London Borough of Merton

Local Development Framework:
Affordable Housing Viability Study

EXECUTIVE SUMMARY

Report for the consideration of
London Borough of Merton:

This document does not constitute Council Policy

March 2010

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EXECUTIVE SUMMARY

This summary first seeks to outline very briefly the main study findings. It then goes on to introduce and explain the study, along with the outcomes, in a little more detail.

For detailed information on the study methodology, results and conclusions it will be necessary to refer to the full report text and appendices.

Quick overview of main outcomes

1 A tone of viability results which is generally strong, with typical high local value levels showing good viability outcomes assuming a more normal level of development activity. Development land values are primarily driven by these property value levels, and this does also mean that land price expectations locally can be high.

2 Values do vary, however. Lower values, relative to the local market, are also seen in the Borough. Those produce less favourable results, which also need to be considered given the backdrop of recent and potential future uncertain market conditions. Affordable housing requirements are not the single cause of the less favourable results – the influence of recent market conditions is arguably a bigger factor at the current time.

3 This study deals with the planning-led supply of affordable housing, which relies on market processes. Studies such as this, therefore, have to assume that there will be a return of a more fluently functioning development market over the long-term timeframe of the Local Development Framework (LDF).

4 An appropriate affordable housing <u>target</u> of 40% as a headline position. We consider that this should apply to sites of 10 or more dwellings across the Council's plan area – i.e. as a single target approach, Borough-wide, applicable to all sites over that threshold, to give maximum clarity. This would respect the range and blurring of values levels, and thus viability conditions, seen. We do not consider that more complex area specific targets for the Borough are necessary or justified. From the information available, there appears to be more consistency when looking at new build property values than is seen through the overall (resales dominated) market. This could change with an increased range of new build activity.

5 We recommend that the 40% target is applied at a 10 dwelling threshold. This strikes a suitable balance between housing needs levels and the opposing tension of scheme viability. Seeking greater proportions would, in our view, be too ambitious given the range of other costs and obligations development schemes will need to meet. Also, the provision of affordable housing is not just about numbers. It will continue to be about the optimum dwelling and tenure mix, design and quality, etc, that can be delivered in each specific set

of circumstances. Whilst the level of need is acknowledged, this is another factor that means not over-stretching the proportions sought.

6 The Council proposes to target not more than 70% of this affordable housing for affordable rent, with a 60% affordable rented/40% intermediate tenure mix under consideration as an overall (rather than site specific) target. This can be supported.

7 Given that assessment of the Council's historic and likely future housing delivery indicates that the majority of housing delivery in the Borough is expected to be sourced from smaller sites, the Council is also considering lowered thresholds – so that a wider group (or potentially all) sites contribute towards meeting affordable housing needs.

8 The collection of financial contributions is a workable addition to the policy scope, as a part of developing an equitable approach to the provision of affordable housing. The same type of approach would be needed as for on-site affordable housing, with the proportion applied flexibly as a target.

9 If this is to be pursued, we suggest the Council considers reduced target proportions for sites of fewer than 10 dwellings - on a form of sliding scale basis. Smaller sites are not necessarily more or less viable per se than larger ones (our evidence here and elsewhere consistently shows this), but the study explains why reduced proportions are recommended for sites that would be brought within the policy scope for the first time. This is a sensitive stage of policy development.

10 Whilst other options are possible, a target of 20% affordable housing or equivalent affordable housing proportion (for a financial contributions approach to these sites) would be a suitable level dependent on the number of units sought and the rounding method employed by the Council in calculations as part of negotiations. Options are presented around this. This would apply on sites of less than 10 units.

11 Where viability issues arise and are justified, a flexible approach to policy application may be needed. This could include discussing the areas of affordable housing dwelling mix, proportion and tenure mix, as well as numbers rounding and likely grant availability. The effect of these factors will need to be considered together, to arrive at solutions based on the combination of what works best for delivery in the particular circumstances. In exceptional circumstances where on-site affordable housing would not support sustainable communities' aims as well as an off-site route, the use of financial contributions in-lieu (calculated to exact proportions and used in lieu of either part or whole provision) could be considered amongst the options – including on larger sites.

12 These represent challenging but appropriate targets when viewed in the context of a potentially wide range of future market conditions. They are not pitched purely with recent or current market conditions in mind.

13 In all cases, policy positions should be framed as clearly worded targets, to provide clarity for stakeholders and a basis for a continued practical, negotiated approach which has regard to viability matters where necessary. It should be noted that current market conditions, in particular, may well mean an increased emphasis on this type of approach. There will need to be particular focus on a flexible approach to the application of policy to smaller sites, bearing in mind that other factors alongside the headline proportion are equally, if not more, influential on viability.

14 In arriving at its final policy selections, the Council should also have regard to its wider information and evidence base – for example on affordable housing needs and type of site supply.

Wider Summary

Background and Introduction

15 In the process of considering and developing its planning-led affordable housing policies the Council commissioned Adams Integra to study the suitability of various potential policy positions – in terms of likely impact on residential development viability.

16 The Government's key statement on planning for housing, Planning Policy Statement 3 (PPS3), requires local authorities to enable the bringing forward of a suitable, balanced housing mix including affordable housing. It confirms the well-established route for the principles of seeking integrated affordable housing within private market housing developments. It encourages local authorities to make best use of this approach bearing in mind their local markets and circumstances. As a part of this, PPS3 also requires local authorities to consider development viability when setting policy targets for affordable housing.

17 This commission was therefore made against the backdrop of PPS3, in the context of building the evidence base for, and considering the affordable housing content of, Core Strategy Policies for the Council's LDF.

18 The study is to be considered as part of and alongside the Council's developing wider evidence base, including on the local housing market and housing needs, and information on the range of site sizes and types which are likely to come forward.

19 In summary, the Council's recent approach (currently applied policy for negotiating affordable housing from private residential development) has been to seek 50% affordable housing based on a threshold of 10 dwellings, in accordance with the London Plan.

20 This study is required to review options around this and recommend suitable policy positions from a viability point of view.

21 Maintaining the viability (in this sense meaning the financial health) of residential development schemes is crucial to ensuring release of sites and thus a continued supply of housing of all types. The study addresses only affordable housing which is required to be provided within market housing schemes under the existing established approach of setting site size thresholds (point(s) at which the affordable housing policy is triggered) and proportions of affordable housing to be sought at those points.

22 The study is based on carrying out a large number of developer type appraisals. These use well established "residual land valuation" techniques to approximate the sum of money which will be left for land purchase once all the development costs, including profit requirements, are met (hence "residual land value" – known as 'RLV'). The study methodology is settled and tested, having been used in a wide range of local authority locations for this purpose.

23 We vary the affordable housing assumptions across the range of appraisals and the outcomes inform our judgments on the likely workability of various policy positions from a viability viewpoint. Having fixed development costs and profit requirements, we can see the impact on development viability caused by variations to the amount and type of affordable housing. Two of the key ingredients to ensuring viable development are sufficient land value created by a development (relative to existing or alternative use values, or perhaps to an owner's particular circumstances) and adequate developer's profit in terms of risk reward.

24 Affordable housing impacts development viability because it provides a significantly reduced level of revenue to the developer compared with market level sales values.

London Borough of Merton Property Market and Viability Findings

25 Before commencing its appraisal modelling Adams Integra researched the local residential property market to inform a range of appraisal assumptions on residential property values levels, and to help set the context for considering the appraisal outcomes. This research is included within our Property Values Report, which is to be found at Appendix III to the rear of the full study document.

26 We saw a wide range of values on reviewing the overall (resale property dominated) market and the new builds market. Although at the time of the study there was a small amount of information available on new build property (due to low levels of development and thus new builds marketing activity), values for typical new build property seemed to show less variation across the Borough than the overall market picture suggested. New build values did not always fit well with the perceptions and values patterns indicated by the overall market picture.

27 A scale of 7 Value Points (value levels) was settled on – over which the appraisal modelling was carried out. Those points cover values between £2,500 and £7,000 per sq metre (approximately £232 to £650 per sq ft) sales rate.

28 Some further analysis of the pricing information gathered indicated that the average new build marketing price point for Merton as a whole area was about £4,672/sq m. The range of new build values seen was from approximately £2,900 per sq m to just over £6,500 per sq m. The analysis indicated very few instances of values significantly below £3,000/sq m – regardless of location and after adjustments from marketing price.

29 For ease of reference, the Value Points – "VPs" selected are as follows:

- Point 1: £2,500/m² (meaning lower than majority of current low end new build values – in event of market falling further).
- Point 2: £3,250/m²
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- Point 5: £5,500/m²
- Point 6: £6,250/m²
- Point 7: £7,000/m² (which exceeded typical levels).

Combined with property size assumptions, these provide a wide range of values which we assumed for the dwellings within the notional development schemes we modelled.

30 There can be no such thing as a formal/fully reliable hierarchy of value levels, but in terms of general patterns the following was indicated for the Borough:

Copse Hill - Highest average prices and values:
Wimbledon Park
Cottenham Park
Merton Park
Wimbledon
Raynes Park

Motspur Park
South Wimbledon
Bushey Mead
Colliers Wood
Morden
Mitcham - Lowest average prices and values

31 At the time of the study, the local market broadly reflects the type of conditions which have been, and are being, experienced more widely. These are discussed in this report. The market is still lacking in confidence. Funds for property finance – for both development and purchasing - are much less readily available than in recent times (as per the well reported "credit crunch"). The low levels of market activity have caused a virtual stalling of new housing supply across the Borough.

32 As 2009 progressed there were some more mixed signs and balanced messages (which first appeared in around March). Although more confidence and optimism is being expressed by agents and others, the downturn shows no firm signs of ending. Although sales volumes have increased slightly in recent months, they are still very markedly down. This lack of sales activity has resulted in a significant overall reduction in property values. Typically we see a reduction of around 15% from the winter 2007/08 peak levels, even after recent improvements in the market). Sales volumes started picking up gradually from around February 2009, but by mid 2009 had still only reached around one third of their summer 2007 peak levels. Since the late Spring/ early Summer of 2009, that picking up of sales to a degree has started to reverse the negative house price trends of the previous 18 months or so.

33 The values at the mid to upper end of the range we have studied are very high and suggest scope for sites to deliver significant proportions of affordable housing alongside other obligations – with 40% in mind as a suggested headline for sites of 10 or more dwellings.

34 We consider that in the overall context of the Borough - with varying values - and assuming variable market conditions over the LDF period, that a 40% headline would be a sufficiently challenging and appropriately pitched target. We think this will be the case even if values hold up well from this point. A range of other requirements needs to be considered alongside affordable housing. Beyond this level, any target would be potentially too ambitious in our view – given the range of, and direction of, wider planning obligations and other development costs. Adding to this picture, affordable housing provision needs to be about quality and mix, and not just numbers.

35 In LB Merton we do also see some values below the levels which would be required to support the 40% target level when considered alongside other requirements, although not in a widespread sense. Nevertheless, this is also

relevant to the positioning of targets, and particularly to not over-reaching with those, especially when market movements could see the frequency of those scenarios increase.

36 In our view, the current economic downturn should not be the only factor that determines policy positions, given that housing need is worsening and that those same conditions (with consequent job losses, lack of suitable mortgage arrangements, etc) are most likely to be adding to the needs trend. The Council needs to find a balance between the opposing tensions of housing need and viability and we think a 40% headline position meets that criterion better than the alternatives considered.

37 Whilst we have to consider the particular market conditions now in coming to our recommendations, those are very likely to change in some way over a short period of time in relation to the planning periods being considered. We do not consider that it is appropriate or realistic to set strategic policies and targets based on a snapshot of current market features alone. Such an approach could mean regularly varying those policies and targets. That could lead to potential inequities and requirements that are uncertain – the approach needs to create certainty and clarity of expectations.

38 When considering delivery based on challenging targets, particularly in the short-term as policy expectations change and we have continuing difficult market conditions, it is vital that the Council continues to apply policy with flexibility where needed.

39 Given the level of need and type of site supply (the significant role of smaller sites in the Borough) the Council is also considering widening its approach by bringing within the policy scope a wider set of, or potentially all, schemes which include an element of residential development. This could be part of looking for an appropriately challenging but reasonably market sensitive approach which, overall, could be more equitable than focusing only on the sites that fall above the 10 dwelling threshold.

40 Having stated within this study that smaller sites are no more or less viable than larger ones (i.e. site size in itself is not a determinant of viability), we recommend the application of reduced target proportions to smaller sites which are currently outside the affordable housing policy scope. In LB Merton's case this means sites of fewer than 10 dwellings.

41 This is related to the issue of the significant first-time impact of policy in such situations. Also to be considered is how the RLV tends to reduce the smaller the development scheme, so that it is more likely to become increasingly marginal compared with existing/alternative land use values.

42 While there could be various options around this sliding scale type approach, relating to the various threshold points and proportion (%) combinations, as well as to the potential role of a financial contributions approach, our recommendations are set out below. The wider options are discussed in the report chapters 4 and 5.

43 The potential policy positions are suggested not in isolation of other scheme costs and planning obligations, but have been arrived at through including assumptions on a range of other matters as set out in the study detail – the key areas being:

- Planning infrastructure obligations.
- Code for Sustainable Homes Level 3 attainment, rising to Level 4 – all dwellings, together with CO_2 emissions reductions targets.

Recommendations

44 A challenging but appropriately pitched headline policy target set at a single clear position of **40% affordable housing applicable at a site size threshold of 10 or more dwellings, Borough-wide.**

45 **Consideration of a widened approach, to include schemes of fewer than 10 dwellings**, but in any event and regardless of the exact details, allied to a reduced affordable housing proportion (or equivalent proportion for a financial contributions approach). **For schemes of 1 to 9 dwellings, an appropriate target would be 20%, as a single clear position and benchmark for negotiations.** There are other options around this, in the range 10% to 30% depending on scheme size, but overall a 20% target would be appropriately pitched in viability terms and would provide a good level of clarity covering this range of scheme sizes. A 30% target would represent a less market-sensitive approach for such schemes, at this stage of policy development. A 10% target for all schemes in the 1-9 dwellings size range might not be going far enough towards meeting needs in terms of the balance with that driver. A target at 10% might also involve too big a step up (to the 40% headline) beyond it, moving from 9 to 10 dwellings; unless it were applied at 1-4 dwellings only, with an intermediate proportion of say 20% or 30% then applicable from 5 to 9 dwellings.

46 **For the smaller sites (meaning of 1 to 9 dwellings) there will be merit in considering an approach which involves seeking financial contributions** as an alternative to on-site affordable housing; certainly if sites of fewer than 5 dwellings are to come within the policy scope. Financial contributions levels would need to be carefully judged. A financial contributions approach could well be suitable for all sites beneath an on-site threshold of 10 dwellings (i.e. sites providing 1 to 9). There are other options in respect of this group of sites, which the Council might consider alongside other evidence and local

experience – as set out at paragraphs 47 to 49 below, and involving further target steps. Differentiation could be relevant, for example, if the Council decides to remove the threshold but pursue on-site provision in the range 5 to 9 dwellings.

47 For sites of 5 to 9 dwellings, this could be based on a target set at 20% to 30% but no higher (whether by on-site or financial contribution means and dependent on the number of units sought plus the rounding method employed by the Council) but also bearing in mind, as above, that 30% would be at the least sensitive end of this for viability.

48 In response to wider evidence as well, should the Council wish to remove the affordable housing threshold altogether then we recommend that it considers seeking financial contributions from the smallest schemes (of 1 to 4 dwellings at least). We suggest that this approach could be based on a single clear target set at no more than 20% equivalent proportion as a target.

49 So **over the range 1 to 9 dwellings**, varying targets could be applied if the Council decides to introduce more policy steps. Considerations around a fully graduated approach should be balanced with striving to provide maximum clarity, however. **Our suggestion of a 20% target for this group of schemes represents a better route overall than alternatives either side of it, or a mix of those, in our view.**

50 In all cases these would again be Borough-wide positions, subject to continued evidence of needs and to matching site supply patterns.

51 **To develop unambiguous policy wording which sets clear targets as a basis for the practical, negotiated approach, acknowledging the relevance of site viability.** The report discusses policy wording, which in Adams Integra's experience is critical in providing clarity for landowners, developers and others, as well as being a key part of sound policy for the purposes of the Public Examination of those.

52 Acknowledging current market conditions in particular, the Council will need to approach site by site delivery in an adaptable way, reacting to viability issues which may arise. This key point about the flexible, practical application of policy always applies, as the study emphasises, but it is likely to be in focus particularly in the event of continuing weak market conditions as have been seen in 2008 and 2009.

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35 In LB Merton we do also see some values below the levels which would be required to support the 40% target level when considered alongside other requirements, although not in a widespread sense. Nevertheless, this is also

relevant to the positioning of targets, and particularly to not over-reaching with those, especially when market movements could see the frequency of those scenarios increase.

36 In our view, the current economic downturn should not be the only factor that determines policy positions, given that housing need is worsening and that those same conditions (with consequent job losses, lack of suitable mortgage arrangements, etc) are most likely to be adding to the needs trend. The Council needs to find a balance between the opposing tensions of housing need and viability and we think a 40% headline position meets that criterion better than the alternatives considered.

37 Whilst we have to consider the particular market conditions now in coming to our recommendations, those are very likely to change in some way over a short period of time in relation to the planning periods being considered. We do not consider that it is appropriate or realistic to set strategic policies and targets based on a snapshot of current market features alone. Such an approach could mean regularly varying those policies and targets. That could lead to potential inequities and requirements that are uncertain – the approach needs to create certainty and clarity of expectations.

38 When considering delivery based on challenging targets, particularly in the short-term as policy expectations change and we have continuing difficult market conditions, it is vital that the Council continues to apply policy with flexibility where needed.

39 Given the level of need and type of site supply (the significant role of smaller sites in the Borough) the Council is also considering widening its approach by bringing within the policy scope a wider set of, or potentially all, schemes which include an element of residential development. This could be part of looking for an appropriately challenging but reasonably market sensitive approach which, overall, could be more equitable than focusing only on the sites that fall above the 10 dwelling threshold.

40 Having stated within this study that smaller sites are no more or less viable than larger ones (i.e. site size in itself is not a determinant of viability), we recommend the application of reduced target proportions to smaller sites which are currently outside the affordable housing policy scope. In LB Merton's case this means sites of fewer than 10 dwellings.

41 This is related to the issue of the significant first-time impact of policy in such situations. Also to be considered is how the RLV tends to reduce the smaller the development scheme, so that it is more likely to become increasingly marginal compared with existing/alternative land use values.

42 While there could be various options around this sliding scale type approach, relating to the various threshold points and proportion (%) combinations, as well as to the potential role of a financial contributions approach, our recommendations are set out below. The wider options are discussed in the report chapters 4 and 5.

43 The potential policy positions are suggested not in isolation of other scheme costs and planning obligations, but have been arrived at through including assumptions on a range of other matters as set out in the study detail – the key areas being:

- Planning infrastructure obligations.
- Code for Sustainable Homes Level 3 attainment, rising to Level 4 – all dwellings, together with CO_2 emissions reductions targets.

Recommendations

44 A challenging but appropriately pitched headline policy target set at a single clear position of **40% affordable housing applicable at a site size threshold of 10 or more dwellings, Borough-wide.**

45 **Consideration of a widened approach, to include schemes of fewer than 10 dwellings**, but in any event and regardless of the exact details, allied to a reduced affordable housing proportion (or equivalent proportion for a financial contributions approach). **For schemes of 1 to 9 dwellings, an appropriate target would be 20%, as a single clear position and benchmark for negotiations.** There are other options around this, in the range 10% to 30% depending on scheme size, but overall a 20% target would be appropriately pitched in viability terms and would provide a good level of clarity covering this range of scheme sizes. A 30% target would represent a less market-sensitive approach for such schemes, at this stage of policy development. A 10% target for all schemes in the 1-9 dwellings size range might not be going far enough towards meeting needs in terms of the balance with that driver. A target at 10% might also involve too big a step up (to the 40% headline) beyond it, moving from 9 to 10 dwellings; unless it were applied at 1-4 dwellings only, with an intermediate proportion of say 20% or 30% then applicable from 5 to 9 dwellings.

46 **For the smaller sites (meaning of 1 to 9 dwellings) there will be merit in considering an approach which involves seeking financial contributions** as an alternative to on-site affordable housing; certainly if sites of fewer than 5 dwellings are to come within the policy scope. Financial contributions levels would need to be carefully judged. A financial contributions approach could well be suitable for all sites beneath an on-site threshold of 10 dwellings (i.e. sites providing 1 to 9). There are other options in respect of this group of sites, which the Council might consider alongside other evidence and local

experience – as set out at paragraphs 47 to 49 below, and involving further target steps. Differentiation could be relevant, for example, if the Council decides to remove the threshold but pursue on-site provision in the range 5 to 9 dwellings.

47 For sites of 5 to 9 dwellings, this could be based on a target set at 20% to 30% but no higher (whether by on-site or financial contribution means and dependent on the number of units sought plus the rounding method employed by the Council) but also bearing in mind, as above, that 30% would be at the least sensitive end of this for viability.

48 In response to wider evidence as well, should the Council wish to remove the affordable housing threshold altogether then we recommend that it considers seeking financial contributions from the smallest schemes (of 1 to 4 dwellings at least). We suggest that this approach could be based on a single clear target set at no more than 20% equivalent proportion as a target.

49 So **over the range 1 to 9 dwellings**, varying targets could be applied if the Council decides to introduce more policy steps. Considerations around a fully graduated approach should be balanced with striving to provide maximum clarity, however. **Our suggestion of a 20% target for this group of schemes represents a better route overall than alternatives either side of it, or a mix of those, in our view.**

50 In all cases these would again be Borough-wide positions, subject to continued evidence of needs and to matching site supply patterns.

51 **To develop unambiguous policy wording which sets clear targets as a basis for the practical, negotiated approach, acknowledging the relevance of site viability.** The report discusses policy wording, which in Adams Integra's experience is critical in providing clarity for landowners, developers and others, as well as being a key part of sound policy for the purposes of the Public Examination of those.

52 Acknowledging current market conditions in particular, the Council will need to approach site by site delivery in an adaptable way, reacting to viability issues which may arise. This key point about the flexible, practical application of policy always applies, as the study emphasises, but it is likely to be in focus particularly in the event of continuing weak market conditions as have been seen in 2008 and 2009.

Executive Summary ends

1 INTRODUCTION

1.1 Background

1.1.1 The Government has given high priority to housing and regards the economic and social case for new housing as compelling. This in turn has led to housing being an important consideration for Local Development Frameworks.

1.1.2 London Borough of Merton (LB Merton) Council is in the process of preparing its Core Strategy Development Plan Document (DPD) as part of the Local Development Framework (LDF). This includes reviewing its policies for planning led affordable housing.

1.1.3 LB Merton's Unitary Development Plan (UDP) was adopted in 2003. This set out affordable housing policies as follows:

"Any proposal for residential development of 15 units or more on a suitable site will be required to make provision for affordable housing on that site, as part of the proposed development. At least 30% of the total; number of new dwellings on a residential site that falls within the above threshold will be affordable housing".

1.1.4 On 27 September 2007 the Secretary of State issued a direction that listed which of LB Merton's UDP policies could be saved beyond this date so as to be used to inform planning decisions. The Secretary of State directed that 12 policies from the UDP, including Policy HN.1 which dealt with affordable housing, be deleted. Therefore in the absence of a replacement LDF policy, the Council now has regard to Policy 3A.9 - Affordable Housing Targets of the London Plan 2008 (adopted with alterations since 2004).

1.1.5 The London Housing Strategy was developing through the study period, with the final version published on 27 February 2010 as we were completing this work. It is the first statutory housing strategy for the Greater London area and has key themes based on the Mayor's vision for housing activity in London to:

- Raise aspirations and promote opportunity.
- Improve homes and transform neighbourhoods.
- Maximise delivery and optimise value for money.

1.1.6 The Strategy and accompanying Delivery Plan and Conformity Guidance place more emphasis on local characteristics, needs and solutions appropriate for Boroughs while contributing to the sub-regional and regional (London-wide) picture and requirements. The Greater London Authority's (GLA) approach will clearly be a key consideration for the Council, and it is placing emphasis on local relevance as will be borne out through the Core Strategy and its Spatial Portrait. The Council currently applies the London

Plan approach to the affordable housing threshold and target for the purposes of negotiations – i.e. a target of 50% affordable housing on a ten unit threshold and a tenure mix of 70%: 30%; social rented: intermediate housing respectively. The draft replacement London Plan (2009) was published in October 2009, during our study period, and was open for public comment ending in January 2010.

1.1.7 In 2009 the Council set out its preferred policy approach regarding affordable housing in its emerging Core Strategy preferred options draft. This was based on the London Plan 2008 strategic target of 50%; of which 70% is social rented and 30% is intermediate housing. The London Plan sets a threshold of 10 units upon which affordable housing provision will be required. The strategic direction of travel on affordable housing tenure mix for the capital, as confirmed by the new London Housing Strategy, is 60% affordable rented; 40% intermediate. The Strategy also confirms that the draft (replacement) London Plan will abolish the current Plan's 50% affordable housing planning target, in favour of a more locally evidenced and relevant approach.

1.1.8 Although based on a small number of cases owing to recent development activity levels, since 2007 the Council's negotiations have typically resulted in agreements for between around 30% and 38% affordable housing, with limited examples above and below that range as well.

1.1.9 The purpose of this study is to contribute to a robust evidence base to support the preparation of the Council's Core Strategy, other LDF documents and any other planning policy documents relating to affordable housing. The study assesses the (financial) capacity of residential development schemes in the Borough to deliver affordable housing without their viability being unduly affected. This is in the context of developing suitable affordable housing policies which aim to strike an appropriate balance between affordable housing needs and scheme viability, bearing in mind the need to also maintain overall housing supply. Specifically the study is carried out in accordance with Planning Policy Statement 3 (PPS3) - Housing[1] and its accompanying document "Delivering Affordable Housing"[2]; and with reference to the London Plan policies on affordable housing (in terms of comparison of options with existing positions).

1.1.10 Paragraphs 27-30 of PPS3, in particular, deal with the Government's approach to, and key guidance to local authorities on, seeking affordable housing through Local Development Documents (LDDs). Paragraph 29 is the focus of this, within which local authorities are required to undertake an informed assessment of the economic viability of any proposed affordable housing thresholds and proportions.

[1] Communities and Local Government - Planning Policy Statement 3: Housing (November 2006)
[2] Communities and Local Government – Delivering Affordable Housing (November 2006)

1.1.11 The main objectives of this study as set out in the Council's Brief are:

- A Borough-wide affordable housing viability assessment for housing delivery over the lifetime of the Core Strategy DPD.

- A viability assessment which supports the affordable housing requirements that will be set out as policy in the emerging Core Strategy DPD and other documents that will form part of the Local Development Framework.

- An assessment of potential development scenarios of sites that should be used to reflect viability in the Borough overall, in terms of scope to deliver the affordable housing requirements; and,

- Consideration of specific factors that could impact significantly on the viability of schemes including residential values, Code for Sustainable Homes, other planning obligation costs, etc.

1.1.12 LB Merton is an area with generally high house prices, particularly in relation to median incomes locally - and therefore affordability of housing is a major issue. Findings from the Council's Strategic Housing Market Assessment Draft February 2009 suggest an annual shortfall of approximately 150 social rented homes. The shortfall for 'intermediate homes' is estimated to be 50 homes per annum based on a 15% price drop over the 15-year period of 2007-2021. The requirement for intermediate homes will be lower if the percentage price drop is higher, and vice versa.

1.1.13 As acknowledged at 1.1.9, however, it is important that the Council's policies do not deter development through unduly reducing the supply of land brought forward for residential development more widely. Any policy must balance delivery of affordable housing and planning obligations with maintaining sufficient incentive (reasonable land value levels) for landowners to release land – allowing developers to promote and bring forward schemes.

1.1.14 This study explores the viability impacts from a range of policy options relating to seeking various levels of affordable housing obligations from new development. The study process takes into account property type, market value levels, tenure mix, wider planning obligations and associated characteristics of residential development.

1.1.15 Specifically, it investigates and assesses the likely impact on land values, and therefore on development viability, of a range of affordable housing policy options being considered for application to private (market sale) residential schemes across the Borough. These are considered alongside wider planning obligations and costs. The range of testing carried out for this study is shown at Appendix I – Development Scenarios.

1.1.16 In addition to looking at the provision of on-site affordable housing above the current affordable housing threshold (i.e. provision integrated within market housing sites), the study includes wider work to investigate the viability of alternative approaches to reduce the threshold. This includes the potential introduction of a sliding scale of affordable housing requirements through either the collection of financial contributions in lieu of on-site affordable housing provision on smaller sites (those below any potential on-site threshold) or through a lower proportion of on-site affordable housing; or possibly a combination of the two. If implemented by the Council, the financial contributions route would be hinged around a strategy to direct the monies collected towards funding the provision of affordable housing on other sites, or perhaps for wider investment in affordable housing locally. A strategy would need to be developed.

1.1.17 The study tests the impact of a range of affordable housing proportions, in order to generate a feel for viability based on current requirements and how that varies with potential changes to those. The key outcomes are advice on the thresholds and proportions of affordable housing that are considered to be broadly viable and therefore suitable as targets.

1.1.18 We use the impact of varying affordable housing requirements on Residual Land Value (RLV) as our measure in putting forward our judgments and guidelines. This process involves comparing the likely impact of (changes to RLVs from) a range of potential policy options. So the study examines the variations in approximate RLVs indicated within the Borough on this basis, as we envisage policy changing, and the implications of these variations are included in the assessment of site viability and deliverability.

1.1.19 Where possible, the study provides parameters and options for the Council to consider for affordable housing policy development and implementation, from a viability perspective. The Council will need to consider these findings alongside wider policy considerations and overall priorities.

1.1.20 It must be recognised that this planning based tool for securing affordable housing relies on market-led processes. Throughout the study, an emphasis is placed on the need for a practical approach to be taken by Council, bearing in mind development viability – with an emphasis on that particularly given the current and likely short-term market conditions. By this we mean the Council being adaptable also to market housing scheme needs, being prepared to negotiate and consider varying solutions and being responsive to varying scheme types and circumstances. The various components of a scheme will need to be considered in market, affordable and successful integration and tenure mix terms. This will involve considering local needs, scheme location, type, design, management, affordability, dwelling mix, tenure, funding, numbers rounding and the like in formulating the detail from the targets basis – so, taking a view on how these things come together to impact and benefit schemes, by looking at what works best to optimise provision in the given circumstances.

1.1.21 In carrying out this assessment from the necessary strategic viewpoint, it is assumed that there will be a variety of market conditions, including periods of return to a more stable economic and property market climate. By this we mean whereby improved access to mortgage and development finance, on appropriate terms, will promote demand and re-stimulate more normal levels of development activity than we have seen while working in the Borough of Merton at the present time. The same applies to all such studies which look at affordable housing supplied through market-led schemes.

1.1.22 The methodology and assumptions used are described in Chapter 2; the results are discussed in Chapter 3; the conclusions and recommendations are set out in Chapters 4 and 5. Chapter 6 includes wider discussion points in relation to affordable housing delivery. The tables, graphs and associated information referred to throughout this study are appended to the rear of the document.

2 METHODOLOGY AND ASSUMPTIONS

2.1 Background

2.1.1 In order to consider the factors that need to be taken into account in bringing forward sites which include affordable housing, it is necessary to determine what effect increased affordable housing proportions, reduced thresholds, variations to tenure mix and variations in other development costs may have on the value of a potential development site. This needs to be done while the values of the completed homes, and how those might vary, are also considered.

2.1.2 This study investigates residential development scenarios across a range of scheme sizes. Schemes of 2, 4, 5, 10, 15, 25, 50, and 80 dwellings have been considered in respect of potential on-site affordable housing provision. Appendix I – Development Scenarios – outlines the range of appraisals carried out for scenarios which include on-site affordable housing.

2.1.3 The schemes modelled are notional and chosen to reflect scenarios that best match the various policy options to be tested. At certain scheme sizes, a range of dwelling mixes has been tested. These were arrived at and agreed through discussion with the Council's officers with reference to monitoring information, based on the range of site types which may come forward across the Borough and also bearing in mind the nature of developments seen at the time of our research. These should reasonably reflect a range of scheme types coming forward now and in the future.

2.1.4 Most importantly, however, the notional development scenarios have been formulated to enable development viability to be tested at a range of points with reference to potential affordable housing policy thresholds and varying dwelling mix, as part of this strategic overview work. The smaller scheme sizes enable us to test viability at potential lowered thresholds, whereas the larger notional schemes enable us to test the impact of varying the proportion of affordable housing on sites that already trigger the requirement for affordable housing (i.e. developments of 10 or more dwellings, as per the current London Plan based approach).

2.1.5 The financial impact, and therefore viability, of collecting carefully judged financial contributions in lieu of on-site affordable housing provision has also been tested on sites of 1 to 9 dwellings. This enables us and the Council to consider a financial contributions approach for potential application to smaller sites if appropriate, beneath the current threshold position. The likelihood is that the threshold for on-site affordable housing provision would not be lowered, but options are explored.

2.1.6 An alternative approach to testing development viability on a strategic basis could be to investigate the development viability with reference to actual sites. We have chosen the notional approach for a number of reasons including:

- Our established approach to this viability work, including the use of notional sites, has been tested successfully through the former Local Plan Inquiry and current Development Plan Examination processes. In all cases to date, our approach has been accepted by the Inspector.

- There can be difficulties in obtaining sensitive information from developers and landowners in relation to actual sites. This leads to appraisals of actual sites becoming heavily assumption based in any event.

- The use of actual sites affects the ability to compare outcomes 'like with like' to assess the impact of varying affordable housing requirements. Affordable housing impacts can become blurred with, or by, other factors which vary from one site to another.

- Sensitivities with reporting, information and potential effect of the process or outcomes on future negotiations.

- Site sizes may not align to studying potential threshold points.

- An actual site approach can be very resource hungry and thus costly for this stage of the process, given that a wide range of scheme types need to be considered.

- Ultimately, unless extensively applied (noting the former point on reasonable economic scope of such a study) an actual sites approach does not fit well with taking a strategic overview of the impact of potential affordable housing polices, when in fact sites vary so much. Inevitably there will always need to be a second layer of more site specific consideration, as particular development proposals are considered at a development control or development brief/area action plan level. This strategic study cannot substitute that layer of input.

- There is no published good practice guidance on a methodology to follow for carrying out development viability studies.

2.1.7 We invariably find that developers are, understandably, more often than not reluctant to share information on their usual assumptions. However, as part of considering a range of information and informing our judgments for each of our studies we contact a number of developers who we understand to be active locally (or who have been recently). In this case we did not hear back from any of those contacted. We explained our purpose and undertook not to disclose names or information. We also consult with locally active (i.e. developing) Registered Social Landlords (RSLs).

2.1.8 The outcomes of the appraisals based on the range of scenarios tested provides us with a scale of results (discussed in Chapter 3) from which conclusions can be drawn as to the key factors and trends affecting viability across LB Merton. This leads to discussion on how these might be considered in reviewing policy options; and then to policy recommendations

2.2 Property Values

2.2.1 In determining the modelling scope in a local context, it was decided to consider a range of "Value Points" rather than concentrate solely on the specifics of settlement areas or centres (within which values can vary greatly in any event). By taking a Value Points approach we mean that the value levels considered at each Value Point could, in fact, be found anywhere within the Borough. Effectively we are considering what the viability of a scheme might loo like if it were moved to a range of locations. The methodology also enables us to review the impact of changing values that might flow from changing market conditions over time.

2.2.2 To this end research into property prices across Merton, on a detailed localised basis, was undertaken to determine representative development values (property sales revenue) for each of our notional scheme appraisals. The total sales value of a scheme is known as its gross development value ('GDV') and later we discuss its role in considering viability.

2.2.3 We reviewed the 'asking' and 'subject to contract' sale prices of all available new build 1, 2 and 3-bed flats and 2, 3 and 4-bed houses across the Borough to enable us to provide reasonable average values for LB Merton by dwelling type. The data was collected through a mixture of "on the ground" and desktop/internet research in August 2009. Adams Integra acknowledges that there is usually a gap between marketing and sale price. In recent difficult market circumstances this gap was growing – particularly up to the Spring of 2009. The gap may now be closing gradually. However, it is not possible to make a definitive statement about the usual gap between the two, as a particular owner's aspirations and the saleability of specific properties clearly vary significantly in any event. The research has been reviewed in the context of this, and the range of value levels assumptions set accordingly.

2.2.4 The results of the property values research, and in particular the new build values research, led to the formulation of 5 key Value Points. These 5 points cover the range within which, typically, new build housing values in most areas of LB Merton fall. Two additional value points were also used in the modelling for this study. These were placed above and below the typical range seen, giving a total of 7 Value Points - to enable us to consider the sensitivity of results to market conditions and price levels outside the typical range seen at the time of the study. As stated above, most areas have a variety of property values (even within the same postcode), therefore the results of this research can be used independently of location where approximate sales values can be estimated. Overall, the range of values adopted covers the variation likely to be seen in typical house prices locally, including with further market variation.

Figure 1: Summary of Value Points Adopted for Each Property Type (based on assumed floor areas, but also applicable to wider property types and sizes):

Value Point / Property Type	1-Bed Flat (50m²)	2-Bed Flat (67m²)	3-Bed Flat (90m²)	2-Bed House (75m²)	3-Bed House (85m²)	4-Bed House (100m²)	Guide £ per m²
Value Point 1	£125,000	£167,500	£225,000	£187,500	£212,500	£250,000	£2,500
Value Point 2	£162,500	£217,750	£292,500	£243,750	£276,250	£325,000	£3,250
Value Point 3	£200,000	£268,000	£360,000	£300,000	£340,000	£400,000	£4,000
Value Point 4	£237,500	£318,250	£427,500	£356,250	£403,750	£475,000	£4,750
Value Point 5	£275,000	£368,500	£495,000	£412,500	£467,500	£550,000	£5,500
Value Point 6	£312,500	£418,750	£562,500	£468,750	£531,250	£625,000	£6,250
Value Point 7	£350,000	£469,000	£630,000	£525,000	£595,000	£700,000	£7,000

2.2.5 This is only intended to indicate general tones of values/value patterns – the range within which values are typically seen. It helps us understand how varying policy (and the resultant range of viability outcomes) might affect housing and affordable housing delivery on sites which produce differing values across the Borough. In practice, very specific local factors influence value, and values will vary with time according to economic conditions – usually within this overall range, we think, in the foreseeable future. Appendix III, the Property Values Report, goes into more detail on values.

2.2.6 As part of the research, we spoke to estate agents in August 2009 at various locations across LB Merton. Where little data was available at the time of the research from our range of enquiries and web-based research, the data was verified or supplemented by using Land Registry average sales figures. Visits were made to any house builders' sales offices we found and research carried out using their and other new homes web-sites where possible. In a more general sense, the thinking and assumptions for our studies are further verified through our ongoing work and discussions with others such as land agents, for example, as to the way developers consider sites and price their new schemes.

2.2.7 In addition a comprehensive review of marketing prices of all available properties for sale was undertaken using internet property search engines.

This helps us to understand and consider, very broadly, how values vary with location across the Borough in the context of the value points. This research is set out at Appendix III. It must be reiterated that any attempt to define value patterns can only be highly indicative. This is because values can change over very short distances dependent on a site's location and its surroundings, local amenities etc. In practice, variations in values are often seen down to a street by street level – and sometimes even between ends or sides of streets, and within developments depending on the orientation of dwellings and their outlook, for example.

2.2.8 This study does not attempt to provide comprehensive property valuation data, but rather identifies the typical range of new build values for various dwelling types based on the assumed sizes. The values research is carried out to enable us to make judgments about the range of new build property values relevant to our appraisals. Inevitably judgments have to be made. This is not a statistical exercise. The values assumptions applied within the appraisals are formed from an overview taken across properties of varying size and type. It must be remembered that for any locality we could in practice see a range of values relevant to a single property type. We believe, however, that the information used is reasonably representative. The key point is to consider the likely range of typical new build values which will underpin this planning-led delivery of affordable homes, rather than consider overall resale market Land Registry type data alone, which can often dilute the new build market picture or not reflect it clearly.

2.2.9 Also relevant in this context is the fact that while specific values within our range, or other assumptions applied, can only be on a snapshot/current time basis and may not reflect future market variations when viewed individually, when viewed overall (across the range of values and other assumptions studied) this approach enables us to consider how value trends might impact development viability. Elsewhere within this report we acknowledge the type of uncertain wider market conditions which have been seen and are still being reported as the study progresses. The market instability makes forecasting a highly uncertain process. As an example, the Government's Valuation Office Agency (VOA) commented that it could not carry out its normal six monthly residential land forecast. Last year, it stated that:

"Due to the effects of the global financial crisis it has been decided not to include a residential land forecast in this edition of the report (July 2008). The unprecedented volatility in national and international world financial markets will not have been reflected in the previous data series used to compile the forecasts. Until these exceptional events are more fully reflected in these data series, any forecast using this method would be subject to unacceptable levels of uncertainty"

Source: VOA property market report July 2008

2.2.10 The July 2009 VOA property market report did not include any residential land value forecasting information either. It stated: *"A feature of the residential land market is the 'lumpiness' of changes in value. Although the index is based on six monthly figures it is difficult to establish exactly when significant movements in value occurred and an average over a longer period may provide a more realistic assessment of the market. This is particularly the case for the period since 2007 with the severe problems in the financial markets."*

2.2.11 That 2009 report indicated, through trends graphs looking at the England and Wales picture, that between late 2007 and January 2009, residential land values had generally fallen by about £1m or more per hectare, in other words by around one third (or perhaps more) from their peak levels to that point. London (Outer) residential land values were indicated to be at around £4.4 to £5.5m per hectare at July 2009, although the *"illustrative rather than definitive"* nature of such information is acknowledged in the VOA report. Adams Integra also notes that such guide prices per Hectare are uncertain from the point of view that the assumptions that were associated with and driving those land values are not known and could well need updating.

Source: VOA property market report July 2009

2.2.12 Clearly, future values cannot be predicted, but our methodology does allow for potential future review of results as they vary through revised property price levels as may be seen through a changing market, as well as price variations that are normally seen through site characteristics or location specifics within a Council's area. It enables us to look more widely at the sensitivity of results to value levels.

2.2.13 Prior to, and during the study period, there has been continued reporting at all levels of a weak and uncertain property market. As at October 2009 these conditions could not be described as over by any means. However, after continued fairly bleak market reporting from a range of sources into January and February, from around March 2009 there has been some more positive reporting and market sentiment to balance this picture. Reduced rates of house price declines were seen, then moving to news of very recent increases in average prices. This is also discussed later in the report and our market review information is included at Appendix III – Property Values Report. There are still wide-ranging views on how much further the downturn has to go or whether/to what extent the market is stabilising. Examples of characteristic features of the downturn to be noted in the context of this study include:

- Many house builders have been reporting reduced margins (or even losses in some cases).

- Some house builders and others involved in the development industry reducing staff numbers significantly, with some ceasing to trade.

- A marked slow-down in the rate of construction of new homes.

- Incentives being offered fairly typically on new build sites - such as stamp duty, deposit paid/deposit contribution, deferred purchase, shared equity, mortgage payments assistance, and perhaps others – dependent on a prospective purchaser's position together with the developer's marketing experience with and sale potential of particular plots, etc.

- Some use of guide pricing alone, or even no advertised pricing.

- Some schemes still selling relatively well but usually with slower sales where this is so.

