.91	419,808	101,966	63,806	499,770
19	4,670.00	8,000	-	10,000	103,498
20	4,780.00	15,907	1,737	12,650	113,934
21	2,990.00	5,200	-	8,450	86,224
22	4,400.00	7,600	-	9,500	97,434
23	2,450.00	4,000	-	5,000	54,548
24	2,530.00	11,213	1,613	6,650	57,177
25	1,130.00	8,413	1,613	3,150	26,662
26	3,887.00	-	-	9,705	36,413
27	2,800.00	103,600	26,056	9,450	21,834
28	3,770.00	148,789	37,421	-	8,692
29	4,000.00	118,400	29,778	12,000	36,087
30	9,620.00	31,551	3,509	26,100	-

Appendix 2 - Appraisal results

70% Social Rent / 30% Intermediate (London Living Rent) – no affordable workspace

No grant

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£48.89	£43.42	£46.22	£37.92	£38.42	£39.82	£32.22	£36.92	145
2	Business led mixed use development. Intensification of business/retail space	£9.09	£17.52	£16.75	£15.97	£15.20	£14.81	£14.42	£14.04	£13.65	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£22.29	£20.13	£17.96	£15.80	£14.72	£13.64	£12.56	£11.48	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£13.50	£11.47	£9.44	£8.42	£7.49	£6.38	£5.30	91
7	Intensification for residential	£0.76	£14.44	£12.41	£10.37	£8.34	£7.32	£6.31	£5.29	£4.27	100
13	Residential-led development and reversion of community use	£1.78	£10.21	£9.24	£8.27	£7.30	£6.81	£6.32	£5.84	£5.35	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£24.88	£23.11	£21.35	£19.58	£18.70	£17.81	£16.93	£16.05	72
19	Residential with reprovided Cultural facility/another community use	£0.93	£5.81	£5.00	£4.19	£3.37	£2.97	£2.56	£2.16	£1.75	40
20	Residential-led mixed use development. (B1/A1/A2/A3)	£4.00	£6.84	£5.92	£5.01	£4.09	£3.65	£3.18	£2.72	£2.28	45
21	Residential development with retail on ground floor	£1.84	£3.46	£2.93	£2.40	£1.88	£1.61	£1.35	£1.08	£0.82	26
22	Reversion of community sports facility with residential development above	£0.62	£8.29	£7.21	£6.13	£5.05	£4.51	£3.97	£3.43	£2.89	38
23	Residential and nursery	£0.76	£2.69	£2.26	£1.88	£1.47	£1.27	£1.06	£0.86	£0.66	20
24	Residential led development and reversion of employment use	£0.73	£3.93	£3.45	£2.96	£2.47	£2.23	£1.98	£1.74	£1.49	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£1.60	£1.40	£1.20	£0.99	£0.89	£0.79	£0.69	£0.59	10
30	Residential led development with an element of business floorspace	£1.28	£13.94	£12.15	£10.36	£8.57	£7.67	£6.78	£5.89	£4.99	88

With grant

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£48.89	£44.20	£41.77	£38.54	£38.15	£36.92	£35.70	£34.48	145
2	Business led mixed use development. Intensification of business/retail space	£9.09	£17.52	£16.95	£16.39	£15.82	£15.53	£15.25	£14.97	£14.68	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£21.37	£19.21	£17.05	£14.89	£13.81	£12.73	£11.64	£10.56	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£14.00	£12.47	£10.92	£10.15	£9.38	£8.61	£7.84	91
7	Intensification for residential	£0.76	£14.44	£12.96	£11.47	£9.98	£9.24	£8.49	£7.74	£7.00	100
13	Residential-led development and reversion of community use	£1.78	£10.21	£9.40	£8.59	£7.78	£7.37	£6.97	£6.56	£6.15	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£24.88	£23.50	£22.13	£20.75	£20.06	£19.37	£18.68	£17.99	72
19	Residential with reprovided Cultural facility/another community use	£0.93	£5.81	£5.22	£4.63	£4.03	£3.73	£3.43	£3.14	£2.84	40
20	Residential-led mixed use development. (B1/A1/A2/A3)	£4.00	£6.84	£6.17	£5.50	£4.83	£4.49	£4.16	£3.82	£3.48	45
21	Residential development with retail on ground floor	£1.84	£3.46	£3.08	£2.69	£2.30	£2.11	£1.91	£1.72	£1.53	26
22	Reversion of community sports facility with residential development above	£0.62	£8.29	£7.42	£6.55	£5.67	£5.24	£4.80	£4.36	£3.93	38
23	Residential and nursery	£0.76	£2.69	£2.39	£2.10	£1.80	£1.65	£1.50	£1.35	£1.20	20
24	Residential led development and reversion of employment use	£0.73	£3.93	£3.58	£3.22	£2.86	£2.68	£2.51	£2.33	£2.15	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£1.60	£1.45	£1.31	£1.16	£1.08	£1.01	£0.93	£0.86	10
30	Residential led development with an element of business floorspace	£1.28	£13.94	£12.83	£11.32	£10.01	£9.35	£8.70	£8.04	£7.38	88

70% Social Rent / 30% Intermediate (London Living Rent) – with affordable workspace (10% of floorspace for 10 years)

No grant

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£44.98	£41.76	£38.96	£36.96	£33.76	£32.18	£30.66	£28.98	145
2	Business led mixed use development. Intensification of business/retail space	£9.09	£16.19	£15.41	£14.64	£13.86	£13.47	£13.09	£12.70	£12.31	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£21.37	£19.21	£17.05	£14.89	£13.81	£12.73	£11.64	£10.56	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£13.50	£11.47	£9.44	£8.42	£7.49	£6.38	£5.30	91
7	Intensification for residential	£0.76	£14.44	£12.41	£10.37	£8.34	£7.32	£6.31	£5.29	£4.27	100
13	Residential-led development and reversion of community use	£1.78	£10.01	£9.04	£8.07	£7.09	£6.61	£6.12	£5.63	£5.15	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£23.62	£21.85	£20.09	£18.32	£17.44	£16.55	£15.67	£14.79	72
19	Residential with reprovided Cultural facility/another community use	£0.93	£5.81	£5.00	£4.19	£3.37	£2.97	£2.56	£2.16	£1.75	40
20	Residential-led mixed use development. (B1/A1/A2/A3)	£4.00	£6.82	£5.90	£4.99	£4.07	£3.61	£3.18	£2.70	£2.24	45
21	Residential development with retail on ground floor	£1.84	£3.46	£2.93	£2.40	£1.88	£1.61	£1.35	£1.08	£0.82	26
22	Reversion of community sports facility with residential development above	£0.62	£8.29	£7.21	£6.13	£5.05	£4.51	£3.97	£3.43	£2.89	38
23	Residential and nursery	£0.76	£2.69	£2.26	£1.88	£1.47	£1.27	£1.06	£0.86	£0.66	20
24	Residential led development and reversion of employment use	£0.73	£3.90	£3.42	£2.93	£2.44	£2.20	£1.95	£1.71	£1.46	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£1.58	£1.38	£1.18	£0.97	£0.87	£0.77	£0.67	£0.57	10
30	Residential led development with an element of business floorspace	£1.28	£13.82	£12.03	£10.24	£8.45	£7.56	£6.67	£5.77	£4.88	88

With grant

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£44.98	£42.53	£40.10	£37.68	£36.46	£35.25	£34.04	£32.82	145
2	Business led mixed use development. Intensification of business/retail space	£9.09	£16.19	£15.62	£15.05	£14.48	£14.20	£13.91	£13.63	£13.35	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£21.37	£19.74	£18.11	£16.48	£15.68	£14.84	£14.02	£13.20	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£14.00	£12.47	£10.92	£10.15	£9.38	£8.61	£7.84	91
7	Intensification for residential	£0.76	£14.44	£12.96	£11.47	£9.98	£9.24	£8.49	£7.74	£7.00	100
13	Residential-led development and reversion of community use	£1.78	£10.01	£9.20	£8.39	£7.58	£7.17	£6.76	£6.36	£5.95	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£23.62	£22.24	£20.87	£19.49	£18.80	£18.11	£17.42	£16.73	72
19	Residential with reprovided Cultural facility/another community use	£0.93	£5.81	£5.22	£4.63	£4.03	£3.73	£3.43	£3.14	£2.84	40
20	Residential-led mixed use development. (B1/A1/A2/A3)	£4.00	£6.82	£6.15	£5.48	£4.81	£4.48	£4.14	£3.80	£3.47	45
21	Residential development with retail on ground floor	£1.84	£3.46	£3.08	£2.69	£2.30	£2.11	£1.91	£1.72	£1.53	26
22	Reversion of community sports facility with residential development above	£0.62	£8.29	£7.42	£6.55	£5.67	£5.24	£4.80	£4.36	£3.93	38
23	Residential and nursery	£0.76	£2.69	£2.39	£2.10	£1.80	£1.65	£1.50	£1.35	£1.20	20
24	Residential led development and reversion of employment use	£0.73	£3.90	£3.55	£3.19	£2.83	£2.66	£2.48	£2.30	£2.12	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£1.58	£1.44	£1.29	£1.14	£1.06	£0.99	£0.91	£0.84	10
30	Residential led development with an element of business floorspace	£1.28	£13.82	£12.52	£11.21	£9.90	£9.24	£8.58	£7.93	£7.27	88