- Some developers considering offers from RSLs for expanded affordable housing quotas on sites, or even entire schemes for affordable.

- Increased reports of developers pulling out of schemes, and delaying starts or slowing scheme progress/ "mothballing" sites.

- Extended development periods in some cases, with a knock-on effect of impacted sales progress because there is less for purchasers to see. Purchasers are far less likely to purchase off-plan given uncertainty over values movements. This creates a circular effect with regard to build progress on some schemes – i.e. some developers taking a view that build progress needs to be underpinned by firmer sales interest. Others are, however, proceeding based on prospective purchasers typically now wanting "to see what they will get".

- Examples of estate agents combining, closing or mothballing offices, or operating restricted hours.

- Fewer investment buyers active.

- Mortgage lending well down and difficulties in obtaining funding more widely experienced by prospective purchasers.

2.2.14 Despite the small signs of the potential makings of a more positive market picture, it would be premature to say that the above affects are now a thing of the past. As outlined in Appendix III, a number of high profile commentators currently hold the view that the recent and present spell of recovery is quite fragile. There is a view that the degree of protection of property prices seen has related to the lack of supply rather than to a genuine and significant return of confidence. From this, views develop that the market could fall back again in 2010. Views vary of course and the level of uncertainty is high. In terms of study methodology, the recent and current uncertainties are very difficult to reflect. In our view, it would be impractical for a local authority to move affordable housing and perhaps other viability related planning obligations targets in response to what could be relatively short-term market conditions and adjustments. As discussed, the use of a range of Value Points enables us to see how indicative residual land values (and thus likely scheme viability) change as the market values of properties varies.

2.2.15 One of the principal concerns with the market currently is the volume of sales being achieved rather than simply the value levels. Sales volume is difficult to reflect in financial viability terms. It may affect developers' views on risk levels, and it may affect development and sales periods, and thus finance periods. These will in any event be site-specific factors. To what extent the very depressed levels of market activity will continue to affect value levels with time remains to be seen. However, it should also be noted (given they are not the only key issue) that value levels are still high when long-term trends are reviewed. In the past, schemes have been brought forward and have therefore been viable at similar or lower value levels.

2.2.16 In our view the key message for local authorities in this situation is the need to monitor the market, housing delivery outcomes and trends locally - and respond to those through consideration of contingency measures and possible policy review longer term. It is also about adopting a practical and flexible approach to secure delivery of all housing types, especially in the short-term. This theme will be picked up again in Chapters 4 and 5.

2.3 Approximate Residual Land Value (RLV)

2.3.1 In order to determine the impact of proposed affordable housing policy on the range of development sizes appraised across the range of Value Points, it is necessary to determine a common indicator to ensure comparisons are made on a like-for-like basis.

2.3.2 The key viability outcome and indicator for this study is the land value that can be generated where there is a predetermined level of developer profit assumed (alongside allowances for all other assumptions and variations discussed in this report). It is not based on the notion of fixed land values with developer's profit varying as affordable housing or other requirements change. Land value expectations (and how those need to be adjusted over time with changing markets in addition to changing planning and environmental requirements) are central to this work and to the ongoing negotiation and delivery processes. The Council and others involved in the process must recognise that developers need to make reasonable profits. This study is based on a premise that those should not be eroded below reasonable levels. This area is discussed further below, including at 2.5 – Developer's Profit.

2.3.3 Assuming a developer reaches the conclusion in principle that a site is likely to be viable for development, an appraisal is carried out to fine-tune the feasibility and discover what sum can be paid for the land.

2.3.4 In this study we have to assume that a negotiation has occurred or is under way based on knowledge of the current development climate and planning policy requirements as they will apply to the scheme. Therefore, this study also compares the viability outcomes from the current policy requirements with those likely to result from the range of policy proposals being considered (e.g. varying affordable housing policy thresholds and proportions).

2.3.5 In essence, the indicative land value (RLV – see 2.3.6 below) is a product of a residual valuation appraisal. That is made up of a series of calculations based on the review of a specific form of development a site can accommodate, and its development costs. While the market uses a variety of approaches to appraise sites and schemes (including comparisons between sites) in the early stages of feasibility reviews, a more detailed approach is necessary to understand how the value/cost relationship appears and how that varies as the appraisal assumptions are changed - as applied in this study.

2.3.6 The simplest, most effective and widely understood way of checking site viability in most instances is via a developer-type Residual Land Value (RLV) appraisal (see Appendix IV – Glossary). We have developed our own spreadsheet tool for this purpose. In doing so we have made what we feel are reasonable assumptions but it must be noted that individual developers will have their own varying approaches, and a developer might also apply a different approach from one site to another.

2.3.7 A highly simplified example which groups various cost elements together and showing only the basic structure of the RLV calculation, is shown in Figure 2 below. This is an illustrative example only and is not to be relied upon for calculation purposes. It demonstrates, in outline only, the key relationship between development values and costs. This is a dynamic relationship and determines the amount left over (hence 'residual') for land purchase from the total sales value (the 'gross development value') of the site. It can be seen that as values increase but costs remain similar, there is more scope to sustain adequate developer's profit levels together with, crucially, land values which will be sufficient to promote the release of land for residential development.

Figure 2: Simplified Example of Residual Land Valuation calculation structure (<u>for illustration purposes only</u>)

Starting point is total sales value ('Gross Development Value' or 'GDV')	
Number of Units =	10
Sales Value Per Unit =	£200,000
Gross Development Value (GDV) = A	£2,000,000
Development Costs (build costs, fees, etc.) = B	£800,000
Development Profit (@17.5% of Sales Value) = C	£350,000
Land Purchase Costs and Planning Infrastructure (not including affordable housing element) = D	£200,000
Residual Land Value (RLV): (Gross Development Value less Development Costs, Profit, Land Purchase and Planning Obligations) = E	
A – (B + C + D) = E	**£650,000**

2.3.8 This method reflects one of the main ways of how development viability tends to be assessed. We have been able to verify our thoughts on the structure of and components within the calculation, together with the trends seen in the outcomes, through our consultancy's contact with developers and their advisers. That experience includes scheme specific work carried out in wide ranging locations.

2.3.9 The tool used for analysis in this instance runs a calculation that provides an approximate RLV, after taking into account assumed normal costs for site development. It does not allow for abnormal costs. Abnormal costs can only be properly reflected with detailed site-specific knowledge. If such varying costs were to be considered within this study, they would affect our ability to accurately compare like with like, when assessing the impacts of affordable housing requirements.

2.3.10 An affordable housing element is included within the calculation, whereby the developer receives a payment from an RSL (or other affordable homes provider) for a number of completed affordable homes. This level of receipt is based on a calculation that is essentially an investment appraisal carried out by the RSL, and it is not at a level comparable with open market values. It should also be noted that for grant funded affordable housing, the sums paid by the RSL have to be within HCA eligibility levels.

2.3.11 Assuming that a developer will require a minimum fixed profit margin from any given scheme to balance risk and obtain funding, beyond a certain point it is, therefore, the land value that will be affected by the introduction of affordable housing or other planning obligation (infrastructure) requirements. In this sense (and although there can be positive cashflow effects similar to those from “off-plan” sales) affordable housing is viewed as a significant cost element to the developer’s appraisals, in much the same way as other planning infrastructure requirements are.

2.3.12 The results of the model calculations show the indicative RLV generated in monetary terms, and the RLV as a percentage of the gross development value (GDV). Where possible, the results are then also compared against potential alternative use values. Those comparisons build on our acknowledgements that existing or alternative use values are often a key factor in determining viability outcomes. These comparisons help to inform our judgments and are a measure which can help in determining the viability of a site. This can only be highly indicative at this strategic overview study level, however. In practice, every site will have specific characteristics and its value will be determined by its type, location, use, lifespan, marketability and development potential. The cost of creating and value from realising residential development potential will often need to be compared with options to maintain an existing use or promote another alternative use.

2.3.13 Regarding existing/alternative use values, the Council should be aware that the Commercial Property Market has been suffering and seen a greater degree of downturn, even, than the residential market as a consequence of the financial markets crisis. Although a generalised statement, demand for commercial property has fallen very dramatically with severe consequences for values. This factor needs to be borne in mind. The comparisons between residential development values and alternatives are likely to change over time. The relative positions to each other of alternative proposals for sites, in viability terms, could well alter.

2.4 Gross Development Value (GDV)

2.4.1 Gross Development Value (“GDV”) is the amount the developer ultimately receives on completion or sale of the scheme, whether through open market sales alone or a combination of open market sales and the receipt from a RSL for completed affordable homes. Thus the developer’s profit in each case relates to that scheme-specific sum rather than to a base level of GDV that assumes no affordable housing. It assumes that the developer has appraised the site and secured land in the knowledge of, and reflecting, policy that will apply; i.e. the developer is aware that total receipts will be at a lower level than prior to any affordable housing policy taking effect. This can be regarded as a reasonable approach given established local and national policy guidance on the provision of affordable housing; and in particular the established London Plan led threshold set at 10 dwellings here.

2.5 Developer's Profit

2.5.1 As at 2.3.10 and 2.4.1 above, the requirement to include an increased proportion of affordable housing on a site compared with a previous level will inevitably reduce the sales income that a developer can reasonably expect to receive. As this reduction will not be accompanied by lower construction costs, the offset must be taken up in a reduced development profit, a lower land price or a combination of the two.

2.5.2 Developer's profit and landowner's sale price are key considerations that must be taken into account if residential development is to be undertaken.

2.5.3 If profit levels fall below a certain point then developers will not take the risk of developing a site, nor in many cases will they be able to secure development finance. Equally, if the price offered by a developer to a landowner for a site is too low, the landowner may not sell and instead continue with, or pursue, an existing or higher value use. There are also other potential complicating factors. For example, some of the smaller sites may start out as homes, gardens or small business premises which will not be sold unless certain aspirations are met. Factors such as business and tax considerations, investment values and costs and the availability and cost of replacement premises can all influence decisions to retain or sell sites. Such factors are likely to be highly site-specific. A mix of these may be relevant in some cases.

2.5.4 Limited ready access to development finance on suitable terms is likely to continue impacting as a particular issue in the current and likely short-term market conditions, flowing from the "credit crunch".

2.5.5 Adams Integra's experience suggests that developers would need to seek a fixed profit (margin) of at least 15% (gross) of GDV. In general, only if the projections reveal this fixed profit margin (as a minimum) would a developer pursue a site.

2.5.6 This study uses a developer's profit base assumption fixed at 17.5% of GDV, which in our experience is higher than the bottom of the probable acceptable profit range in normal circumstances. Higher profit levels than this may well be appropriate, depending on the nature of the project and risk/reward scenario – and bearing in mind the market conditions. Different profit aspirations will also be held by different types of house building and development companies, and again will vary between sites.

2.5.7 Our experience shows that particularly for smaller and lower risk schemes, and those often carried out by smaller more local developers (or contractor developers), a 15% to 17.5% level of developer profit may well be an appropriate assumption. In the current uncertain market conditions we are seeing a range of indicators on developer's profit levels, and these are becoming increasingly difficult to judge with respect to perception of risk levels. Whilst we are aware of increased profit expectations in some instances (up from the 15% level which many of our previous studies applied as a base assumption), we have also seen schemes where profits have been adjusted downwards marginally to help maintain viability. However, given our acknowledgement of varying profit levels, we have also carried out appraisals on the basis of 20% and 22% (of GDV) developer profit. In this context, development profit can be regarded as a development cost. The HCA's Economic Appraisal Tool guide profit level had also been at 15% prior to the point we fixed our assumptions. More recently the HCA guide level has been moved up to 17.5% of GDV, so that our overall view on likely parameters for profits, at least as a starting point, remains appropriate for the purposes of this study.

2.6 Model Scenarios, Property Types, Size and Mix

2.6.1 The Council required a range of scenarios to be appraised to assess the viability of its potential approach to thresholds and proportions of affordable housing alongside other planning obligations.

2.6.2 In considering on-site provision of affordable homes, the scheme types modelled range in size from 2 to 80 dwellings to allow the study to investigate a full range of potential policy options. As part of the wider brief, appraisals were also carried out on notional sites of between 1 and 9 dwellings but in those cases based on the collection of a financial contribution in lieu of on-site affordable housing provision. Those smaller schemes were appraised assuming 10%, 20% and 30% affordable housing equivalent proportions – linked to a potential sliding scale type approach, in the event the Council includes proposals to lower the threshold within its development of policy.

2.6.3 The schemes were tested with 0% (representing current policy for sites of fewer than 10 and 15 dwellings across LB Merton - London Plan and UDP policy respectively), 20%, 30% (UDP policy), 40% and 50% affordable housing. This range of testing allows us to investigate viability related to the Council's adopted policy, currently applied policy and potential options around the proportion of affordable housing sought. These options include potential lower proportions of affordable housing sought from smaller sites below the currently applied 10 dwelling threshold - as part of a sliding scale type approach to affordable housing policy. It is simply not practical or economic to appraise and consider every conceivable policy option (combination of threshold and proportion). The volume of results can grow very rapidly without adding very usefully to how the study can assist policy development.

2.6.4 The dwelling sizes used in the modelling are 50sq m for 1-bed flats, 67 sq m for 2-bed flats and 90sq m for 3-bed flats. For 2, 3 and 4-bed houses we have assumed sizes of 75sq m, 85sq m and 100sq m respectively. These are all gross internal floor areas. They are thought to be reasonably representative of the type of dwellings coming forward for smaller and average family accommodation, within the scheme types likely to be most suitable for on-site integrated affordable housing. We acknowledge that these 3 and 4-bed house sizes may be small compared with some coming forward, but our research suggests that the values for larger house types would also often exceed those we have used and would, therefore, be similar on a "£ per sq m" basis. 3 bed flat types as included in the larger flatted notional scheme mixes tend to have large floor areas in market schemes, as we have assumed. Conversely, some new build flats for the private market may be below the unit sizes assumed.

2.6.5 All will vary in practice, and from scheme to scheme. It is always necessary to consider the size of new build accommodation while looking at its price, hence the range of prices expressed per square metre is the key measure used in working up and applying the range of Value Points. The property sizes are also selected to be within HCA parameters for affordable housing and are shown in Appendix I.

2.6.6 This study assumes that the affordable housing dwelling mix will, as a starting point, reflect that of the private housing – so that affordable homes would be transferred to an RSL on a proportional mix basis. In our experience this has proved a suitable way of considering viability for this strategic purpose. Clearly, in practice, the exact private and affordable housing mixes will vary from site to site, as may the consistency between them. The intention of this study assumption was to follow the principle that a mix of affordable housing dwelling types will be expected wherever that is achievable.

2.6.7 Where the proportion of affordable housing provides a number other than a whole unit, for the purposes of this study, the number of units "transferred" as affordable is rounded up from 0.5 units and above; rounded down from less than 0.5 units. In practice Merton Borough Council will negotiate with the developer on a site by site basis.

2.6.8 For details of the dwelling mix for each on site affordable housing scenario modelled see Appendix I – Development Scenarios.

2.6.9 In practice, there is often a tendency towards developers needing to maintain the higher value units within a scheme for private sales whilst also thinking about the relationship of the private units to the affordable units in terms of location. These are all factors which in reality (and dependent on the site location and characteristics, and scheme design) will affect the unit and tenure mix as part of the negotiated approach.

2.7 Indicative Scheme Density

2.7.1 To provide broad comparisons with published (VOA sourced) land value data so as to provide an additional basis for interpretation of results only, the approximate site area (land take) required for each development scenario (site type and size) has been estimated taking into account the likely building and ancillary areas footprint. These land take indicators have been estimated assuming 2/3 storey housing; with flats generally in buildings of no more than 3 storeys. Sample appraisals have also been carried out assuming higher density flatted development of 4 to 6 storeys. The purpose is, as with varying assumptions on other aspects, to enable us to consider the sensitivity of outcomes to variables. The land take assumptions for ancillary space (gardens, immediate access roads, parking, outbuildings, etc) have necessarily been estimated.

2.7.2 Based on the dwelling sizes assumed in this study, this provides us with indicative densities of between 50 and 200 dwellings per hectare (dph) depending on the types and mixes within the notional schemes. This part of the exercise is purely for the purposes of an additional review of results. In practice, densities will be highly variable. This range is within the parameters of the London Plan Density Matrix for Sub-urban and urban areas. Indicative site sizes are shown in the appropriate tables of the Appendices.

2.8 Affordable Housing Transfer (to RSL) – Method of Payment Calculation and Type of Property Transferred

2.8.1 Discussions with the Council suggested that for the purposes of this study the payments developers receive from RSLs for the provision of completed affordable homes are currently based on a negotiated approach between those parties. These are in turn driven by scheme costs and what the RSL can afford to pay based on its business planning and financial assumptions when it considers the cashflow that will be produced by a scheme (based on an investment appraisal type approach, as mentioned at 2.3.10).

2.8.2 As PPS3 asks us to consider the availability of funding in looking at viability, the study also reviews the effect of public subsidy assumptions going in the appraisals. This subsidy would be in the form of Social Housing Grant (SHG). All appraisals were carried out without grant and a small sample was tested "with grant". The "with grant" appraisals assumed an approximate level of £30,000 per person housed for affordable rented units and £15,000 per person for intermediate units.[3] In practice, on specific sites this might vary

[3] Source – London Borough of Merton affordable housing records and HCA's National Affordable Housing Programme as at July 2009.

considerably, dependent on property type. It is simply not possible to predict the amount of SHG that will actually be available. Recent grant rates have often been significantly higher than these assumptions. However, rather than assume high figures based on what seems to have been quite an opportunity-led approach to funding by the HCA during the recent period, we have preferred what we consider to be more realistic, sustainable assumptions longer-term – where social housing grant is made available. Moving forward, we may also find a strategic view related to typical grant sums per affordable home. The Government's continued drive through the HCA (formerly the Housing Corporation) is for best value, and making sure that grant money achieves "additionality" rather than supporting land value or similar.

2.8.3 The likely payment that an RSL would make for an affordable rented or intermediate tenure home within this modelling was determined through carrying out a series of appraisals using software which is in widespread use in the RSL sector (in this case - "ProVal"). This, like others of its type, is a spreadsheet-based programme which allows the user to evaluate the relationship between estimated scheme development costs and the net cash flows resulting from rent or sales income after allowing for housing maintenance and management expenses, etc. It allows rates of return, pay back periods and other financial indicators for affordable housing schemes to be considered and tested for the impact of changing assumptions; and therefore helps to inform investment decisions and loan/funding requirements. Judgments were made on the range of input assumptions following contact with a number of locally active RSLs. Effectively, the value that can be paid to a developer for completed affordable homes is usually related to the mortgage finance the RSL could raise based on the rental income stream (in the case of affordable rent) or capital and rental income stream (in the case of shared ownership or similar), as adjusted after management and other costs are deducted.

2.8.4 In practice, the values generated are normally dependent on property size, occupancy, values, costs, and other factors including the RSLs own development strategies, and thus would vary from case to case when looking at site specifics. The RSL may have access to other sources of funding, such as its own resources or recycled capital grant from stair-casing receipts, for example, but such additional funding cannot be regarded as the norm – it is highly scheme-dependent and variable and thus has not been factored-in within our developer receipt assumptions. It follows that receipt levels to the developer could vary from those assumed; they could be higher in some cases.

2.8.5 The figures used in the appraisals are shown in Figure 3 below for each property type. They reflect the sums received per completed affordable home (of affordable rented or intermediate tenure) by the developer in return for constructing them (usually for the RSL to which they are then transferred):

Figure 3: Summary of Sums Payable by RSL to Developer for Completed Affordable Units

Rent (no Grant)						
Value Point	1 Bed Flat	2 Bed Flat	3 Bed Flat	2 Bed House	3 Bed House	4 Bed House
1	£52,000	£63,000	£78,000	£66,000	£75,000	£85,000
2	£55,000	£70,000	£83,000	£73,000	£83,000	£95,000
3	£59,000	£77,000	£94,000	£81,000	£91,000	£105,000
4	£62,000	£84,000	£99,000	£89,000	£99,000	£105,000
5	£67,000	£91,000	£99,000	£94,000	£99,000	£105,000
6	£70,000	£94,000	£99,000	£94,000	£99,000	£105,000
7	£73,000	£94,000	£99,000	£94,000	£99,000	£105,000
Rent (with Grant)						
Value Point	1 Bed Flat	2 Bed Flat	3 Bed Flat	2 Bed House	3 Bed House	4 Bed House
1	£104,000	£141,000	£207,000	£170,000	£205,000	£241,000
2	£109,000	£148,000	£216,000	£178,000	£214,000	£251,000
3	£114,000	£155,000	£225,000	£186,000	£223,000	£262,000
4	£120,000	£162,000	£230,000	£194,000	£230,000	£262,000
5	£125,000	£169,000	£230,000	£199,000	£230,000	£262,000
6	£130,000	£173,000	£230,000	£199,000	£230,000	£262,000
7	£135,000	£173,000	£230,000	£199,000	£230,000	£262,000
Intermediate (no Grant)						
Value Point	1 Bed Flat	2 Bed Flat	(n/a) 3 Bed Flat	2 Bed House	(n/a) 3 Bed House	(n/a) 4 Bed House
1	£54,000	£72,360	N/A	£81,000	N/A	N/A
2	£72,000	£96,480	N/A	£108,000	N/A	N/A
3	£90,000	£120,600	N/A	£135,000	N/A	N/A
4	£108,000	£144,720	N/A	£162,000	N/A	N/A
5	£126,000	£168,840	N/A	£189,000	N/A	N/A
6	£144,000	£192,960	N/A	£216,000	N/A	N/A
7	£162,000	£217,080	N/A	£243,000	N/A	N/A
Intermediate (with Grant)						
Value Point	1 Bed Flat	2 Bed Flat	(n/a) 3 Bed Flat	2 Bed House	(n/a) 3 Bed House	(n/a) 4 Bed House
1	£84,000	£112,560	N/A	£126,000	N/A	N/A
2	£102,000	£136,680	N/A	£153,000	N/A	N/A
3	£120,000	£160,800	N/A	£180,000	N/A	N/A
4	£138,000	£184,920	N/A	£207,000	N/A	N/A
5	£156,000	£209,040	N/A	£234,000	N/A	N/A
6	£174,000	£233,160	N/A	£261,000	N/A	N/A
7	£192,000	£257,280	N/A	£288,000	N/A	N/A

Note that the 'N/A' entries within Figure 3 above were where 3 and 4 bed dwelling types were not considered for intermediate tenure for the purposes of this study within the base appraisal dwelling mixes, owing to likely lack of affordability to households in need. In practice this does mean that intermediate tenure of 3 and 4 bed homes would be ruled out – each case would be considered by the Council on scheme specifics.

2.8.6 The exact nature and mix of tenure models within an affordable housing scheme will often need to be bespoke to a particular location and site. In terms of Intermediate affordable tenure what is suitable is likely to be dependent on demand as influenced by a wide range of factors. These might include mortgage product availability, changing price levels and affordability, the Government's constantly evolving range of initiatives - and developers' reactions and own practical marketing initiatives.

2.8.7 Although tenure mix is a site-specific consideration and dependent on local housing needs evidence plus the type of factors mentioned at 2.8.6, this study tests the impact of varying the tenure mix on development viability – based on certain assumptions as have to be fixed to drive appraisals. Recent experience with scheme specifics is that in the current climate the RSL type financial appraisals for shared ownership, intermediate rent and other variations are often producing similar outcomes in respect of what RSLs can afford to pay for dwellings (on the investment type review basis noted at 2.3.10). As with much of this, figures will, of course, vary with scheme specifics. The tenure mixes agreed with the Council and tested were as follows:

- 70% social rent/30% intermediate (Established target approach).
- 60% social rent/40% intermediate (Draft London Plan revised emerging approach).
- 50% social rent/50% intermediate (To further consider sensitivity of outcomes to varying tenure mix).

2.8.8 Within our assumptions for a range of intermediate tenure routes being treated more generically for appraisal purposes, for shared ownership accommodation our calculations were based on a 35% initial capital sale (share bought by the shared owner) with 2.5% rent paid on the retained equity (the level of rental paid by the shared owner in respect of the freehold share retained by the RSL). We assume within the mixes that, where possible, it is the smaller houses and flats (of 2 bedrooms or less) that would generally be transferred to an RSL, with larger units more typically remaining as private and/or being transferred for affordable rented tenure. This is due to the potential lack of affordability, particularly of shared ownership properties, where larger units can become unaffordable to the occupier. Access to mortgage funds and scale of required deposits may also be an issue in the current economic conditions. Within this wider consideration of intermediate tenure, intermediate rents would normally be at no more than 80% of open market rent levels (i.e. capped at 80% of the rent which would be paid for equivalent property rented in the private market). Shared or fixed equity affordable tenure models might also feature within the intermediate tenure mix.

2.8.9 It should be noted that where we refer to shared ownership in this study - and that may still be a key part of specific site discussions between the Council, developers and RSLs on intermediate tenure content - other tenure options or models may well now be relevant. We think that the focus will increasingly be on “intermediate tenure” in an adaptable mix alongside the priority needed affordable rented accommodation. Other models, including rents payable at rates discounted from market rental costs (i.e. “intermediate rent” levels) may well be applicable. Those could come into play depending on local specifics such as need, demand, funding, market factors (especially in the current climate) and affordability. In most cases, they will produce improved cash-flows and provide a better viability outcome, compared with affordable rent without grant; and be considered by developers as part of their overall view as more market friendly than affordable rented tenure.

2.9 Other Assumptions

2.9.1 The appraisal approach includes other variables such as fees, land buying costs, finance, agency costs, planning infrastructure provision (wider planning obligations) and other factors that are all taken into account when calculating an indicative RLV.

2.9.2 In some instances these figures are factors of other elements of the appraisal and, therefore, they vary according to the value or cost assumptions and so with scheme size and type.

2.9.3 The percentages and values assumed for the purposes of this exercise are listed below and are the result of Adams Integra’s experience of appraisals, work with and discussions with developers, valuers and agents:

- **Build Costs (House Schemes)** – *£1,100/sq m*
- **Build Costs (Flatted Schemes – low rise)** - *£1,250/sq m*
- **Build Costs (Higher Density Flatted Schemes e.g. 4 to 6 Storey)** - *£1,600/sq m*

2.9.4 The above are applied to the Gross Internal Area (GIA) of the accommodation. Base costs for flats are likely to be higher than for a scheme of houses particularly where sites are constrained and often difficult to work on (involving materials storage issues, craning, etc). Common areas have to be allowed for, as does the degree of repetition of costly elements. Cash-flows for flatted development can also be less favourable as rolling sales are more difficult to deliver. In this study the £1,250 per sq m figure assumes standard low-rise flats (typically no more than 3 storeys and allowing standard construction techniques). The £1,600 per sq m figure assumes typically 4 to

6-storey construction. This form of development was discussed with the Council to be representative of some larger, often higher density, apartment-based schemes seen in the Borough. In practice, again all schemes will be different. We considered that we needed to assume a significant increase in build costs for this higher density type of scheme, where framed constructions and elements such as lifts become the norm.

2.9.5 Build cost figures have been taken as an indicative level, supported by our ongoing experience of scheme specifics, whilst also taking into account a range of information from BCIS data (the Building Cost Information Service of the Royal Institution of Chartered Surveyors (RICS)).

2.9.6 There will always be a range of data and opinions on, and methods of describing, build costs. In our view, we have made reasonable assumptions which lie within the range of figures we generally see for typical new build schemes (rather than high specification or particularly complex schemes which might require particular construction techniques or materials). As with many aspects of this strategic review, in reality there is no single figure appropriate to a wide range of site specifics. A judgment on some form of benchmark is necessary. There will be instances where other costs are relevant, including in overcoming abnormal site issues or characteristics.

2.9.7 We are aware that the developer's build costs can be lower than our above figures, and also that the BCIS tends to indicate lower figures when a wide range of examples are considered from that. In contrast, however, there is also much said about costs being higher than this, often in the context of RSLs procuring new housing through contractors and developers. Build costs are set out in a range of guises, including within BCIS data, whereby items such as external works costs and fees, etc, are sometimes included, sometimes excluded. It can be difficult to carry out reliable analysis to aid comparisons, as the example scheme types and associated information vary. So, again, a view needs to be taken and then monitored, tested and updated as informed by the experience of site specifics, negotiations and (from the affordable housing perspective) in light of funding availability and affordability for occupants.

2.9.8 Typical scheme-specific additions to these are:

- **Architect's and other professional fees and contingencies:** *12% of build costs.*

- **Marketing and Sales Fees**: *1.5% of Estimated Gross Sales Value (GDV). There will be instances, dependent on the location and scheme type, where some of this expense, or an additional sum will be directed to the setting up of a show home. This will, however, not be appropriate on all schemes hence we have not included for it as a* *standard assumption item. We would not expect it to alter the outcomes fundamentally, given our view on the range of assumptions overall. .*

- **Legal Fees on Sale**: *£400 per unit.*

- **Finance (build)**: *7.0% - on build costs, fees etc over build period.*

- **Build Period:** *6 to 24 months depending on scheme size within the range assumed.*

- **Land Survey Costs***: Approximate cost of £500 per unit including basic ground conditions research (on larger schemes especially there will usually be additional cost associated with transport, environmental /landscape, ecology, etc, dependent on the scheme and not covered here).*

- **Legal Fees on Land Purchase**: *0.5% of land value (this will often produce a low figure when looking at very small or low value sites but only make a minimal difference to outcome).*

- **Planning Application costs**: *Standard charges assumed at £335 per dwelling where the number of dwellings is 50 or fewer; where the number of dwellings exceeds 50 - £16,565 plus £100 per dwelling in excess of 50, subject to a maximum total of £250,000.*

- **Stamp Duty Land Tax**: *Between 0% and 4% depending on RLV.*

- **Wider Planning Obligation (Infrastructure) Payments**: *Appraisals carried out assuming £10,000, £15,000 and £20,000 per unit levels of wider planning obligations – totals.* This covers a range of potential infrastructure costs but equally could apply to other site specific or future costs. They are notional levels. We varied this assumption so that we and the Council could review the sensitivity of results to this factor – using similar thinking to the Value Points methodology rather than looking only at a relatively narrow set of assumptions. This was done with a range of factors in mind. The potential nationwide Community Infrastructure Levy (CIL) approach is one such factor. We understand that Local Authorities will be empowered but not required to introduce a CIL, and this Council has yet to decide whether it will do so. This range of assumptions can also be viewed in the context of a range of other areas which could effectively add costs to schemes from a developer's, and therefore landowner's, perspective. A particular example in the case of LB Merton is the **Council's approach to seeking contributions to mitigate against employment land loss**, whereby change of use to residential will attract specifically calculated financial contributions on a site by site basis in recognition of this factor. We have been provided with examples where such obligations have meant financial contributions in the range approximately £2,000 to £15,000 per dwelling have been negotiated. Our approach to considering variations in the overall wider obligations package sought allows results to also be interpreted with this particular obligation in mind. It will have variable impacts.

The figures used for this range of assumptions are not intended to be a guide to CIL levels or to costs associated with any specific other obligation, or set of obligations.

We have used the range of values to test the additional impact of those costs on development viability of the schemes types appraised.

If the Council does become a CIL charging authority then we understand there will be a statutory duty to prepare a draft charging schedule.

- **Code for Sustainable Homes (CfSH)**: All base appraisals assume compliance with Level 3 of the Code for Sustainable Homes (for all dwellings – market and affordable). A sample of appraisals was also carried out assuming compliance with Level 4 (again for all dwellings) of the CfSH in accordance with the requirements of the Council. The costs of achieving those levels of the Code were based on Cyril Sweet's research for the Government's Department for Communities and Local Government (CLG).[4] This is widely referred to and equates approximately to £50/m² additional cost for achieving Code for Sustainable Homes Level 3 and £100/m² for achieving Code for Sustainable Homes Level 4. These are only guides and again site-specific details might well vary.

- **Additional assumption for 20% reduction in CO_2 Emissions**: All base appraisals that assumed compliance with CfSH Level 3 were also subjected to an approximate cost for achieving 20% reduction in CO_2 emissions (for example through on-site renewable energy production). Based on Energy Savings Trust information coupled with wider experience of viability studies, a notional average additional cost assumption of £7,000 per dwelling was settled upon, although it is recognised that, in practice, solutions can vary very significantly from one site to another. In appraisals that assume CfSH Level 4 compliance, it was agreed with the Council that this requirement would already be met through the achievement of that level of CfSH requirements. Through the results, this approach means we see some equalisation of impacts from CfSH Level 3 to 4. In practice, we think the £7,000 average added cost per dwelling is likely to be an over-

[4] Source: DCLG – Cost Analysis of the Code for Sustainable Homes (July 2008)

allowance in many cases, but we felt it best to take that approach as part of this wide-ranging review – rather than assume costs at potentially too low a level as a base assumption. Our ethos is to make sure that we have not under allowed on any cost assumptions areas, when viewed in the round, because, again, there are likely to be schemes where costs grow in some way from our base assumptions levels. Appraisals which assume greater levels of cost could in fact also be representative of other or overall costs increasing on a scheme. The Appendix IIL, IIm and IIn appraisal results show the CfSH Level 4 outcomes without this additional cost for 20% reduction in CO_2 emissions, so comparisons can be made.

- **Lifetime Homes** - is currently an area under review and debate but increasingly in the Government's thinking. While it can affect scheme viability in a wider sense - from the point of view of increasing building footprints and therefore cost and, potentially, site capacity - it does not necessarily add significant cost. Interpretations and opinions vary widely. Early design input minimises its impacts, and costs depend on to what degree standards are applied and what other standards are already to be met. There are overlaps, and even areas where it can compromise or not fit well with other requirements. It is an area that needs to be kept under review in terms of practicalities, costs and impacts – as part of the overall expectations from schemes. For the purposes of this exercise and to build on our acknowledgment of the relevance of this area, rather than make our own judgment we have preferred to rely on the published work by Habinteg Housing Association (www.lifetimehomes.org.uk) which suggests that the cost of meeting lifetime homes standards is up to £545 per dwelling (included) depending on size, layout and specification of the property. It is an area that needs to be kept under review in terms of practicalities, costs and impacts – as part of the overall expectations from schemes. The same applies to the Council's likely approach to Wheelchair housing being incorporated wherever possible within schemes – specific needs, design implications and impacts will need to be considered as sites come forward and planning applicants will need to build this in to their thinking. We have assumed that these aspects are both part of the Council's strategic approach to optimising the quality, choice and flexibility of local housing stock (across the stock) rather than intended to be inflexibly applied regardless of scheme location, design or other specifics.

- **Finance related to land purchase**: *7.0% interest cost on land survey, planning costs, legal fees on land purchase and RLV over build time plus 26 weeks*. No finance arrangement or related fees have been included for the purposes of this exercise. They might in practice be applicable, but we would not expect them to alter the viability equation fundamentally. Scheme funding arrangements will vary greatly, dependent again on the type of developer and scheme. As with much of this exercise, this is a snapshot and there are varying views as to what future trends will hold, and so over time we would need to see how added costs balanced with changes in sales values. It is felt that this assumption deals satisfactorily with an overview that is wider looking in terms of market trends.

- During the course of the study, the Bank of England Base Rate has been maintained at 0.5%. On fixing our assumptions in the early study stages we decided to leave our finance rate assumptions unchanged from previous studies despite the now sustained period at this historically low base rate. In light of the daily "credit crunch" reporting (on the reduced availability and associated likely terms of finance), we considered this approach to be further validated and, therefore, to remain appropriate. On closing the study, the impacts of the low Base Rate continuation have not been seen in any regular or definite way (although there has been some market reporting suggesting that the low interest rate climate has been one factor in prices stabilising in recent months). With further time our interest rate assumption might begin to look high, but we simply cannot tell at this stage. Nevertheless, this again fits with looking at viability reasonably cautiously rather than stripping-out too many cost allowances from appraisals. Our understanding is that house-buying and development finance remains relatively difficult to access – at least on favourable terms, related to the risks perceived by the markets and to the fact that lending between institutions is still not working on terms or to the extent that had underpinned the active market in preceding years. We have had a climate recently whereby rate reductions have tended not to be passed on, certainly not to a very significant degree, to borrowers, and where other charges (arrangement fees, etc) have then weighed against any cuts. So far as we can see, similar applies in a commercial sense. In summary, at the time of writing, we have no reason to believe that the commercial lending climate has eased significantly either.

2.10 Further notes on the limitations of and application of this study

2.10.1 This study requires judgments based on the development values and changes seen in land values as a result of varying potential policy positions. This is in the context of seeking to guide policy development and arrive at clear policy targets. The results cannot be a definitive guide to how specific sites will be appraised or how outcomes on a site-specific basis will look. As this is a relative exercise aimed at determining the likely effect of a range of policy options, the most important factor is consistency between assumptions used for modelling scenarios. Specific assumptions and values for our schemes may not be appropriate for any particular actual development. We are confident, however, that our assumptions are reasonable in terms of making this viability overview and informing policy development.

2.10.2 This study is made in the context of setting those clear and realistic targets as a basis for long-term policy, but also bearing in mind short-term flexibility required to deal with the current economy and housing market. Development viability will vary from site to site, and there will be no substitute for the negotiated approach to provision where specific appraisal information shows that to be necessary.

2.10.3 There can be no definite viability cut off point owing to individual landowner's circumstances. It is not appropriate to assume that, because a development appears to produce some land value (or in some cases value equivalent to an existing/alternative use), the land will change hands and the development will proceed. This principle will in some cases extend to landowners expecting or requiring the land price to reach a higher level, perhaps even significantly above that related to an existing or alternative land use. This might be referred to as a premium, "overbid" or sufficient level of incentive to sell. In some specific cases, whilst weighing up overall planning objectives to be achieved, therefore, the proposals may need to be viewed alongside the owner's enjoyment/use of the land, and a potential "overbid" relative to existing use value or perhaps to an alternative use that the site may be put to. In practice, whether and to what extent an active market exists for an existing or alternative use will be a key part of determining whether or how site discussions develop. In our view and experience it is not possible to determine a particular level of value (or degree of potential overbid/incentive) which a range of site types might need to reach in order to come forward – ultimately site specific factors, including owners' scenarios, will determine detailed outcomes.

2.10.4 In reality, scheme-specific land values have to be considered alongside existing or alternative use values. These comparisons are usually very dependent on location and planning specifics as well as on a range of other influences such as a site owner's business plan, family or personal circumstances. The existing or alternative use vales will also vary with market conditions – it is not appropriate to make fixed comparisons on a definitive basis.

2.10.5 So, to attempt to make detailed comparisons with existing or alternative uses in this type of overview work for policy context would, in our view, have limited meaning. However, we aim to provide examples of, and comparisons with, alternative use values. Commercial use values in particular are highly site-specific. Nonetheless this study acknowledges that the level of value created by a residential scheme after making allowance for affordable housing and other planning obligations requirements will need to be considered in comparison to any existing or alternative use relevant to a particular site.

2.10.6 The use of notional sites most effectively enables like-for-like comparisons to be made, i.e. the testing of impacts of the varying requirements on the same typical scheme in a range of value locations. The fact that individual schemes vary makes like-for-like comparison very difficult when studying those for this purpose of trying to measure policy impacts, with full reliable and readily comparable information being critical.

2.10.7 We have not definitively labelled specific locations or areas as higher/lower value, or similar. This is because, while a general values hierarchy is noted based on typical values (see report detail and Appendix III), in practice we found that values can vary from street to street and within very small areas (or even within schemes). The Value Points approach used in this study means that viability outcomes can effectively be applied to any part of the Borough and a feel for viability gained in relation to relevant value levels as those might vary by location, as well as by scheme type). As noted, this approach of reviewing outcomes from a range of values also enables the consideration of viability impacts and trends as values change with regard to market adjustments.

3 RESULTS and related commentary

3.1 Background

3.1.1 The indicative residual land value (RLV) results contained with the study appendices (rear of this document) are from modelling based on a broad set of scenarios which allow us to examine the impact of a wide range of variables on development viability - in accordance with the methodology, as set out in Chapter 2.

3.1.2 The number of appraisals required rises exponentially with the number of variables investigated. This is the case with all such studies. It is important to keep this exercise within practical limits, as was the requirement and aim for this study. Nevertheless, the modelling created a very extensive range of results once all the variables were considered through additional layers of appraisals (looking further at the sensitivity of indicative RLV outcomes to various assumptions changing). These results are presented by means of a large number of tables and graphs. The tables and graphs are all located in the report appendices. They are set out in different ways depending on the particular impact we sought to investigate and illustrate. This results chapter aims to lift from that large volume of information trends and a few example results to help explain their characteristics and the impacts of various factors and potential policies on development viability. The purpose here is to help guide the reader in interpreting the results and to illustrate key points and trends which lead to our conclusions.

3.1.3 The data is shown in tabular and graphical form and shows the indicative RLV produced by each appraisal, those RLVs shown as a percentage of gross development value (GDV), and the reduction in them as the assumed proportion of affordable housing increases in each case.

3.1.4 The Appendices are set out as follows:

- Representing the base appraisals - Appendices II, IIa and IIb show the results from appraisals carried out assuming infrastructure costs of £10,000, £15,000 and £20,000 per unit respectively. This allows us to see the impact on residual land values of increases in property values, increases in affordable housing proportions and increases in infrastructure costs on the basis of nil grant and 17.5% developer's profit. These are the base appraisals carried out across a range of scenarios, with in all cases assumptions including Code for Sustainable Homes Level 3 attainment and an additional build cost allowance for 20% CO_2 emissions reduction as discussed at 2.9.8. The higher levels of infrastructure cost are intended primarily to reflect potential future increases to the scale of planning infrastructure obligations through increases to existing calculations and requirements. Equally they could represent potential growth in any other cost area e.g. associated with loss of employment land mitigation, potential flood risk mitigation, other sites works, increased allowances for Lifetime Homes or mobility standards, other building specification enhancements, etc). Generally, 2.9.8 set out the assumptions in more detail.

- Appendix IIc shows the results of the sample appraisals carried out assuming changes to affordable tenure mix (to 60% affordable rented and 40% intermediate as per the draft replacement London Plan current direction) with a £10,000, £15,000 and £20,000 per dwelling infrastructure cost.

- Appendix IId shows the results of the sample appraisals carried out assuming further changes to affordable tenure mix (50% affordable rented and 50% intermediate) again with a £10,000, £15,000 and £20,000 per dwelling infrastructure cost.

- Appendices IIe, IIf and IIg show the results of the appraisals that assume an element of grant (on the basis of 70%/30%, 60%/40% and 50%/50% affordable rented to intermediate tenure mixes respectively).

- Appendices IIh, IIi and IIj show the results of the sample appraisals carried out assuming increased developer profit – to 20% (again on the basis of 70%/30%, 60%/40% and 50%/50% affordable rented to intermediate tenure mixes respectively).

- Appendix IIk shows the results of the sample appraisals carried out assuming increased developer's profit – this time to 22% of GDV.

- Appendices IIL, IIm and IIn show the results of the sample appraisals carried out testing the requirement for Level 4 of the Code for Sustainable Homes (again on the basis of 70%/30%, 60%/40% and 50%/50% affordable rented to intermediate tenure mixes respectively).

- Appendix IIo sets out a summary of the RLV maths behind and the appraisal results relating to the potential collection of financial contributions from sites beneath the current and proposed on-site affordable housing threshold (10 dwellings). For completeness and wider review of options, these cover developments in the size range 1 to 14 dwellings.

- Appendix III contains a summary of our property values and market research.

3.1.5 Appendices II to IIo also summarise the RLV results across all scenarios and site sizes tested showing the corresponding monetary value in pounds per hectare (£ per Ha) based on assumed site areas (assumed land take) for each scenario. These graphs also show Valuation Office Agency (VOA) reported land values[5] for example alternative land use types in the LB Merton context. The purpose of adding that data is purely for indicative comparison with the value levels produced by our various appraisals. It builds on our acknowledgement of the role that existing/alternative land use values tend to play in viability discussions. In practice, as the study notes elsewhere, the values likely to be attributed to various existing or potential uses (and potentially a level of value uplift required beyond those) for a particular site will be highly site-specific.

3.1.6 Adams Integra sought additional, more LB Merton specific, information on land values such as was available at the time of research. The information search was also kept open during the study period. This was done through enquiries of local agents whose business included land sales (sites for commercial and residential development). Our research included seeking information from such agents based on any land sales they have recently dealt with, or any specific land sale (or marketing) information they are aware of. If not, we asked whether through their experience they could offer any general pointers or views on the local land market and values for various uses. Desktop (web-based) searching for any further information was also undertaken. Particularly in the current market, this extra research has usually resulted in little additional information being obtained and this has also been the case for this study. However any further information that was gathered as the study progressed is included at Appendix III.

3.1.7 Our results are compared against the VOA sourced range of average industrial land values (the range being shown by the vertical bars extending above and beneath the horizontal black line on the relevant graphs). The horizontal black line represents the VOA's indication of the typical value level within that range. We have looked at similar indicative comparisons in other studies. Again, it should be noted that both the assumed development scenario site (land take) areas and the VOA data are highly indicative. Such comparisons are used within this study to help highlight how land value varies as assumptions change. They also help to show very generally the type of or range of other figures or information that our indicative RLV results might be compared with when it comes to considering how likely a scheme is to proceed given other valuation factors. The inclusion of this information here seeks to help with illustrating how the value (RLV) created by residential development proposals may look and vary relative to other example uses only. The key point through these indications is to build on the emphasis that considering alternative or existing use values will often be important in viability and thus delivery discussions.

3.1.8 At this strategic level overview for policy development, we are able only to make broad comparisons. Unfortunately it is simply not possible to provide

[5] VOA Property Market Report July 2009

the Council with definitive “cut-off” points where a scheme definitely would proceed; or conversely, where viability would be compromised to the degree that development would not take place. Site specifics will influence viability on individual sites.

3.1.9 There will need to be a second stage to this overall viability process whereby site-specific discussions prevail in situations where it is necessary to have those – for example in the event of landowners or developers needing to demonstrate that affordable housing targets, or perhaps other planning obligations, cannot be met. The same might apply where a developer or landowner wished to explore enhanced (in excess of target levels) or alternative provision of affordable housing with the Council, possibly reliant to a varied extent on the availability of SHG or other subsidy.

3.1.10 There are a range of viability appraisal assessments (usually computer based spreadsheet calculation tools reliant on a similar residual land valuation process to ours) which could be used to assist in considering viability further in such cases. Examples of tools frequently used, and usually based on the same residual valuation structure, are the (former) Housing Corporation Economic Appraisal Tool (re-issued by HCA August 2009) and in the London context the GLA (“Three Dragons”) toolkit.

3.1.11 Our comments on existing and alternative use values (for example commercial), and how those vary greatly with site specifics, will apply when the Council considers the viability of mixed use schemes in terms of the affordable housing and other requirements.

3.1.12 Our suggested starting point for considering the viability (and therefore the parameters for affordable housing provision and other planning obligations) of the residential element of a mixed use scheme would be to consider that part of the development in a similar way to a solely residential scheme. Then it would be necessary to consider any positive or negative impact, on overall viability, from the other scheme elements, and to what extent those are being driven by planning requirements to create the mix and type of uses being proposed. Inevitably these considerations will always be highly site and scheme-specific. However, there is no reason why the general target approach - the level at which that is pitched, and the overall process - would not follow that which is related to wholly residential sites.

3.2 Property Values

3.2.1 In terms of the property market generally in the Borough, there is a wide range of property values seen. Typical values are hard to pin down by area given the highly variable nature of housing products and local influences on price. However, there are areas which can be regarded as typically higher or lower value in the LB Merton context. On a broad overview basis from our research, the following indicative hierarchy of values was noted (by area):

Copse Hill	- Highest average prices and values
Wimbledon Park	
Cottenham Park	
Merton Park	
Wimbledon	
Raynes Park	
Motspur Park	
South Wimbledon	
Bushey Mead	
Colliers Wood	
Morden	
Mitcham	- Lowest average prices and values

3.2.2 Across the area these general observations and trends are affected by prices in particular locations or localities within the Borough's main areas and/or by the volume of particular housing types for sale at any one time (the pattern of which in turn is influenced by the local stock make up). Values can be driven by specific location and scheme desirability as much as by particular area characteristics. In certain areas there can be wide variations. The property values report (Appendix III) summarising our research goes into more detail.

3.2.3 With regard to the new build values which needed to be the focus of our attention for the appraisal assumptions, again there is a wide range of values seen. We have to be careful in analysing new build pricing, since often when higher values are seen the property floor areas are larger too. That relationship needs to be borne in mind.

3.2.4 The general range of values, in terms of per square metre sales prices, seen in the Borough and assumed for carrying out appraisals is as follows:

- Value Point 1: £2,500/sq m
- Value Point 2: £3,250/sq m
- Value Point 3: £4,000/sq m
- Value Point 4: £4,750/sq m
- Value Point 5: £5,500/sq m
- Value Point 6: £6,250/sq m
- Value Point 7: £7,000/sq m

3.2.5 Some further analysis of the pricing information we have gathered indicated that the average new build marketing price point we saw for LB Merton's area as a whole area was about £4,650/sq m at the time of our research. Of course sales prices are usually lower (on a variable basis) compared to asking prices too. Nevertheless, it provides evidence of generally very high local house price levels and thus the extreme nature of affordability issues in the Borough. The range of new build pricing seen (in £ per sq m) went from approximately £2,900 per sq m (seen in Morden) to over £6,500 per sq m (seen at Copse Hill/Cottenham Park). For the purposes of this study we have capped the highest Value Point in the range at £7,000 per sq m, representing a level above the values range most regularly seen. At the time of our research, we saw only very few instances of values below £3,000/sq m – regardless of location. Studying viability over this range of values also enables the results to be viewed in the context of values changing as influenced by moving market conditions.

3.2.6 It appears that, generally, values in the range of our Value Points 2 to 5 were most commonly seen. Infrequent examples of values falling below Value Point 2 were noted. Value Point 5 levels are at the top of the range regularly seen although it appears that there are also new build values that get to levels in excess of that. We also have to acknowledge that this is unlikely to be a fixed scenario as market conditions change. It should be noted that given the downturn, the property market and its likely next direction is particularly difficult to assess at the moment - both in a wider sense and more locally. By looking at a range of values to drive our large number of appraisals, however, this study process is able to be used in a way which enables the review of viability outcomes in response to value levels as those vary. As mentioned previously, Value Points 1 and 7 were modelled to allow us to look at the impact on viability should the property market deteriorate further or improve from the point at which this research was carried out. This means that, overall, the range of values considered is likely to remain appropriate for, and will most likely still capture, the typical value levels locally as they move within this scale.

3.2.7 Recent RICS research suggests that “asking” to sale price gaps have been reducing again very recently. However, sales prices usually vary from asking prices - to a variable and sometimes significant degree, especially in a weak market. Bearing this in mind, there may be occasions in certain areas where new build values achieve only low levels in the London context (but not as low as our Value Point 1 at present, so far as we can see). Such low values (in the LB Merton and wider context) do not occur regularly at present. If market conditions deteriorate further, however, we could see a general move downwards within our overall scale of value levels meaning lower value occurrences could increase, at least over the short-term. However, even in depressed conditions, it is likely that for highly desirable locations and schemes there will also be cases where values are much higher within the overall range considered (e.g. up to our Value Point 5-6 or perhaps higher).

3.2.8 In summary on values, the overall tone of values seen in the Borough, and considered to be most relevant to this exercise, centres around our Value

Points 2 to 5. Values can be higher in favoured areas of the Borough and also for premium housing products.

3.2.9 The higher new build prices within our more typical range were seen in areas such as Copse Hill, Cottenham Park, South Wimbledon and Wimbledon (approximately £3,800 to £5,500/sq m - value points 2/3 to 5). Although we collected no new build example information for them, looking at the wider research we would expect other areas such Merton Park, Raynes Park and Motspur Park to see new build values generally closer to the Wimbledon levels than to the lower end values seen in the Borough (as at 3.2.10 below). It can be seen that there is some blurring of value areas – it would be very difficult to define them reliably for policy targets which varied by locality.

3.2.10 New build values seen in Bushey Mead, Morden and Mitcham were generally lower at around £3,200 to £4,100/sq m after deducting say 10% from asking price again. These values are representative of our Value Points 2 to 3 in general terms. Colliers Wood presented only one single new build example property picked up by our research, but we would anticipate that being amongst the lower value areas generally when viewed overall – it would tend to be towards the bottom of the values hierarchy, as was seen through the overall market research. These are necessarily all general statements, and again the term 'lower values' is really a relative comment – we mean in the local context.

3.2.11 Adams Integra's recent research for viability studies suggests in general that there no longer appears to be a significant premium value attached to new build properties compared to re-sales of a comparable type on any sort of reliable basis (although data cannot always be compared like-for-like in terms of property types and sizes). This is due to the ongoing wavering confidence in the housing market triggered by the "credit crunch" and since reinforced by the underlying weak economic conditions. We have been in a period where reports suggest mortgage valuation surveyors have been down-valuing new builds. Many agents have indicated that new build property now has to compete directly with resale in pricing terms. This is not always the case, however - for example where a development creates what is considered to be a unique or particularly attractive offer for its location.

3.2.12 A strong feature of the housing market which has developed during the downturn (and appears to be universal) has been the dramatic slow-down in the rate of sales (number of sales agreed and that go on to complete). The impact of the vastly reduced level of market activity (volume of house sales) has significantly affected the level of development activity, often by increasing views of uncertainty and therefore risk. It remains to be seen how this will play out fully in terms of the financial appraisal of schemes and sites and, as mentioned in Chapter 2, we see a range of reactions to it in terms appraisal assumptions applied, including profit levels sought. Again, we have to carry out this study with a range of market conditions in mind.

3.2.13 We feel there is no doubt that current conditions add up to a negative financial viability impact when compared with how schemes are viewed and pursued in a more stable, confident market. Developments in general will be taking longer to sell (with build progress possibly slowed and costs outstanding for longer as a result) and varying packages of incentives are typically being offered. These factors were identified at 2.2 and are also recognised in Appendix III.

3.3 Results Trends

3.3.1 This study has reviewed the impact of a range of affordable housing proportions and thresholds on development viability within LB Merton.

3.3.2 The wider work around likely core policy development also looked at the possibility of seeking affordable housing on or from sites below the currently applied threshold of 10 dwellings. So the potential introduction of a “sliding scale” of policy requirements has also been considered, purely in viability terms, in the event the Council decides to develop policy in that way. Potentially this could lead to a policy position where the affordable housing proportion increases with site size at set “steps”. It would reduce the size of the step in expectations that occurs with a single threshold position, but would mean careful consideration of the detail and of the more complex policy wording.

3.3.3 The overall trend from the results shows a decrease in RLV indicated for all scheme sizes/types in all areas as:

- Market property values decrease.
- The proportion of affordable housing increases.
- Affordable rented tenure is increased (unless with significant grant).
- Availability of grant is reduced/removed.
- Developer’s profit is increased.
- Planning obligations/infrastructure requirements are increased, and
- other costs are added (e.g. increased Code for Sustainable Homes requirements, additional carbon reduction/renewable energy measures, etc).

3.3.4 A reduction in RLV would be seen if any of the costs within the appraisals are increased, or the affordable housing revenue to the developer is reduced, whilst maintaining the same private sales values. These are all normal trends encountered in any such study (or indeed site-specific appraisal). They demonstrate the dynamic nature of the development process and the fluid nature of any appraisal modelling that endeavours to understand or demonstrate it.

3.3.5 The above will all have an impact on development viability because the sums of money remaining to purchase land after all costs are met (i.e. the RLVs) reduce as development costs increase (including increasing affordable housing requirements, in the context of this study). The importance of strong sales values to viability, particularly as development costs (again including affordable housing) increase, can be seen clearly.

3.3.6 A combination of assumptions that includes all of the factors which decrease RLV (as per the examples listed above) will have the greatest impact on the viability of a scenario unless sales values are then increased.

3.3.7 The findings indicate a range of values across the Borough from some relatively modest levels in the local context (where development viability may be compromised even without higher cost assumptions considered) to very strong values (where development viability is improved and schemes will usually be able to bear greater costs while still generating sufficient land value and profits).

3.4 General Trends

3.4.1 The base appraisals assume:

- Nil grant (SHG)
- Code for Sustainable Homes level 3 attainment – all dwellings
- Additional cost allowance for achieving 20% CO_2 emissions reduction, given the Council's emerging policy proposals (it is acknowledged that this amounts to a full allowance in relation to the very short-term position).
- 17.5% developer's profit.
- (and other assumptions as are set out at 2.9 and more generally within Chapter 2).

3.4.2 Looking at the base appraisals at Value Point 1, with our appraisal assumptions as above applied there is little or no residual land value (RLV) generated on most of the schemes appraised except where we look at 0% affordable housing; and occasionally with low proportions of affordable housing (see Appendix II for full results). Essentially this means that there is likely to be insufficient value in such schemes to overcome their development costs whilst still creating sufficient development profit and a meaningful RLV. On this basis, it would not be practical to expect such schemes to deliver affordable housing in any substantial proportions, unless they were promoted on sites where existing or alternative use values were relatively low – or where land did not have to be purchased. As mentioned in Chapter 2, Value Point 1 values are below the levels seen currently in the Borough. However, we could see more of Value Point 1 (or point 1 to 2) levels if market conditions fail to improve or worsen - where a sustained lack of buyer activity is likely to bring more downward pressure on prices or where mortgage finance remains difficult to obtain.

3.4.3 At Value Point 2 (the lower end of the new build values range typically seen across LB Merton in the current market), relatively strong land values are generated across most scheme types and sizes at the lower proportions of affordable housing reviewed. The indicative land values (RLVs) generated by our appraisals are still relatively low with the higher proportions of affordable housing (40% and 50%) applied and at this point are unlikely to match existing lower end commercial or industrial use values or sites in existing residential use (residential redevelopment).

3.4.4 By Value Point 3, much stronger RLVs are generated more often, where the affordable housing requirement reaches 30% or 40%. At 40% the indicative RLV regularly exceeds likely alternative lower end commercial or industrial use values but again may struggle to compete with sites at the higher end of the commercial values range and on sites in existing residential use. At this value level with 50% affordable housing assumed, the land values deteriorate further to the point that they only just exceed the lower end of the commercial /industrial use values in most cases and again would be unlikely to compete with sites in existing residential use (i.e. sites with permission for residential redevelopment where the purchase of one or more existing properties is required). At this point it is worth re-iterating that the requirement for affordable housing or any other “cost” to a scheme will have a negative impact on RLV. The frequent occurrence of sites for residential redevelopment (re use of existing residential land) has a bearing on our judgments on potential policy positions and how ambitious those could be.

3.4.5 At Value Points 4 and 5, towards the upper end of the range of values most regularly seen locally, the indicative land values generated by our appraisals reach levels likely to be well in excess of most potential existing/alternative use values where there is a requirement for 40% affordable housing. Where that requirement increases to 50%, we see a continued drop off in RLVs but on most scheme types the RLVs indicated are still likely to exceed those relating to most existing or potential alternative land uses.

3.4.6 By Value Point 6 and above, where the frequency of these sales value levels reduces significantly, indicative RLVs generated by our appraisals reach the point where they are likely to comfortably exceed any alternative use value even with the highest proportions of affordable housing. What we have to bear in mind, though, is the likely frequency of such value levels and also the suitability of many of those sites and locations for on-site affordable housing.

3.4.7 As with all study locations, there will be variations within and exceptions to these types of trends.

3.5 Indicative value comparisons

3.5.1 As mentioned previously, due to highly variable potential existing and alternative use values of sites, it is simply not possible to provide the Council with definitive "cut-off" points where viability will be compromised to the degree that development may not take place. However, it is possible to provide a feel for the general type of comparisons that might be made and thus outcomes that could be seen at varying levels.

3.5.2 By way of basic principles, a residual calculation that provides an output of zero value (i.e. RLV of 0% of GDV) after testing the policy proposal means that development on this site would not go ahead unless there was a special business case for pursuing it. As a general rule (a rough guide), for a scheme where the RLV grows and approaches perhaps 20% or more of GDV after the application of affordable housing policy, it becomes increasingly likely (although not definitive by any means) that those combinations of assumptions are producing sufficiently positive outcomes to absorb the impacts of the policy requirements. This must not be over-interpreted as a fixed cut-off point.

3.5.3 In addition, the indicative RLVs resulting from the application of various policy positions across the different site types can be compared very generally to land values provided by organisations such as the Valuation Office Agency ('VOA') through estimating the site area ("land take") relevant to the notional schemes, as has been done.

3.5.4 Again bearing in mind the notional nature of it and as an example, Adams Integra's 25 unit mixed scheme could occupy approximately 0.33 Ha (equivalent to a density of 50 dwellings per hectare). At this site size, the value of the land at Value Point 3 with 40% and 50% affordable housing is indicated to be £3,488,226 and £2,411,604 per hectare respectively (Appendix II, Table 1b). VOA statistics for industrial land in Merton/Mitcham[6] provide values between £690,000 and £2,635,000 and a typical value of £1,360,000 per hectare.

3.5.5 What this broadly indicates on a comparison basis with average data from the VOA, is that the value of our 25 unit mixed scheme at Value Point 3 with 40% affordable housing exceeds values produced by upper end industrial schemes and potentially higher end commercial values as well. At 50% affordable housing however, the value drops to beneath the top end of the indicated range of industrial land use values.

[6] VOA Property Market Report July 2009

3.5.6 By Value Point 4 we would see the value of the land for our 25 unit mixed scheme (based on and indicative 50 units per hectare) far exceed the range of industrial use values at 40% or 50% affordable housing compared to the indications provided by the VOA data.

3.5.7 It is also very important to note when comparing values with VOA data (or other historical data) that the commercial property market is currently very depressed, has lost confidence and is seeing activity levels reduced more severely even than in the residential market – with very low occupier demand levels having affected values very significantly. Land value comparisons between residential and other existing/potential alternative (commercial) uses will vary quite significantly over time, particularly in such turbulent economic conditions. The VOA data will look increasingly historic.

3.5.8 We have noted that comparisons with other information such as provided by the VOA on land values for various uses, is purely indicative. The purpose is to reinforce the relevance of considering the issue of other land use values, and that those might impact on what becomes of a site - or on what a site is able to provide. The values relating to sites (whether for existing or alternative/potential uses) will be highly specific. Where we have been able to gather any further information or indications from agents on land values locally, details have been added to Appendix III as the study has progressed. Looking across a wide range of similar studies, this has typically been very limited, because the feedback echoes our points about the site-specific nature of comparisons. Recent and current market conditions, for residential and commercial property and development, have meant very low activity and transactions levels and resulted in such information being hard to come by.

3.5.9 The site densities assumed above are for example purposes only, as scheme specifics will influence viability on individual sites. The example values for alternative uses cannot be considered definitive. This section is provided as a guide only, and to emphasise that considering alternative use values will often be important in delivery discussions.

3.6 The Effect of Affordable Housing Proportions

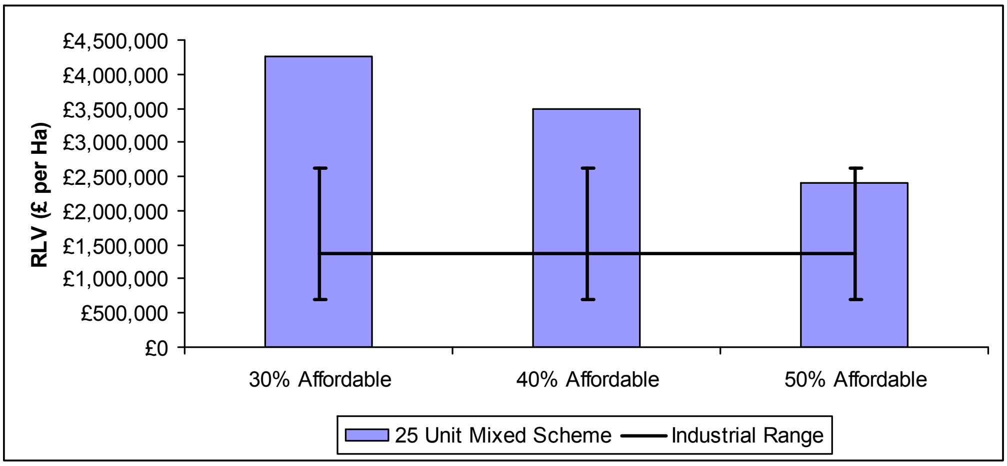
3.6.1 For schemes at or above a potential continued policy threshold of 10 units, the modelling carried out for this study tests 30%, 40% and 50% affordable housing. This enables us to consider a range of options for the Council including adopted policy, currently applied policy and future policy options (on the basis that the currently applied, London Plan-led, approach already requires an element of negotiated affordable housing on sites of 10 units or more in line with the GLA's current 50% strategic target). We have commented that those GLA requirements can be regarded as under review, given the publication of the draft replacement London Plan 2009. The position appears to be changing to one where it is now incumbent on individual London Councils to consider their own locally relevant positions.

3.6.2 The lowest RLVs occur where the property values are lowest whilst the affordable housing proportion, and affordable rented tenure content of that, is highest. The following is based on our base appraisal assumptions. The impact of grant, varying tenure, varying profit, higher infrastructure costs, higher Code for Sustainable Homes costs and additional CO_2 emissions reduction measures are discussed later.

3.6.3 As an example, the reduction in RLV that occurs as the affordable housing proportion is increased from 30% to 50% on our 25 unit mixed scheme through Value Points 1 to 7 is 100% at Value Point 1 to 28% at Value Point 7. Impacts are greatest on the lowest value schemes.

3.6.4 The pattern of reduction in RLV is repeated across all scheme types and sizes above the 10 unit affordable housing threshold. We see RLV reducing as the affordable housing proportion increases, but this effect is mitigated by increased market value levels as schemes are gradually able to generate significant land value whilst bearing more cost.

Figure 4: Example showing impact on RLV (£ per Ha) of increasing affordable housing proportion (Value Point 3) 25 unit mixed scheme



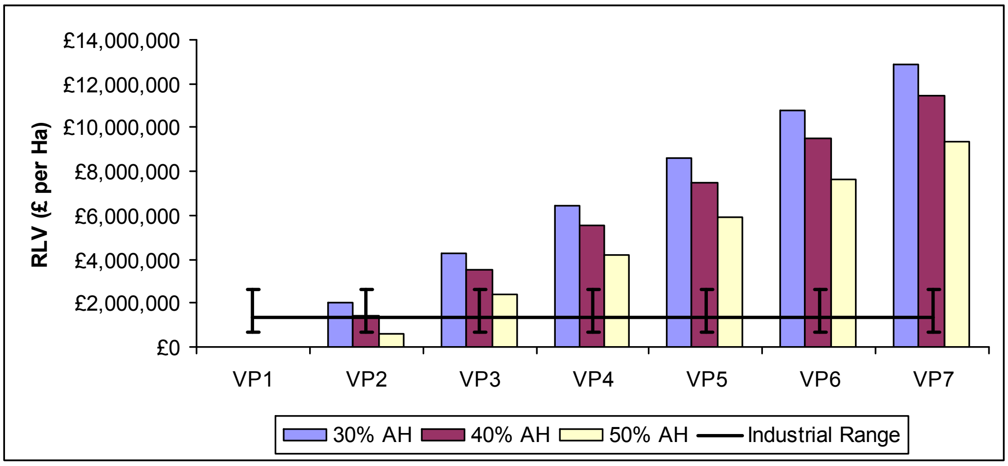
3.6.5 The study results that show very large reductions in RLV are usually related to schemes where relatively low market sales values drive the appraisals. Only a small increase in costs (or reduction in sales receipt) results in a large relative percentage drop in RLV. This impact is principally going to have an effect on sites which are asked to provide affordable housing for the first time (i.e. go from providing 0% to potentially up to 20%, 30%, 40% or 50%. However, we are also seeing it here with lower end value schemes more generally, where even low proportions of affordable housing deteriorate the results significantly and provide very low RLVs (as at Value Point 1 and in some cases, 2).

3.6.6 The results suggest that there will be difficulties experienced in applying a 30%, 40% or 50% proportion of affordable housing in areas or on schemes aligned to Value Point 1 and, to some degree, Value Point 2 levels. In those instances the RLVs produced by residential schemes may be marginal or even low compared to existing use values. Affordable housing requirements at the higher proportions considered by the study (40% and 50%) would be likely to mean that the Council would need to negotiate in such instances, particularly in current market conditions – with even more emphasis on negotiation if the market weakens further. This could also apply to schemes with high abnormal or planning infrastructure costs (potentially even where they are higher value), highlighting the importance of regarding the policy positions as targets, wherever they are set. The occurrence of Value Point 1 levels is limited, however, and at present most values in LB Merton fall within the higher parts of the range considered.

3.6.7 By Value Point 3 the indicative RLV for our notional 25 unit mixed scheme reaches £1,405,465 (or £4,258,985 per Ha) at 30% affordable housing and has improved to the point where there is a reasonable prospect of achieving 40% affordable housing (residual land values of £1,151,115 or £3,488,226 per Ha). This assumption is alongside the lower level of infrastructure cost requirements £10,000 per dwelling), assumes Code for Sustainable Homes Level 3 and our additional 20% CO_2 emissions reduction assumption (but, depending on other site specifics, most likely without other potential higher cost obligations including increased planning infrastructure, increased CO_2 reduction/renewable energy requirements, increased developer's profit, etc).

3.6.8 By Value Point 4, the RLV of this same scheme has increased to £2,136,635 (£6,474,652 per Ha) at 30% affordable housing and drops to £1,828,573 (£5,541,132 per Ha), with the effect of a 40% affordable housing policy. At 50% affordable housing the residual land value drops further, but is still relatively strong providing an RLV of £1,394,521 (equating to £4,225,822 per Ha) and could exceed a range of alternative use values in the Merton Borough context including, potentially, existing residential uses. Figure 5 shows these trends for this notional scheme through Value Points 1 to 7.

Figure 5: Indicative RLV (£ per Ha) - 25 Unit Mixed Scheme



3.6.9 So, for schemes around Value Point 3 to 4 the indicative RLVs appear to be able to support affordable housing at a proportion of 40% to 50%, but in conjunction with the base assumptions on other cost areas (as noted at 3.4.1). This will obviously be dependent on the existing or alternative use value and owner expectation of any site value, and as such there is no fixed cut off point where it is possible to say that land values definitely can or cannot support affordable housing at a certain proportion. However, it indicates that Value Point 3 related RLVs are more likely to support a 40% affordable housing requirement than Value Points 2 or 1 linked bearing in mind the alternative use values factors.

3.6.10 Value Point 2 related RLVs remain positive at the lower proportions of affordable housing but it is likely that negotiation is more frequently going to be required on the percentage of affordable housing to be sought, especially alongside other planning obligations. A different view of the cost (particularly overall build cost)/value relationships may kick-start certain schemes and mitigate against viability issues around lower value development (Value Point 1 and lower Value Point 2).

3.6.10 A practical approach will need to be applied in all cases, and especially while we have uncertain economic conditions feeding a low level of market activity. In lower value cases (as above) we think there will need to be a particular emphasis on the affordable housing requirements being looked at sensitively on a site-by-site basis as part of the overall planning obligations package. In our view this does not suggest abandoning a challenging target which clearly sets expectations for the long-term strategy; it is about how that is implemented, particularly in the short-term.

3.7 The Effect of Affordable Housing Thresholds and Potential Sliding Scale

3.7.1 The overall impact of a range of potential affordable housing policies also needs to be judged with reference to the scheme size (principally number of dwellings) at which policy requirements could take effect. These scheme sizes, or trigger points for policy, are referred to as the thresholds. They are switch points at which policy takes effect or at which increases in requirements are set out.

3.7.2 The Council's currently applied affordable housing approach sets a requirement for the provision of affordable housing from sites of 10 units or more – applied in negotiations in accordance with the established London Plan approach. To reflect schemes of fewer dwellings, i.e. falling outside the scope of the current approach, the range of modelling carried out for this study also included a starting proportion of 0% affordable housing on those smaller sites – as a benchmark representing the fact that currently no affordable housing is sought from them. It then looks at the impact of applying 20%, 30%, 40% or 50% affordable housing on schemes below the 10 unit threshold (in this case 2, 4 and 5 unit developments).

3.7.3 Analysis of the results indicates that, as expected, a potential lowering of the on-site affordable housing threshold (effectively increasing the proportion of affordable housing from 0% to 20%, 30%, 40% or 50%) on any of the scenarios modelled leads to significant reductions in RLV across the entire range of scheme types and Value Points and. As an example, looking at the 5 unit housing scheme through Value Points 1 to 7 as the affordable housing requirement increases from 0% to 20%, we see a reduction in RLV of between 58% at Value Point 1 and 23% at Value Point 7.

3.7.4 Given base level (£10,000 per dwelling) planning infrastructure costs, at Value Points 3 and 4, (around the middle of the most relevant part of the value range considered - where it might be said that the mid range of the most common new build values lies), we see a reduction of 27% and 25% of RLV respectively from the 5 unit housing scheme. This is on moving from 0% to 20% affordable housing content. At 30% or 40% affordable housing the reductions in the RLV range from 100% at Value Point 1 to 35% at Value Point 7.

3.7.5 In terms of the indicative RLV produced by the 5 unit housing scheme in the example referred to above, at Value Point 3, this lowers from £598,542 at 0% affordable housing to £436,446 at 20% and £332,463 at 30% or 40% (Appendix II, Table 1). Alternatively, this can be expressed in value per hectare (Appendix II, Table 1b). So, for this 5 unit housing scheme, we see a reduction in RLV (£ per Ha) from £5,985,417 per Ha at 0% affordable housing to £4,364,459 per Ha at 20% and £3,324,634 at 30% or 40% affordable housing from an original starting position where affordable housing was not required. The 30% and 40% outcomes are the same in this example because numbers rounding means the same affordable housing content at this scheme size.

3.7.6 If the proportion of affordable housing on the 5 unit housing scheme is increased further, to 50%, at Value Point 3 the notional RLV lowers from £598,542 to £188,316. Expressed in value per hectare terms these figures equate to a reduction from £5,985,417 per Ha to £1,883,155 per Ha (moving from 0% to 50% affordable housing requirement respectively).

3.7.7 Similar trends are seen on all other scheme types below the existing 10 unit threshold for on-site affordable housing - with a similar reduction in land values.

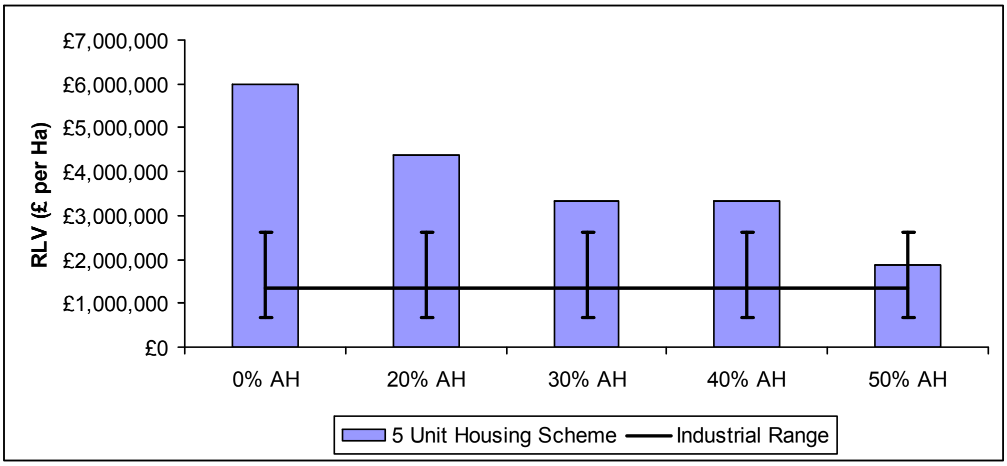
3.7.8 The results trend shows increases in RLV as we look at each of the affordable housing proportions (i.e. keep those constant) and move through Value Points 1 to 7, i.e. as values increase. These trends again are seen across all scheme types and all potential affordable housing proportions. The results show that market property values are likely to be the main single determinant of site viability.

3.7.9 They also show that scheme size is not a determinant of viability in itself. This is a consistent finding common to all of our studies. There is nothing within the appraisal maths which suggests that smaller or larger sites tend to be any more or less viable than each other. It really does come down to site specifics – the nature of sites and the proposals for them relative to existing use, specific costs, etc, all as discussed. In addition, the actual sum of money remaining with which to purchase land diminishes for the smaller schemes to the point that regardless of the value created in terms of the rate per hectare, there may well be insufficient value remaining in actual terms (£s) to compete with other uses. Other effects also come into play on the smallest sites, as discussed below.

3.7.10 We see the same basic trend of RLV deteriorating with affordable housing proportion increasing, regardless of scheme size.

3.7.11 Appraisals have been carried out assuming 0% to 50% affordable housing on all schemes of fewer than 10 dwellings. By way of an example (Figure 6 below), a comparison of the RLV generated at 0% affordable housing with those generated at increasing affordable housing proportions shows the reducing RLV (i.e. the viability impact increasing) from the landowner's current position (i.e. compared with 0% affordable housing) as we move from left to right. The same is seen on other similar graphs as scheme type varies. In this particular example it should be noted again that numbers rounding convention applied to the affordable housing proportion gives the same affordable housing content at 30% and 40% (2 units).

Figure 6: Example Results 5 Unit Housing Scheme – Value Point 3 Only



3.7.12 This can be compared to Figure 4 above which shows a scheme size at or over the currently applied 10 unit threshold – e.g. a 25 unit mixed scheme as affordable housing proportion increases from a previous or existing level. In that example at Figure 4, the affordable housing proportion increases from a starting point of 30% (representing the landowner's former expectation under UDP policy) to 40% and 50% looking from left to right. In this Figure 6 example we are starting at 0% affordable housing and seeing the decreasing RLV as 20%, 30%, 40% and finally 50% affordable housing is assumed.

3.7.13 We can therefore see a much steeper impact (reduction in RLV) on the first time introduction of affordable housing requirements (as at Figure 6). This compares to a site above the existing threshold (e.g. Figure 4) where we see a flatter-looking graph overall as we do not have the significant initial step away from the 0% affordable housing position there. The greatest impact from affordable housing is undoubtedly at the point policy first takes effect, i.e. on newly "captured" schemes in the event of a lowered threshold.

3.7.14 Consideration of the effect of this first time policy impact (i.e. moving from 0% rather than an existing proportion) helps to demonstrate why we consider a sliding scale of affordable housing requirements could have potential as a useful and effective tool for reducing viability impacts on these smaller sites (those that would trigger affordable housing requirements for the first time should the affordable housing threshold be lowered from 10 units).

3.7.15 Assuming that the wider evidence beyond this study points to lowered thresholds being necessary and justified to optimise progress towards meeting affordable housing needs, and given that there is no particular reason for smaller sites not making a carefully judged contribution on a target basis, then in our view the sliding scale would be preferable to a straight requirement for say 30 or 40% relating to sites which could often be significantly smaller than those currently within policy scope.

3.7.16 On a scheme that would already be "captured" by the policy scope (i.e. of more than 10 dwellings) it must be assumed that there has been, and is already, a land value expectation adjustment in process. In other words, there is a growing acceptance more generally of the affordable housing requirements which affect those sites already within policy scope, and of the need for those to be factored in to early stages scheme discussions.

3.7.17 However, for sites falling beneath current policy scope, this is not the case (that expectation has not been in place). Those will need to be brought within that adjustment process owing to the first time impact that we refer to. This means that the benchmarks that currently apply to such sites in our view need to be considered differently to those for the larger sites – and treated sensitively, particularly at this stage of policy development. Whereas for a larger site the no affordable housing (0%) land value expectation should be a thing of the past, this is not the case for smaller sites when viewed at this stage of policy development.

3.7.18 As an example (from Table 1) our 5 unit housing scheme is indicated to produce an approximate RLV of £598,542 at Value Point 3 assuming 0% affordable housing (current policy position). That, rather than any lower RLV figure, is the relevant benchmark in terms of driving land value expectations in that example. If 30% - 40% affordable housing is assumed then the indicative RLV figure falls to £332,463; a considerable reduction. As a proportion of the starting value expectation, this represents a large drop and is likely to bring the RLV significantly closer to any existing or alternative use value. If, however, a 20% affordable housing proportion is assumed then the impact is mitigated to a useful degree in viability terms. While the impact is still very significant, the RLV is boosted back to an indicative £436,446 assuming a 20% affordable proportion. With a site of more than 10 dwellings, the starting/ expectation point would be to the right of Table 1, so that we do not see this very significant first time impact – we see much smaller relative reductions, and therefore we are making different judgments about the suitability of a higher percentage target – against other, closer, alternatives.

3.7.19 On some of the very smallest sites, numbers rounding of the affordable housing component means that varying affordable housing percentages produce the same RLV outcomes. That means the target percentages are actually being distorted by the calculation – an anomaly which again points to careful consideration of how to most appropriately treat the smaller sites.

3.7.20 In addition, on the smallest sites the on-site provision of affordable housing may not be a suitable and practical response to seeking to meet affordable housing needs while meeting a wider range of planning obligations. This has less to do with development viability alone than the practicalities of delivery on small sites - including integration of affordable homes, scheme design, marketing issues, perceptions, management sustainability and the potential for occupiers to become isolated. In LB Merton, such smaller schemes can be very high value and comprise very large dwellings as well, with consequential affordability issues around suitability and affordability for affordable housing tenure, as well as around meeting wider planning objectives.

3.7.21 Given our reservations about providing on-site affordable homes - certainly on schemes of fewer than 5 dwellings - the potential to collect financial contributions in lieu of on-site affordable housing for the wider group of small sites (i.e. potentially applicable in LB Merton to schemes of fewer than 5 or 10 units) is considered further at 3.8 below.

3.8 Potential Approach to Seeking Affordable Housing Financial Contributions

3.8.1 As above, the Council required the study to include consideration of the smaller development sites, below the existing affordable housing threshold (between 1 and 9 units). The thinking behind this is the need to optimise overall contributions towards meeting affordable housing needs by seeking some level of provision from the numerous smaller sites which typically make up a significant proportion of the authority's housing delivery pattern. There is certainly merit in at least exploring policy options for bringing a wider range of sites, and potentially all sites, with the affordable housing policy scope in some way.

3.8.2 This study does not seek to cover any wider justification or evidence that may be necessary in the background to pursuing an approach to include the smallest sites through seeking financial contributions in lieu of on-site provision of affordable housing. The purpose of this element of the study is not to comment on the planning policy scope or wider merits of this type of approach, but to inform only on the development viability aspects.

3.8.3 In all of our calculations for such studies we find no reason for stating that smaller sites are more or less financially viable than larger ones. Hence there is no viability reason why smaller sites should not make an appropriate, carefully judged, level of contribution towards meeting affordable housing needs as an expanded policy approach. If implemented, it might be viewed as an extension of a sliding scale approach or an alternative to on-site provision between in respect of sites of fewer than 10 dwellings.

3.8.4 The approach could reduce the inevitable abrupt step in requirements once the on-site affordable housing threshold takes effect. While specific thresholds are arbitrary, we consider that this type of approach would also respect the practicalities that will often be experienced in seeking to provide successful small developments that incorporate on-site affordable housing, and certainly in our view of fewer than say 5 dwellings.

3.8.5 This approach, if implemented, would effectively mean a lowering or an effective removal of thresholds, but with financial payments being made (in lieu of on-site affordable housing requirements) from schemes within the relevant size range.

3.8.6 Therefore, Adams Integra carried out some modelling relating to the potential viability of requesting financial contribution payments for affordable housing from schemes of fewer than 10 dwellings. The notional schemes appraised in this way were of 1 to 9 dwellings in size. At each point we appraised a range of affordable housing equivalent proportions of 10%, 20% and 30% so that we could see how results varied over this scale, and consider the potential to align this thinking to a sliding scale approach. We also appraised these sites assuming 0% equivalent (i.e. no affordable housing contribution) to reflect the current situation whereby no affordable housing policy applies to this group of sites. This set of results, as shown at Appendix II(o), overlaps with those generated for the smaller on-site affordable housing scenarios. We will not describe these results in detail here.

3.8.7 Adams Integra's approach to financial contributions (commuted sums) for affordable housing (regardless of scheme size) is set out in detail below.

3.8.8 Having set out a formulaic approach for schemes below the on-site provision threshold, we suggest that the same basis could also be applied for larger sites where (exceptionally) it is agreed that the most appropriate solution for meeting balanced communities and wider planning objectives is through a financial contributions route. This would promote consistency within the overall approach. In all cases the relevant per unit (dwelling) sums would be apportioned depending on the scheme details and relevant affordable housing equivalent proportion.

3.8.9 Distorting anomalies that result from numbers rounding and how that affects on-site provision could be set aside through this route; sums could be calculated exactly, to include part dwellings equivalents where those arise. This detail may be important for specific viability outcomes on the smallest sites where on-site provision involving rounding can significantly skew the actual proportion sought or provided.

3.8.10 The results for this set of appraisals show that, as in all other instances of increasing affordable housing proportion, the indicative RLV decreases as the calculation assumes a financial contribution based on a potential policy positions where the equivalent proportion increases - from 0% to 10%, 20% and again assuming 30%.

3.8.11 As identified throughout the results and discussed above, stronger RLVs are maintained in higher value development scenarios. There is a significant improvement to results as the scenarios move from Value Point 1 to Value Point 7, as would be expected.

3.8.12 Bearing in mind the deterioration of results with increasing affordable housing proportion on these first-time impacted sites, it is likely to be appropriate for the Council to consider a lower proportion to be applied to the calculation in these instances. This would respect the viability trends and fit in with the sliding scale principle which we consider to be appropriate for schemes of fewer than 10 dwellings in LB Merton.

3.8.13 At the time of writing, Adams Integra is aware that many authorities are looking at, or pursuing, the idea of all sites making some form of contribution. Other local authorities, particularly in the South, are exploring the scope for, and issues with, lower thresholds and/or financial contributions linked to smaller sites in a similar way.

3.8.14 We are asked to review these areas, in terms of viability, in many of our studies. Adams Integra produced the viability study for South Hams District Council to support its Affordable Housing DPD at examination. We understand that approach and study, with which this and our other studies share common principles and methodology, has been received as good practice. Since then, nearby Mole Valley District in Surrey has also had its policy stance (to include a similar type of financial contributions and sliding scale approach) examined (2009), with our similar study supporting that and meeting the examination requirements.

3.8.15 Compared with previous national advice under Circular 6/98 and PPG3 (now rescinded), PPS3 gives more scope for the consideration of thresholds, related to local circumstances “where viable and practicable”.

3.8.16 Policy development should include this financial contributions aspect if it is to be pursued, so as to make clear to landowners and developers the essence its approach, and at least on what general basis calculations would be made. It is an area of the Council’s potential approach that may need to be developed in detail through a SPD – depending on what is stated at Core Strategy DPD level.