70% Social Rent / 30% Intermediate (London Living Rent) – with affordable workspace (10% of floorspace for 20 years)

No grant

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£43.88	£46.47	£37.27	£34.07	£36.49	£38.89	£36.27	£27.61	145
2	Business led mixed use development, intensification of business/retail space	£9.09	£15.15	£14.35	£13.80	£12.83	£12.44	£12.06	£11.67	£11.28	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£20.66	£18.50	£16.34	£14.18	£13.10	£12.02	£10.94	£9.86	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£13.50	£11.47	£9.44	£8.42	£7.48	£6.55	£5.62	91
7	Intensification for residential	£0.76	£14.44	£12.41	£10.37	£8.34	£7.32	£6.31	£5.29	£4.27	100
13	Residential-led development and re-provision of community use	£1.78	£9.86	£8.89	£7.91	£6.94	£6.46	£5.97	£5.48	£5.00	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£22.65	£20.88	£19.11	£17.35	£16.46	£15.58	£14.70	£13.81	72
19	Residential with re-provided Cultural facility/another community use	£0.93	£5.81	£5.00	£4.19	£3.37	£2.97	£2.56	£2.16	£1.75	40
20	Residential -led mixed use development. (B1/A1/A2/A3)	£4.00	£6.80	£5.89	£4.97	£4.06	£3.89	£3.14	£2.89	£2.23	45
21	Residential development with retail on ground floor	£1.84	£3.46	£2.93	£2.40	£1.88	£1.81	£1.36	£1.08	£0.82	26
22	Re-provision of community sports facility with residential development above	£0.62	£8.29	£7.21	£6.13	£5.05	£4.51	£3.97	£3.43	£2.89	38
23	Residential and nursery	£0.76	£2.69	£2.28	£1.88	£1.47	£1.27	£1.06	£0.86	£0.66	20
24	Residential led development and re-provision of employment use	£0.73	£3.88	£3.39	£2.91	£2.42	£2.17	£1.93	£1.69	£1.44	24
25	Mixed use town centre uses, workspace for SMEs	£0.55	£1.57	£1.37	£1.16	£0.96	£0.86	£0.78	£0.65	£0.55	10
30	Residential led development with an element of business floorspace	£1.28	£13.73	£11.94	£10.16	£8.37	£7.47	£6.58	£5.68	£4.79	88

With grant

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£43.89	£41.25	£38.62	£36.38	£35.18	£33.96	£32.75	£31.54	145
2	Business led mixed use development, intensification of business/retail space	£9.09	£15.15	£14.59	£14.02	£13.45	£13.17	£12.88	£12.60	£12.32	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£20.66	£19.03	£17.40	£15.77	£14.96	£14.14	£13.32	£12.50	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£14.00	£12.47	£10.92	£10.15	£9.38	£8.61	£7.84	91
7	Intensification for residential	£0.76	£14.44	£12.96	£11.47	£9.98	£9.24	£8.49	£7.74	£7.00	100
13	Residential-led development and re-provision of community use	£1.78	£9.86	£9.05	£8.24	£7.43	£7.02	£6.61	£6.21	£5.80	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£22.65	£21.27	£19.89	£18.52	£17.83	£17.14	£16.45	£15.76	72
19	Residential with re-provided Cultural facility/another community use	£0.93	£5.81	£5.22	£4.63	£4.03	£3.73	£3.43	£3.14	£2.84	40
20	Residential -led mixed use development. (B1/A1/A2/A3)	£4.00	£6.80	£6.13	£5.47	£4.80	£4.46	£4.12	£3.79	£3.45	45
21	Residential development with retail on ground floor	£1.84	£3.46	£3.08	£2.69	£2.30	£2.11	£1.91	£1.72	£1.53	26
22	Re-provision of community sports facility with residential development above	£0.62	£8.29	£7.42	£6.55	£5.67	£5.24	£4.80	£4.36	£3.93	38
23	Residential and nursery	£0.76	£2.69	£2.39	£2.10	£1.80	£1.65	£1.50	£1.35	£1.20	20
24	Residential led development and re-provision of employment use	£0.73	£3.88	£3.53	£3.17	£2.81	£2.63	£2.45	£2.28	£2.10	24
25	Mixed use town centre uses, workspace for SMEs	£0.55	£1.57	£1.42	£1.27	£1.12	£1.05	£0.97	£0.90	£0.83	10
30	Residential led development with an element of business floorspace	£1.28	£13.73	£12.43	£11.12	£9.81	£9.15	£8.49	£7.84	£7.18	88

70% Social Rent / 30% Intermediate (Shared ownership) – no affordable workspace

No grant

Site no	Site	Benchmark land value	Affordable housing								No of resi units
			0%	10%	20%	30%	35%	40%	45%	50%	
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£46.62	£43.61	£40.60	£37.58	£36.07	£34.57	£33.06	£31.55	145
2	Business led mixed use development. Intensification of business/retail space	£9.09	£17.52	£16.80	£16.07	£15.35	£14.99	£14.62	£14.26	£13.90	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£22.29	£20.25	£18.22	£16.19	£15.17	£14.15	£13.13	£12.12	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£13.62	£11.71	£9.79	£8.84	£7.88	£6.92	£5.97	91
7	Intensification for residential	£0.76	£14.44	£12.54	£10.64	£8.74	£7.79	£6.84	£5.89	£4.94	100
13	Residential-led development and reversion of community use	£1.78	£10.21	£9.28	£8.35	£7.41	£6.95	£6.48	£6.01	£5.55	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£24.88	£23.21	£21.53	£19.86	£19.02	£18.19	£17.35	£16.52	72
19	Residential with reprovided Cultural facility/another community use	£0.93	£5.81	£5.05	£4.29	£3.53	£3.15	£2.77	£2.39	£2.01	40
20	Residential-led mixed use development. (B1/A1/A2/A3)	£4.00	£8.84	£5.96	£5.13	£4.27	£3.84	£3.41	£2.98	£2.56	45
21	Residential development with retail on ground floor	£1.84	£3.46	£2.97	£2.47	£1.98	£1.73	£1.48	£1.24	£0.99	26
22	Reprovision of community sports facility with residential development above	£0.62	£8.29	£7.26	£6.23	£5.20	£4.69	£4.17	£3.66	£3.14	38
23	Residential and nursery	£0.76	£2.69	£2.31	£1.93	£1.55	£1.36	£1.17	£0.98	£0.79	20
24	Residential led development and reversion of employment use	£0.73	£3.93	£3.48	£3.02	£2.56	£2.34	£2.11	£1.88	£1.65	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£1.60	£1.41	£1.22	£1.03	£0.94	£0.84	£0.75	£0.65	10
30	Residential led development with an element of business floorspace	£1.28	£13.94	£12.26	£10.59	£8.92	£8.08	£7.25	£6.41	£5.57	88

With grant

Site no	Site	Benchmark land value	Affordable housing								No of resi units
			0%	10%	20%	30%	35%	40%	45%	50%	
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£46.62	£44.38	£42.14	£39.90	£38.78	£37.66	£36.54	£35.42	145
2	Business led mixed use development. Intensification of business/retail space.	£9.09	£17.52	£17.00	£16.49	£15.97	£15.71	£15.45	£15.19	£14.93	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£22.29	£20.78	£19.28	£17.78	£17.03	£16.28	£15.50	£14.74	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£14.12	£12.71	£11.28	£10.57	£9.86	£9.15	£8.43	91
7	Intensification for residential	£0.76	£14.44	£13.09	£11.74	£10.38	£9.70	£9.02	£8.34	£7.66	100
13	Residential-led development and reversion of community use	£1.78	£10.21	£9.44	£8.67	£7.90	£7.51	£7.12	£6.74	£6.35	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£24.88	£23.60	£22.31	£21.03	£20.39	£19.75	£19.10	£18.46	72
19	Residential with reprovided Cultural facility/another community use	£0.93	£5.81	£5.27	£4.73	£4.19	£3.92	£3.65	£3.37	£3.10	40
20	Residential-led mixed use development. (B1/A1/A2/A3)	£4.00	£8.84	£6.23	£5.62	£5.01	£4.70	£4.40	£4.10	£3.79	45
21	Residential development with retail on ground floor	£1.84	£3.46	£3.11	£2.76	£2.41	£2.23	£2.05	£1.88	£1.70	26
22	Reprovision of community sports facility with residential development above	£0.62	£8.29	£7.47	£6.65	£5.83	£5.41	£5.00	£4.59	£4.18	38
23	Residential and nursery	£0.76	£2.69	£2.42	£2.15	£1.88	£1.74	£1.60	£1.47	£1.33	20
24	Residential led development and reversion of employment use	£0.73	£3.93	£3.61	£3.29	£2.96	£2.80	£2.63	£2.47	£2.31	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£1.60	£1.47	£1.33	£1.20	£1.13	£1.06	£0.99	£0.92	10
30	Residential led development with an element of business floorspace	£1.28	£13.94	£12.75	£11.56	£10.36	£9.78	£9.18	£8.58	£7.97	88

70% Social Rent / 30% Intermediate (Shared ownership) – with affordable workspace (10% of floorspace for 10 years)

No grant

Site no	Site	Benchmark land value	Affordable housing								No of resi units
			0%	10%	20%	30%	35%	40%	45%	50%	
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£44.96	£41.84	£38.73	£35.61	£34.41	£33.20	£31.99	£29.88	145
2	Business led mixed use development. Intensification of business/retail space	£9.09	£16.19	£15.46	£14.74	£14.01	£13.65	£13.29	£12.92	£12.56	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£21.37	£19.34	£17.30	£15.27	£14.25	£13.24	£12.22	£11.20	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£13.62	£11.71	£9.79	£8.84	£7.88	£6.92	£5.97	91
7	Intensification for residential	£0.76	£14.44	£12.54	£10.64	£8.74	£7.79	£6.84	£5.89	£4.94	100
13	Residential-led development and reversion of community use	£1.78	£10.01	£9.09	£8.14	£7.21	£6.74	£6.28	£5.81	£5.34	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£23.62	£21.95	£20.27	£18.60	£17.76	£16.93	£16.09	£15.25	72
19	Residential with reprovided Cultural facility/another community use	£0.93	£5.81	£5.05	£4.29	£3.53	£3.15	£2.77	£2.39	£2.01	40
20	Residential-led mixed use development. (B1/A1/A2/A3)	£4.00	£6.82	£5.96	£5.11	£4.25	£3.82	£3.40	£2.97	£2.54	45
21	Residential development with retail on ground floor	£1.84	£3.46	£2.97	£2.47	£1.98	£1.73	£1.48	£1.24	£0.99	26
22	Reprovision of community sports facility with residential development above	£0.62	£8.29	£7.26	£6.23	£5.20	£4.69	£4.17	£3.66	£3.14	38
23	Residential and nursery	£0.76	£2.69	£2.31	£1.93	£1.55	£1.36	£1.17	£0.98	£0.79	20
24	Residential led development and reversion of employment use	£0.73	£3.90	£3.45	£2.99	£2.54	£2.31	£2.08	£1.85	£1.62	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£1.58	£1.39	£1.20	£1.01	£0.92	£0.82	£0.73	£0.63	10
30	Residential led development with an element of business floorspace	£1.28	£13.82	£12.15	£10.48	£8.80	£7.97	£7.13	£6.29	£5.46	88

With grant

Site no	Site	Benchmark land value	Affordable housing								No of resi units
			0%	10%	20%	30%	35%	40%	45%	50%	
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£44.96	£42.72	£40.48	£38.23	£37.11	£35.99	£34.87	£33.75	145
2	Business led mixed use development. Intensification of business/retail space.	£9.09	£16.19	£15.67	£15.15	£14.63	£14.37	£14.11	£13.85	£13.60	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£21.37	£19.87	£18.37	£16.86	£16.11	£15.35	£14.60	£13.84	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£14.12	£12.71	£11.28	£10.57	£9.86	£9.15	£8.43	91
7	Intensification for residential	£0.76	£14.44	£13.09	£11.74	£10.38	£9.70	£9.02	£8.34	£7.66	100
13	Residential-led development and reversion of community use	£1.78	£10.01	£9.24	£8.47	£7.69	£7.31	£6.92	£6.53	£6.15	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£23.62	£22.34	£21.05	£19.77	£19.13	£18.49	£17.84	£17.20	72
19	Residential with reprovided Cultural facility/another community use	£0.93	£5.81	£5.27	£4.73	£4.19	£3.92	£3.65	£3.37	£3.10	40
20	Residential-led mixed use development. (B1/A1/A2/A3)	£4.00	£6.82	£6.21	£5.60	£4.99	£4.68	£4.36	£4.07	£3.77	45
21	Residential development with retail on ground floor	£1.84	£3.46	£3.11	£2.76	£2.41	£2.23	£2.05	£1.88	£1.70	26
22	Reprovision of community sports facility with residential development above	£0.62	£8.29	£7.47	£6.65	£5.83	£5.41	£5.00	£4.59	£4.18	38
23	Residential and nursery	£0.76	£2.69	£2.42	£2.15	£1.88	£1.74	£1.60	£1.47	£1.33	20
24	Residential led development and reversion of employment use	£0.73	£3.90	£3.58	£3.26	£2.93	£2.77	£2.60	£2.44	£2.28	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£1.58	£1.45	£1.31	£1.18	£1.11	£1.04	£0.97	£0.91	10
30	Residential led development with an element of business floorspace	£1.28	£13.82	£12.83	£11.84	£10.85	£9.85	£9.05	£8.25	£7.45	88

70% Social Rent / 30% Intermediate (Shared ownership) – with affordable workspace (10% of floorspace for 20 years)

No grant

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£43.87	£49.88	£57.84	£64.63	£69.18	£71.81	£76.11	£80.60	145
2	Business led mixed use development. Intensification of business/retail space	£9.09	£15.15	£14.43	£13.70	£12.98	£12.62	£12.25	£11.89	£11.53	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£20.66	£18.63	£16.80	£14.56	£13.55	£12.53	£11.51	£10.50	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£13.62	£11.71	£9.79	£8.84	£7.88	£6.92	£5.97	91
7	Intensification for residential	£0.76	£14.44	£12.54	£10.64	£8.74	£7.79	£6.84	£5.89	£4.94	100
13	Residential-led development and re-provision of community use	£1.78	£9.86	£8.92	£7.99	£7.06	£6.59	£6.12	£5.66	£5.19	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£22.65	£20.97	£19.30	£17.63	£16.79	£15.96	£15.12	£14.28	72
19	Residential with re-provided Cultural facility/another community use	£0.93	£5.81	£5.05	£4.29	£3.53	£3.15	£2.77	£2.39	£2.01	40
20	Residential -led mixed use development. (B1/A1/A2/A3)	£4.00	£6.80	£5.95	£5.09	£4.24	£3.81	£3.38	£2.95	£2.53	45
21	Residential development with retail on ground floor	£1.84	£3.46	£2.97	£2.47	£1.98	£1.72	£1.46	£1.24	£0.98	26
22	Re-provision of community sports facility with residential development above	£0.62	£8.29	£7.26	£6.23	£5.20	£4.69	£4.17	£3.66	£3.14	38
23	Residential and nursery	£0.76	£2.69	£2.31	£1.93	£1.55	£1.36	£1.17	£0.98	£0.79	20
24	Residential led development and re-provision of employment use	£0.73	£3.88	£3.43	£2.97	£2.51	£2.29	£2.06	£1.83	£1.60	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£1.57	£1.38	£1.19	£1.00	£0.90	£0.81	£0.71	£0.62	10
30	Residential led development with an element of business floorspace	£1.28	£13.73	£12.96	£10.39	£8.72	£7.88	£7.04	£6.21	£5.37	88