3.8.17 Ours is by no means the definitive or only approach that could or should be taken in the collection of financial contributions. As far as establishing or indicating payment levels is concerned, Local Authorities adopt a number of calculation methods. In most cases it means considering a methodology which either:

- Relates to the build cost of the affordable homes, or
- Relates to the land cost element – allied to a nil-cost land approach to on site affordable housing, or
- Considers the difference between the open market sale revenue and the affordable housing revenue for the relevant homes which would

have formed the on-site quota. This latter route may be more complex, need more updating and be viewed as less market related.

3.8.18 Some Local Authorities have continued using mechanisms which relate back to the former Housing Corporation Total Cost Indicator (“TCI”) regime in some way; or to RSL finance-driven models which link to how much finance RSLs are able raise or grant/other subsidy they need based on dwelling type and tenure assumptions. Reference to TCIs is now outmoded. Furthermore, methodologies such as those relate less well to the market in our view. Methodologies which relate more closely to the market-led provision that flows from the planning obligations are preferable and more widely understood in our experience.

3.8.19 Our suggested route is purely a mechanism to allow us to calculate a reasonable contribution and test the impact on development viability of collecting those sums of money in lieu of on site affordable housing provision. It is an approach that has been applied usefully and successfully in negotiations, outside LB Merton. We have selected it because it relates to land value, and so shares thinking with the study basis. In our experience this also usually makes it better understood by landowners and developers compared with potentially complex and highly variable affordable housing funding related mechanisms. A commuted sums methodology based on land value links well to market reality and processes, and should be simpler to take account of in the early stages of site feasibility.

3.8.20 In essence the thinking involves calculating how much it would cost, approximately, to go off-site and replace the land on which the affordable housing would have been provided on-site. This is the basis we have assumed, and we allow for indicative costs associated with land purchase and getting the site ready for development (aspects which would usually be provided or assumed within the arrangements and calculations for on-site affordable housing).

3.8.21 We are assuming here a straightforward payment being made by the landowner (who may be the developer) under the terms of a s.106 agreement in much the same way as occurs with planning obligations for aspects such as highways/transport, open space, education, etc. The calculation should not (and this way it does not) look at the benefit to the developer of moving the affordable housing contribution off-site. PPS3 requires the contribution secured to be “of broadly equivalent value” to that which would have been secured through on-site provision.

3.8.22 Adams Integra’s suggested route involves a formulaic approach to approximating the land value that needs to be replaced elsewhere, and then allowing also for the cost of acquiring and servicing that land – as above. In practice, the Council might not look to buy another site, but should have a strategy for monitoring, managing, allocating and committing these contributions. That strategy could include providing a variety of more creative affordable housing funding assistance to other local schemes, addressing priority needs and contributing to sustainable communities aims - again as envisaged by PPS3.

3.8.23 The methodology used to calculate the financial contributions involves taking a pre-affordable housing land (plot) value, calculated as a percentage of the market sale value of a property and taking account of other planning obligations and development cost assumptions. This percentage would reflect the range of pre-affordable housing (i.e. 0% affordable housing) RLV results, as taken from this study – see Appendix IIo for the range of RLV percentages that have informed the selection of 38.6% for use within the formula (as per step b at 3.8.24 below). That RLV percentage of 38.6 multiplied by the open market value of the dwelling to be replaced on the relevant affordable housing plot gives the base plot (land value). We take the view that an allowance should be added to this base sum (bearing in mind that as well as land value there would be acquisition plus potentially site preparation and servicing costs to bear). We are envisaging being able to replace the land elsewhere as the broadly equivalent benefit being secured. As per step c at 3.8.24 of below, an addition of 15% has been added to the base plot value to reflect such costs, being a reasonable estimate in Adams Integra's experience. In practice, on reviewing site by site detail, both the base plot value and this added allowance (15%) would vary. However, providing guidance means making reasonable assumptions that produce appropriate sums.

3.8.24 The Table at Figure 7 below, which sets out indicative per dwelling equivalent payment figures (financial contributions) is generated through the following steps:

a. Open market value (OMV) of relevant or comparative property (depending on to what degree the formulaic approach is to be site-specific and linked to actual values or to a Borough-wide guide figure, etc).

b. Multiply by the RLV percentage. In LB Merton's case, we have used 38.6%, derived as per 3.8.23 above (and see also Appendix IIo). Note that it would be possible to look at this in a variety of ways, including on a more scheme specific RLV basis.

c. Add 15% of the result of [a x b] to reflect (as an estimate) site acquisition and preparation/servicing costs. This produces the (per dwelling) equivalent sum.

d. Apply to the relevant dwelling numbers and types, and to the equivalent affordable housing policy proportion (in this case we reviewed potential positions for this at 10%, 20% and 30% equivalent proportions).

3.8.25 An example of how this may work in practice (should the Council decide to use this method) is shown in Appendix II(o).

3.8.26 Figure 7 sets out the per (whole) dwelling indicative financial contributions which we have arrived at on this basis for LB Merton, using our dwelling size and wider assumptions as applied for the wider study modelling.

Figure 7: Indicative per dwelling Financial Contributions as Basis for Appraisals (source: extracted from Appendix IIo)

Value Point	1 Bed Flat		2 Bed Flat		3 Bed Flat	
	OMV £	Commuted Payment	OMV £	Indicative £ payment	OMV £	Indicative £ payment
1	£125,000	£55,488	£167,500	£74,353	£225,000	£99,878
2	£162,500	£72,134	£217,750	£96,659	£292,500	£129,841
3	£200,000	£88,780	£268,000	£118,965	£360,000	£159,804
4	£237,500	£105,426	£318,250	£141,271	£427,500	£189,767
5	£275,000	£122,073	£368,500	£163,577	£495,000	£219,731
6	£312,500	£138,719	£418,750	£185,883	£562,500	£249,694
7	£350,000	£155,365	£469,000	£208,189	£630,000	£279,657
Value Point	**2 Bed House**		**3 Bed House**		**4 Bed House**	
	OMV £	Indicative £ payment	OMV £	Indicative £ payment	OMV £	Indicative £ payment
1	£187,500	£83,231	£212,500	£94,329	£250,000	£110,975
2	£243,750	£108,201	£276,250	£122,627	£325,000	£144,268
3	£300,000	£133,170	£340,000	£150,926	£400,000	£177,560
4	£356,250	£158,139	£403,750	£179,225	£475,000	£210,853
5	£412,500	£183,109	£467,500	£207,523	£550,000	£244,145
6	£468,750	£208,078	£531,250	£235,822	£625,000	£277,438
7	£525,000	£233,048	£595,000	£264,121	£700,000	£310,730

3.8.27 In our experience figures at around these levels are likely to be appropriate as whole dwelling equivalent sums in the high value context of LB Merton.

3.8.28 The results set out in Appendix IIo suggest that seeking to collect financial contributions driven by these sums in areas or instances that fall within Value Point 1 will have a significant impact on viability. At Value Point 2-3 value levels and above, RLVs improve to the point where, with the normal caveats applying (with regard to site specifics, being allied to a target approach as with on-site provision, etc), viability should be workable. So we see a similar pattern, as would be expected, to the on-site affordable housing results. The range of results highlighted in the following two paragraphs is shown at Appendix IIo.

3.8.29 Overall, excluding the 0% affordable housing equivalent results, RLVs ranging between 1.9% and 48.1% of GDV (between Value Points 1 and 7) can be seen on sites of between 1 and 9 units. Approximate RLVs in the range 1.9% to 3.2% of GDV (the low end of these results) were seen from all schemes of 1 to 9 units at Value Point 1 with 30% affordable housing equivalent. Conversely, indicative RLV results all in excess of about 45% of GDV were generated by all schemes of 1 to 9 units at Value Point 7 with 10% affordable equivalent – the two extremes of the range of outcomes seen here.

3.8.30 By Value Point 3, the RLV outcomes all exceeded 30% of GDV assuming 10% affordable housing equivalent contribution.

3.8.31 In all cases of moving from one level of affordable housing equivalent to the next (e.g. 10% to 20%, and so on) the RLV results deteriorate notably. On these small sites this could become critical in relation to existing or alternative use values of sites, perhaps especially where residential development is concerned.

3.8.32 Whilst, as with other results, there can be no single right answer, we consider that the results indicate likely viability difficulties at the lower end of the values range if a 30% equivalent proportion were sought. As the Values (VPs) increase, the potential levels of payments from these assumptions still appear disproportionate. These findings point to an equivalent contribution certainly of no more than 20% on the very smallest bracket of sites providing fewer than 5 dwellings.

3.8.33 This also has to be viewed in the context of site specifics. In pure viability terms, similar considerations apply as with on-site situations. What one landowner finds acceptable as a payment for their land will be different from another. This is especially true on small sites where we could be considering garden plots, etc. In real monetary terms, the residual value of land may reduce to the point whereby landowners of small plots do not feel there is sufficient recompense to sell. Equally, where existing residential units are bought up and demolished to make way for a larger number of units, viability issues may occur. This is due to the high value of the existing residential properties that usually needs to be overcome before the new development can become viable. The approach needs to respect the market driven basis that it would be reliant upon, not be too rigid, and be sensitive to these factors.

3.8.34 The simplest interpretation of this approach to financial contributions would be setting out a Borough-wide single contribution figure per property type. If this route were preferred then a mid-range figure from the above could be selected for each unit type. This would mean taking an average approach, with the outcome from some sites more favourable in terms of monies secured than others (from both the Council's and developer's/landowner's points of view). In the case of LB Merton's local property price levels, as discussed, the point selected for this simple uniform approach could be the Figure 7 indicative contribution figures relating to Value Point 3 or perhaps 4.

3.8.35 Alternatively, a more sophisticated approach could be developed for the Borough. For example, guidance could set out higher level guide or target contributions sums applicable to high value areas such as Wimbledon (e.g. allied to Value Point 4 to 5 levels), compared with lower value areas within the Borough. The approach would rely on defining the higher value areas relevant to the increased target contribution levels, but this might also be viewed as an equitable approach in the circumstances.

3.8.36 The same formulaic approach could be used to develop an equitable approach to seeking financial contributions from schemes which produce much larger and more valuable properties than those envisaged through our current appraisals. The use of increased values and/or floor areas (or multiples of the more typical floor areas) could be picked up through the formula to generate appropriate contributions.

3.8.37 Similarly, the formulaic approach could be used to calculate top-up financial contributions if the Council decided to seek whole numbers of affordable homes on-site and accept payments for the part units produced by the proportion calculation.

3.8.38 Since the potential formulaic approach put forward above is driven by the market value of the dwelling that would have been provided on-site for affordable housing tenure, the approach should cope to a reasonable degree with rising and falling market scenarios. In our view, it should not be necessary to update the approach until a future update of this viability work is carried out. Whilst in practice the relevant RLV percentage at step b of the formulaic approach (3.8.24 above) would vary through time, it would also do so from site to site, as stated. The approach should, in our view, act as a suitable guide and provide a basis for negotiated financial contribution outcomes; and our experience of these principles operating in other local authority areas shows them to be workable on this basis.

3.9 Impact of increased Developer's Profit

3.9.1 As mentioned at 2.5 of this report, viability has also been investigated on a small sample of scenarios using 20% developers profit in place of 17.5%. This been carried out on schemes of 25, 50 and 80 units at all Value Points and the range of planning infrastructure cost levels at 30%, 40% and 50% affordable housing. During the study process it was decided to add further to the appraisals range by also looking at a 22% developer's profit level. A summary of the 25 unit mixed scheme results at Value Point 3 is provided here with a comparison to the results using a 17.5% developer's profit. The full results can be found in Appendix IIh, Iii, IIj and IIk.

3.9.2 This comparison allows us to investigate the additional impact of increased profit requirements that may be more likely on schemes as a result, for example, of increased risk in bringing more complex sites forward for development or where market uncertainties (such as those seen recently) mean a varied risk/reward profile. As expected, the same trends discussed previously are seen, whereby the lower the property (and therefore completed scheme values), the greater the additional impact on viability.

3.9.3 Figure 8 below shows the additional impact on schemes appraised of increasing this assumption to 20% and 22%.

Figure 8: Comparison of Appraisal Results at 17.5%, 20% and 22% Developer's Profit (Value Point 3 only) 70%/30% Tenure Mix

Appraisal Type	25 Unit Mixed Scheme – Without Grant (Base Assumptions)					
	RLV – 17.5% Profit	RLV – 20% Profit	RLV – 22% Profit	RLV (£/Ha) – 17.5% Profit	RLV (£/Ha) – 20% Profit	RLV (£/Ha) – 22% Profit
30% Affordable	£1,405,465	£1,294,735	£1,206,151	£4,258,985	£3,923,439	£3,655,002
40% Affordable	£1,151,115	£1,054,055	£976,407	£3,488,226	£3,194,105	£2,958,809
50% Affordable	£795,829	£716,028	£652,188	£2,411,604	£2,169,783	£1,976,326

3.9.4 In all cases an increased developer's profit leads to further reductions in the monetary sums available for land purchase and, therefore, impacts further on site viability. The impact is also more marked with lower starting values. The additional impact of the higher developer's profit does not materially affect our recommendations or conclusions from this study. There may be the need for site-specific consideration and awareness of the risk/reward balance required, leading ultimately to a negotiated approach between the Council and developers – particularly in lower value situations where viability outcomes will be more sensitive to increasing costs.

3.9.5 We have to consider that there will be a wide range of scheme types brought forward by an equally wide range of parties. Once again, there are no firm rules when it comes to scheme-specifics as might be reviewed (though not exclusively) through the use of the HCA's Economic Appraisal Tool or the GLA ("Three Dragons") Toolkit.

3.9.6 In recent times we have seen examples developers having to accept reduced profit levels in some instances, to support schemes in what have been weakening market conditions. However, there is also an argument to be made about increased risk in such circumstances. Certainly in the current uncertain market conditions we are seeing a range of indicators on developer's profit levels, and these are becoming increasingly difficult to judge with respect to perception of risk levels. So, on balance, our range of assumptions is considered to be appropriate with regard to a range of market conditions. Once again, it is simply not possible to consider all potential variations in this type of study. What is appropriate for one scheme may well not be for another, and the collective costs impact on schemes will always need to be borne in mind.

3.10 The Impact of Social Housing Grant and Tenure Mix

3.10.1 Sample appraisals have also been carried out to show what happens to our notional sites as we further improve the viability picture through the addition of grant to the scheme (see also Appendices IIe, IIf and IIg). The appraisals were run on sites of 25, 50 and 80 dwellings. Figure 9 below compares the results of appraisals run with and without grant on a 25 unit mixed scheme. In this instance grant was added to the base appraisals.

Figure 9: Comparison of Appraisal Results With and Without Grant (in this case for illustration only - Value Point 3 only; lower infrastructure cost, 70/30 tenure mix)

Appraisal Type	25 Unit Mixed Scheme			
	RLV Without Grant (£)	RLV With Grant (£)	RLV Without Grant (£/Ha)	RLV With Grant (£/Ha)
30% Affordable	£1,405,465	£2,013,221	£4,258,985	£6,100,671
40% Affordable	£1,151,115	£1,888,641	£3,488,226	£5,723,155
50% Affordable	£795,829	£1,723,033	£2,411,604	£5,221,312

3.10.2 Figure 9, with data taken from Appendix II and IIe indicates that adding grant to the scheme improves the RLV by 30%, 39%, and 54% (at 30%, 40% and 50% affordable housing respectively). Grant ultimately improves the viability of a scheme, but the availability of grant is an element that must be considered on a site-specific basis. It is not possible to predict grant availability. Related to these points, the use of "Cascade" type mechanisms will be valuable for consideration within the Council's overall approach. This envisages the Council working with developing partners - where necessary - to adjust, but still optimise, affordable housing delivery in all the circumstances relevant to a particular site, including the funding levels ultimately available. The Council would expect to take a lead role in such discussions, aimed at maintaining appropriate affordable housing delivery within the s106 framework agreed - avoiding going back to the start with that process (effectively, keeping the planning consent alive), and thus avoiding significant delivery delays. Cascade principles are discussed further below.

3.10.3 The findings indicate a range of values is likely to be seen across the study area - from relatively low values in the local context (where development viability is compromised bearing in mind the range of costs and obligations to be met) to very strong values (where development viability is greatly improved and schemes will usually be able bear greater costs).

3.10.4 Grant may well have an important role to play on many sites - where affordable housing numbers or deliverability of a favourable tenure mix can be improved compared with a nil grant route.

3.10.5 Given the potential viability constraints discussed so far at Value Point 1 and to some degree Value Point 2 with even low levels of affordable housing, plus the possibility of increased planning obligations or other increased cost impacts, it is possible that social housing grant or other public subsidy may need to be brought in to the Borough to support delivery. At the higher value points especially, there is scope for the Council to adopt a relatively robust position on the use of grant, and in negotiations with landowners and developers on what any grant input will be adding to a scheme. On lower value schemes, it should be possible for the Council and its partners to readily demonstrate the “addtionality” achieved through grant input where that is available, in accordance with HCA principles.

3.10.6 Figure 10 shows a comparison between indicative RLVs for a scheme with grant assuming a 70/30 tenure mix; and no grant on the same scheme combined with a 60/40 tenure mix.

Figure 10: Comparison of Appraisal Results With and Without Grant with variations to tenure mix

Appraisal Type	25 Unit Mixed Scheme					
	70/30 Mix Without Grant (£)	70/30 Mix With Grant (£)	60/40 Mix Without Grant (£)	60/40 Mix With Grant (£)	50/50 Mix Without Grant (£)	50/50 Mix With Grant (£)
30% Affordable (RLV)	£1,405,465	£2,013,221	£1,439,923	£2,017,805	£1,474,381	£2,022,389
40% Affordable (RLV)	£1,151,115	£1,888,641	£1,175,615	£1,893,383	£1,210,072	£1,897,967
50% Affordable (RLV)	£795,829	£1,723,033	£830,287	£1,727,617	£854,787	£1,732,359

3.10.7 From the Figure 10 examples and the wider results, it is possible to see how (in terms of indicative RLV outcomes and on the assumptions made) the addition of grant is having a far greater impact on the RLVs than the change in assumed affordable housing tenure mix.

3.10.8 Similarly, the proportion of affordable housing overall (i.e. of all tenure forms) is having a greater impact on the indicative RLVs than tenure mix alone. Tenure mix will be an important consideration for viability, but dependent on other factors such as overall proportion and grant availability – so its effect will need to be viewed alongside these other factors rather than in isolation.

3.10.9 We can see what happens as we track a single example through Figure 10 above, for example, starting at 40% affordable housing based on a 50/50 tenure mix with no grant. This gives us an indicative RLV of £1,210,072. If we reduce the overall affordable housing proportion to 30%, there is an immediate quite significant improvement in the RLV – to £1,474,381. If we then improve the tenure mix in favour of affordable rent (to 60/40 and then 70/30) that result deteriorates gradually to £1,439,923 and to £1,405,465 respectively. Then, by adding-in grant, we boost that last indicated RLV very significantly – to £2,013,221. Taking this one step further, we could then see how RLV falls back again, but still stays above its no grant starting point, as we increase the affordable housing proportion from 30% – for example to £1,888,641 at 40% overall proportion, and so on.

3.10.10 These results indicate:

- The significant impact (viability boost) that grant can have, though this should really be seen through improved affordable housing provision (the HCA's "additionality" principle) not by way of significantly increased land value.

- How much RLVs can deteriorate by the time we allow for the higher proportions of affordable housing, particularly with no grant and even with a more balanced tenure mix.

- That only on the larger schemes will a 70/30 tenure mix impact on viability very much more significantly than a 60/40 or even 50/50 mix – in terms of outcomes viewed through RLVs produced, and dependent on grant and site-specific assumptions. This is because, by the time only a proportion of a scheme is allocated to affordable housing and that is then sub-divided by tenure, relatively few units are switching from one affordable tenure form to another.

3.10.11 The Council could make some comparisons between these various results and wider results – in terms of the RLVs that the various combinations of assumptions produce, as part of exploring alternatives for delivery and in the background to optimising that on particular sites. Although we see a reduction in RLV as the proportion of affordable rented tenure increases, this has much less of an impact than increasing the overall affordable housing percentage.

3.10.12 These figures are based purely on the appraisals carried out and assume that the intermediate product is feasible for RSLs and their customers. Aside from the well-established difficulties that can arise with the overall affordability (total costs) of shared ownership for its purchasers, there are increased experiences of difficulties with shared ownership saleability in the current market. This is largely due to mortgage availability. Some RSLs have responded by developing intermediate rented housing products. As we understand it, experiences are very mixed, however, and tend to echo the open market in that the most popular, well located and attractively priced low cost ownership (e.g. shared ownership) schemes can still sell relatively well while others are attracting little or no interest. We are aware of well located, small, high quality shared ownership developments that have still been taken up quickly and performed well.

3.10.13 We have looked generically at the intermediate tenure content, since what counts for financial viability is the level of revenue it produces for the developer. This reflects the increased likelihood that it will be seen in varied forms and combinations within schemes from now on. This is purely for the purposes of financial viability and fixing assumptions, where we are looking at increased payments to the developer compared with affordable rented tenure (particularly with no grant). It does not prevent the Council and its range of partners from considering and perhaps trialling a range of tenure models, or from varying the assumptions we have applied. Indeed such an approach is to be encouraged – we expect that there will be a role for a wider menu of tenure options.

3.10.14 Whilst (in line with the HCA's "additionality" approach), the Council's starting point may well be to consider what affordable housing can be achieved without grant, as discussed above, our view is that grant may well have an important role to play in balanced housing delivery locally, and in particular in supporting varied and appropriate tenure provision, perhaps especially on lower value schemes or in instances of alternative land use values where viability may be more marginal. We understand that the Council's general approach will be to seek varying tenure mixes dependent on site specifics – up to 70% affordable rented tenure and 30% intermediate tenure, but generally with a strategic target of 60% affordable rent 40% intermediate in mind – as per the emerging revised London Plan policy direction. Site specifics will prevail. Whether or not grant is available, and if so at what level, will be one of the key determinants of whether this tone of tenure mix can be supported on a regular basis over the longer term. Unfortunately, it is not possible to rely on, or predict, grant availability. The HCA has been contacted previously and Adams Integra were provided with the following information, which reflects our understanding of the Agency's position:

"The Homes and Communities Agency works on a basis of additionality on s.106 sites whereby any social housing grant going into a scheme is to

purchase outcomes above and beyond those that can be delivered through the s.106 agreement itself. The starting position is to assume no grant goes into an s.106 site as the s.106 itself should be securing affordable housing outcomes. Grant input would then be required to improve the affordable housing outputs (e.g. secure a greater percentage of social rented homes)."

3.10.15 Our recent experience is that HCA social housing grant funding has been quite opportunity-led and many schemes have provided increased proportions of affordable rent compared with previous experience. This is because of a mixture of factors including:

- The HCA's current relatively reactive funding approach (based on deliverable schemes – ready, and often in progress).
- Wider housing market trends (crucially the limited availability, still, of suitable mortgage finance) mean that low cost homes ownership tenure such as shared ownership may be either unattractive or unworkable in many instances.
- Linked to this, affordable rent with grant can now look equally, or more attractive to RSLs in terms of their financial appraisals – and thus also to developers in terms of viability.

3.10.16 Overall, this can only be regarded as a fluid set of circumstances, which together with the levels of local needs and London Plan Policy, point towards a significant bias to affordable rented tenure as a target position.

3.10.17 In our experience, approximately balanced tenure can be achieved with little or no grant, providing the affordable housing proportions sought (and other planning requirements) are not too high. However, as above, we consider that there is likely to be a role for grant to support a bias towards the priority needed affordable rented tenure in particular, as will be the case here, given the level of need. As an example of the possible positive impact of grant, with regard to the current mortgage access issues that can be experienced with home ownership products, it may be that through increased grant input more affordable rent could produce more viable schemes which are also more acceptable financially to RSLs in the current conditions. Although there is much uncertainty surrounding grant funding availability, the Council and its development partners will need to consider such factors in relation to site specifics.

3.10.18 In the current funding climate, we stress the importance of guiding tenure and seeking to influence the affordable housing procurement costs locally, (potentially including through landowner/developer subsidy mechanisms like nil cost serviced land, payment table guides, etc). A good level of clarity will be needed by all those involved in the development process. Linked to this, it appears that the HCA is going to be looking for increased evidence of grant achieving its “addtionality” requirements i.e. adding to what would be achieved without it.

3.10.19 The use of Cascade type mechanisms may well be valuable for consideration within the Council’s overall approach. This envisages the Council working with developing partners – where necessary - to adjust, but still optimise, affordable housing delivery in all the circumstances relevant to a particular site, including the funding levels ultimately available.

3.10.20 A Cascade principle or mechanism allows the affordable housing element of a scheme to adapt to funding circumstances at the point of the delivery details being fixed (i.e. most likely post planning, but prior to contracts being entered into by the developer and RSL for the affordable housing construction and purchase).

3.10.21 A Cascade arrangement would normally be built in to the s.106 agreement. It has the potential to help delivery when the availability of funding is uncertain, or perhaps when other planning or site issues mean that the exact details of the affordable housing delivery need to be agreed. This can help avoid or reduce delays where s.106 agreements would otherwise be renegotiated instead. An agreement including a Cascade principle provides scope for the affordable housing content of a scheme to be reshaped and usually optimised given the available funding and perhaps other financial circumstances.

3.10.22 Usually a Local Authority would expect to lead the process which redefines the affordable housing, working closely with the other parties such as the developer, HCA and any involved RSL. As an example of a potential Cascade outcome, the Council may take a view that it is better to consider fewer affordable homes but with an increased proportion of affordable rented units. Alternatively it may decide to maintain affordable homes numbers delivery by allowing the tenure mix to skew towards more financially viable home ownership or intermediate housing tenure; or to commute the affordable housing delivery into fewer family homes. Ultimately, discussions and outcomes would be very site-specific.

3.10.23 In recent and current market conditions there have also been many discussions around what should happen if a reduced affordable housing proportion is agreed on current viability grounds, and the market does pick up meaning that more could be provided. These discussions have been linked to the idea of overage (or “clawback”) arrangements where provision can be re-assessed and if appropriate topped-up at some future point. We are not aware of any working examples of this approach. It would seem most practical to link it to a top-up financial contribution.

3.10.24 The same principle as outlined above (the need to inform judgments on the affordable housing target proportions in conjunction with wider criteria including likely funding availability) is also relevant in the context of any wider consideration the Council may be giving to overall planning obligations requirements and other development cost impacts on schemes. The wider costs and obligations also affecting viability always need to be taken account of.

3.11 Code for Sustainable Homes (CfSH)

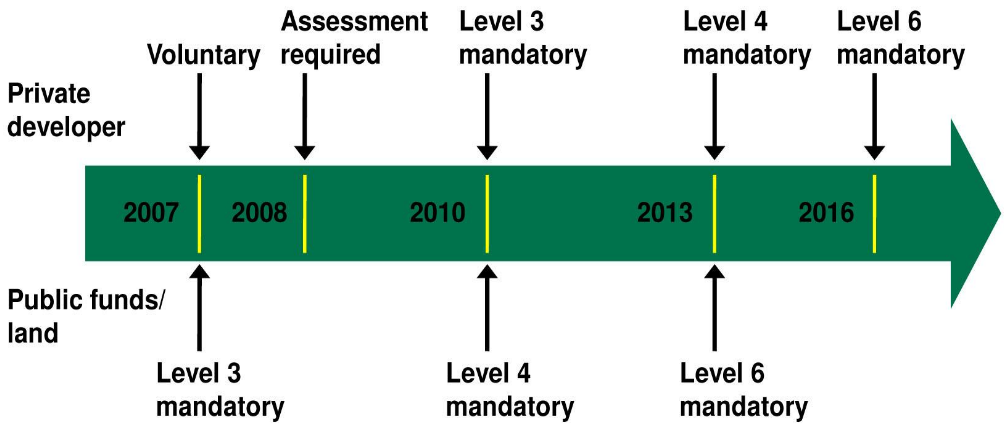
3.11.1 All results (for all notional schemes) apart from those shown at Appendices IIL, IIm and IIm, are generated assuming an additional cost allowance for a 20% reduction in CO_2 through on-site renewable energy measures – over and above the CfSH allowances made for the base assumptions (Level 3 attainment).

3.11.2 The results in those Appendices - IIL, IIm and IIn - were generated without the specific assumption of an additional cost estimate related to achieving a 20% CO_2 reduction through on-site renewable energy measures. This is because these results show the impact on viability of increasing the CfSH attainment to Level 4 and the cost associated with that. A form of equalisation takes place. By that point, the assumption is that through that level of CfSH compliance those carbon emissions reduction levels will be achieved. This could be through the use of on-site renewable energy measures, thereby meeting both targets. This fits with the Council's thinking, which is clearly and simply based on CfSH providing the route to meeting carbon reduction targets - through increased CfSH attainment over time. The modelling approach taken allows us to see how these factors might impact viability when combined with the other base assumptions applied. It also means that the financial impacts of CfSH and carbon reduction requirements are not duplicated by the time CfSH Level 4 attainment is assumed. At 2.9.8 we acknowledged that the additional allowances made alongside our CfSH Level 3 base assumption may be in excess of actual amounts, but that we considered it appropriate to make sure there was at least an adequate allowance for this cost area which can be highly variable from site to site. We also commented that additional costs within appraisals might be representative of other factors in some scenarios, as part of making sure that a realistic potential range of viability outcomes are reviewed, overall.

3.11.3 Currently the legislative timetable for all residential development to meet increasing level of the Code is set out by the Government as follows[7]:

[7] From: www.tarmachomesproject.co.uk/what_is_the_code/2016_legislative_timeline.

Figure 11: Legislative Timeline for Code for Sustainable Homes Compliance



3.11.4 The sensitivity analysis for increasing Code requirements (to Level 4) has been carried out on schemes of 25, 50 and 80 dwellings. On the example scheme of 25 dwellings, the comparison of the RLVs created following the addition of each level of cost is shown in Figure 12 below (all other assumptions in these cases are as per the base appraisals).

Figure 12: Comparison of Appraisal Results – Increasing Code for Sustainable Homes Requirements – Value Point 3 Only – 70/30 Tenure Mix

Appraisal Type	25 Unit Mixed Scheme (VP3)			
	RLV (£) CfSH Level 3 (Base)	RLV (£) CfSH Level 4	RLV (£ per Ha) CfSH Level 3 (Base)	RLV (£ per Ha) CfSH Level 4
30% Affordable	£1,405,465	£1,485,478	£4,258,985	£4,501,448
40% Affordable	£1,151,115	£1,231,127	£3,488,226	£3,730,689
50% Affordable	£795,829	£875,842	£2,411,604	£2,654,067

3.11.5 The results show broadly similar results between the requirement to meet CfSH Level 3 and 4. This is primarily due to the fact that for the purposes of this study it was decided that the cost of meeting CfSH Level 4 would include an allowance to appropriately meet the CO_2 emissions reduction targets, for example through renewable energy provision. As such, on the assumptions made, the additional cost of meeting CfSH Level 4 (over Level 3) is balanced by removing the additional cost allowance for achieving a 20% reduction in CO_2 through renewable energy measures made at CfSH Level 3. The additional approximate costs included to achieve Code Level 4 or CfSH Level 3 and 20% CO_2 reduction (based on the costs assumed in this study) deteriorate the residual land values generated, and this is before the addition of potentially higher infrastructure costs. While there can never be any defined cut-off points for scheme viability (unless looking at a specific site with known parameters on existing use value, etc), the impact of these cost areas alone are not felt to be a make or break scenario for scheme viability. It can be seen that the key deterioration of the Figure 12 RLV results comes from the affordable housing proportion, and not the Code Level appraised (although in our wider experience far greater impacts are seen when the required attainment for the CfSH is increased beyond Level 4).

3.11.6 In addition there may be cost savings to be made relative to current assumptions over time, with the potential for meeting the CfSH requirements to become less expensive. Technologies and the size of the market place for them could improve. However, we cannot assume those and so do not build in any such savings that may be see through developments in this area. These results assume approximate costs as known today, as set out in the DCLG report.[8]

3.11.7 As with tenure mix and grant, again there may need to be some consideration of balancing of priorities and costs in some instances in order to meet these requirements whilst still providing profitable residential development and sufficient land value. We talk about the collective impact from all of the items investigated through the sensitivity analysis at the end of this chapter. However, when compared with indicative information such as outer London land values guides or alternative use values per hectare provided by the VOA (see section 3.5), it appears likely that the Figure 12 scenarios would all achieve land values per hectare in excess of those from most commercial uses and in line with or in excess of that range of residential development land value indications.

3.12 Impact of Increased Planning Infrastructure Costs

3.12.1 One of the biggest individual impacts on development viability (other than the proportion and type of affordable housing) comes from the level of other (i.e. non affordable housing) planning obligations relating to various infrastructure requirements – when taken together, not necessarily individually. Those usually include contributions or works towards meeting deficiencies in existing infrastructure. The obligations typically relate to key areas such as Education, Highways/Transport, Open Space/Amenity, and are increasingly covering areas such as other community facilities, recycling, emergency services, public art, and so on. Appraisals were carried out assuming varying infrastructure (planning obligations) contribution levels of £10,000 (base level), £15,000 and £20,000 per dwelling. These costs were applied to all dwellings, including affordable homes. This part of the work also has a wider potential relevance in that it enables the Council to see how viability results deteriorate when costs related to other factors are also added. An increase in costs could come from a wide variety of sources – related to planning requirements, site conditions, scheme specification or a combination of those. A key additional consideration for some schemes in the LB Merton context will be the Council's approach to seeking financial contributions to help fund

[8] DCLG – Cost Analysis of the Code for Sustainable Homes (July 2008)

mitigation measures against the loss of employment premises and land. At 2.9.8 we explained how this part of the methodology allows us to review the impact of any growth in planning obligations (or other) costs from the base level of £10,000 which has been assumed. This particular set of results can therefore also be used to consider the potential range of additional impacts flowing from the employment land protection policy approach.

3.12.2 Increased planning infrastructure obligations, as with any costs, have a negative impact on development viability. We have discussed the effect of additional costs, profit, affordable housing, etc above. Figure 13 below shows a brief example of the additional impact that higher planning infrastructure costs may have on schemes when combined with the "cost" of affordable housing provision, and with other base assumptions in place.

Figure 13: Comparison of Appraisal Results from varying Infrastructure Cost / (Planning obligations / other costs) - (Value Point 3 only)

Appraisal Type	25 Unit Mixed Scheme – 70/30 tenure mix – Without Grant		
	RLV (£) – £10,000 / unit Planning Infrastructure	RLV (£) - £15,000 / unit Planning Infrastructure	RLV (£) – £20,000 / unit Planning Infrastructure
30% Affordable	£1,405,465	£1,298,665	£1,191,865
40% Affordable	£1,151,115	£1,044,315	£937,515
50% Affordable	£795,829	£689,029	£582,229

3.12.3 These results (taken from Appendices II, IIa and IIb) show the reduction in RLV that occurs as the planning infrastructure (or other equivalent) cost assumptions are increased. We refer to 'other costs' as an alternative here, because in fact any equivalent increase in the appraisal cost assumptions would have the same effect. In practice, scheme costs could increase over time for a variety of reasons, not only related to planning obligations. Effectively, therefore, these appraisals review added collective cost (whether related fully to planning obligations, to a mix of those and other items, or to other development cost items in full).

3.12.4 The trends shown in the example results above are again repeated for all scheme types. This further emphasises the potential viability issues that could flow from seeking the highest levels of affordable housing whilst at the same time increasing the infrastructure obligations on sites coming forward, especially in the event of nil or limited social housing grant.

3.12.5 Bearing in mind that all results vary, we can see some broadly comparable outcomes. This means that, again, the Council could consider which combinations of assumptions and requirements are likely to be workable or even preferable in particular circumstances (i.e. which give similar outcomes/

represent potential assessments of priorities in particular cases). Just as an example, on this basis an assumption of £10,000 per dwelling planning obligations combined with 40% affordable housing gives a broadly similar indicative RLV result to 30% affordable housing with £20,000 per unit infrastructure obligations. In practice all such comparisons would vary and be site specific – this is an example based only on these particular assumptions.

4 CONCLUSIONS

Market and Property Values

4.1.1 Looking at LB Merton overall, a wide range of property values is seen. This is particularly evident from a review of the overall (re-sales dominated) market, given the variety of localities and dwelling types present in the Borough. Variety is also seen with respect to the pricing of new build schemes. However, at the point of researching the local market for the study there was a fairly limited level of new build activity and current new build supply. In a more active market, we might expect to see a greater range of new builds coming forward in widespread localities, and these might have produced a wider range of new build values than those observed.

4.1.2 Nevertheless, it appears that there is more consistency seen within the new builds pricing than picked up from a wider market overview. In both senses, but particularly in respect of new builds, the local values cover a narrower overall range than we have seen in some other Local Authority areas - including some in nearby Surrey. We have seen similar high-end values in some other local authority areas, although usually contained within smaller geographical areas - or particular favoured streets or estates. In comparison, here a significant swathe of the Borough is largely covered by high Wimbledon values, for example. There are no areas which can be described as low value in LB Merton. Viewed overall, property prices here can really only be described as high.

4.1.3 According to the August 2009 edition of the Land Registry House Price Index, LB Merton prices averaged £290,551. This compared with a London-wide average of £310,640 and a South East average of £194,206. Our overall market research indicated that only in the areas of Bushey Mead, Colliers Wood, Morden and Mitcham would average prices typically be beneath the London average levels – and in some cases not significantly so. In most other areas of the Borough, they would tend to be significantly higher. The indicative hierarchy of values within the Borough seen through our overall market research (as at 3.2.1) was borne out generally through our discussions with local estate agents and others.

4.1.4 Although values have been knocked-back in the recent and current market climate, and sometimes significantly, these movements have not affected this overall picture, with consequent very severe local affordability issues. In very few cases locally can values be described as low (i.e. the bottom of the local values range is not seen frequently).

4.1.5 The key point that there is variation between and within areas of the Borough, however, needs to be borne in mind in terms of not being too ambitious with policy targets bearing in mind the need for quality and mix within affordable housing (not just numbers) and the range of other obligations and requirements – and particularly how those come together to impact viability in lower value locations and instances; or where abnormal development costs also impact.

4.1.6 Our research suggested that new build development pricing in the Borough falls in the range from approximately £2,900 to £6,500/m² (the marketing price expressed in a per square metre rate). This equates to a range of around £270 to just over £600 per square foot. These were the extremes, with agents generally informing us that around £500 per sq ft (around £5,400/sq m) was the approximate current level of typical new build values in Wimbledon – which represents the upper end of the range of values typically seen within the Borough.

4.1.7 The average new build pricing points for most locations within the Borough were grouped centrally within the overall range described at 4.1.6 - between approximately £3,250 and £5,500/sq m – our Value Points 2 to 5.

4.1.8 The pricing of new build schemes seemed to broadly follow the values patterns (hierarchy) seen in the overall resale market values. Although it was based on a relatively small range of new build schemes in progress (owing to market conditions), the higher new build prices within our more typical range were seen in areas such as Copse Hill, Cottenham Park, South Wimbledon and Wimbledon (approximately £3,800 to £5,500/sq m - value points 2/3 to 5). We noted no current new builds in the Merton Park, Raynes Park and Motspur Park areas, but following our overall research would expect those usually to see values in the middle to upper part of our range, though normally not as high as the most expensive areas.

4.1.9 Although based on more limited samples (owing to low levels of new build activity through market conditions) new build values seen in Bushey Mead, Morden and Mitcham were generally lower at around £3,200 to £4,100/sq m after deducting say 10% from asking price again. These values are representative of our Value Points 2 to 3 in general terms. As another generally lower value area in the local context, we would expect to see Colliers Wood values closer to the Morden, Mitcham and Bushey Mead levels than those usually seen in the other areas indicated at 4.1.8 above.

4.1.10 As we usually find, however, the value patterns are not so clear and definitive that they could always be relied upon to predict values for a particular site – we mentioned the theme of street by street variations and how particular scheme values are influenced by their design and specification, outlook, local schools, transport (especially tube/rail) connections and other amenities. Again based on limited information, Morden seemed to be an area where both higher and lower values might be seen – as an example of the blurring that can take place and difficulties that can arise in the event of trying to define specific geographies for distinct policies.

4.1.11 Overall, it is important to emphasise that these are broad statements. There will always be variation on a local basis.

4.1.12 Looking at this information, and allowing for marketing to sales price adjustments and current market trends as best we could at the time of fixing assumptions, we concluded that the range £3,250 to £5,500/sq m most appropriately reflected the typical range likely to be seen. This means we consider that new build values are generally in the range of our Value Points 2 to 5. In practice, they do not dip to Value Point 1 at present so far as we could see from evidence gathered, and certainly not on any regular basis, but do reach the upper end of this key part of our Value Points range in higher values instances and locations, as have been reported.

4.1.13 This is a dynamic picture. We acknowledge that values will sometimes fall outside this typical range. Given the current weak and uncertain state of the market, from a viability perspective the Council will need to monitor value levels particularly with regard to the frequency of lower end values occurring.

4.1.14 As per our Value Points approach, the most important theme to recognise is that, as in all areas, a range of values is seen, ultimately dependent on site-specific factors. Value patterns are not distinct such that they could be readily mapped. There is a scale of values, within which it could be said that certain locations have their usual position or range, but when it comes to scheme specifics timing with respect to market conditions, those will also move up and down that scale.

4.1.15 This range of values, variation and overlapping between areas is not unusual. Whilst the higher value levels are usually related to certain areas locations, it appears that values locally depend almost as much on specifics as they do on general location. They depend on the specific location and scheme type. Therefore, we do not seek to provide a definitive listing outlining values by area or particular locations. Our research informed our judgments on the range of value levels used to drive our appraisals. It showed these to be reasonable at the time of fixing them, and a reflection of the tone of the information we gathered. Full details of Adams Integra's property values research are found at Appendix III.

4.1.16 These value levels fed in to a range of RLV outcomes and, therefore, a wide range of study results. However, relative to the results generated from typically lower values seen in many other locations we have studied (including in other parts of southern and central England and even some other areas within London Boroughs), the results are strong. The principal issue with the current market scenario is the lack of activity in the market, rather than with development value levels as such. Historically speaking, values are still high; beyond levels which have supported viable schemes in the past. Within Appendix III we include further market commentary.

4.1.17 Whilst, as above, there are areas of LB Merton that fairly consistently see higher values than others, the idea of developing geographically-based policy would still require clear definition/mapping of those areas. The Council would also need to weigh up whether adding that layer of complexity to policy would be justified in terms of the overall aim of creating clarity of the target approach. Furthermore, there would need to be an appropriate fit (in design, management, affordability and other practical terms) between the higher value scenarios that might support up to 50% affordable housing on some occasions, and the type of schemes and opportunities those presented for providing affordable housing to that extent. The Council could consider this, but we doubt whether this fit would be in place frequently enough. Seeking a higher proportion might mean looking at an alternative form of provision (e.g. financial contribution or top-up financial contribution, meaning more complex policy and potentially more resourcing of its implementation).

General considerations – land values and viability

4.1.18 Given the localised and site specific variations that will be seen, in our view a single overall (Borough-wide) policy position will therefore be most appropriate in viability terms. This would provide clarity and simplicity to inform landowners' and developers' expectations. More complex/area distinctive policies usually require more resourcing, more involved monitoring and updating and more complex additional guidance through SPD. We would therefore recommend that a 'blanket' approach to proportions sought is implemented based on scheme size only (not on geography or value). This inevitably means that more negotiation and adjustment may be required in some instances and locations than in others – but in our experience there is nothing unusual about that and it need not prejudice the effectiveness of targets.