With grant

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£88.16	£43.87	£41.43	£39.19	£36.95	£35.83	£34.71	£33.59	£32.47	145
2	Business led mixed use development. Intensification of business/retail space.	£9.09	£15.15	£14.64	£14.12	£13.60	£13.34	£13.08	£12.82	£12.56	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£7.83	£20.66	£19.16	£17.66	£16.16	£15.40	£14.65	£13.89	£13.14	98
5	Re-provision of retail and residential development above	£9.36	£15.54	£14.12	£12.71	£11.28	£10.57	£9.86	£9.15	£8.43	91
7	Intensification for residential	£0.76	£14.44	£13.09	£11.74	£10.38	£9.70	£9.02	£8.34	£7.66	100
13	Residential-led development and re-provision of community use	£1.78	£9.86	£9.09	£8.31	£7.54	£7.16	£6.77	£6.38	£5.99	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.32	£22.65	£21.36	£20.08	£18.80	£18.16	£17.51	£16.87	£16.22	72
19	Residential with re-provided Cultural facility/another community use	£0.93	£5.81	£5.27	£4.73	£4.19	£3.92	£3.65	£3.37	£3.10	40
20	Residential -led mixed use development. (B1/A1/A2/A3)	£4.00	£6.80	£6.19	£5.59	£4.97	£4.67	£4.36	£4.06	£3.75	45
21	Residential development with retail on ground floor	£1.84	£3.46	£3.11	£2.76	£2.41	£2.23	£2.05	£1.88	£1.70	26
22	Re-provision of community sports facility with residential development above	£0.62	£8.29	£7.47	£6.65	£5.83	£5.41	£5.00	£4.59	£4.18	38
23	Residential and nursery	£0.76	£2.69	£2.42	£2.15	£1.88	£1.74	£1.60	£1.47	£1.33	20
24	Residential led development and re-provision of employment use	£0.73	£3.88	£3.56	£3.23	£2.91	£2.74	£2.58	£2.42	£2.26	24
25	Mixed use/town centre uses, workspace for SMEs	£0.55	£1.57	£1.43	£1.30	£1.16	£1.10	£1.03	£0.96	£0.89	10
30	Residential led development with an element of business floorspace	£1.28	£13.73	£12.54	£11.35	£10.16	£9.56	£8.96	£8.36	£7.76	88

Appendix 3 - Appraisal results with growth

70% Social Rent / 30% Intermediate (London Living Rent) – no affordable workspace

No grant

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£92.56	£72.16	£84.54	£96.97	£48.41	£48.63	£41.85	£36.06	£34.28	145
2	Business led mixed use development. Intensification of business/retail space	£9.54	£21.00	£19.57	£18.15	£16.73	£16.02	£15.31	£14.59	£13.88	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£8.22	£33.93	£30.02	£26.12	£22.22	£20.27	£18.32	£16.37	£14.41	98
5	Re-provision of retail and residential development above	£9.83	£27.77	£24.12	£20.45	£16.78	£14.95	£13.11	£11.28	£9.44	91
7	Intensification for residential	£0.80	£20.48	£17.73	£14.98	£12.22	£10.85	£9.47	£8.09	£6.72	100
13	Residential-led development and reversion of community use	£1.86	£15.44	£13.79	£12.14	£10.49	£9.67	£8.84	£8.02	£7.20	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.54	£34.20	£31.07	£27.95	£24.82	£23.26	£21.70	£20.14	£18.58	72
19	Residential with reprovided Cultural facility/another community use	£0.98	£8.16	£7.06	£5.96	£4.86	£4.31	£3.78	£3.21	£2.66	40
20	Residential-led mixed use development. (B1/A1/A2/A3)	£4.20	£9.52	£8.28	£7.04	£5.80	£5.19	£4.57	£3.95	£3.33	45
21	Residential development with retail on ground floor	£1.93	£4.97	£4.26	£3.54	£2.83	£2.47	£2.11	£1.75	£1.39	26
22	Reprovision of community sports facility with residential development above	£0.65	£11.11	£9.70	£8.29	£6.87	£6.17	£5.46	£4.75	£4.05	38
23	Residential and nursery	£0.80	£3.84	£3.29	£2.74	£2.19	£1.91	£1.64	£1.36	£1.09	20
24	Residential led development and reversion of employment use	£0.76	£5.36	£4.70	£4.04	£3.38	£3.05	£2.72	£2.39	£2.06	24
25	Mixed use/town centre uses, workspace for SMEs	£0.58	£2.19	£1.91	£1.64	£1.36	£1.22	£1.08	£0.95	£0.81	10
30	Residential led development with an element of business floorspace	£1.34	£19.12	£16.70	£14.28	£11.86	£10.64	£9.43	£8.22	£7.01	88

With grant

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£92.56	£72.16	£85.31	£98.52	£49.73	£48.33	£44.94	£41.54	£38.15	145
2	Business led mixed use development. Intensification of business/retail space.	£9.54	£21.00	£19.78	£18.56	£17.35	£16.74	£16.13	£15.52	£14.92	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£8.22	£33.93	£30.56	£27.18	£23.81	£22.12	£20.43	£18.74	£17.05	98
5	Re-provision of retail and residential development above	£9.83	£27.77	£24.61	£21.45	£18.27	£16.68	£15.09	£13.50	£11.91	91
7	Intensification for residential	£0.80	£20.48	£18.28	£16.07	£13.86	£12.76	£11.65	£10.54	£9.44	100
13	Residential-led development and reversion of community use	£1.86	£15.44	£13.95	£12.46	£10.98	£10.23	£9.49	£8.74	£8.00	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.54	£34.20	£31.46	£28.73	£25.99	£24.63	£23.26	£21.89	£20.52	72
19	Residential with reprovided Cultural facility/another community use	£0.98	£8.16	£7.28	£6.40	£5.52	£5.07	£4.63	£4.19	£3.75	40
20	Residential-led mixed use development. (B1/A1/A2/A3)	£4.20	£9.52	£8.53	£7.54	£6.54	£6.05	£5.55	£5.05	£4.55	45
21	Residential development with retail on ground floor	£1.93	£4.97	£4.46	£3.93	£3.25	£2.96	£2.68	£2.39	£2.10	26
22	Reprovision of community sports facility with residential development above	£0.65	£11.11	£9.96	£8.70	£7.50	£6.89	£6.29	£5.69	£5.08	38
23	Residential and nursery	£0.80	£3.84	£3.40	£2.96	£2.52	£2.29	£2.07	£1.85	£1.63	20
24	Residential led development and reversion of employment use	£0.76	£5.36	£4.83	£4.31	£3.77	£3.51	£3.24	£2.98	£2.71	24
25	Mixed use/town centre uses, workspace for SMEs	£0.58	£2.19	£1.97	£1.75	£1.52	£1.41	£1.30	£1.19	£1.08	10
30	Residential led development with an element of business floorspace	£1.34	£19.12	£17.19	£15.24	£13.30	£12.32	£11.35	£10.38	£9.40	88

70% Social Rent / 30% Intermediate (London Living Rent) – with affordable workspace (10% of floorspace for 10 years)

No grant

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£92.56	£76.44	£82.68	£88.91	£47.75	£43.96	£40.18	£36.39	£32.60	145
2	Business led mixed use development. Intensification of business/retail space	£9.54	£19.67	£18.24	£16.82	£15.40	£14.69	£13.98	£13.26	£12.55	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£8.22	£33.02	£29.11	£25.21	£21.31	£19.36	£17.41	£15.45	£13.50	98
5	Re-provision of retail and residential development above	£9.83	£27.77	£24.12	£20.45	£16.78	£14.95	£13.11	£11.28	£9.44	91
7	Intensification for residential	£0.80	£20.48	£17.73	£14.98	£12.22	£10.85	£9.47	£8.09	£6.72	100
13	Residential-led development and reversion of community use	£1.86	£15.23	£13.59	£11.94	£10.29	£9.47	£8.64	£7.82	£6.99	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.54	£32.94	£29.82	£26.69	£23.57	£22.01	£20.45	£18.89	£17.32	72
19	Residential with reprovided Cultural facility/another community use	£0.98	£8.16	£7.06	£5.96	£4.86	£4.31	£3.78	£3.21	£2.66	40
20	Residential-led mixed use development. (B1/A1/A2/A3)	£4.20	£9.50	£8.26	£7.02	£5.79	£5.17	£4.55	£3.93	£3.31	45
21	Residential development with retail on ground floor	£1.93	£4.97	£4.26	£3.54	£2.83	£2.47	£2.11	£1.75	£1.39	26
22	Reprovision of community sports facility with residential development above	£0.65	£11.11	£9.70	£8.29	£6.87	£6.17	£5.46	£4.75	£4.05	38
23	Residential and nursery	£0.80	£3.84	£3.29	£2.74	£2.19	£1.91	£1.64	£1.36	£1.09	20
24	Residential led development and reversion of employment use	£0.76	£5.33	£4.67	£4.01	£3.35	£3.02	£2.69	£2.36	£2.03	24
25	Mixed use/town centre uses, workspace for SMEs	£0.58	£2.17	£1.89	£1.62	£1.34	£1.20	£1.07	£0.93	£0.79	10
30	Residential led development with an element of business floorspace	£1.34	£19.01	£16.59	£14.17	£11.74	£10.53	£9.32	£8.11	£6.90	88

With grant

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£92.56	£76.44	£83.68	£90.91	£50.07	£46.88	£43.28	£39.68	£36.08	145
2	Business led mixed use development. Intensification of business/retail space.	£9.54	£19.67	£18.45	£17.23	£16.02	£15.41	£14.80	£14.19	£13.58	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£8.22	£33.02	£29.65	£26.27	£22.90	£21.21	£19.52	£17.83	£16.14	98
5	Re-provision of retail and residential development above	£9.83	£27.77	£24.61	£21.45	£18.27	£16.68	£15.09	£13.50	£11.91	91
7	Intensification for residential	£0.80	£20.48	£18.28	£16.07	£13.86	£12.76	£11.65	£10.54	£9.44	100
13	Residential-led development and reversion of community use	£1.86	£15.23	£13.75	£12.26	£10.77	£10.03	£9.29	£8.54	£7.80	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.54	£32.94	£30.21	£27.47	£24.74	£23.37	£22.00	£20.63	£19.26	72
19	Residential with reprovided Cultural facility/another community use	£0.98	£8.16	£7.28	£6.40	£5.52	£5.07	£4.63	£4.19	£3.75	40
20	Residential-led mixed use development. (B1/A1/A2/A3)	£4.20	£9.50	£8.51	£7.52	£6.52	£6.03	£5.53	£5.03	£4.53	45
21	Residential development with retail on ground floor	£1.93	£4.97	£4.46	£3.93	£3.25	£2.96	£2.68	£2.39	£2.10	26
22	Reprovision of community sports facility with residential development above	£0.65	£11.11	£9.96	£8.70	£7.50	£6.89	£6.29	£5.69	£5.08	38
23	Residential and nursery	£0.80	£3.84	£3.40	£2.96	£2.52	£2.29	£2.07	£1.85	£1.63	20
24	Residential led development and reversion of employment use	£0.76	£5.33	£4.81	£4.28	£3.75	£3.46	£3.21	£2.95	£2.68	24
25	Mixed use/town centre uses, workspace for SMEs	£0.58	£2.17	£1.95	£1.73	£1.51	£1.40	£1.28	£1.17	£1.06	10
30	Residential led development with an element of business floorspace	£1.34	£19.01	£17.07	£15.13	£13.18	£12.21	£11.24	£10.28	£9.29	88

70% Social Rent / 30% Intermediate (London Living Rent) – with affordable workspace (10% of floorspace for 20 years)

No grant

Site no	Site	Benchmark land value	Affordable housing							No of resi units		
			0%	10%	20%	30%	35%	40%	45%		50%	
1	Retail-led mixed-use development, with residential on upper floors	£92.56	£89.16	£91.59	£94.02	£96.45	£98.88	£101.31	£103.74	£106.17	£108.60	145
2	Business led mixed use development. Intensification of business/retail space	£9.54	£18.63	£17.21	£15.79	£14.37	£13.66	£12.94	£12.23	£11.52	£10.81	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£8.22	£32.31	£28.41	£24.50	£20.60	£18.65	£16.70	£14.75	£12.80	£10.85	98
5	Re-provision of retail and residential development above	£9.83	£27.77	£24.12	£20.45	£16.78	£14.95	£13.11	£11.28	£9.44	£7.61	91
7	Intensification for residential	£0.80	£20.48	£17.73	£14.98	£12.22	£10.85	£9.47	£8.09	£6.72	£5.34	100
13	Residential-led development and reversion of community use	£1.86	£15.08	£13.44	£11.79	£10.14	£8.31	£6.49	£4.67	£2.84	£1.02	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.54	£31.97	£28.35	£24.72	£21.10	£17.47	£13.85	£10.23	£6.61	£2.99	72
19	Residential with reprovided Cultural facility/another community use	£0.98	£8.16	£7.06	£5.96	£4.86	£4.31	£3.76	£3.21	£2.66	£2.11	40
20	Residential-led mixed use development. (B1/A1/A2/A3)	£4.20	£9.49	£8.25	£7.01	£5.77	£5.15	£4.53	£3.91	£3.29	£2.67	45
21	Residential development with retail on ground floor	£1.93	£4.97	£4.26	£3.54	£2.83	£2.47	£2.11	£1.75	£1.39	£1.03	26
22	Reprovision of community sports facility with residential development above	£0.65	£11.11	£9.70	£8.29	£6.87	£6.17	£5.46	£4.75	£4.05	£3.34	38
23	Residential and nursery	£0.80	£3.84	£3.29	£2.74	£2.19	£1.91	£1.64	£1.36	£1.09	£0.81	20
24	Residential led development and reversion of employment use	£0.76	£5.31	£4.65	£3.99	£3.33	£3.00	£2.67	£2.34	£2.01	£1.68	24
25	Mixed use town centre uses, workspace for SMEs	£0.58	£2.15	£1.88	£1.60	£1.33	£1.19	£1.05	£0.91	£0.78	£0.64	10
30	Residential led development with an element of business floorspace	£1.34	£18.92	£16.50	£14.08	£11.65	£10.44	£9.23	£8.02	£6.81	£5.60	88

With grant

Site no	Site	Benchmark land value	Affordable housing							No of resi units		
			0%	10%	20%	30%	35%	40%	45%		50%	
1	Retail-led mixed-use development, with residential on upper floors	£92.56	£89.16	£92.37	£95.58	£98.79	£102.00	£105.21	£108.42	£111.63	£114.84	145
2	Business led mixed use development. Intensification of business/retail space	£9.54	£18.63	£17.42	£16.20	£14.99	£14.38	£13.77	£13.16	£12.55	£11.94	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£8.22	£32.31	£28.94	£25.57	£22.20	£20.51	£18.82	£17.13	£15.44	£13.75	98
5	Re-provision of retail and residential development above	£9.83	£27.77	£24.61	£21.45	£18.27	£16.68	£15.09	£13.50	£11.91	£10.32	91
7	Intensification for residential	£0.80	£20.48	£18.28	£16.07	£13.86	£12.76	£11.65	£10.54	£9.44	£8.33	100
13	Residential-led development and reversion of community use	£1.86	£15.08	£13.60	£12.11	£10.62	£9.88	£9.13	£8.38	£7.64	£6.89	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.54	£31.97	£29.24	£26.50	£23.77	£22.40	£21.03	£19.66	£18.29	£16.92	72
19	Residential with reprovided Cultural facility/another community use	£0.98	£8.16	£7.26	£6.40	£5.52	£5.07	£4.63	£4.19	£3.75	£3.31	40
20	Residential-led mixed use development. (B1/A1/A2/A3)	£4.20	£9.49	£8.50	£7.50	£6.51	£6.01	£5.51	£5.02	£4.52	£4.03	45
21	Residential development with retail on ground floor	£1.93	£4.97	£4.40	£3.83	£3.25	£2.96	£2.68	£2.39	£2.10	£1.81	26
22	Reprovision of community sports facility with residential development above	£0.65	£11.11	£9.90	£8.70	£7.50	£6.89	£6.29	£5.69	£5.08	£4.48	38
23	Residential and nursery	£0.80	£3.84	£3.40	£2.96	£2.52	£2.29	£2.07	£1.85	£1.63	£1.41	20
24	Residential led development and reversion of employment use	£0.76	£5.31	£4.78	£4.25	£3.72	£3.46	£3.19	£2.93	£2.66	£2.40	24
25	Mixed use town centre uses, workspace for SMEs	£0.58	£2.15	£1.93	£1.71	£1.49	£1.38	£1.27	£1.16	£1.05	£0.94	10
30	Residential led development with an element of business floorspace	£1.34	£18.92	£16.98	£15.04	£13.10	£12.12	£11.15	£10.18	£9.20	£8.23	88