4.1.19 There will always be certain cases where abnormal site costs, planning obligations impacts, existing/alternative use values (or a combination of these) mean that affordable housing targets cannot be met. Those will more often be lower value schemes but may also include wider range schemes where the combination of assumptions goes against viability and means compromises being considered. Those issues are relevant in any area and we advise all of our Local Authority clients accordingly.

4.1.20 Land values are in many ways a function of property values – the high property values in essence feed in to high land values. Therefore, it should also be noted that where property values are so high, land value expectations also tend to be high. So while land value results look strong, to a degree they need to measure up appropriately to owners' expectations in ensuring the release of sites.

4.1.21 Land value expectations will need to be adjusted over time, not just because of affordable housing requirements, but also through the growing climate for higher specifications related to sustainability, wider scoped planning obligations, CO_2 emissions reduction/renewable energy and the like. It is possible that current property market trends could help with this overall adjustment process in the longer term. In that sense we consider that this is a good point at which to be clarifying the various policy expectations.

4.1.22 At the time of preparing this study, Adams Integra has had to acknowledge the very weak and uncertain market conditions which were particularly dominant in the Summer of 2008 through to Spring 2009 – in the period preceding the study getting underway.

Policy development - Strategic view

4.1.23 There will need to be a practical and flexible view in implementing and operating policies, especially in the shorter-term, to help secure affordable housing delivery alongside other planning obligations as far as possible given the still very challenging market conditions. In our view, this should not affect the setting of an appropriately challenging target – one that will remain so in the event of market conditions picking up, and particularly with respect to lower value areas/schemes.

4.1.24 It is unlikely to be practical or helpful in the longer run to seek to vary policy targets downwards in response to uncertain market conditions that are evolving, and the longevity or degree of which cannot be predicted. This type of approach would also not serve to provide the crucial level of guidance and clarity that developers and landowners need over the plan period.

4.1.25 As stressed previously, in the short-term the practical negotiated approach (but still based on clear targets) will be vital. We consider it much more realistic to seek to react to current and future short-term market features through that mode (flexibility) than to expect to almost continually review target positions, information and indeed the wider evidence base behind those. Periodic reviews are more likely to be realistic, economic and useful in our view; possibly in conjunction with other planning obligation reviews or viability impacts being considered or in response to delivery experiences over a sufficient time period.

4.1.26 An alternative approach which attempted to regularly follow market movements through policy adjustments could in theory mean frequent target adjustments. In our view this would not serve to provide the crucial level of guidance and clarity that developers and landowners need when first considering and then promoting opportunities in relation to the Council's strategic approach. In our view this would be unhelpful. It could mean that Policy headlines might be put out of step with others nearby. We consider that it could result in confusion and inequities, and therefore could well lead to difficulties and complications, as well as possible challenges.

Appraisals and Results trends

4.1.27 The greatest reductions in RLVs are seen where affordable housing is required for the first time, which in the case of LB Merton, in common with other London Boroughs, would be if the threshold for affordable housing were lowered beneath the current London Plan-led position of 10 dwellings.

4.1.28 The impact of increasing affordable housing proportions from the current levels sought is significant. This is always the case. In LB Merton's case this means increasing the target from 0% on sites of fewer than 10 dwellings.

4.1.29 During the wider exploration of potential policy positions, the Council has at no stage proposed to seek in excess of 50% affordable housing (the target which has been in operation to date, again based on the London Plan strategic approach) on sites of 10 or more dwellings where that target has already been applied.

4.1.30 So the current policy direction on affordable housing would not adversely affect those already "captured" sites (of more than 10 dwellings) in terms of the proportion sought. That has had to be considered alongside a range of other obligations and scenarios though. The key questions to be addressed were therefore:

- Should the target at 10 or more dwellings be 50% or a lower proportion?

- Is there scope to consider lower thresholds for policy and, if so, at what %s?

4.1.31 The degree of impact is then dependent on the sales values for the private market element which drives the scheme (expressed as a range of value points in this study), grant availability, planning obligations/infrastructure cost levels and other assumptions. As values increase, broadly there is more scope to bear affordable housing and other costs.

Smaller sites review (scope to reduce threshold)

4.1.32 On the first time captured sites (those of fewer than 10 dwellings here) the introduction of a modest (reduced) proportion certainly of less than 40% - 50% has a positive viability impact when compared with that from seeking

40% - 50% (again, with specific outcomes dependent on value point and other accompanying assumptions).

4.1.33 We consider that this strongly points to the potential value of a sliding scale type approach to affordable housing targets in LB Merton in the event that the Council decides to reduce the threshold having considered wider evidence on housing needs and site supply patterns.

4.1.34 Assessment of the Council's historic and future housing delivery indicates that the majority of housing delivery in the Borough is expected to be sourced from smaller sites. Bearing this in mind, we think it appropriate in the context of the Borough to aim to seek suitably judged contributions from a wider range of sites; rather than be over-ambitious with proportion requirements aimed at narrower bands of sites or on particular site sizes. This seems particularly relevant at this stage of policy development, where many smaller sites would be captured for the first time under the policy proposals, and given the market conditions which we may well have at the potential inception of the policies.

4.1.35 A sliding scale could take various forms as far as the final combinations of thresholds (site sizes) and target proportions (affordable housing percentages) are concerned. It could be set with reference to various threshold (step) point and proportion combinations. It would be best kept fairly simple.

4.1.36 Numbers rounding as well as dwelling mix, tenure type, grant input, etc, will all affect viability and how these combine will especially be in focus on these smallest sites. These factors all need to be viewed together in practice. Numbers rounding can distort the proportion requirements. For example with conventional rounding a 30% proportion at 5 units would mean the same outcome as 40% (i.e. 2 units) as has been seen in some of the results examples. This needs to be borne in mind, for there is little point introducing a position which in fact means the same outcome as a higher, less viability sensitive target. Positions need to be considered in terms of viability outcomes combined with market perceptions and the actual calculations that will result. It can be seen that the selection of a proportion target for such small sites should also be dependent on the threshold point. The key point here is that numbers rounding, as well as other factors, affects actual provision. The Council will need to operate a smaller sites approach, if selected, with sensitivity to the potential affect of these other factors and will wish to address those with respect to site specifics. Outcomes on detail might well vary from site to site.

4.1.37 We have discussed the level of, first time, impact that comes from 40% + affordable housing on schemes as small as 5 dwellings. Bearing in mind the ruling out of 40% for this reason and same effective outcome at 30% we consider that a suitable starting point (as a target position) for the provision of on-site affordable housing if allied to a scheme size (threshold) of 5 dwellings would be 20%. Depending on the approach to detail and numbers rounding, a 30% target could prove more workable in the event of setting a 6 unit or higher starting point threshold for the on-site policy (as would affect sites of fewer than 10 dwellings). So a 30% proportion could play a role in a sliding scale, but is not suggested for application on sites of fewer than 6 dwellings in any event.

4.1.38 Up to 10 dwellings there could be a single, or more, policy position(s). A graduated approach for example from 20% through 30% to 40% (+) (at 10 dwellings) would reduce the size of the steps and respect the viability sensitivities we have discussed. This would need to be considered against the level of complexity (bearing in mind that clarity needs to be created first and foremost) and the implementation requirements in terms of guiding and resourcing the discussions, etc.

4.1.39 We would not recommend lowering the threshold at which the headline proportion (40%, or perhaps more) is sought beneath 10 units, owing to the effect of first time impact when at such a level.

4.1.40 In any event, compared with a flat introduction of a policy target of 40% (+) at 5 units (and thus very significantly impacting sites of 5 to 9 dwellings), a sliding scale provides a more sensitive outcome viability-wise for those first-time captured sites. It reduces the scale of adjustment needed to land price expectations. We have consistently made these points. We consider that this type of approach would bring wider delivery advantages compared with the straight introduction of, say, a 40% target applied for the first time to small sites which are currently not expected to provide any affordable housing contribution. Even though it could be said such an approach would be more ambitious on behalf of much needed affordable homes supply, we prefer to support a more market sensitive approach since there is otherwise a risk of unduly hampering development activity. This stage of policy development, considering the first time capture of small sites, is a particularly sensitive one. The more market sensitive approach of a sliding scale type approach would also fit with the current and likely short-term future market characteristics.

4.1.41 In addition, we have commented on the practicalities of delivery on the very small sites may be more of an issue than viability alone. Issues can be experienced for example with scheme design/integration of affordable homes with the market housing, sustainable management, dealings with RSLs, marketing issues and perceptions, isolation of tenants, affordability etc.

4.1.42 There may be lower risks, reduced promotion costs and smaller planning obligations impacts on smaller sites, but conversely, there might not the same opportunities for cost savings through economies of scale. There is a range of factors which could well balance out or alter outcomes either way dependent on the circumstances. The outcomes relate to site specifics, crucially including value levels; it is simply not possible to say that a smaller site will be more or less viable than a larger one. Viability is principally value rather than site size driven.

4.1.43 So, whilst we consistently find in all such viability overview studies that it is not possible to say that smaller or larger sites are more or less viable than each other, we have pointed out two key features of smaller sites which again point towards a sliding scale approach. Firstly, there is the first time impact issue we have discussed. Secondly, the values generated by the smallest schemes (sums available for land purchase) are likely to become increasingly marginal when compared with existing/alternative uses and with owners' aspirations (i.e. are likely compare more closely to them, rather then exceed them).

4.1.44 A further alternative available for consideration by the Council in viability terms would be to use a financial contributions approach for all sites of fewer than the 10 dwellings current threshold. This would extend the approach discussed as an option for the sites of fewer than 5 or 6 dwellings and would represent a clear and simple position.

Larger sites – over existing 10 dwellings threshold

4.1.45 We will now turn our attention back to summarise what the study points to in terms of the larger sites (those above the existing London Plan threshold of 10 dwellings). First, below we consider the background and wider context in terms of other positions considered, and then at 4.1.48 and 4.1.49 we summarise where we think an appropriate, balanced approach lies as the headline position.

4.1.46 The Council could potentially take the view that given its current target of 50% allied to the London Plan and the Borough's characteristics (crucially meaning high need levels and generally very high house prices) it would maintain that target. Similarly, amongst options it could potentially consider the scope to frame a similar target but with a bit more flexibility – for example "seek up to 50%". The latter would be subject to making sure that sufficient clarity would be achieved; it might fail on that count.

4.1.47 Alternatively it could consider pursuing policies that sought 50% affordable housing in certain high value areas within the Borough, subject to housing needs justifications and to being able to define those areas satisfactorily (a difficulty, in our view). We could point to results which would support these types of approach as a target, accepting that a significant degree of negotiation might often be necessary, even in the longer term assuming a more settled market. Again, complexity could be an issue, bearing in mind that expectations must be clearly set out.

4.1.48 However, bearing in mind the range of values and outcomes, overall, and so the variations seen locally, we consider that an appropriate response at a site size of 10 dwellings would be a simple, single target of 40% affordable housing rather than any lower or higher proportion. This would be applied Borough-wide as a starting point for site specific discussions. It would in our view be appropriately pitched, not just in the current market but also as the Council moves ahead potentially through a variety of market conditions and seeks to secure wider planning obligations as well. We consider this position would strike an appropriate balance between housing needs levels and the opposing tension of scheme viability.

4.1.49 In accordance with the parameters discussed with the Council, we did not model higher proportions than 50% affordable housing. Whilst the higher value related results suggest that 50% might be a workable proportion of affordable housing in some cases within the Borough, we consider that in setting the target(s), on balance, a range of factors point away from a 50% target and regard should be had to:

- Affordable housing not just being about numbers – but about dwellings types, size, mix, quality, distribution and choice as well.
- The likelihood that with a target set as high as 50% in many cases the collective impacts on schemes, including from affordable housing, could well grow to an unworkable extent given the likely direction of travel on other costs and obligations areas which also effects viability.
- The need to bear in mind uncertainties as to the availability of social housing grant.
- The need to ensure that sites continue to come forward, to see that investment in the Borough and the ongoing wider supply of housing is not unduly affected.
- The need to provide clarity and a regularly achievable target moving forward through a variety of market conditions.

Potential sliding scale principles

4.1.50 To supplement the approach, and extend the sliding scale principle, purely from a viability viewpoint we are also able to support the potential to secure carefully judged financial contributions from sites falling beneath the threshold for on-site provision. The specific levels of potential contributions are not key recommendations carried forward in to Chapter 5. The detailed work on that formulaic approach has been set out (at 3.8) to show the type of thinking we consider would be appropriate, for the Council's further consideration. Given the Council's thinking on potential on-site provision options to date, this might apply to sites of 1 to 9 dwellings. However, options are presented for further consideration. Appraisals were carried out to allow the review of indicative RLV results on this basis (see Appendix IIk).

4.1.51 In the event of the Council pursuing an approach to seek affordable housing financial contributions on sites of fewer than 5 or 6 dwellings (but depending on the on-site threshold approach), we suggest a target set not higher than a 20% equivalent proportion.

4.1.52 As examples of the possibilities, if the on-site threshold of 5 or 6 (or more, in each case) dwellings is linked to a proportion of 20%, then the equivalent proportion on the smallest sites could be set at 10%; if at that point the target were set at 30% then arguably it might fit better to set this bottom end of the sliding scale at 20%.

4.1.53 Alternatively a 20% target proportion applicable to all sites beneath the 10 dwellings threshold for on-site provision could provide a suitable and simple policy approach (whether applied to on-site or financial contributions routes).

More on policy considerations, including affordable tenure mix and funding

4.1.54 In <u>all</u> cases the proportions (or equivalent proportions) would need to be regarded as <u>targets</u>, with the relevance of development viability to site specifics acknowledged. This does not mean the word 'target' having to be used necessarily – it is more about stating the requirement that will be sought but also making it clear that flexibility will be applied as becomes necessary.

4.1.55 The proportions need to be considered alongside the other key factors we have outlined, such as dwelling and tenure mix, grant availability, numbers rounding, expectations on dwelling size and specification, etc. These all influence the extent to which the affordable housing impacts viability and will be deliverable in any given circumstances.

4.1.56 In all cases and results seen, we assume no major abnormal costs. These would need to be considered as part of the overall impact on sites and could affect viability outcomes.

4.1.57 The study base modelling assumed a tenure mix target of 70% affordable rent /30% intermediate tenure. Alternative mixes of 60/40 and 50/50 were also reviewed and in this context the direction of travel within the draft replacement London Plan, published in October 2009, has been noted. Shared ownership has been assumed for this purpose in terms of building the intermediate tenure revenue assumptions, although so far as we can see other intermediate tenure models often now produce similar levels of revenue. The potential market implications for that have been noted, however, and it is not to the exclusion of the Council considering or trialling other intermediate forms of tenure, or variations to the assumptions applied. The aspiration to seek a predominance of affordable rented tenure is in line with local needs profiles, consistent with that of other Councils locally and also with the Regional thrust and investment priorities.

4.1.58 An emphasis is and will be placed on affordable rented accommodation by the Council, given that the severest needs are for that form of affordable tenure. A 60%/40% tenure mix target and starting point would be in line with the thrust of currently emerging replacement London Plan policy and would respect a reasonable balance between local needs and likely viability. We can support this approach - providing that it is considered as a strategic target rather than expected to be rigidly applied from site to site. Site specific consideration of tenure mix would need to be viewed as part of the whole affordable housing package, i.e. alongside dwelling types and mix, etc – with delivery optimised in the particular circumstances.

4.1.59 As would be expected, the 70/30 tenure mix sample appraisals produced lower land value results – reduced viability outcomes – than the comparative 50/50 or 60/40 appraisals. While detailed actual scheme comparisons vary and we have commented on the current market and funding trends, skewing the mix further towards affordable rented homes generally reduces viability (unless appropriate grant input is available to counter balance that effect, but that should not be assumed). It should also be noted that on the smaller schemes, especially, a practical view will be needed depending on site specifics and the scope to vary the affordable dwelling and tenure mix. It can be seen that some of the results for those schemes do not vary with tenure mix, since the affordable housing content (of very small or even single unit numbers) does not give scope to appraise variations.

4.1.60 The sample with grant appraisals showed the extent to which grant can improve viability, subject of course to availability, although in practice that would be through protecting viability while achieving an appropriate affordable dwelling and tenure mix – which in any event will always need to be in accordance with HCA value for money principles and investment priorities - rather than through boosting land value unduly.

4.1.61 While the Council's starting point might be to see what can be achieved without social housing grant (and that would fit with the HCA's general starting position as we understand it), we anticipate that grant input may well be necessary to help underpin local delivery especially if substantial proportions of affordable rented homes are to be provided.

4.1.62 It will be vitally important for the Council and its partners to keep in contact with the HCA's regional investment managers so that funding priorities and allocations processes can be understood. Like others, at the time of this study we have observed HCA funding being available on quite a responsive basis recently – opportunity led, where schemes can be delivered (bearing in mind the dramatic slowing up of the planning led (via s.106) affordable housing delivery programme. We understand from the HCA that the approach to funding is likely to move away from this opportunity-led approach and return to a more planned approach even in the short-term though. The effect of the HCA lead on the "Single Conversation" about local investment is unknown as yet. The aim of that initiative is for local stakeholders' groups to have a greater influence on how investment monies are likely to be most effectively used in a given area, best matched to deliverable schemes and how affordable housing opportunities can be increased through a more joined-up approach.

4.1.63 The Council will need to consider the wider issues of need, site supply and the like alongside our viability findings.

Wider planning obligations

4.1.64 In the foreseeable future we think it unlikely that there would scope to take the typical per dwelling wider obligations figure as high as the higher level of £20,000 per dwelling investigated, particularly without certainty of grant funding for affordable housing and given an unpredictable market. Any significant increase from current levels will need to be considered alongside the other obligations. However, the Council negotiate planning obligations on a site by site basis and any departure from the policy requirements would need to be justified by the developer/applicant in the same way as affordable housing requirements.

4.1.65 The consideration around a 40%, rather than higher, policy target headline is made with the direction of travel on wider obligations in mind. This theme underpins our thoughts in terms of not being over ambitious with affordable housing targets alongside all these other areas.

4.1.66 From our results it should be possible to inform discussions on the potential consideration of priorities and balancing of costs which may be in focus on some schemes, especially if planning infrastructure obligations or other impacting factors increase significantly.

Summary findings here are:

- We do not consider that the viability outcomes decline unduly when the cost uplift assumptions tested in respect of increased Planning Infrastructure (to the intermediate £15,000 per unit level assumption), increased Code for Sustainable Homes (CfSH) attainment (to Level 4 but balanced against no additional CO_2 emissions reduction allowance) and increased developer's profit are viewed independently. It is therefore unlikely in our view that, as independent factors, such cost additions would normally tip the balance between a site being or not being viable.

- A doubling of the per unit planning infrastructure obligations form the base assumption level of £10,000 to £20,000 per unit would have a significant impact on viability, with consideration of the appropriate balance between the various costs and obligations almost certainly becoming necessary, as collective impacts become even more important to keep in mind. It may be relevant for the Council to consider these results in relation to what appears to be a worst case scenario (from the limited examples seen so far) on the likely level of s.106 contributions related to loss of employment land mitigation.

- With respect to CO_2 emissions reduction, the Council has considered how such a requirement interfaces/overlaps with the relevant requirement (target level) for CfSH achievement. It proposes a clear and simple approach whereby achievement of the Code levels will drive the required CO_2 emissions reduction approach – rather than having a separate or dual target in respect of that. The Council's proposed approach to the CfSH, with a carbon emissions add on cost envisaged at the starting position (i.e. applicable at Level 3 but included within Level 4 assumptions) means there should be no incentive to delay the targeting of Level 4 by the local housing development industry.

- Looking at these factors individually, those which are likely to have the most significant viability impact are the potentially increased planning obligations and an increased developer's profit level (providing that, in our experience, CfSH targets are not taken beyond Level 4 based on current cost assumptions).

- On the positive side for viability, the largest influence in terms of the variables considered is likely to come from social housing grant input, particularly where a tenure mix significantly in favour of affordable rent is concerned, but in all 'with grant' cases modelled since grant was also assumed on intermediate tenure units for those appraisals.

- This suggests that the base collection of assumptions should be achievable looking at this strategically as the LDF Core Strategy is required to do, but bearing in mind always that a practical view will be needed – with flexibility especially in the short-term. This need not erode the suitability or effectiveness of the targets. Monitoring of attainment together with the other cost factors and obligations will be needed before increased obligations might be sought. In our view policies should be related to challenging targets, but this is not an appropriate point for positions which could be viewed as overly ambitious.

4.1.67 The Council may in some situations need to consider priority planning obligations and the timing requirements of those. This will certainly be the case if overall planning obligations costs are to be significantly increased. The current market fragility will often emphasise the need to be flexible in considering what schemes can realistically deliver. Future values trends, or higher value instances, could of course help this balance. In any event, cost impacts will need to be monitored and considered collectively.

4.1.68 Our recommendations in terms of options for the Council to consider further for both the sliding scale and position on larger sites will be confirmed in Chapter 5. The Council's consideration of these should be made alongside the review of its wider evidence base, own local knowledge and experiences.

5 KEY RECOMMENDATIONS

5.1.1 In light of the discussion around the possible policy options (in Chapters 3 and 4) we propose that the Council considers the following for key aspects of affordable housing policy development; thresholds and proportions – alongside its wider evidence base, local knowledge and delivery experiences. **A summary of the headlines proposed by Adams Integra, for affordable housing thresholds and proportions, is set out in the boxed text at 5.1.17 below.**

5.1.2 **40% in our view would represent a suitable affordable housing target if applied Borough-wide to sites of 10 or more dwellings as are already subject to the existing London Plan-led approach.**

5.1.3 **Wherever fixed, policy positions should be set out as clear targets, to help inform land value expectations and form the basis for a practical, negotiated approach.** Widely used economic appraisal tools such as those produced and promoted by/for the HCA and the GLA, though not exclusively, should be used to help review site viability – this strategic overview is not a substitute for detailed review at a site specific stage.

5.1.4 **Policy wording will need to acknowledge the relevance of considering development viability on case specifics.**

5.1.5 **Bearing in mind the level of need and nature of site supply there is the potential to bring sites of fewer than 10 dwellings within the policy scope** either through on-site affordable housing on sites of between 5 and 9 units and the collection of financial contributions below this or, the collection of financial contributions from all sites below 10 units (i.e. sites of 1 to 9). We consider that including sites of fewer than 10 dwellings could be part of a more equitable overall approach. Paragraphs 5.1.6 and 5.1.7 below indicate options which involve a further step. This might be relevant, for example, if there were to be a differentiation between on-site and financial contributions approaches within this scheme size range.

5.1.6 **For schemes of 5 to 9 dwellings we suggest that this could be based on a target of 20% to 30%** dependent on the number and type of units sought and factors such as the numbers rounding method employed by the Council. The nature of the scheme and proposed affordable housing content would need to be considered in the round so as to arrive at the most appropriate solution for a particular site. Although the Council may consider rounding down if it selects on-site affordable housing policies for sites in this size range, the product of the target percentage would need to be considered given the characteristics of the scheme. If instead the Council considers it appropriate to apply a policy whereby the collection of financial contributions is preferable to on-site affordable housing at these site sizes, however, then the numbers rounding is not relevant as exact calculations can be made.

5.1.7 **For schemes of 1 to 4 dwellings we suggest that an appropriate target would be no more than 20% affordable housing equivalent** (assuming a financial contributions approach rather than an on-site provision, but with the Council to consider this alongside wider evidence and local experience of likely housing management sustainability, etc).

5.1.8 We refer to this reduced proportion on sites newly captured by policy as a simple form of **sliding scale type approach**. We consider it to be a relevant and positive measure, particularly at this stage of policy development (smaller sites potentially brought within the affordable housing policy remit for the first time) and when market conditions are considered.

5.1.9 A factor in the Council considering simplicity and ambition levels associated with various policy positions will also be the resourcing and negotiation time involved. The more complex and/or demanding, the more resources are likely to be needed to support the policies – also in terms of monitoring and updating, etc.

5.1.10 The study has also considered the scope to collect appropriately judged financial contributions from the smallest sites (in the range 1 to 9 units). If justified by the site supply patterns and local needs levels and therefore considered further by the Council, this element of policy could also be viewed in the sliding scale terms we have discussed, and have a similar role in significantly boosting contributions towards meeting the severe affordable housing needs locally.

5.1.11 **Overall, we recommend that the Council considers seeking financial contributions as an alternative to on-site affordable housing within that scheme size range** (1-9 dwellings)**. Having considered alternatives of introducing further policy steps, we suggest that this approach could be based on a single clear target set at no more than a 20% equivalent affordable housing proportion – as a benchmark for negotiations.**

5.1.12 In considering the setting and application of targets (regardless of selected threshold points), the Council will also need to be aware of the added viability impact which flows from other costs areas increasing within development appraisals, and that these mean increasingly smaller sums left available (RLVs) for land purchase. The study has considered the impact of potentially increasing planning infrastructure obligations from assumed base levels and varying Code for Sustainable Homes attainment (increase to Level 4) albeit the Council's approach to the latter appears simple and positive. Although not a Council-led factor, alongside these the impact of increased developer's profit on indicative RLVs has also been looked at and needs to be borne in mind as part of this equation especially in a market with current perceptions of risk.

5.1.13 Adams Integra considers that there may be some scope for these other obligations to increase alongside affordable housing, and has been mindful of this direction in requirements in making its recommendations. However, particularly in the current and likely short-term market conditions it is not likely that those will all be achieved collectively on all occasions. Values and costs, and their interaction, will need to be monitored. Increased targets could be set, and the approach would need to be phrased or explained in that way, but it is likely that priorities would need to be weighed up according to local and site specific issues – with a significant level of negotiations and limited certainty of delivery involved.

5.1.14 The findings on these potential added cost factors add weight to our view that it would not be appropriate to be inflexible or over-ambitious about affordable housing targets; adding to thinking behind the parameters set out above. In this context, the type, mix and quality of the affordable housing development (and indeed of development in general) needs to be optimised – it is not just a question of numbers. Similarly, the likely degree of reliance on grant needs to be borne and mind, and that can be an issue if targets are too ambitious.

5.1.15 Thus, **allied to these proportions, the Council could aim for an affordable housing tenure mix favouring affordable rent – of no more than 70% affordable rent/30% intermediate.** That is the worst case considered here for viability. The Council's approach is likely to be focused on a strategic target of **60% affordable rent/40% intermediate tenure in line with developing London Plan policy** (and as confirmed by the new London Housing Strategy)**.** This support is on the basis that the affordable housing element of a scheme is seen as a package which has a **range of key elements and inputs that need to be considered together**. As well as tenure mix, these include dwelling mix, sizes, specifications, grant availability, numbers rounding and the like. It is how these things come together to determine optimal provision on a specific site that will be important.

5.1.16 Within these parameters the Council will need to consider the most appropriate balance between optimising affordable housing delivery and its type; together with the continued overall delivery of an appropriate range of housing by the market in the Borough. This will need to be weighed up alongside other information the Council is gathering.

5.1.17 **Summary of Adams Integra's preferred key affordable housing policy recommendations for the London Borough of Merton – headlines:**

- **A target of 40% affordable housing on sites of 10 or more dwellings**

- **For schemes of 1 to 9 dwellings, consideration of a target of 20% affordable housing equivalent, allied to a financial contributions approach.** The study explains wider options potentially applicable to this bracket of schemes.

- **In all cases as targets and as a clear basis for a practical, negotiated approach, acknowledging the relevance of viability.**

- **Target affordable housing tenure mix not more than 70/30 affordable rented to intermediate affordable tenure, with a potential focus on a 60/40 mix bearing in mind developing policy for London, and in any event applied as a strategic target rather a than rigid site-by-site approach.**

6 WIDER DISCUSSION

6.1 In setting a national indicative minimum threshold (which at 15 dwellings is higher than the established London Plan position of 10), PPS3 states that Local Authorities can set lower thresholds “where viable and practicable”. The results discussed in this study show that a lower threshold or thresholds could be considered, linked to a sliding scale (reducing) approach to the proportion of affordable housing sought.

6.2 There is not enough strong evidence from the results, in financial viability terms, to suggest that a variable policy (by area) would be the best approach, given the variety of localities, blurring of values and the need to draw boundaries on maps/define areas that would dictate. It is possible that wider influences beyond viability (for example, existing tenure balance in certain localities, housing need patterns, site supply patterns or other wider evidence) may suggest otherwise or that those factors could influence the tenure of affordable housing sought in particular localities or on specific sites.

6.3 Where we have mentioned negotiation, that does not necessarily mean an overall reduction in affordable housing – it could mean negotiations over grant input or changes to the tenure mix to provide an element of cross-subsidy into a scheme. Cascade principles could be used – but where the Council is involved actively in the re-shaping of affordable housing elements of schemes where necessary. Similarly, there may need to be a compromise position achievable rather than moving straight to an assumption that leaves a site contributing nothing to affordable housing needs, but that allows the affordable housing delivery on particular sites to react to changing viability and funding circumstances as more certainty is created with scheme progression. This may also interact with the consideration of other planning obligations – weighing up of the collective impact on market-led schemes and potential prioritising of planning obligations.

6.4 If the policy targets cannot be met, then landowners and developers will need to clearly demonstrate why. The final judgment on exactly where this element of the policy proposals will settle should be, in our view, based on all the factors viewed together, i.e. alongside the viability outcomes. Included in these will be the key elements of forecasting of increased affordable housing units delivery based on the size and number of sites coming forward (site capture), local housing needs and practical thinking on the consequences of having small numbers of affordable homes distributed more widely across a higher number of schemes.

6.5 The Council could consider detail for potential use alongside affordable housing thresholds and proportions linked solely to dwelling numbers. It would be possible to align the thinking to habitable rooms or size of floor space added by a development scheme in particular circumstances where the type of dwellings for affordable housing were to be varied from the starting point mix. By this, we mean there may be instances where it would be appropriate to commute the amount of affordable housing provision in such a way so that it could be converted in to an equivalent number of dwellings of a different type within a scheme – e.g. to better fit priority needs or affordability requirements. This type of parallel thinking could be part of the negotiated approach where it fitted particular circumstances. Policy need not be overcomplicated for it.

6.6 Crucially, and regardless of where it is pitched, the policy should be worded in clear terms and take account of Government guidance to ensure that it is considered to be sound and robust. It should not be expressed as a minimum level of provision or be capable of interpretation in an ambiguous way. We have suggested that the Council could consider the idea of a range of proportions, depending on site size. Supporting text and/or accompanying guidance/SPD or similar could amplify the selected approach. New policy proposals should be viewed in the context of raising the bar on expectations, with the Council seeking to secure improved delivery overall from current levels through contributions from a wider range of sites – on arguably a more equitable basis. The Council should consider phrasing the requirements in terms of targets – i.e. “seeks x% affordable housing” or “requires x% affordable housing” but goes on to cover the negotiated approach in supporting text.

6.7 It is important that a flexible and negotiated approach to policy application is adopted to ensure the continued supply of residential development land, notwithstanding the very high priority that will be given to addressing affordable housing need. The policy or supporting text would need to make this flexible approach clear. The aim is to provide clear and robust targets for guidance to developers and landowners in appraising and bringing forward sites.

6.8 As part of providing clarity of expectations and to aid the smooth working of the approach, the Council will need to be clear about whether any new policy positions will be applied to the gross (total, irrespective of any dwellings existing prior to the scheme) number or net (i.e. deducting for any such dwellings) number of dwellings being provided by a development scheme. This aspect of detail will be more sensitive in light of the general tone of policy direction proposals to include the smallest schemes within affordable housing policy scope. Typically the difference between gross and net numbers is greatest on the smallest sites. It follows that we would recommend considering the use of net numbers (net new dwellings) in the case of the very smallest sites and a financial contributions approach. It may be particularly relevant to clarify the approach in respect of replacement dwellings, conversions, etc.

6.9 Policy and the practical application of it should be kept under review in view of key drivers including housing needs, site, supply and viability. Our recommendations are considered to be sound for the current stage of policy development, but their impact and the delivery resulting from them will need to be monitored with a view to future direction.

6.10 The Council will also need to consider monitoring property prices regularly and consider updates of the viability picture periodically. This could be linked to changes to planning policy or work on SPD; or (better still) at regular intervals as part of the Council maintaining its knowledge of local markets. The monitoring of property prices will help the Council to understand the property market and how it reacts to changing financial circumstances over time. This could be carried out by reviewing Land Registry figures, RICS and CLG survey data, Home Track information, internet estate agents' websites or a mixture of such sources. We find it very useful to speak to estate agents and staff in developers' sales offices. Local development activity monitoring could be supplemented in this way.

6.11 The Council will expect developers and landowners to come to the table and be prepared to explain and justify why, in any relevant cases, the affordable housing targets and/or other planning obligations requirements cannot be met given other demands on a scheme. The onus will be on developers to clearly and fully demonstrate the issues, with evidence to back up abnormal site complexities and the like. Some Councils seek payments from planning applicants to assist with the cost of independent viability assessments. Arrangements for commissioning such assessments would need to be made clear.

6.12 A methodology similar to one we have used will be appropriate for this process, to explore the relationship between development costs and values. The assumptions we have used might guide the Council on starting/indicative parameters, but there will be no substitute for site-specific appraisal work of this type. Such work would take into account appropriate specific assumptions.

6.13 Where necessary, we expect that in such site-specific viability discussions the use of a toolkit (including but not limited to the HCA's "Economic Appraisal Tool" or the GLA ("Three Dragons") tool kit) will be encouraged. Developers will be encouraged to work closely with their RSL partners, who will increasingly be using that type of appraisal work to support their investment decisions and approaches for social housing grant.

6.14 This study has considered planning-led affordable housing in the context of integrated provision within market-led schemes, secured through planning obligations usually embodied in a s.106 agreement. The Council, along with its partners, should also continue to consider the wider routes to affordable housing provision. Housing Association or contractor/developer-led schemes can be successful in significantly bolstering local provision – sometimes on lower value, more difficult sites, for example as a part of removing non-conforming uses from older residential areas or recycling unviable former commercial land. There will always be a balance with retaining sufficient land for employment use, but the various supply sources of affordable housing need to be considered and encouraged. The use and role of Council or other publicly owned land might also be very valuable in this sense.

6.15 In tandem with planning-led policies to secure affordable housing, all other efforts to secure affordable housing should be optimised. Within those wider initiatives, the Council and other public sector organisations are in a position to consider the appropriateness of providing more than the standard policy elements of affordable housing on their own land holdings. This can be through sale contracts for development by others; or through developments they lead or enter into partnerships/joint ventures on. In our experience of dealing with land owning authorities previously, while there are implications around capital receipt levels, it is possible to invite dual or varying bids for sites or partnership proposals. For example these could be based on standard and enhanced affordable housing content levels. In that way, the impact of the additional affordable housing can be seen and the benefits of its provision measured against budget factors and other criteria. In the current market conditions, where developer interest may well be limited or suppressed, alternative marketing routes, schemes ideas and types of partnerships may well be attractive financially and risk wise as well.

6.16 The appraisals for RSL-led schemes can sometimes be aided by taking a reduced view on the return (profit) needed and through risk sharing. Housing Associations and others should be encouraged to be proactive in these areas, and supported by the Council where possible.

End of main study text
Appendices follow
March 2010

Appendices

Appendix I	Development Scenarios
Appendices II, IIa and IIb	Results from base appraisals carried out assuming infrastructure costs of £10,000, £15,000 and £20,000 per unit respectively. (70% affordable rent/30% intermediate; 17.5% developers profit; CfSH level 3 with uplift for 20% CO_2 reduction.
Appendix IIc	Results of the sample appraisals carried out assuming changes to tenure mix (60% affordable rented and 40% intermediate).
Appendix IId	Results of the sample appraisals carried out assuming changes to tenure mix (50% affordable rented and 50% intermediate).
Appendices IIe, IIf and IIg	Results of the appraisals that assume an element of grant (70%/30%, 60%/40% and 50%/50% affordable rented to intermediate tenure mix respectively).
Appendices IIh, IIi and IIj	Results of the sample appraisals carried out assuming increased developer profit to 20% (70%/30%, 60%/40% and 50%/50% affordable rented to intermediate tenure mix respectively).
Appendix IIk	Results of further sample appraisals carried out assuming increased developer profit to 22% of GDV.
Appendices IIL, IIm and IIn	Results of the sample appraisals carried out testing the requirement for Level 4 of the Code for Sustainable Homes (70%/30%, 60%/40% and 50%/50% affordable rented to intermediate tenure mix respectively).
Appendix IIo	Summary of the RLV maths behind and the appraisal results relating to the potential collection of financial contributions from sites in the size range 1 to 9 dwellings.
Appendix III	London Borough of Merton – Property Values Report
Appendix IV	Glossary of Terms

Appendix I

Appendix I - Development Scenarios and Key Assumptions Required for London Borough of Merton Affordable Housing Viability Assessment- On-Site Affordable Housing