70% Social Rent / 30% Intermediate (Shared ownership) – no affordable workspace

No grant

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£92.56	£72.16	£84.72	£97.34	£48.97	£48.28	£42.58	£30.90	£35.21	145
2	Business led mixed use development. Intensification of business/retail space	£9.54	£21.00	£19.62	£18.25	£16.88	£16.19	£15.50	£14.82	£14.13	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£8.22	£33.93	£30.15	£26.38	£22.60	£20.71	£18.83	£16.94	£15.05	98
5	Re-provision of retail and residential development above	£9.83	£27.77	£24.24	£20.89	£17.14	£15.36	£13.59	£11.81	£10.04	91
7	Intensification for residential	£0.80	£20.48	£17.86	£15.24	£12.62	£11.31	£10.00	£8.69	£7.38	100
13	Residential-led development and reversion of community use	£1.86	£15.44	£13.83	£12.22	£10.61	£9.81	£9.00	£8.20	£7.39	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.54	£34.20	£31.17	£28.14	£25.11	£23.59	£22.07	£20.56	£19.04	72
19	Residential with reprovided Cultural facility/another community use	£0.98	£8.16	£7.12	£6.07	£5.02	£4.49	£3.97	£3.45	£2.92	40
20	Residential-led mixed use development. (B1/A1/A2/A3)	£4.20	£9.52	£8.34	£7.16	£5.98	£5.39	£4.80	£4.21	£3.62	45
21	Residential development with retail on ground floor	£1.93	£4.97	£4.29	£3.61	£2.93	£2.59	£2.25	£1.91	£1.57	26
22	Reprovision of community sports facility with residential development above	£0.65	£11.11	£9.75	£8.39	£7.02	£6.34	£5.66	£4.98	£4.30	38
23	Residential and nursery	£0.80	£3.84	£3.31	£2.79	£2.27	£2.00	£1.74	£1.48	£1.22	20
24	Residential led development and reversion of employment use	£0.76	£5.36	£4.73	£4.11	£3.48	£3.16	£2.85	£2.53	£2.22	24
25	Mixed use/town centre uses, workspace for SMEs	£0.58	£2.19	£1.92	£1.66	£1.40	£1.27	£1.14	£1.01	£0.88	10
30	Residential led development with an element of business floorspace	£1.34	£19.12	£16.82	£14.51	£12.21	£11.05	£9.90	£8.75	£7.59	88

With grant

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£92.56	£72.16	£85.48	£98.80	£48.28	£48.98	£45.68	£42.38	£39.08	145
2	Business led mixed use development. Intensification of business/retail space.	£9.54	£21.00	£19.83	£18.66	£17.50	£16.91	£16.33	£15.75	£15.17	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£8.22	£33.93	£30.68	£27.44	£24.20	£22.57	£20.94	£19.32	£17.69	98
5	Re-provision of retail and residential development above	£9.83	£27.77	£24.73	£21.68	£18.63	£17.10	£15.57	£14.04	£12.51	91
7	Intensification for residential	£0.80	£20.48	£18.41	£16.34	£14.26	£13.22	£12.18	£11.14	£10.10	100
13	Residential-led development and reversion of community use	£1.86	£15.44	£13.99	£12.54	£11.09	£10.37	£9.64	£8.92	£8.19	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.54	£34.20	£31.56	£28.92	£26.27	£24.95	£23.63	£22.31	£20.99	72
19	Residential with reprovided Cultural facility/another community use	£0.98	£8.16	£7.34	£6.51	£5.68	£5.26	£4.84	£4.43	£4.01	40
20	Residential-led mixed use development. (B1/A1/A2/A3)	£4.20	£9.52	£8.59	£7.66	£6.72	£6.25	£5.79	£5.32	£4.85	45
21	Residential development with retail on ground floor	£1.93	£4.97	£4.43	£3.90	£3.36	£3.08	£2.81	£2.54	£2.27	26
22	Reprovision of community sports facility with residential development above	£0.65	£11.11	£9.95	£8.80	£7.64	£7.07	£6.49	£5.91	£5.33	38
23	Residential and nursery	£0.80	£3.84	£3.42	£3.01	£2.59	£2.39	£2.18	£1.97	£1.76	20
24	Residential led development and reversion of employment use	£0.76	£5.36	£4.87	£4.37	£3.87	£3.62	£3.37	£3.12	£2.87	24
25	Mixed use/town centre uses, workspace for SMEs	£0.58	£2.19	£1.96	£1.77	£1.56	£1.46	£1.36	£1.25	£1.15	10
30	Residential led development with an element of business floorspace	£1.34	£19.12	£17.30	£15.48	£13.65	£12.73	£11.82	£10.90	£9.99	88

70% Social Rent / 30% Intermediate (Shared ownership) – with affordable workspace (10% of floorspace for 10 years)

No grant

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£92.56	£76.44	£83.08	£89.69	£48.31	£44.62	£40.93	£37.24	£33.54	145
2	Business led mixed use development. Intensification of business/retail space.	£9.54	£19.67	£18.29	£16.92	£15.55	£14.96	£14.17	£13.49	£12.80	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£8.22	£33.02	£29.77	£26.53	£23.29	£21.66	£20.03	£18.41	£16.78	98
5	Re-provision of retail and residential development above	£9.83	£27.77	£24.73	£21.68	£18.63	£17.10	£15.57	£14.04	£12.51	91
7	Intensification for residential	£0.80	£20.48	£18.41	£16.34	£14.26	£13.22	£12.18	£11.14	£10.10	100
13	Residential-led development and reversion of community use	£1.86	£15.23	£13.83	£12.42	£10.41	£9.60	£8.80	£7.99	£7.19	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.54	£32.94	£29.91	£26.88	£23.85	£22.34	£20.82	£19.31	£17.79	72
19	Residential with reprovided Cultural facility/another community use	£0.98	£8.16	£7.12	£6.07	£5.02	£4.49	£3.97	£3.45	£2.92	40
20	Residential-led mixed use development. (B1/A1/A2/A3)	£4.20	£9.50	£8.32	£7.14	£5.96	£5.37	£4.78	£4.19	£3.60	45
21	Residential development with retail on ground floor	£1.93	£4.97	£4.29	£3.61	£2.93	£2.59	£2.25	£1.91	£1.57	26
22	Reprovision of community sports facility with residential development above	£0.65	£11.11	£9.75	£8.39	£7.02	£6.34	£5.66	£4.98	£4.30	38
23	Residential and nursery	£0.80	£3.84	£3.42	£3.01	£2.59	£2.39	£2.18	£1.97	£1.76	20
24	Residential led development and reversion of employment use	£0.76	£5.33	£4.84	£4.34	£3.84	£3.59	£3.34	£3.09	£2.84	24
25	Mixed use/town centre uses, workspace for SMEs	£0.58	£2.17	£1.91	£1.64	£1.38	£1.25	£1.12	£0.99	£0.86	10
30	Residential led development with an element of business floorspace	£1.34	£19.01	£18.70	£18.40	£12.09	£10.94	£9.79	£8.63	£7.48	88

With grant

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£92.56	£76.44	£83.84	£91.23	£50.63	£47.35	£44.07	£40.79	£37.51	145
2	Business led mixed use development. Intensification of business/retail space.	£9.54	£19.67	£18.50	£17.33	£16.17	£15.58	£15.00	£14.42	£13.84	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£8.22	£33.02	£29.77	£26.53	£23.29	£21.66	£20.03	£18.41	£16.78	98
5	Re-provision of retail and residential development above	£9.83	£27.77	£24.73	£21.68	£18.63	£17.10	£15.57	£14.04	£12.51	91
7	Intensification for residential	£0.80	£20.48	£18.41	£16.34	£14.26	£13.22	£12.18	£11.14	£10.10	100
13	Residential-led development and reversion of community use	£1.86	£15.23	£13.79	£12.34	£10.89	£10.17	£9.44	£8.72	£7.99	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.54	£32.94	£30.30	£27.66	£25.02	£23.70	£22.38	£21.06	£19.73	72
19	Residential with reprovided Cultural facility/another community use	£0.98	£8.16	£7.34	£6.51	£5.68	£5.26	£4.84	£4.43	£4.01	40
20	Residential-led mixed use development. (B1/A1/A2/A3)	£4.20	£9.50	£8.57	£7.64	£6.70	£6.23	£5.77	£5.30	£4.83	45
21	Residential development with retail on ground floor	£1.93	£4.97	£4.43	£3.90	£3.36	£3.08	£2.81	£2.54	£2.27	26
22	Reprovision of community sports facility with residential development above	£0.65	£11.11	£9.95	£8.80	£7.64	£7.07	£6.49	£5.91	£5.33	38
23	Residential and nursery	£0.80	£3.84	£3.42	£3.01	£2.59	£2.39	£2.18	£1.97	£1.76	20
24	Residential led development and reversion of employment use	£0.76	£5.33	£4.84	£4.34	£3.84	£3.59	£3.34	£3.09	£2.84	24
25	Mixed use/town centre uses, workspace for SMEs	£0.58	£2.17	£1.96	£1.75	£1.55	£1.44	£1.34	£1.23	£1.13	10
30	Residential led development with an element of business floorspace	£1.34	£19.01	£17.19	£15.36	£13.53	£12.62	£11.70	£10.79	£9.87	88

70% Social Rent / 30% Intermediate (Shared ownership) – with affordable workspace (10% of floorspace for 20 years)

No grant

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£92.56	£89.16	£91.78	£94.40	£97.01	£99.59	£102.19	£104.80	£107.40	145
2	Business led mixed use development. Intensification of business/retail space	£9.54	£18.63	£17.26	£15.89	£14.52	£13.15	£11.78	£10.41	£9.04	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£8.22	£32.31	£28.53	£24.75	£20.96	£19.10	£17.24	£15.38	£13.52	98
5	Re-provision of retail and residential development above	£9.83	£27.77	£24.24	£20.89	£17.14	£15.36	£13.59	£11.81	£10.04	91
7	Intensification for residential	£0.80	£20.48	£17.86	£15.24	£12.62	£11.31	£10.00	£8.69	£7.38	100
13	Residential-led development and reversion of community use	£1.86	£15.08	£13.47	£11.86	£10.26	£9.45	£8.65	£7.84	£7.04	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.54	£31.97	£28.94	£25.91	£22.88	£21.36	£19.85	£18.33	£16.82	72
19	Residential with reprovided Cultural facility/another community use	£0.98	£8.16	£7.12	£6.07	£5.02	£4.49	£3.97	£3.45	£2.92	40
20	Residential-led mixed use development. (B1/A1/A2/A3)	£4.20	£9.49	£8.31	£7.13	£5.95	£5.36	£4.77	£4.18	£3.59	45
21	Residential development with retail on ground floor	£1.93	£4.97	£4.29	£3.61	£2.93	£2.59	£2.25	£1.91	£1.57	26
22	Reprovision of community sports facility with residential development above	£0.65	£11.11	£9.75	£8.39	£7.02	£6.34	£5.66	£4.98	£4.30	38
23	Residential and nursery	£0.80	£3.84	£3.31	£2.79	£2.27	£2.00	£1.74	£1.48	£1.22	20
24	Residential led development and reversion of employment use	£0.76	£5.31	£4.68	£4.05	£3.43	£3.11	£2.80	£2.48	£2.17	24
25	Mixed use town centre uses, workspace for SMEs	£0.58	£2.15	£1.89	£1.63	£1.37	£1.24	£1.11	£0.97	£0.84	10
30	Residential led development with an element of business floorspace	£1.34	£18.92	£16.82	£14.31	£12.00	£10.85	£9.70	£8.54	£7.39	88

With grant

Site no	Site	Benchmark land value	Affordable housing							No of resi units	
			0%	10%	20%	30%	35%	40%	45%		50%
1	Retail-led mixed-use development, with residential on upper floors	£92.56	£89.16	£92.56	£95.96	£99.34	£102.74	£106.14	£109.54	£138.14	145
2	Business led mixed use development. Intensification of business/retail space	£9.54	£18.63	£17.47	£16.30	£15.14	£14.55	£13.97	£13.39	£12.80	38
3	Mixed use redevelopment incl retail, flexible business space and residential	£8.22	£32.31	£29.07	£25.82	£22.58	£20.96	£19.33	£17.70	£16.07	98
5	Re-provision of retail and residential development above	£9.83	£27.77	£24.73	£21.68	£18.63	£17.10	£15.57	£14.04	£12.51	91
7	Intensification for residential	£0.80	£20.48	£18.41	£16.34	£14.26	£13.22	£12.18	£11.14	£10.10	100
13	Residential-led development and reversion of community use	£1.86	£15.08	£13.64	£12.19	£10.74	£10.01	£9.29	£8.56	£7.84	29
18	Mixed use commercial (B1) intensifying employment use and residential	£4.54	£31.97	£29.33	£26.69	£24.05	£22.73	£21.41	£20.08	£18.76	72
19	Residential with reprovided Cultural facility/another community use	£0.98	£8.16	£7.34	£6.51	£5.68	£5.26	£4.84	£4.43	£4.01	40
20	Residential-led mixed use development. (B1/A1/A2/A3)	£4.20	£9.49	£8.55	£7.62	£6.69	£6.22	£5.75	£5.28	£4.82	45
21	Residential development with retail on ground floor	£1.93	£4.97	£4.43	£3.90	£3.36	£3.08	£2.81	£2.54	£2.27	26
22	Reprovision of community sports facility with residential development above	£0.65	£11.11	£9.95	£8.80	£7.64	£7.07	£6.49	£5.91	£5.33	38
23	Residential and nursery	£0.80	£3.84	£3.42	£3.01	£2.59	£2.39	£2.18	£1.97	£1.76	20
24	Residential led development and reversion of employment use	£0.76	£5.31	£4.82	£4.32	£3.82	£3.57	£3.32	£3.07	£2.82	24
25	Mixed use town centre uses, workspace for SMEs	£0.58	£2.15	£1.95	£1.74	£1.53	£1.43	£1.32	£1.22	£1.12	10
30	Residential led development with an element of business floorspace	£1.34	£18.92	£17.10	£15.28	£13.44	£12.53	£11.61	£10.70	£9.78	88

Appendix 4 - Sample appraisal

LOCAL PLAN AND CIL VIABILITY MODEL

This is input source box for reference info that appears on all sheets

Local Authority	LONDON BOROUGH OF ISLINGTON
Area(s)	
Author	
Date	30 November 2018
Reference	

Site	2	DO NOT CHANGE SITE USING THIS CELL - USE M3 IN "RESULTS" PAGE
	0.3341	

Values: - NOT USED

Sales values	£38,000
--------------	---------

Affordable housing percentage	50%
of which social rented	100%
of which intermediate	0%

Sustainability

Cost allowance - all tenures (% of base costs)	6.0%
Cost uplift on commercial	2%

Grant available check box

Residual Land Values	Total units	Total floor area GIA	Private floor area	Ave unit size	CIL as % of dev costs
£12,068,935	38,12670588	3,241	1,620	85	1.1%

Site area	0.3341
Scheme above AH threshold	y

GIA per unit	Units years 1 - 5	Units years 6 - 10	Units years 11 - 15	GIA years 1 - 5	GIA years 6 - 10	GIA years 11 - 15	G to N flats	NIAs years 1 - 5	NIAs years 1 - 6	NIAs years 1 - 7	Totals
Houses	85	-	-	-	-	-	100%	-	-	-	-
Flats	85	-	38	-	3,241	-	80%	-	2,593	-	2,593
Totals		-	38	-	-	3,241		-	2,593	-	2,593

Private NIAs	-	1,296	-	1,296
PRS units	-	-	-	-
Affordable NIAs	-	1,296	-	1,296

Revenue

	Years 1 - 5	Years 6 - 10	Years 11 - 15	
Value perm	9000	9000	9,000	9,000
Private GDV	-	11,666,772	-	11,666,772

PRS units to be sold at 85% of MV

Base costs

Per sqm	Years 1 - 5	Years 6 - 10	Years 11 - 15	
Houses	1,200	1,200	1,200	1,200
Houses externals	15%	180	180	180
Flats	2,016	2,016	2,016	2,016
Flats externals	15%	302	302	302
Costs + externals	-	7,513,401	-	7,513,401

Growth/inflation

Year 1-5	Year 6 - 10	Year 11 - 15	
Sales	0.00%	0.00%	0.00%
Build	0.00%	0.00%	0.00%

LOCAL PLAN AND CIL VIABILITY MODEL

Local Authority	LONDON BOROUGH OF ISLINGTON
Area(s)	0
Author	0
Date	30 November 2018
Reference	0

SALES AND AFFORDABLE HOUSING VALUES

VALUE BANDS for private sales

Sub Market	£ per sq metre
A Value 1	£2,500
B Value 1	£2,750
C Value 1	£3,000
D Value 1	£3,500
E Value 1	£4,000
F Value 1	£4,500
G Value 1	£5,000
H Value 1	£5,500
I Value 1	£6,000

GROUND RENTS from flats (£s per annum)

	Private	Affordable
Average	£400	£0
		£0
		£0
		£0
Capitalisation rate		5.00%

Investment value

	Private	Affordable
One bed	£8,000	£0
Two beds	£0	£0
Three beds	£0	£0
Four beds	£0	£0