				Percentage Affordable Housing & Tenure Mix																			
				20% Affordable Housing				30% Affordable Housing				40% Affordable Housing				50% Affordable Housing							
Site Size Appraised	Site Size (Ha)	Indicative Density (DPH)	Dwelling Mix (BF = Bed Flat; BH = Bed House	Private Mix	Affordable Tenure Split 70% GN Rent; 30% Intermediate	Affordable Tenure Split 60% GN Rent; 40% Intermediate	Affordable Tenure Split 50% GN Rent; 50% Intermediate	Private Mix	Affordable Tenure Split 70% GN Rent; 30% Intermediate	Affordable Tenure Split 60% GN Rent; 40% Intermediate	Affordable Tenure Split 50% GN Rent; 50% Intermediate	Private Mix	Affordable Tenure Split 70% GN Rent; 30% Intermediate	Affordable Tenure Split 60% GN Rent; 40% Intermediate	Affordable Tenure Split 50% GN Rent; 50% Intermediate	Private Mix	Affordable Tenure Split 70% GN Rent; 30% Intermediate	Affordable Tenure Split 60% GN Rent; 40% Intermediate	Affordable Tenure Split 50% GN Rent; 50% Intermediate	Survey Costs (per site)	Build Period (Months)	Site Prep.
2 Houses	0.04	50	2 x 3BH	1 x 3BH	1 x 3BH GN	1 x 3BH GN	1 x 3BH GN	As 20%	As 20%	As 20%	As 20%	As 20%	As 20%	As 20%	As 20%	As 20%	As 20%	As 20%	As 20%	£2,500	6	£10,000
4 Houses	0.08	50	2 x 2BH; 2 x 3BH	2 x 2BH, 1 x 3BH	1 x 3BH GN	1 x 3BH GN	1 x 3BH GN	As 20%	As 20%	As 20%	As 20%	1x 2 BH, 1 x 3BH	1 x 3BH GN; 1 x 2BH Int	1 x 3BH GN; 1 x 2BH Int	1 x 3BH GN; 1 x 2BH Int	As 40%	As 40%	As 40%	As 40%	£2,500	6	£15,000
5 Houses	0.10	50	2 x 2BH; 2 x 3BH; 1 x 4BH	2 x 2BH, 1 x 3BH, 1 x 4BH	1 x 3BH GN	1 x 3BH GN	1 x 3BH GN	1 x 2BH, 1 x 3BH, 1 x 4BH	1 x 3BH GN; 1 x 2BH Int	1 x 3BH GN; 1 x 2BH Int	1 x 3BH GN; 1 x 2BH Int	As 30%	As 30%	As 30%	As 30%	1 x 3BH, 1 x 4BH	1 x 2BH, 1 x 3BH GN; 1 x 2BH Int	1 x 2BH, 1 x 3BH GN; 1 x 2BH Int	1 x 2BH, 1 x 3BH GN; 1 x 2BH Int	£2,500	6	£20,000
5 Flats	0.05	100	5 x 2BF	4 x 2BF	1 x 2BF GN	1 x 2BF GN	1 x 2BF GN	3 x 2BF	1 x 2BF GN; 1 x 2BF Int	1 x 2BF GN; 1 x 2BF Int	1 x 2BF GN; 1 x 2BF Int	As 30%	As 30%	As 30%	As 30%	2 x 2BF	2 x 2BF GN; 1 x 2BF Int	2 x 2BF GN; 1 x 2BF Int	2 x 2BF GN; 1 x 2BF Int	£2,500	6	£20,000
10 Flats	0.10	100	5 x 1BF; 5 x 2BF	4 x 1BF, 4 x 2BF	1 x 2BF GN; 1 x 1BF Int	1 x 2BF GN; 1 x 1BFH Int	1 x 2BF GN; 1 x 1BF Int	4 x 1BF, 3 x 2BF	2 x 2BF GN; 1 x 1BF Int	2 x 2BF GN; 1 x 1BF Int	2 x 2BF GN; 1 x 1BF Int	3 x 1BF, 3 x 2BF	1 x 1BF, 2 x 2BF GN; 1 x 1BF Int	1 x 1BF, 1 x 2BF GN; 1 x 1BF, 1 x 2BF Int	1 x 1BF, 1 x 2BF GN; 1 x 1BF, 1 x 2BF Int	3 x 1BF; 2 x 2BF	1 x 1BF, 3 x 2BF GN; 1 x 1BF Int	1 x 1BF, 2 x 2BF GN; 1 x 1BF, 1 x 2BF Int	1 x 1BF, 2 x 2BF GN; 1 x 1BF, 1 x 2BF Int	£5,000	9	£40,000
10 Houses	0.20	50	4 x 2BH; 4 x 3BH; 2 x 4BH	3 x 2BH, 3 x 3BH; 2 x 4BH	1 x 3BH GN; 1 x 2BH Int	1 x 3BH GN; 1 x 2BHH Int	1 x 3BH GN; 1 x 2BH Int	3 x 2BH, 2 x 3BH; 2 x 4BH	2 x 3BH GN; 1 x 2BH Int	2 x 3BH GN; 1 x 2BH Int	2 x 3BH GN; 1 x 2BH Int	2 x 2BH, 2 x 3BH; 2 x 4BH	1 x 2BH, 2 x 3BH GN; 1 x 2BH Int	2 x 3BH GN; 2 x 2BH Int	2 x 3BH GN; 2 x 2BH Int	2 x 2BH; 1 x 3BH; 2 x 4BH	1 x 2BH, 3 x 3BH GN; 1 x 2BH Int	3 x 3BH GN; 2 x 2BH Int	3 x 3BH GN; 2 x 2BH Int	£5,000	9	£40,000
15 Flats	0.15	100	5 x 1BF; 10 x 2BF	4 x 1BF; 8 x 2BF	2 x 2BF GN; 1 x 1 BF Int	2 x 2BF GN; 1 x 1 BF Int	2 x 2BF GN; 1 x 1 BF Int	3 x 1BF; 7 x 2BF	1 x 1BF, 3 x 2BF GN; 1 x 1BF Int	1 x 1BF, 2 x 2BF GN; 1 x 1BF, 1 x 2BF Int	1 x 1BF, 2 x 2BF GN; 1 x 1BF, 1 x 2BF Int	3 x 1BF, 6 x 2BF	1 x 1BF, 3 x 2BF GN; 1 x 1BF, 1 x 2BF Int	1 x 1BF, 3 x 2BF GN; 1 x 1BF, 1 x 2BF Int	1 x 1BF, 2 x 2BF GN; 1 x 1BF, 2 x 2BF Int	2 x 1BF, 5 x 2BF	2 x 1BF, 4 x 2BF GN; 1 x 1BF, 1 x 2BF Int	2 x 1BF, 3 x 2BF GN; 1 x 1BF, 2 x 2BF Int	1 x 1BF, 3 x 2BF GN; 2 x 1BF, 2 x 2BF Int	£7,500	9	£60,000
15 Houses	0.30	50	7 x 2BH; 8 x 3BH	6 x 2BH, 6 x 3BH	2 x 3BH GN; 1 x 2BH Int	2 x 3BH GN; 1 x 2BH Int	2 x 3BH GN; 1 x 2BH Int	5 x 2BH, 5 x 3BH	1 x 2BH, 3 x 3BH GN; 1 x 2BH Int	3 x 3BH GN; 2 x 2BH Int	3 x 3BH GN; 2 x 2BH Int	4 x 2BH, 5 x 3BH	1 x 2BH, 3 x 3BH GN; 2 x 2BH Int	1 x 2BH, 3 x 3BH GN; 2 x 2BH Int	3 x 3BH GN; 3 x 2BH Int	3 x 2BH, 4 x 3BH	2 x 2BH, 4 x 3BH GN; 2 x 2BH Int	1 x 2BH, 4 x 3BH GN; 3 x 2BH Int	4 x 3BH GN; 4 x 2BH Int	£7,500	9	£60,000
25 Mixed	0.33	75	5 x 1BF; 5 x 2BF; 2 x 2BH 10 x 3BH; 3 x 4BH					3 x 1BF; 3 x 2BF; 2 x 2BH 7 x 3BH; 2 x 4BH	2 x 2BF, 3 x 3BH, 1 x 4BH GN; 2 x 1BF Int	1 x 2BF, 3 x 3BH, 1 x 4BH GN; 2 x 1BF, 1 x 2BF Int	3 x 3BH, 1 x 4BH GN; 2 x 1BF, 2 x 2BF Int	3 x 1BF; 3 x 2BF; 1 x 2BH 6 x 3BH; 2 x 4BH	1 x 1BF, 1 x 2BF, 4 x 3BH, 1 x 4BH GN; 1 x 1BF, 1 x 2BF, 1 x 2BH Int	1 x 2BF, 4 x 3BH, 1 x 4BH GN; 2 x 1BF, 1 x 2BF, 1 x 2BH Int	4 x 3BH, 1 x 4BH GN; 2 x 1BF, 2 x 2BF, 1 x 2BH Int	2 x 1BF; 2 x 2BF; 1 x 2BH 5 x 3BH; 2 x 4BH	1 x 1BF, 2 x 2BF, 5 x 3BH, 1 x 4BH GN; 2 x 1BF, 1 x 2BF, 1 x 2BH Int	1 x 1BF, 1 x 2BF, 5 x 3BH, 1 x 4BH GN; 2 x 1BF, 2 x 2BF, 1 x 2BH Int	1 x 2BF, 5 x 3BH, 1 x 4BH GN; 3 x 1BF, 2 x 2BF, 1 x 2BH Int	£12,500	12	£100,000
25 Flats	0.25	100	8 x 1BF; 14 x 2BF; 3 x 3BF					5 x 1BF; 9 x 2BF; 3 x 3BF	2 x 1BF, 4 x 2BF GN; 1 x 1BF, 1 x 2BF Int	1 x 1BF, 4 x 2BF GN; 2 x 1BF, 1 x 2BF Int	1 x 1BF, 3 x 2BF GN; 2 x 1BF, 2 x 2BF Int	5 x 1BF; 7 x 2BF; 3 x 3BF	2 x 1BF, 5 x 2BF GN; 1 x 1BF, 2 x 2BF Int	2 x 1BF, 4 x 2BF GN; 1 x 1BF, 3 x 2BF Int	1 x 1BF, 4 x 2BF GN; 2 x 1BF, 3 x 2BF Int	4 x 1BF; 5 x 2BF; 3 x 3BF	3 x 1BF, 6 x 2BF GN; 1 x 1BF, 3 x 2BF Int	3 x 1BF, 5 x 2BF GN; 1 x 1BF, 4 x 2BF Int	2 x 1BF, 5 x 2BF GN; 2 x 1BF, 4 x 2BF Int	£12,500	12	£100,000
50 Houses	1.00	50	25 x 2BH; 20 x 3BH; 5 x 4BH					17 x 2BH; 14 x 3BH; 3 x 4BH	3 x 2BH, 6 x 3BH, 2 x 4BH GN; 5 x 2BH Int	1 x 2BH, 6 x 3BH, 2 x 4BH GN; 7 x 2BH Int	6 x 3BH, 2 x 4BH GN; 8 x 2BH Int	15 x 2BH; 12 x 3BH; 3 x 4BH	4 x 2BH, 8 x 3BH, 2 x 4BH GN; 6 x 2BH Int	2 x 2BH, 8 x 3BH, 2 x 4BH GN; 8 x 2BH Int	8 x 3BH, 2 x 4BH GN; 10 x 2BH Int	12 x 2BH; 10 x 3BH; 3 x 4BH	6 x 2BH, 10 x 3BH, 2 x 4BH GN; 7 x 2BH Int	3 x 2BH, 10 x 3BH, 2 x 4BH GN; 10 x 2BH Int	1 x 2BH, 10 x 3BH, 2 x 4BH GN; 12 x 2BH Int	£25,000	18	£200,000
50 Flats	0.50	100	15 x 1BF; 29 x 2BF; 6 x 3BF					10 x 1BF; 19 x 2BF; 6 x 3BF	4 x 1BF, 7 x 2BF GN; 1 x 1BF, 3 x 2BF Int	3 x 1BF, 6 x 2BF GN; 2 x 1BF, 4 x 2BF Int	3 x 1BF, 5 x 2BF GN; 2 x 1BF, 5 x 2BF Int	10 x 1BF; 14 x 2BF; 6 x 3BF	4 x 1BF, 10 x 2BF GN; 1 x 1BF, 5 x 2BF Int	4 x 1BF, 8 x 2BF GN; 1 x 1BF, 7 x 2BF Int	3 x 1BF, 7 x 2BF GN; 2 x 1BF, 8 x 2BF Int	7 x 1BF; 12 x 2BF; 6 x 3BF	6 x 1BF, 12 x 2BF GN; 2 x 1BF, 5 x 2BF Int	5 x 1BF, 10 x 2BF GN; 3 x 1BF, 7 x 2BF Int	4 x 1BF, 9 x 2BF GN; 4 x 1BF, 8 x 2BF Int	£25,000	18	£200,000
50 Mixed	0.67	75	8 x 1BF; 12 x 2BF; 5 x 2BH; 17 x 3BH; 8 x 4BH					6 x 1BF; 8 x 2BF; 3 x 2BH; 12 x 3BH; 6 x 4BH	1 x 1BF, 2 x 2BF, 1 x 2BH, 5 x 3BH, 2 x 4BH GN; 1 x 1BF, 2 x 2BF, 1 x 2BH Int	1 x 1BF, 1 x 2BF, 5 x 3BH, 2 x 4BH GN; 1 x 1BF, 3 x 2BF, 2 x 2BH Int	1 x 2BF, 5 x 3BH, 2 x 4BH GN; 2 x 1BF, 3 x 2BF, 2 x 2BH Int	5 x 1BF; 7 x 2BF; 3 x 2BH; 10 x 3BH; 5 x 4BH	1 x 1BF, 2 x 2BF, 1 x 2BH, 7 x 3BH, 3 x 4BH GN; 2 x 1BF, 3 x 2BF, 1 x 2BH Int	1 x 1BF, 1 x 2BF, 7 x 3BH, 3 x 4BH GN; 2 x 1BF, 4 x 2BF, 2 x 2BH Int	7 x 3BH, 3 x 4BH GN; 3 x 1BF, 5 x 2BF, 2 x 2BH Int	4 x 1BF; 7 x 2BF; 2 x 2BH; 8 x 3BH; 4 x 4BH	2 x 1BF, 2 x 2BF, 1 x 2BH, 9 x 3BH, 4 x 4BH GN; 2 x 1BF, 3 x 2BF, 2 x 2BH Int	1 x 1BF, 1 x 2BF, 9 x 3BH, 4 x 4BH GN; 3 x 1BF, 4 x 2BF, 3 x 2BH Int	9 x 3BH, 4 x 4BH GN; 4 x 1BF, 5 x 2BF, 3 x 2BH Int	£25,000	18	£200,000
80 Houses	1.60	50	40 x 2BH; 30 x 3BH; 10 x 4BH					28 x 2BH; 21 x 3BH; 7 x 4BH	5 x 2BH, 9 x 3BH, 3 x 4BH GN; 7 x 2BH Int	3 x 2BH, 9 x 3BH, 3 x 4BH GN; 9 x 2BH Int	9 x 3BH, 3 x 4BH GN; 12 x 2BH Int	24 x 2BH; 18 x 3BH; 6 x 4BH	6 x 2BH, 12 x 3BH, 4 x 4BH GN; 10 x 2BH Int	3 x 2BH, 12 x 3BH, 4 x 4BH GN; 13 x 2BH Int	12 x 3BH, 4 x 4BH GN; 16 x 2BH Int	20 x 2BH; 15 x 3BH; 5 x 4BH	8 x 2BH, 15 x 3BH, 5 x 4BH GN; 12 x 2BH Int	4 x 2BH, 15 x 3BH, 5 x 4BH GN; 16 x 2BH Int	15 x 3BH, 5 x 4BH GN; 20 x 2BH Int	£40,000	24	£320,000
80 Mixed	1.07	75	12 x 1BF; 18 x 2BF; 10 x 2BH; 30 x 3BH; 10 x 4BH					8 x 1BF; 13 x 2BF; 7 x 2BH; 21 x 3BH; 7 x 4BH	2 x 1BF, 2 x 2BF, 1 x 2BH, 9 x 3BH, 3 x 4BH GN; 2 x 1BF, 3 x 2BF, 2 x 2BH Int	1 x 1BF, 1 x 2BF, 9 x 3BH, 3 x 4BH GN; 3 x 1BF, 4 x 2BF, 3 x 2BH Int	9 x 3BH, 3 x 4BH GN; 4 x 1BF, 5 x 2BF, 3 x 2BH Int	7 x 1BF; 11 x 2BF; 6 x 2BH; 18 x 3BH; 6 x 4BH	2 x 1BF, 2 x 2BF, 2 x 2BH, 12 x 3BH, 4 x 4BH GN; 3 x 1BF, 5 x 2BF, 2 x 2BH Int	1 x 1BF, 1 x 2BF, 1 x 2BH, 12 x 3BH, 4 x 4BH GN; 4 x 1BF, 6 x 2BF, 3 x 2BH Int	12 x 3BH, 4 x 4BH GN; 5 x 1BF, 7 x 2BF, 4 x 2BH Int	6 x 1BF; 9 x 2BF; 5 x 2BH; 15 x 3BH; 5 x 4BH	3 x 1BF, 3 x 2BF, 2 x 2BH, 15 x 3BH, 5 x 4BH GN; 3 x 1BF, 6 x 2BF, 3 x 2BH Int	2 x 1BF, 2 x 2BF, 15 x 3BH, 5 x 4BH GN; 4 x 1BF, 7 x 2BF, 5 x 2BH Int	15 x 3BH, 5 x 4BH GN; 6 x 1BF, 9 x 2BF, 5 x 2BH Int	£40,000	24	£320,000
80 Flats	0.80	100	30 x 1BF; 40 x 2BF; 10 x 3BF					21 x 1BF; 25 x 2BF; 10 x 3BF	6 x 1BF, 11 x 2BF GN; 3 x 1BF, 4 x 2BF Int	5 x 1BF, 9 x 2BF GN; 4 x 1BF, 6 x 2BF Int	4 x 1BF, 8 x 2BF GN; 5 x 1BF, 7 x 2BF Int	18 x 1BF; 20 x 2BF; 10 x 3BF	8 x 1BF, 14 x 2BF GN; 4 x 1BF, 6 x 2BF Int	7 x 1BF, 12 x 2BF GN; 5 x 1BF, 8 x 2BF Int	6 x 1BF, 10 x 2BF GN; 6 x 1BF, 10 x 2BF Int	15 x 1BF; 15 x 2BF; 10 x 3BF	11 x 1BF, 17 x 2BF GN; 4 x 1BF, 8 x 2BF Int	9 x 1BF, 15 x 2BF GN; 6 x 1BF, 10 x 2BF Int	8 x 1BF, 12 x 2BF GN; 7 x 1BF, 13 x 2BF Int	£40,000	24	£320,000
80 Flats (high density)	0.40	200	30 x 1BF; 50 x 2BF					21 x 1BF; 35 x 2BF	6 x 1BF, 11 x 2BF GN; 3 x 1BF, 4 x 2BF Int	5 x 1BF, 9 x 2BF GN; 4 x 1BF, 6 x 2BF Int	4 x 1BF, 8 x 2BF GN; 5 x 1BF, 7 x 2BF Int	18 x 1BF; 30 x 2BF	8 x 1BF, 14 x 2BF GN; 4 x 1BF, 6 x 2BF Int	7 x 1BF, 12 x 2BF GN; 5 x 1BF, 8 x 2BF Int	6 x 1BF, 10 x 2BF GN; 6 x 1BF, 10 x 2BF Int	15 x 1BF; 25 x 2BF	11 x 1BF, 17 x 2BF GN; 4 x 1BF, 8 x 2BF Int	9 x 1BF, 15 x 2BF GN; 6 x 1BF, 10 x 2BF Int	8 x 1BF, 12 x 2BF GN; 7 x 1BF, 13 x 2BF Int	£40,000	24	£320,000

	Values (Provisional)							
Value Point	1-Bed Flats	2-Bed Flats	3-Bed Flats	2-Bed Houses	3-Bed Houses	4-Bed Houses	£ / sq m	£ / sq ft guides
1	£125,000	£167,500	£225,000	£187,500	£212,500	£250,000	£2,500	232
2	£162,500	£217,750	£292,500	£243,750	£276,250	£325,000	£3,250	302
3	£200,000	£268,000	£360,000	£300,000	£340,000	£400,000	£4,000	372
4	£237,500	£318,250	£427,500	£356,250	£403,750	£475,000	£4,750	441
5	£275,000	£368,500	£495,000	£412,500	£467,500	£550,000	£5,500	511
6	£312,500	£418,750	£562,500	£468,750	£531,250	£625,000	£6,250	581
7	£350,000	£469,000	£630,000	£525,000	£595,000	£700,000	£7,000	650

Homes and Communities Agency HQI Unit Size by Internal Area

1 bedspace 30 to 35 sq m
2 bedspace 45 to 50 sq m
3 bedspace 57 to 67 sq m
4 bedspace 67 to 75 sq m
5 bedspace 1 storey 75 to 85 sq m
5 bedspace 2 storey 82 to 85 sq m
6 bedspace 1 storey 85 to 95 sq m
6 bedspace 2 storey 95 to 100 sq m
6 bedspace 3 storey 100 to 105 sq m

Source: Housing Corporation (now HCA) Housing Quality Indicators Version 4 (for NAHP 08-10)

Sizes (sq m) - Gross Internal Area (GIA)					
1-Bed Flats	2-Bed Flats	3-Bed Flats	2-Bed Houses	3-Bed Houses	4-Bed Houses
50	67	90	75	85	100

Other Assumptions:	Developments are 2-3 storeys unless stated. High density development 6 storeys.
Infrastructure Costs per unit:	Agreed that rather than using the Planning Obligations SPD (within which there are a number of site specific requirements that cannot be reflected in this modelling and affect comparisons), Adams Integra to model on the basis of a range of set costs per unit: at £10,000, £15,000 and £20,000 per dwelling across all scheme types and Value Points
Finance (%):	7.0%
Base Build Costs (Flats):	£1,250 per sq m £1,600 per sq m for higher density development.
Base Build Costs (Houses):	£1,100 per sq m
Build Period Lead In:	6 months
Developer Profit:	17.5% of Gross Development Value - Sample of appraisals at 20% developer's profit on sample of appraisals. Profit on affordable - 6%
Grant Subsidy:	Carry out appraisals without grant and sample with grant. Grant rates for S106 schemes only assumed at £30,000 per person for affordable rent and £15,000 per person for intermediate - analysis of Council's data and review of HCA's NAHP as at July 2009.
Housing Mix:	LB Merton Draft SHMA alludes to a requirement for approximately 50% 3+ bed units and 50% 1 & 2-bed units. Mix above reflects this but also takes into account likely market lead delivery (from LDD pipeline info).
Affordable Unit Mix:	Transferred on a proportional basis (i.e. same proportions as for private mix).
Developer Receipt for Affordable Units (on-site provision):	Currently based on negotiation through developers and RSLs. AI to run calculations using Proval based on normal RSL financial appraisal assumptions (to be checked through liaison with RSL partners).
Code for Sustainable Homes:	Assume all units comply - Level 3 of CfSH. Estimated costs of achieving CfSH based on Cyril Sweet research for CLG. Sample to be carried out assuming higher Code for Sustainable Homes Levels 4.
Lifetime Homes:	Allowance to achieve Lifetime Homes Standards included within above build costs and acknowledged within report as potential variable cost issue (depending on design etc). Between approx. £165 and £545 per unit
Renewables:	Allowance to achieve 20% reduction in CO2 through on-site renewables on schemes at CfSH Level 3 only. Level 4 assumes cost included.
Density:	Densities as set out above. All densities are indicative with Density Matrix in mind.
Rounding:	Assume mathematical rounding of units.
Commuted Sums / Financial Contributions:	AI to model the collection of financial contributions in-lieu of on-site affordable housing on sites of 1 to 4 and then 5, 9, 10 and 14 units to reflect potential collection in-lieu of on-site affordable housing - extension of the sliding scale principle. Commuted sum methodology to be agreed.

BF = Bed Flat; BH = Bed House
GNR = General Needs Rent; Int = Intermediate
DPH = dwellings per hectare (Ha) (indicative density)
GIA - gross internal area (area contained within external walls)

Planning Infrasructure Cost Assumptions - London Borough of Merton

	Private Housing - Cost Per Unit			
LB Merton	1 Bed	2 Bed	3 Bed	4 Bed
Number of Persons	1.3	2	2.6	3.3
Education - Primary	N/A	£3,432	£7,001	£7,276
Education - Secondary	N/A	£5,171	£10,549	£10,963
Open Space	£363	£558	£725	£921
Children's Playspace	See Notes			
Sustainable Transport	£500	£500	£500	£500
Total Planning Contribution	**£862.70**	**£9,661.25**	**£18,776.03**	**£19,659.59**

Notes: Open space contribution assumes open space deficiency.
Children's Play Facilities would be site specific but for purposes of this study assumes playspace provided* and 5 years maintenance required (£12,500 per site for sites 50 or more units).
£2,500 one off contribution for sites of <50 units.
Transport: Very site specific - no allowance for highways improvements, major transport requirements or public transport improvements.
Other costs: including employment, waste and recycling, sustainable communities, urban regeneration, public art and healthcare are site specific and not allowed for here.
Legal Fees: 5% of total

* not specifically included within appraisals
Source: London Borough of Merton Planning Obligations SPD - July 2006

Appendix II

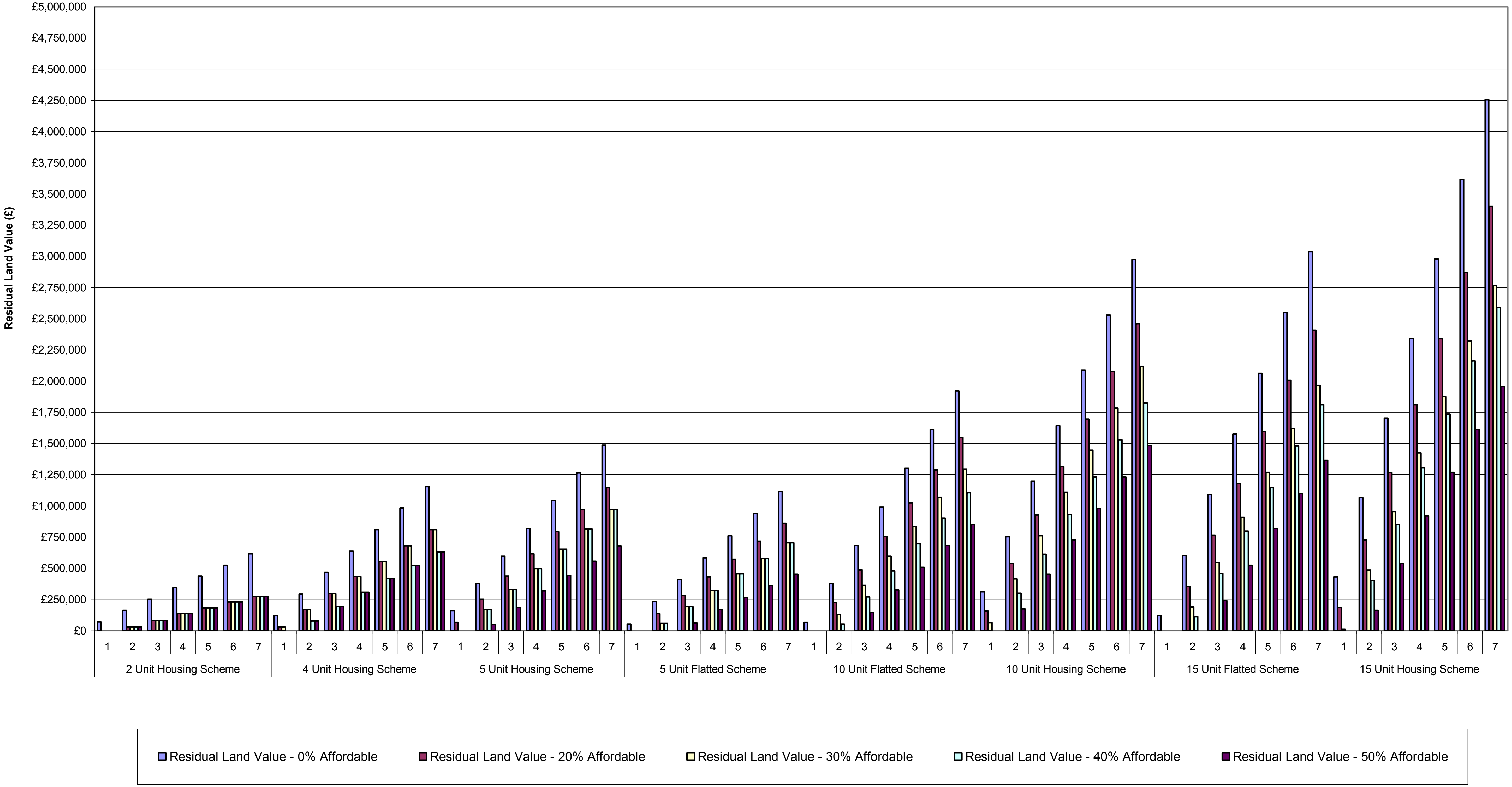
Table 1: Summary of Residual Land Value (£) Appraisals for All Value Points - 70% General Needs Rent/30% Intermediate Tenure Mix Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
2 Unit Housing Scheme	1	£68,842	£0	£0	£0	£0
	2	£164,371	£28,408	£28,408	£28,408	£28,408
	3	£252,103	£83,017	£83,017	£83,017	£83,017
	4	£344,767	£137,627	£137,627	£137,627	£137,627
	5	£437,430	£183,538	£183,538	£183,538	£183,538
	6	£524,629	£230,825	£230,825	£230,825	£230,825
	7	£616,337	£272,493	£272,493	£272,493	£272,493
4 Unit Housing Scheme	1	£124,471	£29,428	£29,428	£0	£0
	2	£295,163	£168,328	£168,328	£78,106	£78,106
	3	£469,588	£298,011	£298,011	£195,983	£195,983
	4	£637,374	£432,745	£432,745	£308,285	£308,285
	5	£810,001	£555,057	£555,057	£417,906	£417,906
	6	£982,629	£681,830	£681,830	£522,090	£522,090
	7	£1,155,256	£808,603	£808,603	£630,581	£630,581
5 Unit Housing Scheme	1	£160,384	£67,138	£0	£0	£0
	2	£380,174	£250,785	£170,026	£170,026	£52,130
	3	£598,542	£436,446	£332,463	£332,463	£188,316
	4	£820,828	£615,693	£494,847	£494,847	£318,456
	5	£1,043,115	£792,993	£654,211	£654,211	£443,444
	6	£1,265,402	£970,294	£813,576	£813,576	£558,543
	7	£1,487,688	£1,147,594	£972,940	£972,940	£678,213
5 Unit Flatted Scheme	1	£53,744	£0	£0	£0	£0
	2	£236,047	£137,129	£58,055	£58,055	£0
	3	£410,425	£282,033	£193,041	£193,041	£62,628
	4	£583,494	£431,050	£321,969	£321,969	£168,502
	5	£760,794	£574,087	£454,797	£454,797	£266,145
	6	£938,094	£718,345	£578,343	£578,343	£362,330
	7	£1,115,394	£860,185	£704,161	£704,161	£453,628
10 Unit Flatted Scheme	1	£66,583	£0	£0	£0	£0
	2	£377,425	£226,498	£127,484	£54,203	£0
	3	£683,147	£487,471	£364,157	£269,593	£145,568
	4	£992,761	£755,309	£598,421	£480,787	£327,273
	5	£1,302,374	£1,023,146	£836,439	£696,372	£509,665
	6	£1,611,988	£1,287,760	£1,068,011	£903,898	£684,149
	7	£1,921,602	£1,549,956	£1,294,747	£1,106,590	£851,380
10 Unit Housing Scheme	1	£311,144	£157,690	£64,444	£0	£0
	2	£752,510	£539,480	£415,710	£301,351	£175,507
	3	£1,197,083	£927,578	£760,982	£614,555	£452,626
	4	£1,641,657	£1,315,675	£1,110,540	£930,866	£725,731
	5	£2,086,230	£1,697,326	£1,447,205	£1,231,866	£981,744
	6	£2,530,803	£2,078,977	£1,783,869	£1,528,836	£1,233,728
	7	£2,975,377	£2,460,628	£2,120,534	£1,825,807	£1,485,712
15 Unit Flatted Scheme	1	£120,327	£0	£0	£0	£0
	2	£602,428	£354,937	£189,419	£112,258	£0
	3	£1,089,341	£766,596	£545,939	£458,735	£240,640
	4	£1,576,255	£1,181,915	£907,393	£799,437	£524,916
	5	£2,063,169	£1,597,233	£1,270,459	£1,146,481	£819,707
	6	£2,550,082	£2,006,105	£1,622,243	£1,482,242	£1,098,380
	7	£3,036,996	£2,410,141	£1,966,775	£1,810,751	£1,367,384
15 Unit Housing Scheme	1	£432,693	£187,855	£14,083	£0	£0
	2	£1,065,984	£724,898	£483,663	£402,841	£164,013
	3	£1,703,735	£1,267,634	£954,612	£851,701	£538,679
	4	£2,341,486	£1,810,370	£1,425,561	£1,304,714	£919,905
	5	£2,979,237	£2,340,212	£1,874,751	£1,735,969	£1,270,509
	6	£3,616,988	£2,870,054	£2,319,913	£2,163,195	£1,613,054
	7	£4,254,739	£3,399,896	£2,765,074	£2,590,420	£1,955,599

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£516,449	[redacted]	£0	£0	£0
	2	£1,494,855	[redacted]	£666,392	£469,806	£194,333
	3	£2,473,260	[redacted]	£1,405,465	£1,151,115	£795,829
	4	£3,451,666	[redacted]	£2,136,635	£1,828,573	£1,394,521
	5	£4,430,071	[redacted]	£2,848,837	£2,482,323	£1,963,181
	6	£5,408,477	[redacted]	£3,554,717	£3,131,330	£2,523,937
	7	£6,386,882	[redacted]	£4,255,855	£3,777,967	£3,079,952
25 Unit Flatted Scheme	1	£243,427	[redacted]	£0	£0	£0
	2	£1,025,610	[redacted]	£430,497	£258,907	£18,149
	3	£1,910,176	[redacted]	£1,070,689	£855,910	£549,347
	4	£2,744,805	[redacted]	£1,713,740	£1,454,003	£1,078,901
	5	£3,579,434	[redacted]	£2,359,951	£2,055,256	£1,613,196
	6	£4,414,063	[redacted]	£2,990,356	£2,637,542	£2,123,781
	7	£5,248,693	[redacted]	£3,611,277	£3,207,974	£2,620,141
50 Unit Housing Scheme	1	£1,240,103	[redacted]	£0	£0	£0
	2	£3,272,045	[redacted]	£1,540,075	£1,112,089	£577,471
	3	£5,303,987	[redacted]	£3,091,151	£2,542,323	£1,855,539
	4	£7,335,928	[redacted]	£4,627,042	£3,957,372	£3,118,422
	5	£9,367,870	[redacted]	£6,119,657	£5,314,719	£4,306,899
	6	£11,399,812	[redacted]	£7,600,883	£6,656,881	£5,472,599
	7	£13,431,753	[redacted]	£9,082,109	£7,999,042	£6,638,300
50 Unit Flatted Scheme	1	£391,036	[redacted]	£0	£0	£0
	2	£1,999,095	[redacted]	£824,680	£411,007	£39,157
	3	£3,611,185	[redacted]	£2,095,980	£1,563,597	£1,083,175
	4	£5,223,276	[redacted]	£3,364,244	£2,717,387	£2,124,204
	5	£6,835,366	[redacted]	£4,638,581	£3,877,252	£3,174,343
	6	£8,447,456	[redacted]	£5,885,586	£5,000,672	£4,178,929
	7	£10,059,546	[redacted]	£7,116,647	£6,101,316	£5,156,181
50 Unit Mixed Scheme	1	£927,526	[redacted]	£0	£0	£0
	2	£2,834,310	[redacted]	£1,310,548	£800,414	£271,634
	3	£4,741,094	[redacted]	£2,783,478	£2,132,091	£1,446,825
	4	£6,647,878	[redacted]	£4,240,463	£3,440,231	£2,592,929
	5	£8,554,662	[redacted]	£5,666,319	£4,705,094	£3,685,127
	6	£10,461,446	[redacted]	£7,080,787	£5,958,569	£4,764,418
	7	£12,368,230	[redacted]	£8,490,700	£7,207,489	£5,839,154
80 Unit Housing Scheme	1	£1,783,292	[redacted]	£0	£0	£0
	2	£4,915,659	[redacted]	£2,411,310	£1,593,518	£750,239
	3	£8,048,026	[redacted]	£4,844,988	£3,803,523	£2,722,736
	4	£11,180,393	[redacted]	£7,256,821	£5,984,401	£4,658,825
	5	£14,312,761	[redacted]	£9,605,305	£8,082,269	£6,490,059
	6	£17,445,128	[redacted]	£11,935,584	£10,158,293	£8,292,167
	7	£20,577,495	[redacted]	£14,265,863	£12,234,317	£10,094,274
80 Unit Mixed Scheme	1	£1,301,847	[redacted]	£0	£0	£0
	2	£4,221,883	[redacted]	£1,899,481	£1,123,662	£345,228
	3	£7,141,918	[redacted]	£4,161,099	£3,170,467	£2,164,834
	4	£10,061,954	[redacted]	£6,399,416	£5,186,689	£3,949,408
	5	£12,981,990	[redacted]	£8,586,034	£7,131,551	£5,646,602
	6	£15,902,026	[redacted]	£10,760,272	£9,060,394	£7,323,408
	7	£18,822,061	[redacted]	£12,930,142	£10,984,867	£8,993,660
80 Unit Flatted Scheme	1	£448,785	[redacted]	£0	£0	£0
	2	£2,873,536	[redacted]	£1,097,604	£518,481	£0
	3	£5,302,914	[redacted]	£3,014,284	£2,272,572	£1,508,288
	4	£7,732,292	[redacted]	£4,926,595	£4,020,838	£3,081,586
	5	£10,161,670	[redacted]	£6,847,643	£5,780,754	£4,670,904
	6	£12,591,048	[redacted]	£8,727,915	£7,488,243	£6,194,687
	7	£15,020,426	[redacted]	£10,584,157	£9,165,149	£7,681,334
80 Unit Flatted Scheme (High Density)	1	£0	[redacted]	£0	£0	£0
	2	£948,965	[redacted]	£0	£0	£0
	3	£3,268,351	[redacted]	£979,721	£245,447	£0
	4	£5,587,738	[redacted]	£2,782,040	£1,876,283	£937,031
	5	£7,907,124	[redacted]	£4,593,097	£3,526,208	£2,416,358
	6	£10,226,511	[redacted]	£6,363,377	£5,123,705	£3,830,150
	7	£12,545,897	[redacted]	£8,109,628	£6,690,620	£5,206,805

Source: Adams Integra, September 2009

Graph 1i: Summary of Residual Land Values at 0%, 20%, 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £10,000



Graph 1ii: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £10,000

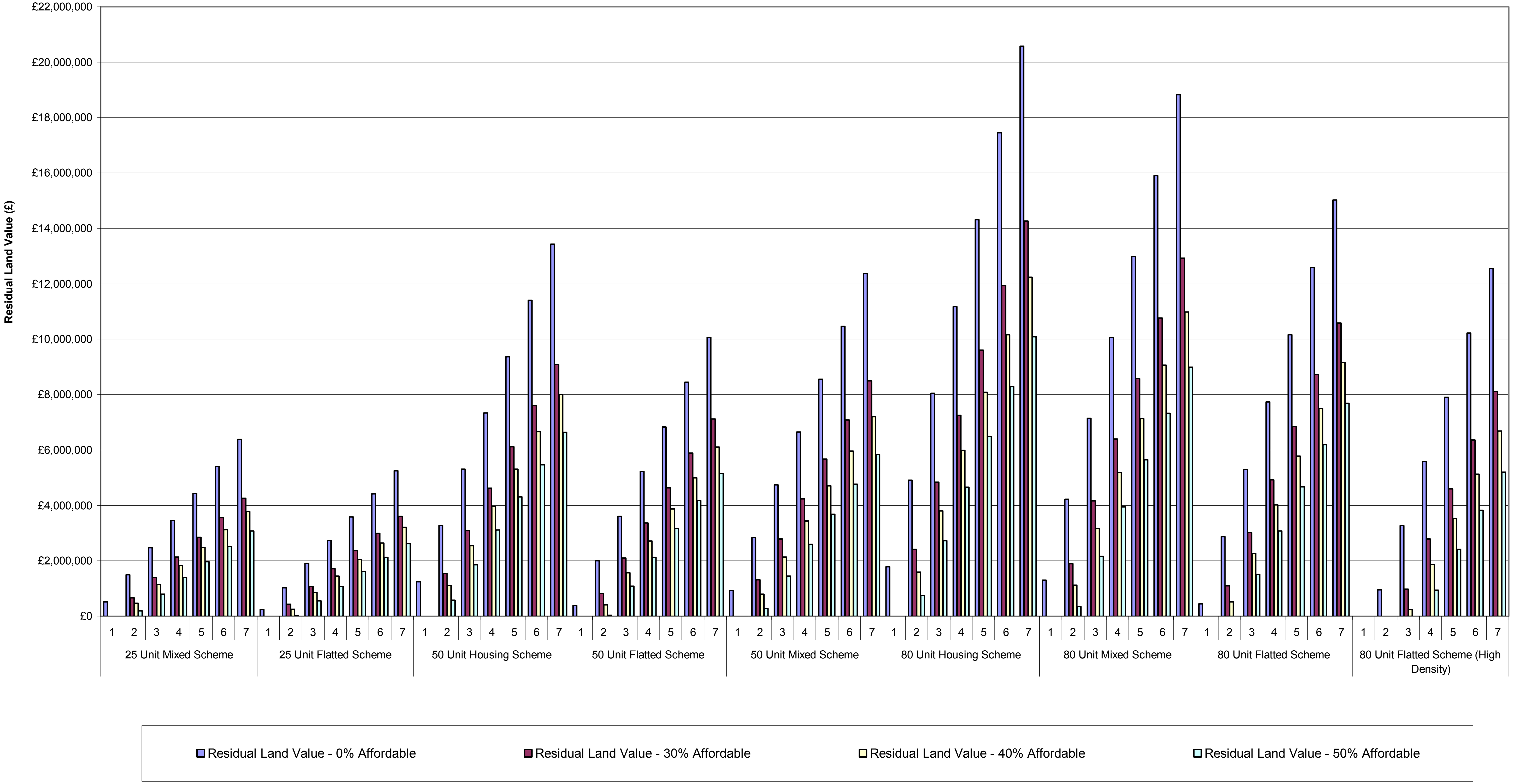


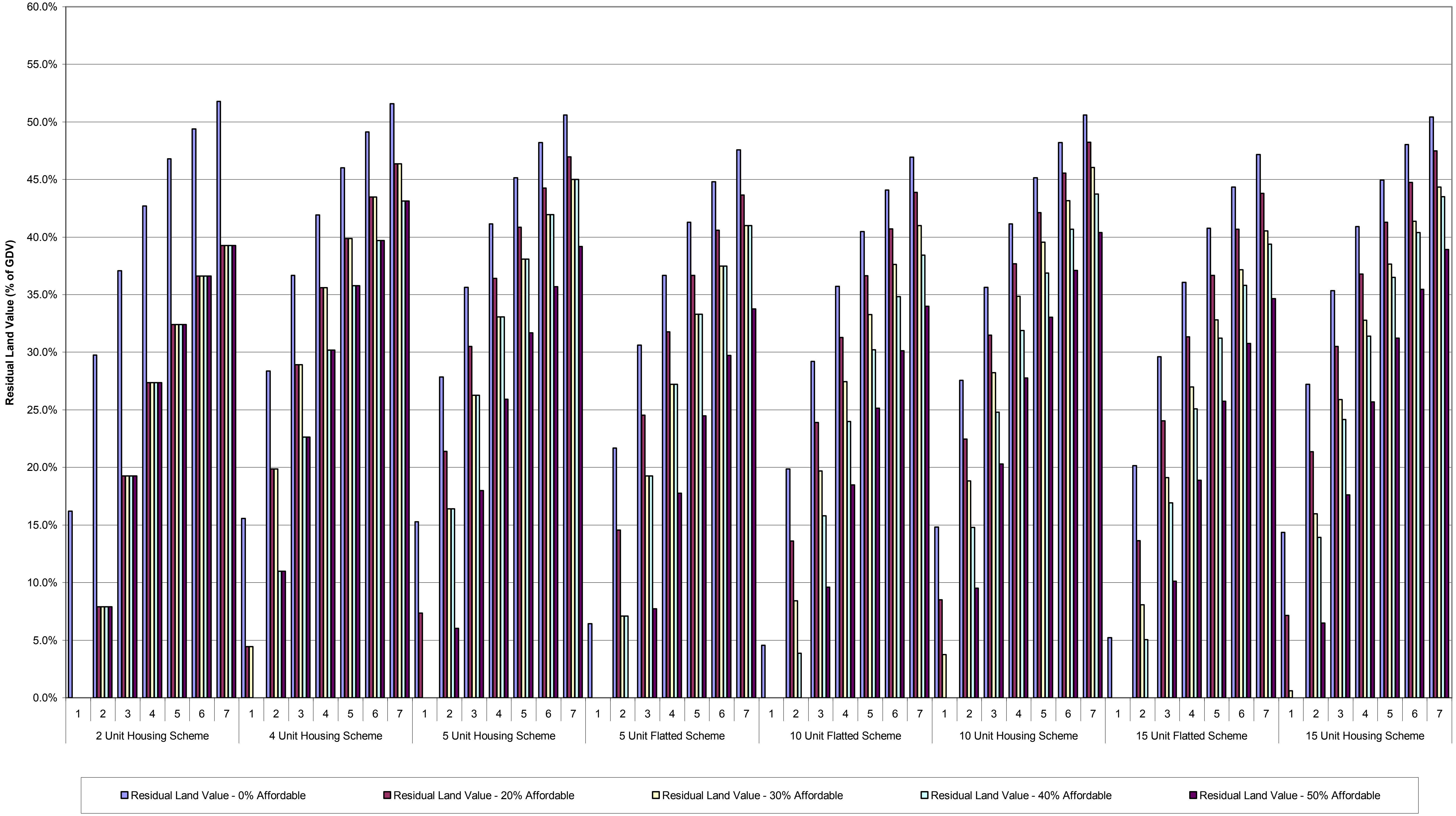
Table 1a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
2 Unit Housing Scheme	1	16.2%	0.0%	0.0%	0.0%	0.0%
	2	29.8%	7.9%	7.9%	7.9%	7.9%
	3	37.1%	19.3%	19.3%	19.3%	19.3%
	4	42.7%	27.4%	27.4%	27.4%	27.4%
	5	46.8%	32.4%	32.4%	32.4%	32.4%
	6	49.4%	36.6%	36.6%	36.6%	36.6%
	7	51.8%	39.3%	39.3%	39.3%	39.3%
4 Unit Housing Scheme	1	15.6%	4.4%	4.4%	0.0%	0.0%
	2	28.4%	19.9%	19.9%	11.0%	11.0%
	3	36.7%	28.9%	28.9%	22.6%	22.6%
	4	41.9%	35.6%	35.6%	30.2%	30.2%
	5	46.0%	39.9%	39.9%	35.8%	35.8%
	6	49.1%	43.5%	43.5%	39.7%	39.7%
	7	51.6%	46.4%	46.4%	43.1%	43.1%
5 Unit Housing Scheme	1	15.3%	7.4%	0.0%	0.0%	0.0%
	2	27.9%	21.4%	16.4%	16.4%	6.0%
	3	35.6%	30.5%	26.3%	26.3%	18.0%
	4	41.1%	36.4%	33.1%	33.1%	25.9%
	5	45.2%	40.8%	38.1%	38.1%	31.7%
	6	48.2%	44.3%	41.9%	41.9%	35.7%
	7	50.6%	47.0%	45.0%	45.0%	39.2%
5 Unit Flatted Scheme	1	6.4%	0.0%	0.0%	0.0%	0.0%
	2	21.7%	14.6%	7.1%	7.1%	0.0%
	3	30.6%	24.5%	19.3%	19.3%	7.7%
	4	36.7%	31.8%	27.2%	27.2%	17.8%
	5	41.3%	36.7%	33.3%	33.3%	24.5%
	6	44.8%	40.6%	37.5%	37.5%	29.7%
	7	47.6%	43.7%	41.0%	41.0%	33.8%
10 Unit Flatted Scheme	1	4.6%	0.0%	0.0%	0.0%	0.0%
	2	19.9%	13.6%	8.4%	3.9%	0.0%
	3	29.2%	23.9%	19.7%	15.8%	9.6%
	4	35.7%	31.3%	27.4%	24.0%	18.5%
	5	40.5%	36.7%	33.3%	30.2%	25.1%
	6	44.1%	40.7%	37.6%	34.8%	30.1%
	7	46.9%	43.9%	41.0%	38.4%	34.0%
10 Unit Housing Scheme	1	14.8%	8.5%	3.8%	0.0%	0.0%
	2	27.6%	22.5%	18.8%	14.8%	9.5%
	3	35.6%	31.5%	28.2%	24.8%	20.3%
	4	41.1%	37.7%	34.9%	31.9%	27.8%
	5	45.2%	42.1%	39.5%	36.9%	33.0%
	6	48.2%	45.5%	43.2%	40.7%	37.1%
	7	50.6%	48.2%	46.0%	43.7%	40.4%
15 Unit Flatted Scheme	1	5.2%	0.0%	0.0%	0.0%	0.0%
	2	20.1%	13.6%	8.1%	5.0%	0.0%
	3	29.6%	24.0%	19.1%	16.9%	10.1%
	4	36.1%	31.3%	27.0%	25.1%	18.9%
	5	40.8%	36.7%	32.8%	31.2%	25.7%
	6	44.3%	40.7%	37.2%	35.8%	30.8%
	7	47.2%	43.8%	40.6%	39.4%	34.7%
15 Unit Housing Scheme	1	14.4%	7.1%	0.6%	0.0%	0.0%
	2	27.2%	21.4%	16.0%	13.9%	6.5%
	3	35.3%	30.5%	25.9%	24.2%	17.6%
	4	40.9%	36.8%	32.8%	31.4%	25.7%
	5	45.0%	41.3%	37.6%	36.5%	31.2%
	6	48.0%	44.7%	41.4%	40.4%	35.5%
	7	50.4%	47.5%	44.4%	43.5%	38.9%

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	11.0%	[redacted]	0.0%	0.0%	0.0%
	2	24.4%	[redacted]	13.8%	10.4%	4.8%
	3	32.8%	[redacted]	23.8%	20.9%	16.1%
	4	38.5%	[redacted]	30.8%	28.3%	24.1%
	5	42.7%	[redacted]	35.8%	33.6%	29.8%
	6	45.9%	[redacted]	39.6%	37.6%	34.1%
	7	48.4%	[redacted]	42.6%	40.9%	37.6%
25 Unit Flatted Scheme	1	6.1%	[redacted]	0.0%	0.0%	0.0%
	2	20.2%	[redacted]	10.2%	6.6%	0.5%
	3	29.7%	[redacted]	20.9%	17.9%	12.7%
	4	35.9%	[redacted]	28.3%	25.8%	21.3%
	5	40.5%	[redacted]	33.9%	31.7%	27.8%
	6	43.9%	[redacted]	38.0%	36.0%	32.5%
	7	46.6%	[redacted]	41.2%	39.4%	36.2%
50 Unit Housing Scheme	1	12.2%	[redacted]	0.0%	0.0%	0.0%
	2	24.7%	[redacted]	14.8%	11.4%	6.5%
	3	32.5%	[redacted]	24.3%	21.5%	17.3%
	4	37.9%	[redacted]	30.8%	28.4%	24.7%
	5	41.8%	[redacted]	35.5%	33.3%	30.0%
	6	44.8%	[redacted]	39.1%	37.1%	34.0%
	7	47.1%	[redacted]	41.9%	40.1%	37.3%
50 Unit Flatted Scheme	1	4.8%	[redacted]	0.0%	0.0%	0.0%
	2	19.0%	[redacted]	9.6%	5.2%	0.5%
	3	27.9%	[redacted]	20.0%	16.3%	12.3%
	4	34.0%	[redacted]	27.2%	24.0%	20.5%
	5	38.4%	[redacted]	32.5%	29.8%	26.7%
	6	41.8%	[redacted]	36.5%	34.0%	31.2%
	7	44.5%	[redacted]	39.6%	37.4%	34.8%
50 Unit Mixed Scheme	1	9.7%	[redacted]	0.0%	0.0%	0.0%
	2	22.8%	[redacted]	13.2%	8.8%	3.3%
	3	31.0%	[redacted]	22.9%	19.2%	14.5%
	4	36.6%	[redacted]	29.6%	26.4%	22.2%
	5	40.7%	[redacted]	34.5%	31.5%	27.7%
	6	43.8%	[redacted]	38.2%	35.5%	32.0%
	7	46.2%	[redacted]	41.1%	38.7%	35.4%
80 Unit Housing Scheme	1	10.9%	[redacted]	0.0%	0.0%	0.0%
	2	23.1%	[redacted]	14.1%	10.2%	5.3%
	3	30.7%	[redacted]	23.3%	19.9%	15.8%
	4	35.9%	[redacted]	29.5%	26.7%	23.0%
	5	39.7%	[redacted]	34.0%	31.5%	28.2%
	6	42.6%	[redacted]	37.5%	35.2%	32.1%
	7	44.9%	[redacted]	40.2%	38.1%	35.3%
80 Unit Mixed Scheme	1	8.5%	[redacted]	0.0%	0.0%	0.0%
	2	21.3%	[redacted]	11.9%	7.7%	2.6%
	3	29.2%	[redacted]	21.4%	17.9%	13.5%
	4	34.7%	[redacted]	28.0%	24.9%	21.0%
	5	38.7%	[redacted]	32.6%	29.9%	26.4%
	6	41.7%	[redacted]	36.3%	33.7%	30.5%
	7	44.0%	[redacted]	39.1%	36.8%	33.8%
80 Unit Flatted Scheme	1	3.5%	[redacted]	0.0%	0.0%	0.0%
	2	17.4%	[redacted]	8.1%	4.2%	0.0%
	3	26.1%	[redacted]	18.3%	15.0%	10.8%
	4	32.0%	[redacted]	25.4%	22.5%	18.9%
	5	36.4%	[redacted]	30.6%	28.1%	24.9%
	6	39.7%	[redacted]	34.5%	32.2%	29.4%
	7	42.2%	[redacted]	37.5%	35.5%	32.9%
80 Unit Flatted Scheme (High Density)	1	0.0%	[redacted]	0.0%	0.0%	0.0%
	2	6.0%	[redacted]	0.0%	0.0%	0.0%
	3	16.8%	[redacted]	6.3%	1.7%	0.0%
	4	24.3%	[redacted]	15.2%	11.2%	6.2%
	5	29.6%	[redacted]	21.7%	18.2%	13.8%
	6	33.7%	[redacted]	26.7%	23.5%	19.5%
	7	37.0%	[redacted]	30.5%	27.6%	23.9%

Source: Adams Integra, September 2009

Graph 1a-i: Summary of Residual Land Values (as % of GDV) at 0%, 20%, 30%, 40 & 50% Affordable Housing Across all Value Points 70% General Needs Rent/30% Intermediate Tenure Mix Planning Infrastructure Level £10,000



Graph 1a-ii: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing Across all Value Points 70% General Needs Rent/30% Intermediate Tenure Mix Planning Infrastructure Level £10,000

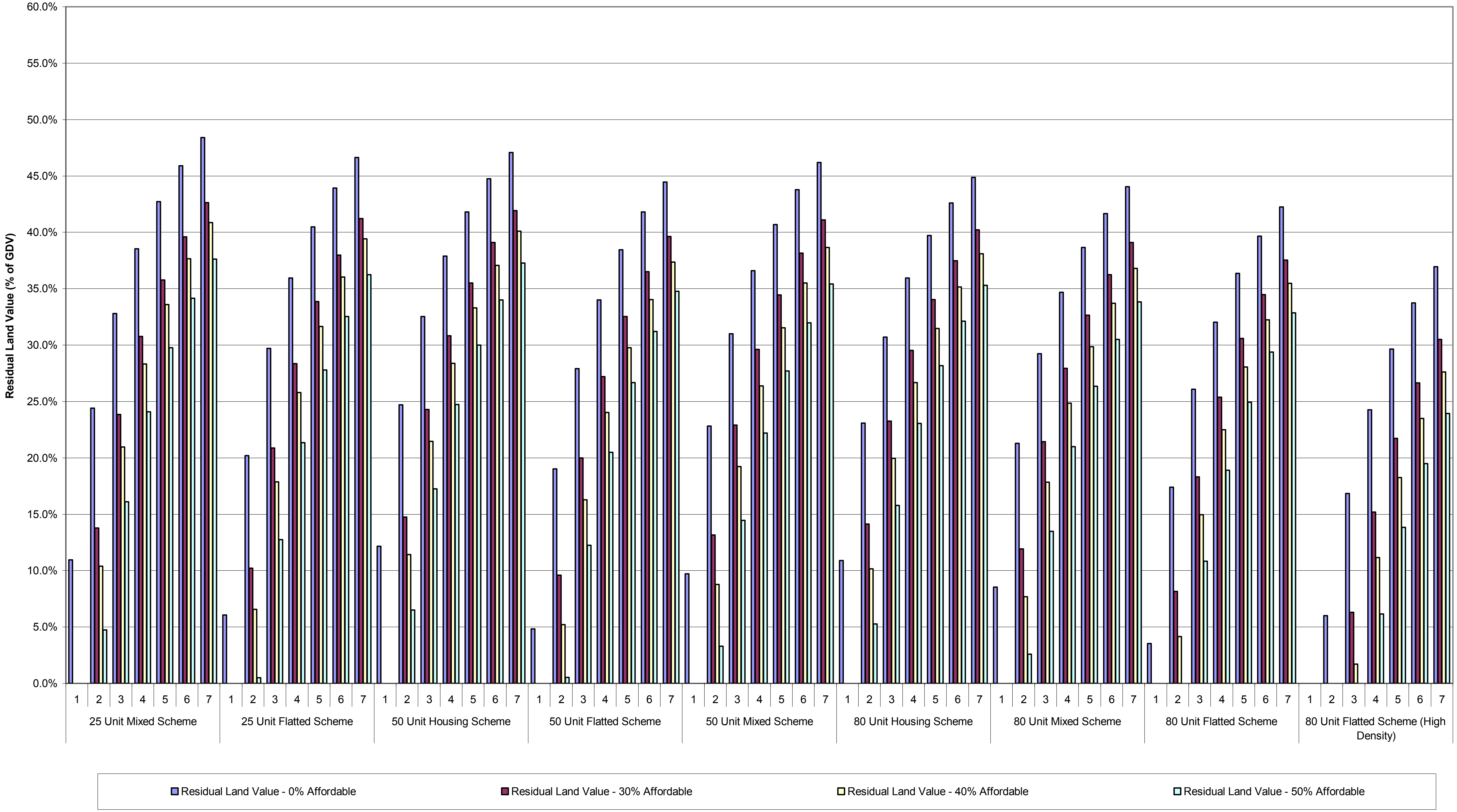


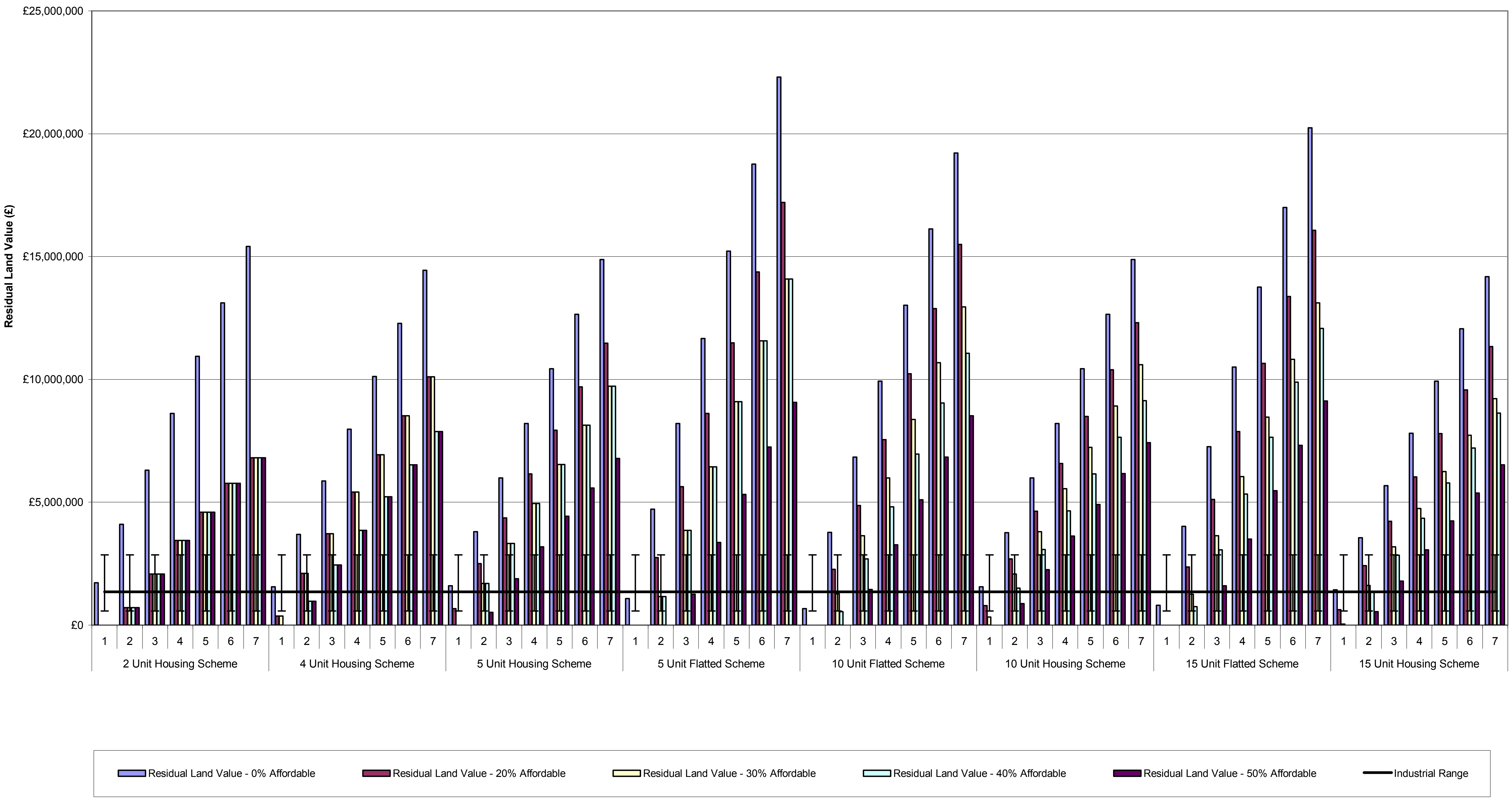
Table 1b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
2 Unit Housing Scheme	1	0.04	£1,721,041	£0	£0	£0	£0
	2	0.04	£4,109,276	£710,190	£710,190	£710,190	£710,190
	3	0.04	£6,302,585	£2,075,432	£2,075,432	£2,075,432	£2,075,432
	4	0.04	£8,619,172	£3,440,674	£3,440,674	£3,440,674	£3,440,674
	5	0.04	£10,935,759	£4,588,443	£4,588,443	£4,588,443	£4,588,443
	6	0.04	£13,115,724	£5,770,619	£5,770,619	£5,770,619	£5,770,619
	7	0.04	£15,408,429	£6,812,335	£6,812,335	£6,812,335	£6,812,335
4 Unit Housing Scheme	1	0.08	£1,555,892	£367,845	£367,845	£0	£0
	2	0.08	£3,689,533	£2,104,099	£2,104,099	£976,322	£976,322
	3	0.08	£5,869,850	£3,725,142	£3,725,142	£2,449,787	£2,449,787
	4	0.08	£7,967,176	£5,409,309	£5,409,309	£3,853,561	£3,853,561
	5	0.08	£10,125,016	£6,938,206	£6,938,206	£5,223,830	£5,223,830
	6	0.08	£12,282,856	£8,522,870	£8,522,870	£6,526,119	£6,526,119
	7	0.08	£14,440,696	£10,107,534	£10,107,534	£7,882,261	£7,882,261
5 Unit Housing Scheme	1	0.10	£1,603,836	£671,380	£0	£0	£0
	2	0.10	£3,801,743	£2,507,849	£1,700,258	£1,700,258	£521,302
	3	0.10	£5,985,417	£4,364,459	£3,324,634	£3,324,634	£1,883,155
	4	0.10	£8,208,283	£6,156,934	£4,948,471	£4,948,471	£3,184,560
	5	0.10	£10,431,150	£7,929,935	£6,542,113	£6,542,113	£4,434,441
	6	0.10	£12,654,017	£9,702,936	£8,135,756	£8,135,756	£5,585,427
	7	0.10	£14,876,884	£11,475,937	£9,729,399	£9,729,399	£6,782,129
5 Unit Flatted Scheme	1	0.05	£1,074,870	£0	£0	£0	£0
	2	0.05	£4,720,936	£2,742,583	£1,161,110	£1,161,110	£0
	3	0.05	£8,208,503	£5,640,652	£3,860,829	£3,860,829	£1,252,559
	4	0.05	£11,669,881	£8,620,999	£6,439,387	£6,439,387	£3,370,046
	5	0.05	£15,215,882	£11,481,745	£9,095,943	£9,095,943	£5,322,908
	6	0.05	£18,761,884	£14,366,898	£11,566,870	£11,566,870	£7,246,591
	7	0.05	£22,307,886	£17,203,699	£14,083,218	£14,083,218	£9,072,563
10 Unit Flatted Scheme	1	0.10	£665,834	[redacted]	£0	£0	£0
	2	0.10	£3,774,247	[redacted]	£1,274,835	£542,029	£0
	3	0.10	£6,831,473	[redacted]	£3,641,567	£2,695,932	£1,455,677
	4	0.10	£9,927,609	[redacted]	£5,984,209	£4,807,871	£3,272,732
	5	0.10	£13,023,745	[redacted]	£8,364,393	£6,963,721	£5,096,652
	6	0.10	£16,119,881	[redacted]	£10,680,108	£9,038,985	£6,841,492
	7	0.10	£19,216,016	[redacted]	£12,947,471	£11,065,897	£8,513,804
10 Unit Housing Scheme	1	0.20	£1,555,721	[redacted]	£322,220	£0	£0
	2	0.20	£3,762,550	[redacted]	£2,078,550	£1,506,756	£877,537
	3	0.20	£5,985,417	[redacted]	£3,804,912	£3,072,777	£2,263,132
	4	0.20	£8,208,283	[redacted]	£5,552,702	£4,654,332	£3,628,657
	5	0.20	£10,431,150	[redacted]	£7,236,024	£6,159,330	£4,908,722
	6	0.20	£12,654,017	[redacted]	£8,919,346	£7,644,181	£6,168,641
	7	0.20	£14,876,884	[redacted]	£10,602,668	£9,129,033	£7,428,559
15 Unit Flatted Scheme	1	0.15	£802,180	[redacted]	£0	£0	£0
	2	0.15	£4,016,184	[redacted]	£1,262,791	£748,389	£0
	3	0.15	£7,262,275	[redacted]	£3,639,593	£3,058,232	£1,604,268
	4	0.15	£10,508,366	[redacted]	£6,049,289	£5,329,582	£3,499,437
	5	0.15	£13,754,457	[redacted]	£8,469,729	£7,643,204	£5,464,710
	6	0.15	£17,000,548	[redacted]	£10,814,956	£9,881,613	£7,322,536
	7	0.15	£20,246,640	[redacted]	£13,111,831	£12,071,671	£9,115,892
15 Unit Housing Scheme	1	0.30	£1,442,311	[redacted]	£46,943	£0	£0
	2	0.30	£3,553,279	[redacted]	£1,612,209	£1,342,803	£546,711
	3	0.30	£5,679,116	[redacted]	£3,182,039	£2,839,004	£1,795,596
	4	0.30	£7,804,952	[redacted]	£4,751,868	£4,349,047	£3,066,350
	5	0.30	£9,930,789	[redacted]	£6,249,171	£5,786,564	£4,235,029
	6	0.30	£12,056,626	[redacted]	£7,733,042	£7,210,649	£5,376,845
	7	0.30	£14,182,463	[redacted]	£9,216,914	£8,634,734	£6,518,662

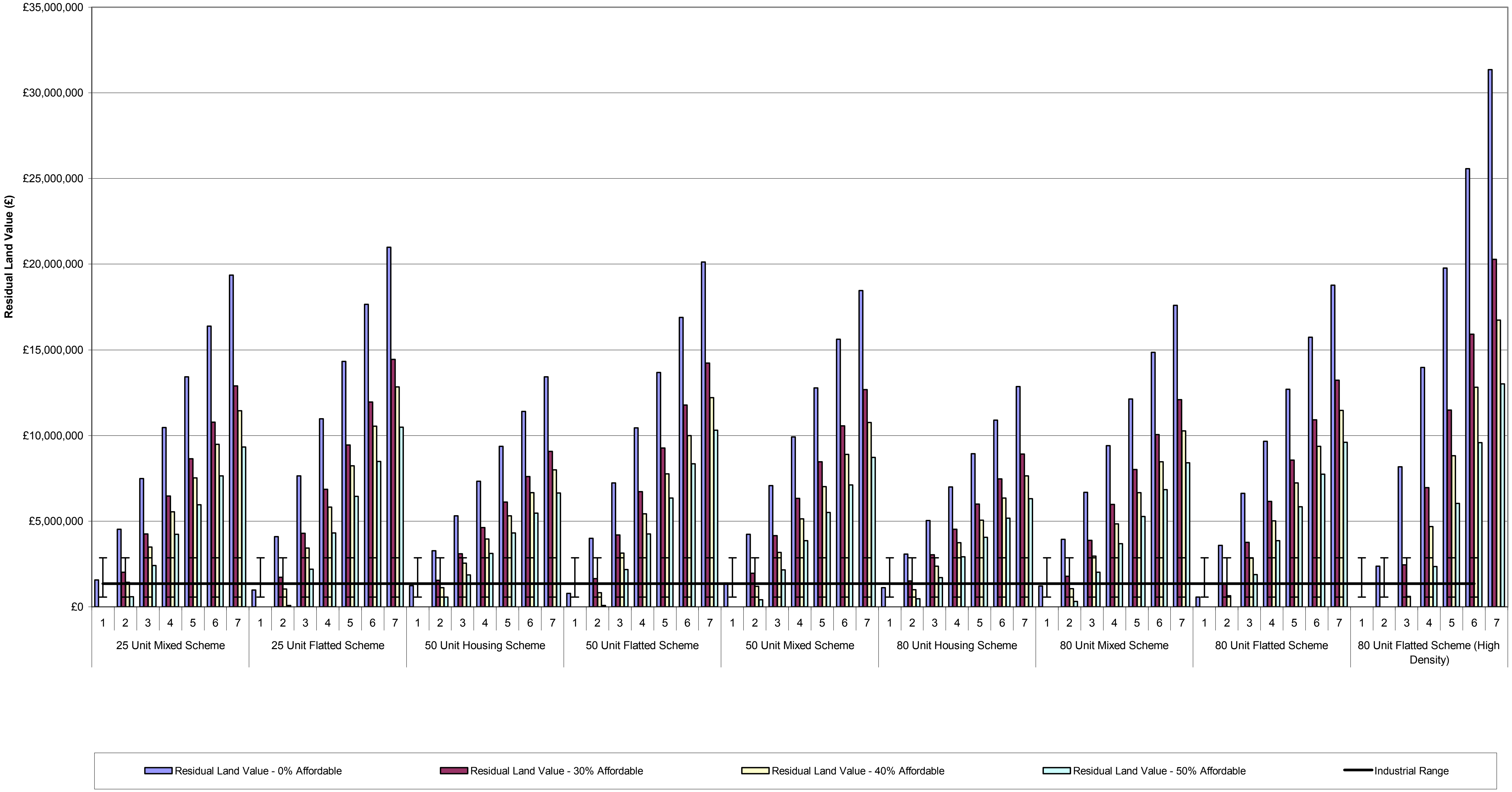
Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£1,564,998	[redacted]	£0	£0	£0
	2	0.33	£4,529,863	[redacted]	£2,019,370	£1,423,653	£588,888
	3	0.33	£7,494,728	[redacted]	£4,258,985	£3,488,226	£2,411,604
	4	0.33	£10,459,593	[redacted]	£6,474,652	£5,541,132	£4,225,822
	5	0.33	£13,424,458	[redacted]	£8,632,840	£7,522,190	£5,949,033
	6	0.33	£16,389,323	[redacted]	£10,771,870	£9,488,879	£7,648,295
	7	0.33	£19,354,188	[redacted]	£12,896,529	£11,448,383	£9,333,187
25 Unit Flatted Scheme	1	0.25	£973,708	[redacted]	£0	£0	£0
	2	0.25	£4,102,439	[redacted]	£1,721,988	£1,035,626	£72,597
	3	0.25	£7,640,704	[redacted]	£4,282,758	£3,423,642	£2,197,390
	4	0.25	£10,979,220	[redacted]	£6,854,958	£5,816,011	£4,315,603
	5	0.25	£14,317,737	[redacted]	£9,439,804	£8,221,026	£6,452,784
	6	0.25	£17,656,254	[redacted]	£11,961,423	£10,550,170	£8,495,126
	7	0.25	£20,994,771	[redacted]	£14,445,108	£12,831,895	£10,480,565
50 Unit Housing Scheme	1	1.00	£1,240,103	[redacted]	£0	£0	£0
	2	1.00	£3,272,045	[redacted]	£1,540,075	£1,112,089	£577,471
	3	1.00	£5,303,987	[redacted]	£3,091,151	£2,542,323	£1,855,539
	4	1.00	£7,335,928	[redacted]	£4,627,042	£3,957,372	£3,118,422
	5	1.00	£9,367,870	[redacted]	£6,119,657	£5,314,719	£4,306,899
	6	1.00	£11,399,812	[redacted]	£7,600,883	£6,656,881	£5,472,599
	7	1.00	£13,431,753	[redacted]	£9,082,109	£7,999,042	£6,638,300
50 Unit Flatted Scheme	1	0.50	£782,072	[redacted]	£0	£0	£0
	2	0.50	£3,998,190	[redacted]	£1,649,359	£822,014	£78,313
	3	0.50	£7,222,371	[redacted]	£4,191,961	£3,127,194	£2,166,349
	4	0.50	£10,446,551	[redacted]	£6,728,488	£5,434,775	£4,248,407
	5	0.50	£13,670,731	[redacted]	£9,277,163	£7,754,503	£6,348,686
	6	0.50	£16,894,912	[redacted]	£11,771,173	£10,001,345	£8,357,857
	7	0.50	£20,119,092	[redacted]	£14,233,295	£12,202,632	£10,312,363
50 Unit Mixed Scheme	1	0.67	£1,384,367	[redacted]	£0	£0	£0
	2	0.67	£4,230,313	[redacted]	£1,956,042	£1,194,648	£405,423
	3	0.67	£7,076,259	[redacted]	£4,154,444	£3,182,225	£2,159,441
	4	0.67	£9,922,206	[redacted]	£6,329,049	£5,134,673	£3,870,044
	5	0.67	£12,768,152	[redacted]	£8,457,193	£7,022,529	£5,500,190
	6	0.67	£15,614,099	[redacted]	£10,568,339	£8,893,387	£7,111,072
	7	0.67	£18,460,045	[redacted]	£12,672,686	£10,757,446	£8,715,155
80 Unit Housing Scheme	1	1.60	£1,114,557	[redacted]	£0	£0	£0
	2	1.60	£3,072,287	[redacted]	£1,507,069	£995,949	£468,900
	3	1.60	£5,030,016	[redacted]	£3,028,118	£2,377,202	£1,701,710
	4	1.60	£6,987,746	[redacted]	£4,535,513	£3,740,251	£2,911,766
	5	1.60	£8,945,475	[redacted]	£6,003,315	£5,051,418	£4,056,287
	6	1.60	£10,903,205	[redacted]	£7,459,740	£6,348,933	£5,182,604
	7	1.60	£12,860,934	[redacted]	£8,916,165	£7,646,448	£6,308,921
80 Unit Mixed Scheme	1	1.07	£1,216,679	[redacted]	£0	£0	£0
	2	1.07	£3,945,685	[redacted]	£1,775,216	£1,050,152	£322,643
	3	1.07	£6,674,690	[redacted]	£3,888,877	£2,963,053	£2,023,210
	4	1.07	£9,403,695	[redacted]	£5,980,763	£4,847,373	£3,691,035
	5	1.07	£12,132,701	[redacted]	£8,024,330	£6,665,001	£5,277,198
	6	1.07	£14,861,706	[redacted]	£10,056,329	£8,467,658	£6,844,306
	7	1.07	£17,590,711	[redacted]	£12,084,245	£10,266,231	£8,405,290
80 Unit Flatted Scheme	1	0.80	£560,981	[redacted]	£0	£0	£0
	2	0.80	£3,591,920	[redacted]	£1,372,005	£648,101	£0
	3	0.80	£6,628,643	[redacted]	£3,767,855	£2,840,715	£1,885,359
	4	0.80	£9,665,365	[redacted]	£6,158,243	£5,026,047	£3,851,982
	5	0.80	£12,702,088	[redacted]	£8,559,554	£7,225,943	£5,838,630
	6	0.80	£15,738,810	[redacted]	£10,909,894	£9,360,304	£7,743,359
	7	0.80	£18,775,532	[redacted]	£13,230,197	£11,456,436	£9,601,668
80 Unit Flatted Scheme (High Density)	1	0.40	£0	[redacted]	£0	£0	£0
	2	0.40	£2,372,412	[redacted]	£0	£0	£0
	3	0.40	£8,170,878	[redacted]	£2,449,302	£613,618	£0
	4	0.40	£13,969,344	[redacted]	£6,955,100	£4,690,709	£2,342,579
	5	0.40	£19,767,810	[redacted]	£11,482,743	£8,815,520	£6,040,894
	6	0.40	£25,566,276	[redacted]	£15,908,443	£12,809,264	£9,575,374
	7	0.40	£31,364,742	[redacted]	£20,274,071	£16,726,550	£13,017,014

Source: Adams Integra, September 2009

Graph 1b-i: Summary of Residual Land Values (£ per Ha) at 0%, 20%, 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £10,000



Graph 1b-ii: Summary of Residual Land Values (£ per Ha) at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £10,000



Appendix IIL

Table 31: Summary of Residual Land Value (£) Appraisals for All Value Points - 70% General Needs Rent/30% Intermediate Tenure Mix Code for Sustainable Homes Level 4 Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£7,637	£0	£0
	2	£746,405	£544,975	£271,253
	3	£1,485,478	£1,231,127	£875,842
	4	£2,216,648	£1,908,586	£1,474,534
	5	£2,928,850	£2,562,335	£2,043,193
	6	£3,634,730	£3,211,343	£2,603,950
	7	£4,335,867	£3,857,979	£3,159,964
50 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,464,299	£954,165	£426,986
	3	£2,937,229	£2,285,842	£1,600,576
	4	£4,394,214	£3,593,982	£2,746,680
	5	£5,820,070	£4,858,845	£3,838,878
	6	£7,234,538	£6,112,320	£4,918,169
	7	£8,644,451	£7,361,240	£5,992,905
80 Unit Mixed Scheme	1	£0	£0	£0
	2	£2,139,970	£1,364,152	£582,158
	3	£4,401,588	£3,410,956	£2,405,324
	4	£6,639,905	£5,427,178	£4,189,897
	5	£8,826,523	£7,372,040	£5,887,092
	6	£11,000,762	£9,300,883	£7,563,897
	7	£13,170,632	£11,225,357	£9,234,149

Source: Adams Integra, September 2009

Graph 31: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Code for Sustainable Homes Level 4
Planning Infrastructure Level £10,000

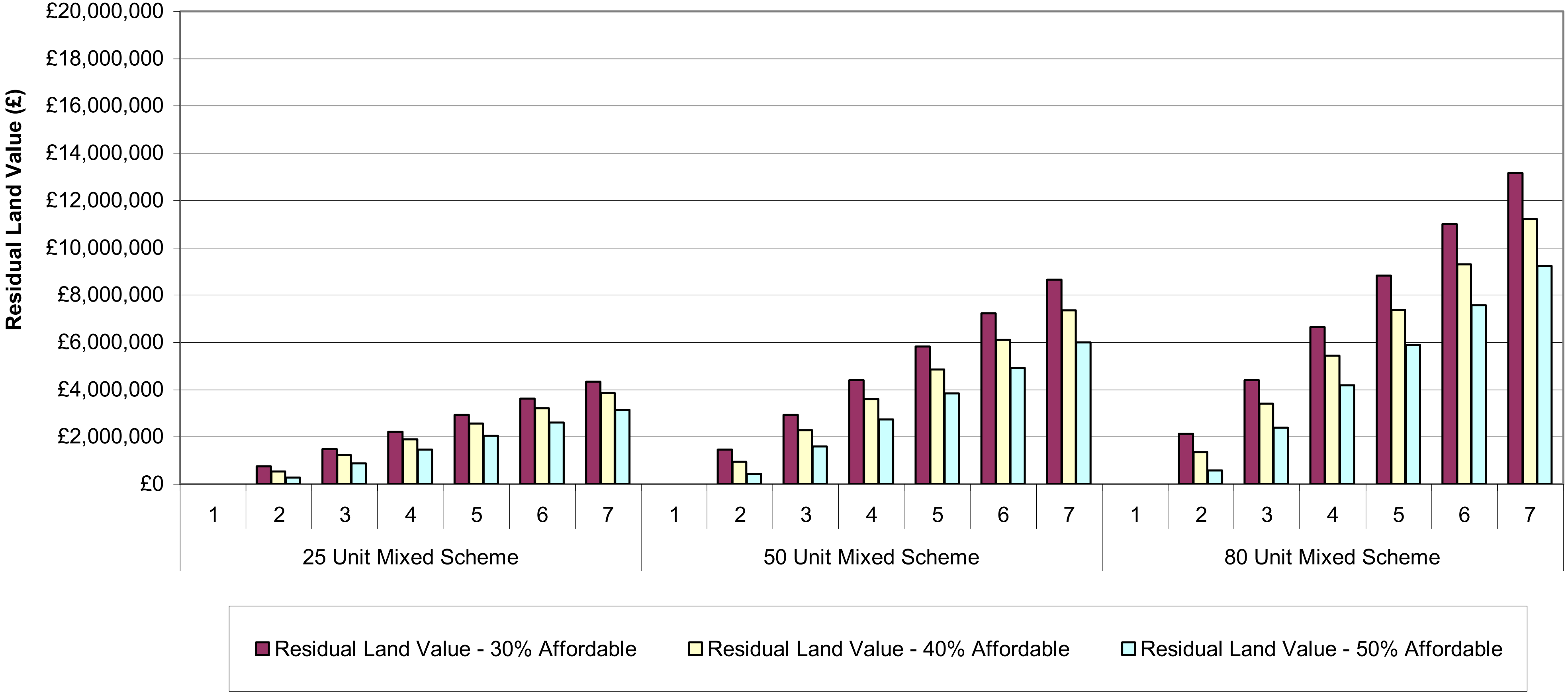


**Table 31a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Code for Sustainable Homes Level 4
Planning Infrastructure Level £10,000**

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.2%	0.0%	0.0%
	2	15.4%	12.1%	6.6%
	3	25.2%	22.4%	17.7%
	4	31.9%	29.6%	25.5%
	5	36.8%	34.7%	31.0%
	6	40.5%	38.6%	35.2%
	7	43.4%	41.7%	38.6%
50 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	14.7%	10.4%	5.2%
	3	24.2%	20.6%	16.0%
	4	30.7%	27.6%	23.5%
	5	35.4%	32.6%	28.9%
	6	39.0%	36.4%	33.0%
	7	41.8%	39.5%	36.3%
80 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	13.4%	9.3%	4.4%
	3	22.7%	19.2%	15.0%
	4	29.0%	26.0%	22.3%
	5	33.6%	30.9%	27.5%
	6	37.1%	34.6%	31.5%
	7	39.8%	37.6%	34.7%

Source: Adams Integra, September 2009

Graph 31a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing Across all Value Points 70% General Needs Rent/30% Intermediate Tenure Mix Code for Sustainable Homes Level 4 Planning Infrastructure Level £10,000

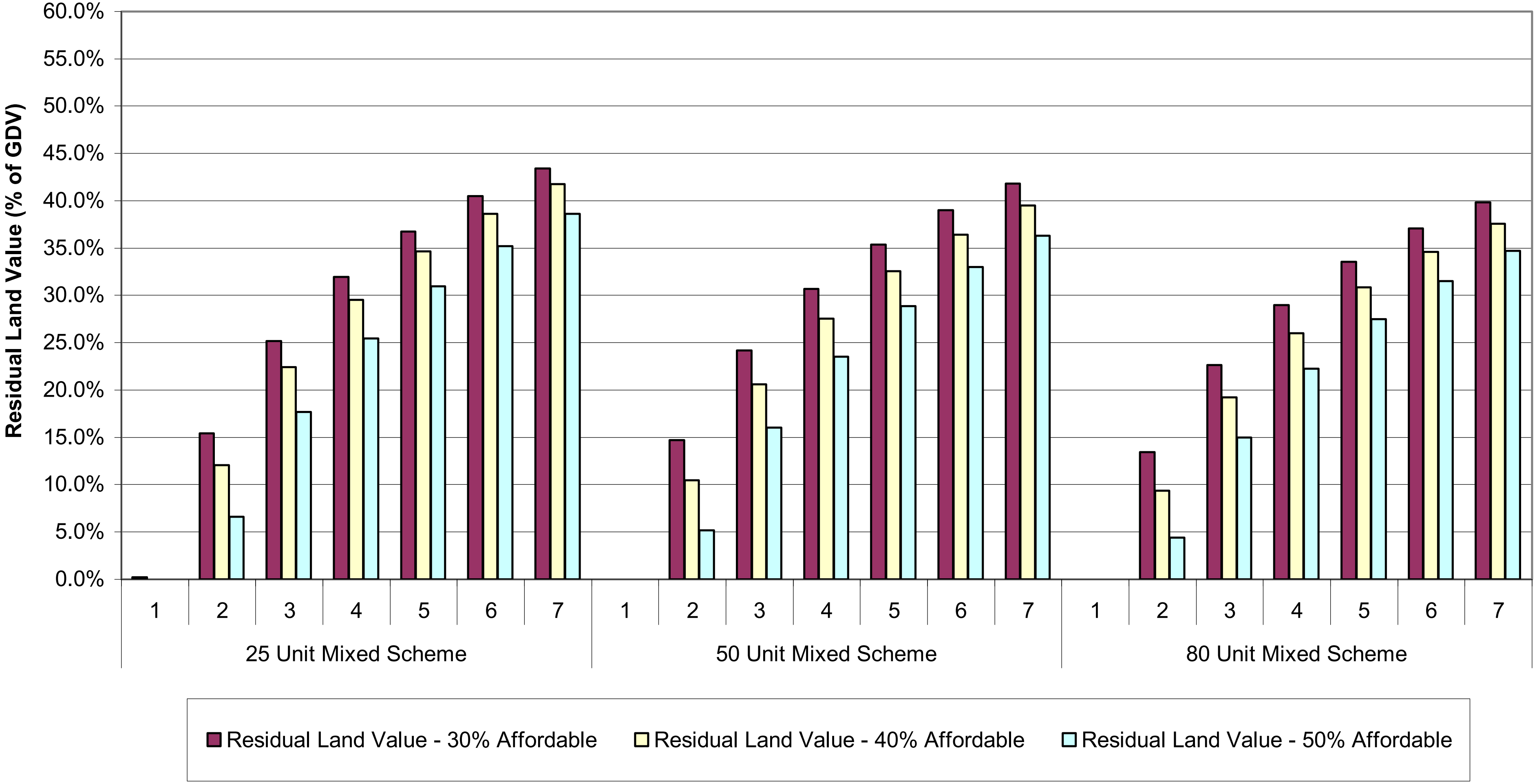


Table 31b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 70% General Needs Rent/30% Intermediate Tenure Mix - Code for Sustainable Homes Level 4 Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£23,143	£0	£0
	2	0.33	£2,261,833	£1,651,439	£821,980
	3	0.33	£4,501,448	£3,730,689	£2,654,067
	4	0.33	£6,717,114	£5,783,594	£4,468,284
	5	0.33	£8,875,303	£7,764,653	£6,191,495
	6	0.33	£11,014,332	£9,731,342	£7,890,757
	7	0.33	£13,138,992	£11,690,846	£9,575,649
50 Unit Mixed Scheme	1	0.67	£0	£0	£0
	2	0.67	£2,185,521	£1,424,127	£637,293
	3	0.67	£4,383,923	£3,411,704	£2,388,920
	4	0.67	£6,558,528	£5,364,152	£4,099,523
	5	0.67	£8,686,672	£7,252,008	£5,729,669
	6	0.67	£10,797,818	£9,122,866	£7,340,551
	7	0.67	£12,902,165	£10,986,925	£8,944,634
80 Unit Mixed Scheme	1	1.07	£0	£0	£0
	2	1.07	£1,999,972	£1,274,908	£544,073
	3	1.07	£4,113,634	£3,187,810	£2,247,966
	4	1.07	£6,205,519	£5,072,129	£3,915,792
	5	1.07	£8,249,087	£6,889,757	£5,501,955
	6	1.07	£10,281,086	£8,692,414	£7,069,063
	7	1.07	£12,309,002	£10,490,988	£8,630,046

Source: Adams Integra, September 2009

**Table 32: Summary of Residual Land Value (£) Appraisals for All Value Points -
70% General Needs Rent/30% Intermediate Tenure Mix
Code for Sustainable Homes Level 4
Planning Infrastructure Level £15,000**

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£0	£0	£0
	2	£639,605	£442,739	£168,393
	3	£1,378,678	£1,124,327	£769,042
	4	£2,109,848	£1,801,786	£1,367,734
	5	£2,822,050	£2,455,535	£1,936,393
	6	£3,527,930	£3,104,543	£2,497,150
	7	£4,229,067	£3,751,179	£3,053,164
50 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,259,099	£748,965	£224,178
	3	£2,732,029	£2,080,642	£1,395,376
	4	£4,189,014	£3,388,782	£2,541,480
	5	£5,614,870	£4,653,645	£3,633,678
	6	£7,029,338	£5,907,120	£4,712,969
	7	£8,439,251	£7,156,040	£5,787,705
80 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,825,090	£1,049,272	£270,062
	3	£4,086,708	£3,096,076	£2,090,444
	4	£6,325,025	£5,112,298	£3,875,017
	5	£8,511,643	£7,057,160	£5,572,212
	6	£10,685,882	£8,986,003	£7,249,017
	7	£12,855,752	£10,910,477	£8,919,269

Source: Adams Integra, September 2009

Graph 32: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Code for Sustainable Homes Level 4
Planning Infrastructure Level £15,000