Select affordable value option from drop down box Option 2: Capital values calculated from net rents & yields ▼

AFFORDABLE HOUSING CAPITAL VALUES (price paid to developer)

Option 1 User defined capital values per unit

	Social rent			NBHB		
	Capitalised rent per unit	Indicative HCA funding per unit	Value per unit	Equity + rent	Indicative HCA funding per unit	Value per unit
One bed flats	£78,000	£0	£78,000			£0
Two bed flats	£95,000	£0	£95,000			£0
Three bed flats	£123,000	£0	£123,000			£0
Four bed flats	£132,000	£0	£132,000			£0
Two bed house	£95,000	£0	£95,000			£0
Three bed house	£123,000	£0	£123,000			£0
Four bed house	£132,000	£0	£132,000			£0

Lon Living Rent £3,694
Shared ownership £4,500

	Per sqm	No of units	Grant total
Average Aff Rent value:	£2,369	Grant per unit £70,000	19 £1,334,435
Average Shd Own value:	£3,694	Grant per unit £38,000	0 £0
Blended value	£2,369.00 (Based on selection from 'Test Variables' sheet)		£1,334,435

NOT USED

Option 2 Capital values for affordable housing calculated from net rents & yield assumption

	Social rent					NBHB								
	Net Target rent per annum	Yield	Capital value	Indicative unit funding	Value per unit	Average market value	% of equity sold	Value of equity sold	Rent (% of retained equity)	Rent per annum	Yield	Capital value of retained equity	Indicative HCA funding per unit	Value per unit
One bed flats		6.50%	£0	£0	£0	#N/A		#N/A		#N/A	6.00%	#N/A	£0	#N/A
Two bed flats		6.50%	£0	£0	£0	#N/A		#N/A		#N/A	6.00%	#N/A	£0	#N/A
Three bed flats		6.50%	£0	£0	£0	#N/A		#N/A		#N/A	6.00%	#N/A	£0	#N/A
Four bed flats		6.50%	£0	£0	£0	#N/A		#N/A		#N/A	6.00%	#N/A	£0	#N/A
Two bed house		6.50%	£0	£0	£0	#N/A		#N/A		#N/A	6.00%	#N/A	£0	#N/A
Three bed house		6.50%	£0	£0	£0	#N/A		#N/A		#N/A	6.00%	#N/A	£0	#N/A
Four bed house		6.50%	£0	£0	£0	#N/A		#N/A		#N/A	6.00%	#N/A	£0	#N/A

LOCAL PLAN AND CIL VIABILITY MODEL

Local Authority	LONDON BOROUGH OF ISLINGTON
Area(s)	0
Author	0
Date	30 November 2018
Reference	0

BUILD COSTS

TIMINGS *for cash flow*

PLANNING OBLIGATIONS / CIL

Typology	Build costs per gross sqm - HOUSES	Build costs per gross sq m - FLATS	External works and other costs	Gross to net adjustment for flats	Build start	Build period	Sales period	Sales period start	S106 payments		CIL Charges (incl Mayoral CIL)			Fees	
					Quarters	Quarters	Quarters	Quarters from start on site	£s per sqm all tenures	Quarter paid	£s p sq m private sales only	Instal-ment 1 - Qtr paid	Instal-ment 2 - Qtr paid	Instal-ment 3 - Qtr paid	% of build cost
Residential	£1,200	£2,016	£302	80.0%	2	8	2	10	£1,500	3	£411	1	2	3	10%

NB externals included in base costs in 'sites page'

OTHER COSTS

Developer return % GDV	Commercial	15.00%
	Private	18.00%
	Affordable	6.00%
Zero carbon	All tenures	6.0%
Contingency		5%
Marketing costs % of sales values		3.00%
Legal Fees % of GDV		0.50%
Site acquisition costs % land value		6.80%
Development Finance		6.00%

Highways/S278 £0 (Total for scheme)

Employment & training £0

Cat 2 accessibility:	Applies to all dwellings	Nos of units:
Houses	£521	-
Flats	£924	38

Cat 3 accessibility	Applies to 10% of all dwellings	
Houses	£22,694	-
Flats	£7,906	4

COMMERCIAL INPUTS

	Site 2								Used for B1C
Value	Retail A1-A5	Retail S'Market	B1 office	B2 industrial	B8 storage	C1 Hotel	Student hsg	D1	D2
Rent per sq m	£400.00	£296.01	£450.00	£188.37	£188.37	£500.00	£395.97	£250.00	£250.00
Yield	6.00%	5.00%	5.00%	6.00%	6.00%	5.00%	5.00%	6.00%	6.00%
Rent free/void period (years)	1.0	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Net floor area (sq m)	-	-	7,000	-	-	-	-	-	-
Purchaser's costs	5.80%	5.80%	5.80%	5.80%	5.80%	5.80%	5.80%	5.80%	5.80%
Disposal Costs									
Letting Agent's fee (% of rent)	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%		10.00%	10.00%
Agent's fees (on capital value)	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Legal fees (% of capital value)	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
Costs									
Demolition costs	£50 psm	£50 psm	£50 psm	£50 psm	£50 psm	£50 psm	£50 psm	£50 psm	£50 psm
Demolition area (sq m)									
Building costs	£1688 psm	£2507 psm	£2557 psm	£1298 psm	£1361 psm	£2878 psm	£2589 psm	£2101 psm	£1678 psm
Net to gross floor area	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%	80.00%
External works	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
CIL (incl Mayoral)	£330	£330	£185	£80	£80	£471	£609	£80	£80
Crossrail S106	£0	£0	£0	£0	£0	£0	£0	£0	£0
S106 (per net sq m)	£35 psm	£35 psm	£35 psm	£35 psm	£35 psm	£35 psm	£35 psm	£35 psm	£35 psm
Cashflow timing									
	Quarters								
Build start	2	2	2	2	2	2	2	2	2
Build period	8	8	8	8	8	8	8	8	8
Investment sale (quarters from start on site)	10	10	10	10	10	10	10	10	10

Note: demolition of existing floorspace is loaded as a single amount on Retail A1-A5

LB Islington - Local Plan viability testing

Business led mixed use development. Intensification of business/retail space. Site No

0.33 ha

Development mix (square metres GIA)

Residential	38 units		3,241 sqm
Retail (comparison and A3)			sqm
Retail (supermarket)			sqm
B1 office			9,722 sqm
B2 and B8			sqm
C1 Hotel			sqm
Student			sqm
D1			sqm
B1 (c)			sqm
Affordable housing			50%

Summary of inputs

		No of units	
Private housing sales value per square metre	£9,000	19	50%
Social rented value per square metre (see note 1)	£2,369	19	50%
Shared ownership value per square metre (see note 2)	£3,694	0	0%
Grant funding per social rented unit	£70,000		
Grant funding per shared ownership unit	£38,000		
Professional fees	10%		
Contingency	5%		
Interest rate	6.00%		
Marketing (% of private GDV)	3%		
Profit on private housing (% of private housing GDV)	18%		
Profit on affordable housing (% of affordable housing GDV)	6%		
Build period	24 months		
Sales period	6 months		
Employment & training (end user training) - cost per employee	£2,500		
Employment & training placements (per placement)	£5,000		
Affordable workspace (% of floorspace)	10%		
Affordable workspace (no of years at peppercorn rent)	20 years		
Accessible parking (per space)	£2,000		

Summary viability

Private housing value	1,296 sqm	£9,000 per sqm	£11,666,772
Ground rents			£305,014
Affordable housing value	1,296 sqm	£2,369 per sqm	£3,070,954
Grant funding			£0
Commercial value (net of incentives, letting fees and sales agent and legal fees)	9,722 sqm	£5,920 per sqm	£57,559,560
Gross Development Value			£72,602,299
Build costs incl contingency	12,963 sqm	£3,017 per sqm	-£39,104,529
Fees			-£3,910,453
Sales and marketing			-£419,012
Residential CIL		-0.92%	-£665,239
Residential S106			-£57,190
Accessibility standards			-£65,372
E&T (end user training)			-£85,405
E&T (placements)			-£58,143
Code of construction practice			-£13,535
Carbon offset			-£446,943
Accessible parking			-£347,207
Student bursary			£0
Total development costs			-£45,173,030
Developer's profit			-£2,263,756
Interest on build			-£2,677,535
Interest on land			-£9,538,477
Gross Residual Land Value			£12,949,501
Stamp duty, agents and legal fees			£880,566
NET RESIDUAL LAND VALUE			£12,068,935
Benchmark land value			£9,087,000
Result			Viable