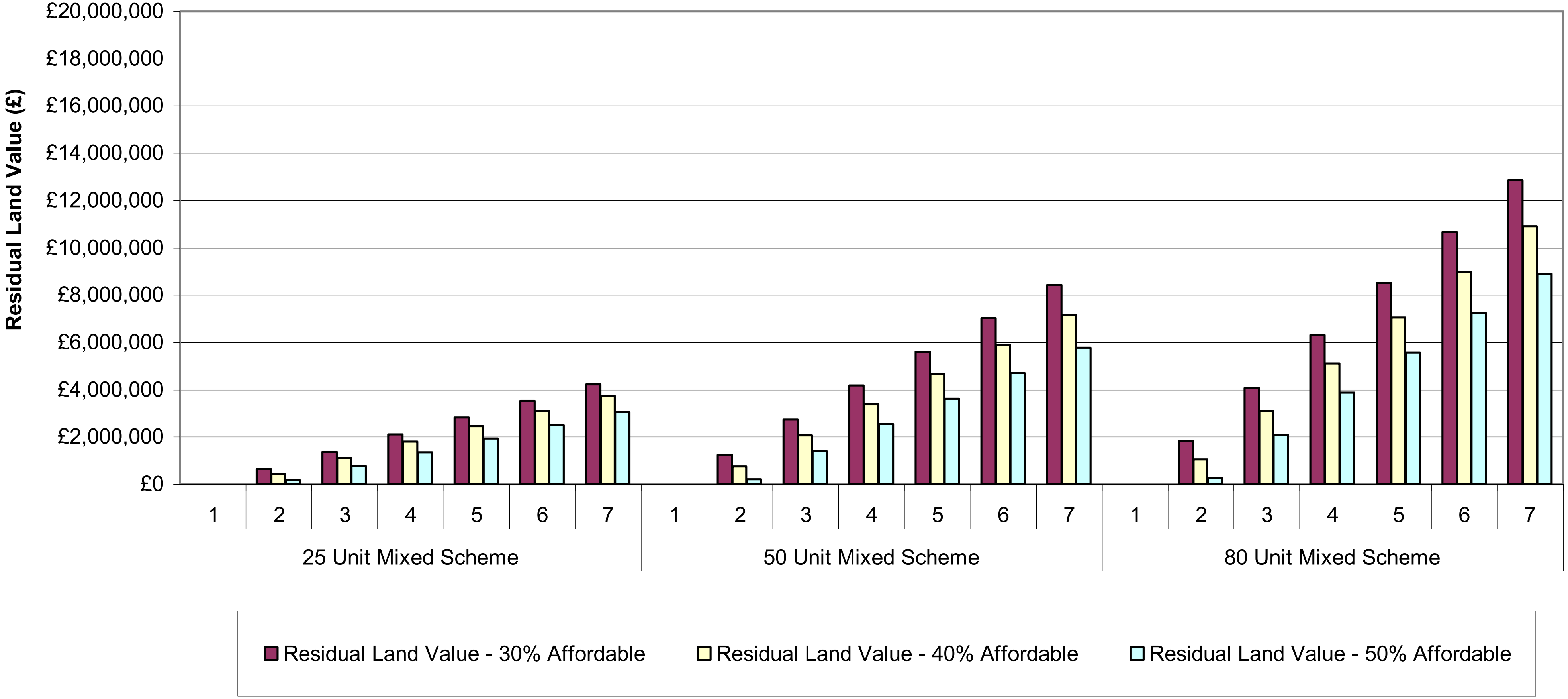


Table 32a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Code for Sustainable Homes Level 4
Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	13.2%	9.8%	4.1%
	3	23.4%	20.5%	15.6%
	4	30.4%	27.9%	23.6%
	5	35.4%	33.2%	29.4%
	6	39.3%	37.3%	33.8%
	7	42.3%	40.6%	37.3%
50 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	12.6%	8.2%	2.7%
	3	22.5%	18.7%	14.0%
	4	29.3%	26.0%	21.7%
	5	34.1%	31.2%	27.3%
	6	37.9%	35.2%	31.6%
	7	40.8%	38.4%	35.1%
80 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	11.5%	7.2%	2.0%
	3	21.0%	17.4%	13.0%
	4	27.6%	24.5%	20.6%
	5	32.4%	29.6%	26.0%
	6	36.0%	33.4%	30.2%
	7	38.9%	36.5%	33.5%

Source: Adams Integra, September 2009

Graph 32a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing Across all Value Points 70% General Needs Rent/30% Intermediate Tenure Mix Code for Sustainable Homes Level 4 Planning Infrastructure Level £15,000

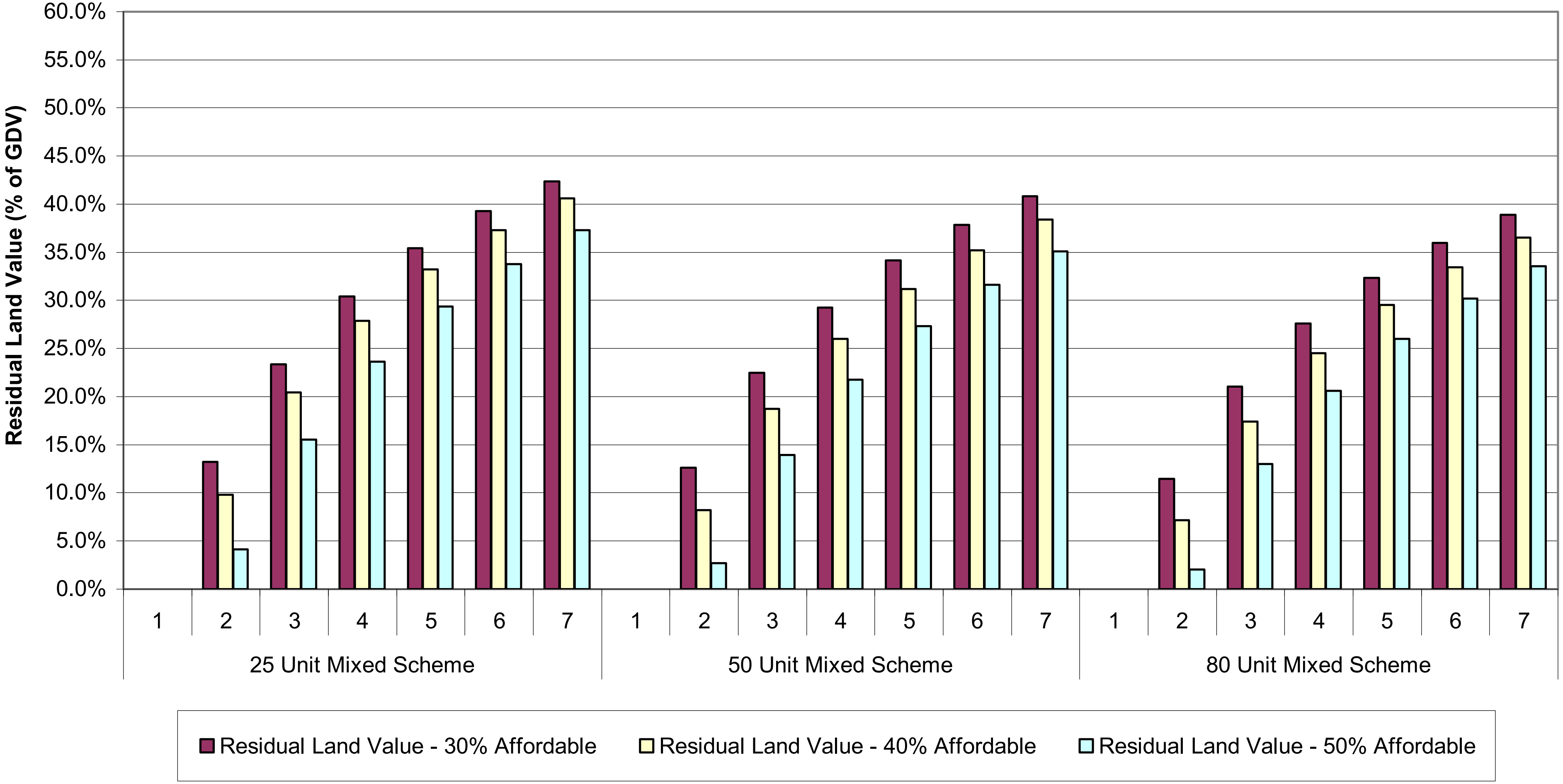


Table 32b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 70% General Needs Rent/30% Intermediate Tenure Mix - Code for Sustainable Homes Level 4 Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£0	£0	£0
	2	0.33	£1,938,196	£1,341,634	£510,280
	3	0.33	£4,177,812	£3,407,052	£2,330,431
	4	0.33	£6,393,478	£5,459,958	£4,144,648
	5	0.33	£8,551,667	£7,441,017	£5,867,859
	6	0.33	£10,690,696	£9,407,706	£7,567,121
	7	0.33	£12,815,356	£11,367,210	£9,252,013
50 Unit Mixed Scheme	1	0.67	£0	£0	£0
	2	0.67	£1,879,253	£1,117,859	£334,593
	3	0.67	£4,077,655	£3,105,436	£2,082,651
	4	0.67	£6,252,260	£5,057,883	£3,793,254
	5	0.67	£8,380,403	£6,945,739	£5,423,400
	6	0.67	£10,491,549	£8,816,597	£7,034,282
	7	0.67	£12,595,896	£10,680,656	£8,638,365
80 Unit Mixed Scheme	1	1.07	£0	£0	£0
	2	1.07	£1,705,692	£980,628	£252,395
	3	1.07	£3,819,354	£2,893,529	£1,953,686
	4	1.07	£5,911,239	£4,777,849	£3,621,512
	5	1.07	£7,954,807	£6,595,477	£5,207,674
	6	1.07	£9,986,806	£8,398,134	£6,774,782
	7	1.07	£12,014,721	£10,196,707	£8,335,766

Source: Adams Integra, September 2009

**Table 33: Summary of Residual Land Value (£) Appraisals for All Value Points -
70% General Needs Rent/30% Intermediate Tenure Mix
Code for Sustainable Homes Level 4
Planning Infrastructure Level £20,000**

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£0	£0	£0
	2	£532,805	£334,827	£57,143
	3	£1,271,878	£1,017,527	£662,242
	4	£2,003,048	£1,694,986	£1,260,934
	5	£2,715,250	£2,348,735	£1,829,593
	6	£3,421,130	£2,997,743	£2,390,350
	7	£4,122,267	£3,644,379	£2,946,364
50 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,053,899	£543,765	£12,692
	3	£2,526,829	£1,875,442	£1,190,176
	4	£3,983,814	£3,183,582	£2,336,280
	5	£5,409,670	£4,448,445	£3,428,478
	6	£6,824,138	£5,701,920	£4,507,769
	7	£8,234,051	£6,950,840	£5,582,505
80 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,510,210	£734,392	£0
	3	£3,771,828	£2,781,196	£1,775,564
	4	£6,010,145	£4,797,418	£3,560,137
	5	£8,196,763	£6,742,280	£5,257,332
	6	£10,371,002	£8,671,123	£6,934,137
	7	£12,540,872	£10,595,597	£8,604,389

Source: Adams Integra, September 2009

Graph 33: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Code for Sustainable Homes Level 4
Planning Infrastructure Level £20,000

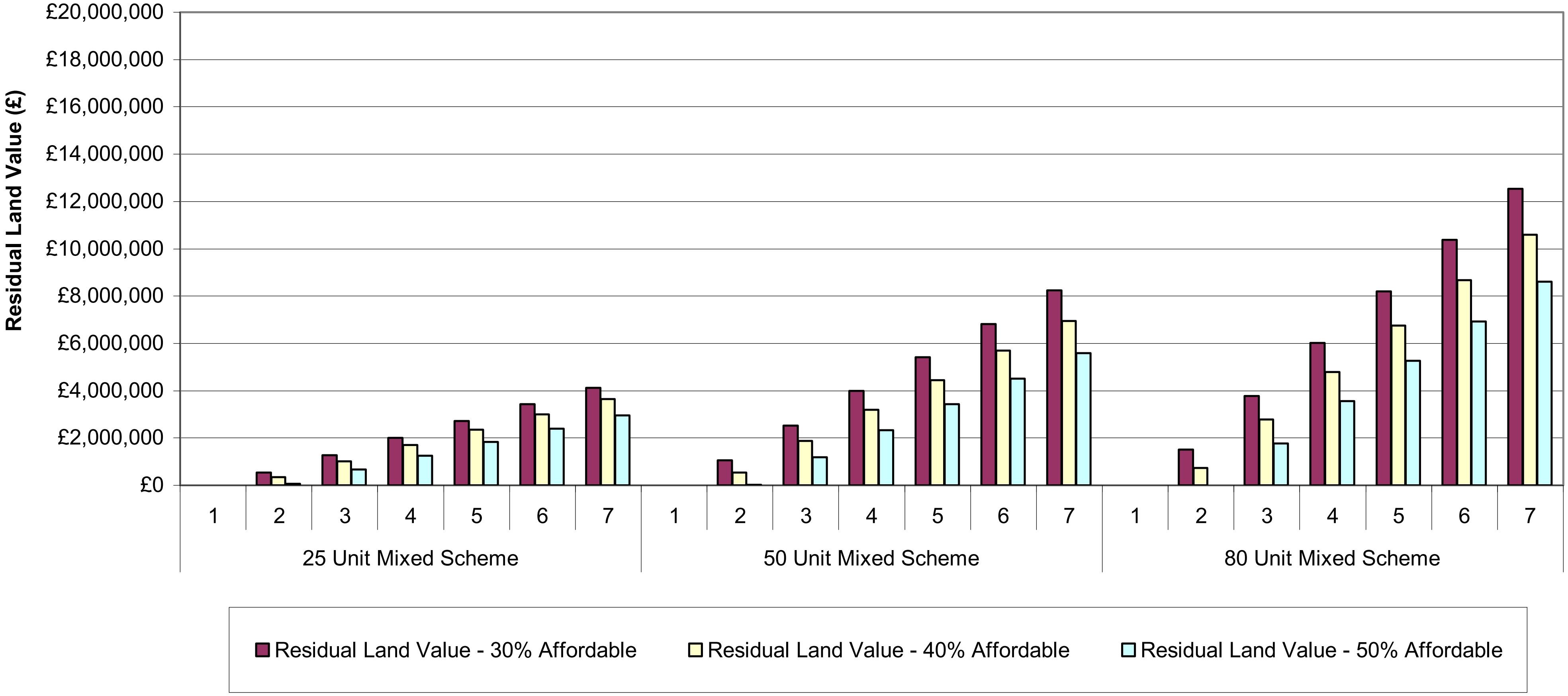
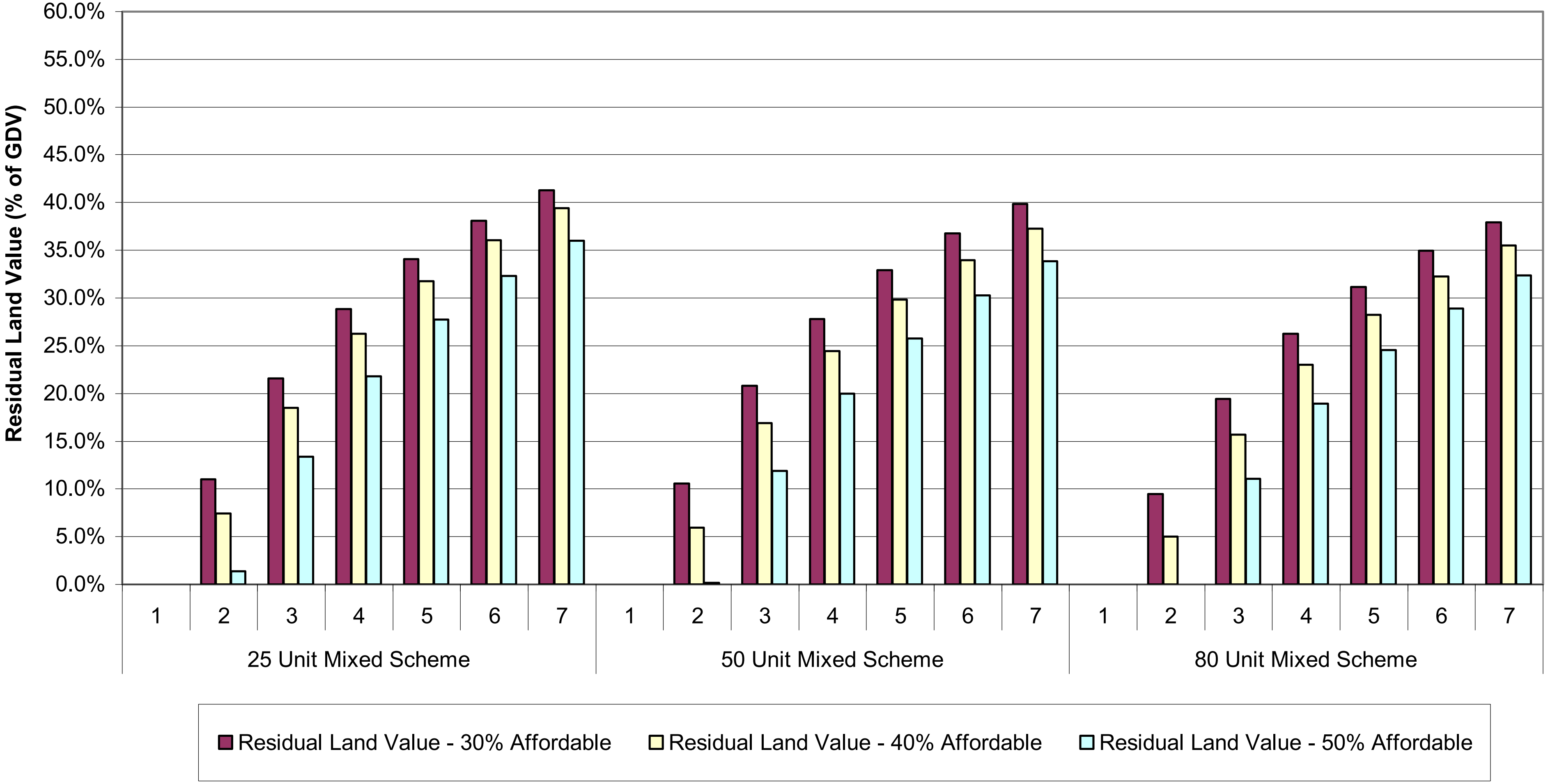


Table 33a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points 70% General Needs Rent/30% Intermediate Tenure Mix Code for Sustainable Homes Level 4 Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	11.0%	7.4%	1.4%
	3	21.6%	18.5%	13.4%
	4	28.9%	26.2%	21.8%
	5	34.1%	31.8%	27.7%
	6	38.1%	36.0%	32.3%
	7	41.3%	39.4%	36.0%
50 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	10.6%	6.0%	0.2%
	3	20.8%	16.9%	11.9%
	4	27.8%	24.4%	20.0%
	5	32.9%	29.8%	25.8%
	6	36.8%	34.0%	30.3%
	7	39.8%	37.3%	33.8%
80 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	9.5%	5.0%	0.0%
	3	19.4%	15.7%	11.0%
	4	26.2%	23.0%	18.9%
	5	31.2%	28.2%	24.5%
	6	34.9%	32.3%	28.9%
	7	37.9%	35.5%	32.4%

Source: Adams Integra, September 2009

Graph 33a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing
Across all Value Points 70% General Needs Rent/30% Intermediate Tenure Mix
Code for Sustainable Homes Level 4
Planning Infrastructure Level £20,000



Appendix IIL

Table 33b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 70% General Needs Rent/30% Intermediate Tenure Mix - Code for Sustainable Homes Level 4 Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£0	£0	£0
	2	0.33	£1,614,560	£1,014,626	£173,159
	3	0.33	£3,854,175	£3,083,416	£2,006,794
	4	0.33	£6,069,842	£5,136,322	£3,821,012
	5	0.33	£8,228,030	£7,117,380	£5,544,223
	6	0.33	£10,367,059	£9,084,069	£7,243,484
	7	0.33	£12,491,719	£11,043,573	£8,928,377
50 Unit Mixed Scheme	1	0.67	£0	£0	£0
	2	0.67	£1,572,984	£811,590	£18,943
	3	0.67	£3,771,386	£2,799,167	£1,776,383
	4	0.67	£5,945,991	£4,751,615	£3,486,986
	5	0.67	£8,074,135	£6,639,471	£5,117,132
	6	0.67	£10,185,281	£8,510,329	£6,728,014
	7	0.67	£12,289,628	£10,374,388	£8,332,096
80 Unit Mixed Scheme	1	1.07	£0	£0	£0
	2	1.07	£1,411,411	£686,347	£0
	3	1.07	£3,525,073	£2,599,249	£1,659,406
	4	1.07	£5,616,958	£4,483,568	£3,327,231
	5	1.07	£7,660,526	£6,301,197	£4,913,394
	6	1.07	£9,692,525	£8,103,853	£6,480,502
	7	1.07	£11,720,441	£9,902,427	£8,041,485

Source: Adams Integra, September 2009

Appendix IIa

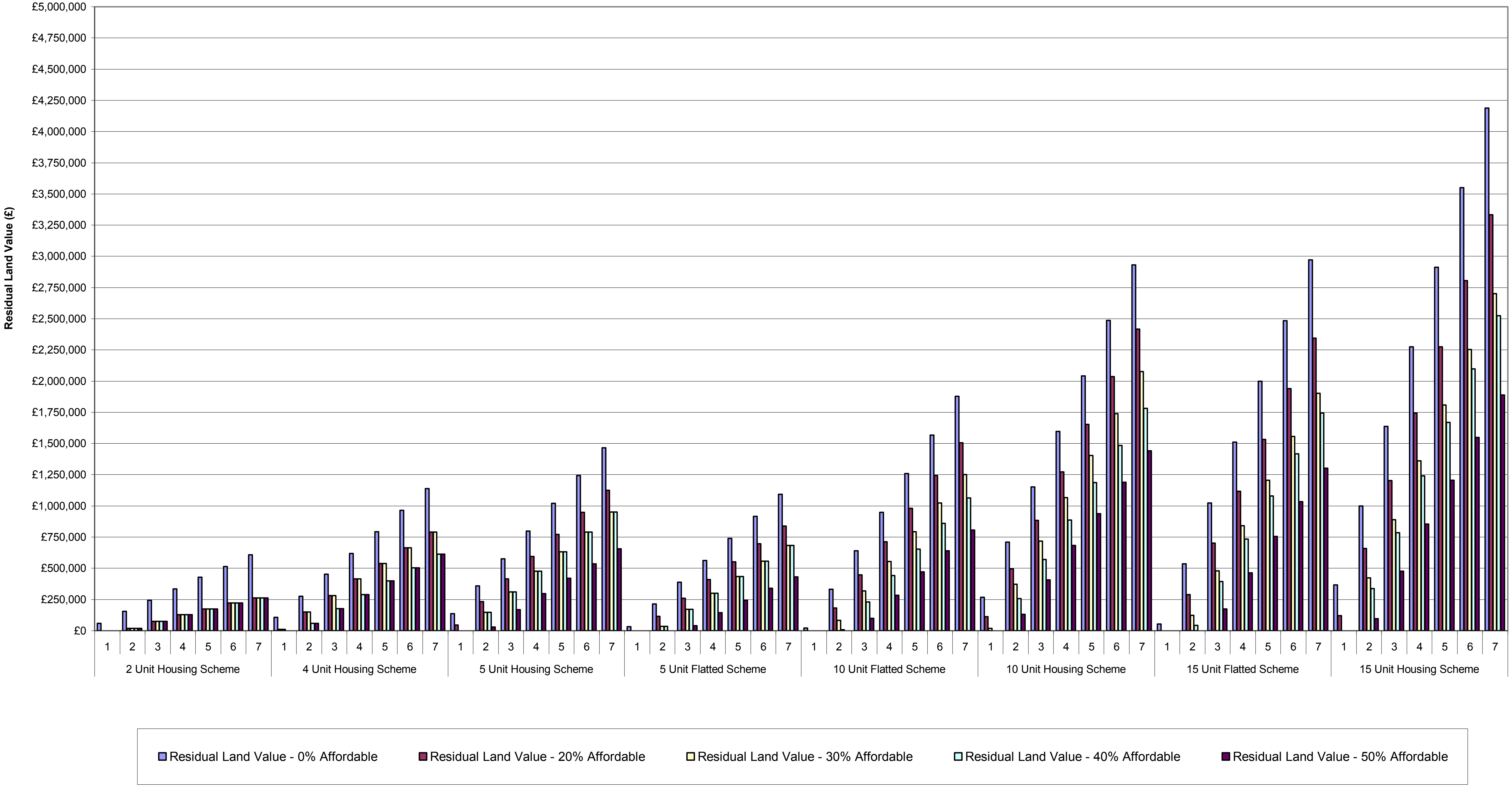
Table 2: Summary of Residual Land Value (£) Appraisals for All Value Points - 70% General Needs Rent/30% Intermediate Tenure Mix Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
2 Unit Housing Scheme	1	£59,592	£0	£0	£0	£0
	2	£155,121	£19,158	£19,158	£19,158	£19,158
	3	£243,131	£73,767	£73,767	£73,767	£73,767
	4	£335,794	£128,377	£128,377	£128,377	£128,377
	5	£428,458	£174,380	£174,380	£174,380	£174,380
	6	£515,749	£221,667	£221,667	£221,667	£221,667
	7	£607,457	£263,521	£263,521	£263,521	£263,521
4 Unit Housing Scheme	1	£105,971	£10,928	£10,928	£0	£0
	2	£277,218	£149,828	£149,828	£59,606	£59,606
	3	£451,643	£280,066	£280,066	£177,668	£177,668
	4	£619,614	£414,800	£414,800	£290,340	£290,340
	5	£792,241	£537,297	£537,297	£399,961	£399,961
	6	£964,869	£664,070	£664,070	£504,330	£504,330
	7	£1,137,496	£790,843	£790,843	£612,821	£612,821
5 Unit Housing Scheme	1	£137,696	£44,451	£0	£0	£0
	2	£358,167	£233,495	£147,338	£147,338	£29,443
	3	£576,762	£414,439	£310,457	£310,457	£167,530
	4	£799,048	£593,913	£477,995	£477,995	£296,449
	5	£1,021,335	£771,213	£632,431	£632,431	£421,437
	6	£1,243,622	£948,514	£791,796	£791,796	£536,763
	7	£1,465,908	£1,125,814	£951,160	£951,160	£656,433
5 Unit Flatted Scheme	1	£31,056	£0	£0	£0	£0
	2	£213,586	£114,442	£35,368	£35,368	£0
	3	£388,418	£260,026	£172,304	£172,304	£39,940
	4	£561,714	£409,043	£299,962	£299,962	£145,815
	5	£739,014	£552,307	£432,790	£432,790	£244,139
	6	£916,314	£696,565	£556,563	£556,563	£340,323
	7	£1,093,614	£838,405	£682,381	£682,381	£431,621
10 Unit Flatted Scheme	1	£21,208	£0	£0	£0	£0
	2	£333,411	£181,576	£82,109	£8,828	£0
	3	£639,587	£448,535	£320,143	£230,231	£100,193
	4	£949,201	£711,749	£554,861	£441,782	£283,259
	5	£1,258,814	£979,586	£792,879	£652,812	£470,960
	6	£1,568,428	£1,244,200	£1,024,451	£860,338	£640,589
	7	£1,878,042	£1,506,396	£1,251,187	£1,063,030	£807,820
10 Unit Housing Scheme	1	£267,131	£112,315	£19,069	£0	£0
	2	£708,950	£495,920	£371,696	£257,337	£131,905
	3	£1,153,523	£884,018	£717,422	£570,995	£408,613
	4	£1,598,097	£1,272,115	£1,066,980	£887,306	£682,171
	5	£2,042,670	£1,653,766	£1,403,645	£1,188,306	£938,184
	6	£2,487,243	£2,035,417	£1,740,309	£1,485,276	£1,190,168
	7	£2,931,817	£2,417,068	£2,076,974	£1,782,247	£1,442,152
15 Unit Flatted Scheme	1	£52,264	£0	£0	£0	£0
	2	£537,088	£288,917	£123,270	£44,196	£0
	3	£1,024,001	£701,256	£480,599	£392,714	£173,258
	4	£1,510,915	£1,116,575	£842,053	£734,097	£464,363
	5	£1,997,829	£1,531,893	£1,205,119	£1,081,141	£754,367
	6	£2,484,742	£1,940,765	£1,556,903	£1,416,902	£1,033,040
	7	£2,971,656	£2,344,801	£1,901,435	£1,745,411	£1,302,044
15 Unit Housing Scheme	1	£366,673	£121,690	£0	£0	£0
	2	£1,000,644	£659,558	£422,680	£336,820	£95,951
	3	£1,638,395	£1,202,294	£889,272	£786,361	£478,270
	4	£2,276,146	£1,745,030	£1,360,221	£1,239,374	£854,565
	5	£2,913,897	£2,274,872	£1,809,411	£1,670,629	£1,205,169
	6	£3,551,648	£2,804,714	£2,254,573	£2,097,855	£1,547,714
	7	£4,189,399	£3,334,556	£2,699,734	£2,525,080	£1,890,259

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£413,916	[redacted]	£0	£0	£0
	2	£1,388,055	[redacted]	£559,592	£361,893	£85,046
	3	£2,366,460	[redacted]	£1,298,665	£1,044,315	£689,029
	4	£3,344,866	[redacted]	£2,029,835	£1,721,773	£1,287,721
	5	£4,323,271	[redacted]	£2,742,037	£2,375,523	£1,856,381
	6	£5,301,677	[redacted]	£3,447,917	£3,024,530	£2,417,137
	7	£6,280,082	[redacted]	£4,149,055	£3,671,167	£2,973,152
25 Unit Flatted Scheme	1	£139,706	[redacted]	£0	£0	£0
	2	£968,747	[redacted]	£322,584	£155,664	£0
	3	£1,803,376	[redacted]	£963,889	£749,110	£447,157
	4	£2,638,005	[redacted]	£1,606,940	£1,347,203	£972,101
	5	£3,472,634	[redacted]	£2,253,151	£1,948,456	£1,506,396
	6	£4,307,263	[redacted]	£2,883,556	£2,530,742	£2,016,981
	7	£5,141,893	[redacted]	£3,504,477	£3,101,174	£2,513,341
50 Unit Housing Scheme	1	£1,034,903	[redacted]	£0	£0	£0
	2	£3,066,845	[redacted]	£1,334,875	£906,889	£376,149
	3	£5,098,787	[redacted]	£2,885,951	£2,337,123	£1,650,339
	4	£7,130,728	[redacted]	£4,421,842	£3,752,172	£2,913,222
	5	£9,162,670	[redacted]	£5,914,457	£5,109,519	£4,101,699
	6	£11,194,612	[redacted]	£7,395,683	£6,451,681	£5,267,399
	7	£13,226,553	[redacted]	£8,876,909	£7,793,842	£6,433,100
50 Unit Flatted Scheme	1	£187,486	[redacted]	£0	£0	£0
	2	£1,793,895	[redacted]	£619,480	£207,869	£0
	3	£3,405,985	[redacted]	£1,890,780	£1,358,397	£877,975
	4	£5,018,076	[redacted]	£3,159,044	£2,512,187	£1,919,004
	5	£6,630,166	[redacted]	£4,433,381	£3,672,052	£2,969,143
	6	£8,242,256	[redacted]	£5,680,386	£4,795,472	£3,973,729
	7	£9,854,346	[redacted]	£6,911,447	£5,896,116	£4,950,981
50 Unit Mixed Scheme	1	£722,326	[redacted]	£0	£0	£0
	2	£2,629,110	[redacted]	£1,105,348	£595,214	£66,285
	3	£4,535,894	[redacted]	£2,578,278	£1,926,891	£1,241,625
	4	£6,442,678	[redacted]	£4,035,263	£3,235,031	£2,387,729
	5	£8,349,462	[redacted]	£5,461,119	£4,499,894	£3,479,927
	6	£10,256,246	[redacted]	£6,875,587	£5,753,369	£4,559,218
	7	£12,163,030	[redacted]	£8,285,500	£7,002,289	£5,633,954
80 Unit Housing Scheme	1	£1,468,412	[redacted]	£0	£0	£0
	2	£4,600,779	[redacted]	£2,096,430	£1,278,638	£439,894
	3	£7,733,146	[redacted]	£4,530,108	£3,488,643	£2,407,856
	4	£10,865,513	[redacted]	£6,941,941	£5,669,521	£4,343,945
	5	£13,997,881	[redacted]	£9,290,425	£7,767,389	£6,175,179
	6	£17,130,248	[redacted]	£11,620,704	£9,843,413	£7,977,287
	7	£20,262,615	[redacted]	£13,950,983	£11,919,437	£9,779,394
80 Unit Mixed Scheme	1	£986,967	[redacted]	£0	£0	£0
	2	£3,907,003	[redacted]	£1,584,601	£808,782	£27,905
	3	£6,827,038	[redacted]	£3,846,219	£2,855,587	£1,849,954
	4	£9,747,074	[redacted]	£6,084,536	£4,871,809	£3,634,528
	5	£12,667,110	[redacted]	£8,271,154	£6,816,671	£5,331,722
	6	£15,587,146	[redacted]	£10,445,392	£8,745,514	£7,008,528
	7	£18,507,181	[redacted]	£12,615,262	£10,669,987	£8,678,780
80 Unit Flatted Scheme	1	£134,665	[redacted]	£0	£0	£0
	2	£2,558,656	[redacted]	£782,724	£209,964	£0
	3	£4,988,034	[redacted]	£2,699,404	£1,957,692	£1,193,408
	4	£7,417,412	[redacted]	£4,611,715	£3,705,958	£2,766,706
	5	£9,846,790	[redacted]	£6,532,763	£5,465,874	£4,356,024
	6	£12,276,168	[redacted]	£8,413,035	£7,173,363	£5,879,807
	7	£14,705,546	[redacted]	£10,269,277	£8,850,269	£7,366,454
80 Unit Flatted Scheme (High Density)	1	£0	[redacted]	£0	£0	£0
	2	£634,085	[redacted]	£0	£0	£0
	3	£2,953,471	[redacted]	£664,841	£0	£0
	4	£5,272,858	[redacted]	£2,467,160	£1,561,403	£622,151
	5	£7,592,244	[redacted]	£4,278,217	£3,211,328	£2,101,478
	6	£9,911,631	[redacted]	£6,048,497	£4,808,825	£3,515,270
	7	£12,231,017	[redacted]	£7,794,748	£6,375,740	£4,891,925

Source: Adams Integra, September 2009

Graph 2i: Summary of Residual Land Values at 0%, 20%, 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £15,000



Graph 2ii: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £15,000

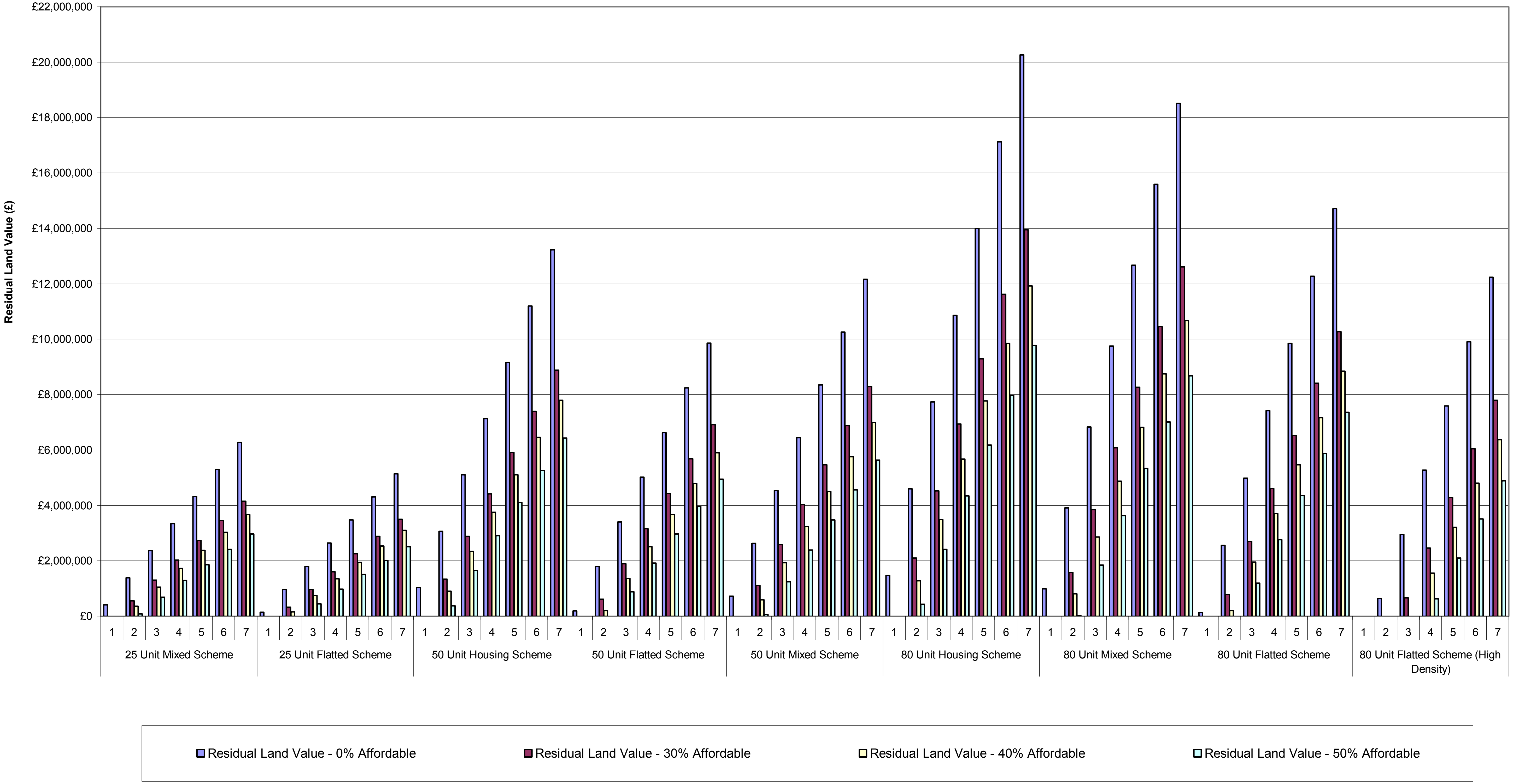


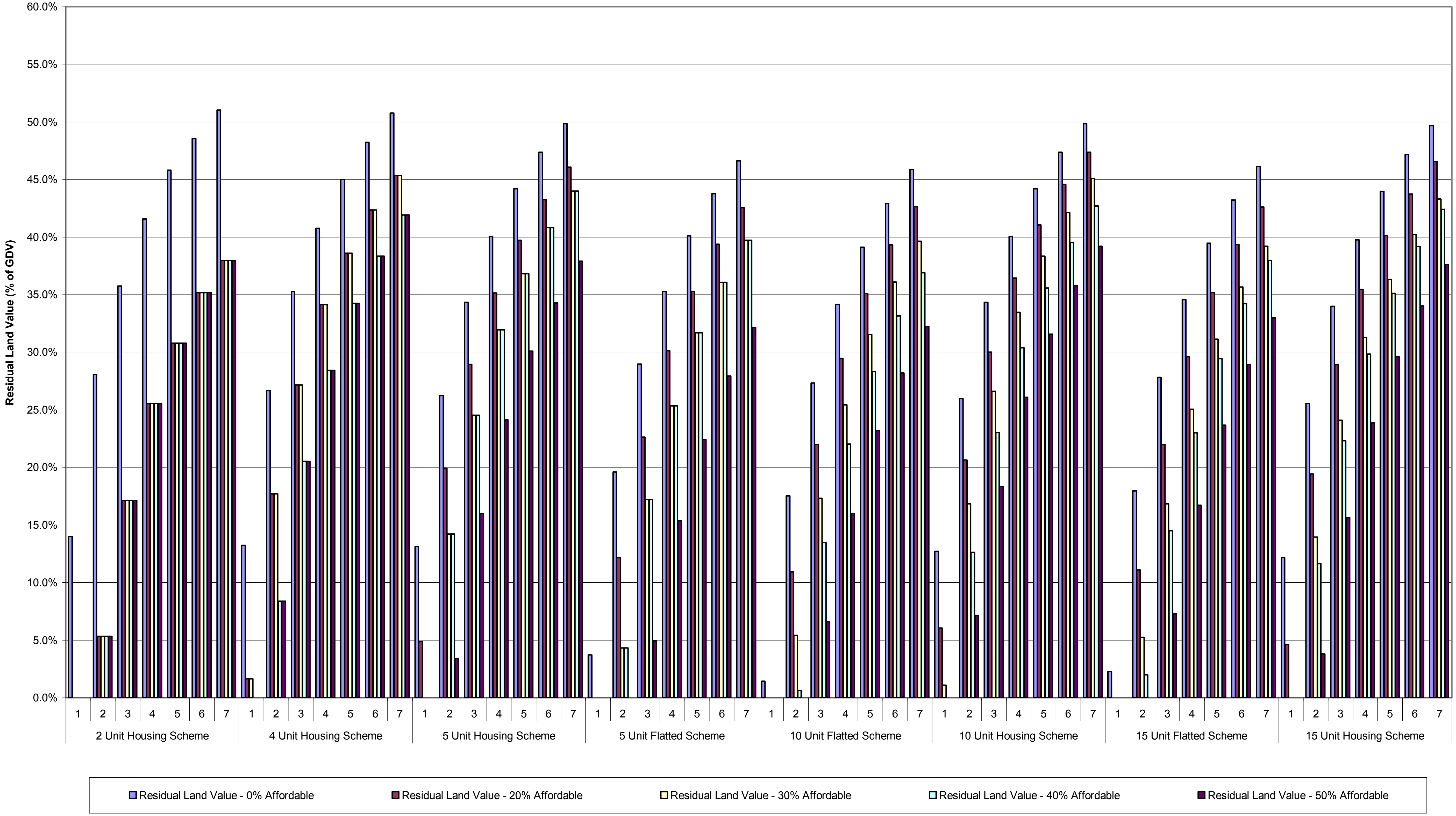
Table 2a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
2 Unit Housing Scheme	1	14.0%	0.0%	0.0%	0.0%	0.0%
	2	28.1%	5.3%	5.3%	5.3%	5.3%
	3	35.8%	17.1%	17.1%	17.1%	17.1%
	4	41.6%	25.5%	25.5%	25.5%	25.5%
	5	45.8%	30.8%	30.8%	30.8%	30.8%
	6	48.5%	35.2%	35.2%	35.2%	35.2%
	7	51.0%	38.0%	38.0%	38.0%	38.0%
4 Unit Housing Scheme	1	13.2%	1.6%	1.6%	0.0%	0.0%
	2	26.7%	17.7%	17.7%	8.4%	8.4%
	3	35.3%	27.2%	27.2%	20.5%	20.5%
	4	40.8%	34.1%	34.1%	28.4%	28.4%
	5	45.0%	38.6%	38.6%	34.2%	34.2%
	6	48.2%	42.4%	42.4%	38.4%	38.4%
	7	50.8%	45.3%	45.3%	41.9%	41.9%
5 Unit Housing Scheme	1	13.1%	4.9%	0.0%	0.0%	0.0%
	2	26.2%	19.9%	14.2%	14.2%	3.4%
	3	34.3%	29.0%	24.5%	24.5%	16.0%
	4	40.1%	35.1%	32.0%	32.0%	24.1%
	5	44.2%	39.7%	36.8%	36.8%	30.1%
	6	47.4%	43.3%	40.8%	40.8%	34.3%
	7	49.9%	46.1%	44.0%	44.0%	37.9%
5 Unit Flatted Scheme	1	3.7%	0.0%	0.0%	0.0%	0.0%
	2	19.6%	12.2%	4.3%	4.3%	0.0%
	3	29.0%	22.6%	17.2%	17.2%	4.9%
	4	35.3%	30.1%	25.3%	25.3%	15.4%
	5	40.1%	35.3%	31.7%	31.7%	22.4%
	6	43.8%	39.4%	36.1%	36.1%	27.9%
	7	46.6%	42.6%	39.7%	39.7%	32.1%
10 Unit Flatted Scheme	1	1.5%	0.0%	0.0%	0.0%	0.0%
	2	17.5%	10.9%	5.4%	0.6%	0.0%
	3	27.3%	22.0%	17.3%	13.5%	6.6%
	4	34.2%	29.5%	25.4%	22.0%	16.0%
	5	39.1%	35.1%	31.5%	28.3%	23.2%
	6	42.9%	39.3%	36.1%	33.1%	28.2%
	7	45.9%	42.6%	39.6%	36.9%	32.2%
10 Unit Housing Scheme	1	12.7%	6.1%	1.1%	0.0%	0.0%
	2	26.0%	20.7%	16.8%	12.6%	7.2%
	3	34.3%	30.0%	26.6%	23.0%	18.3%
	4	40.1%	36.4%	33.5%	30.4%	26.1%
	5	44.2%	41.1%	38.4%	35.6%	31.6%
	6	47.4%	44.6%	42.1%	39.5%	35.8%
	7	49.9%	47.4%	45.1%	42.7%	39.2%
15 Unit Flatted Scheme	1	2.3%	0.0%	0.0%	0.0%	0.0%
	2	18.0%	11.1%	5.2%	2.0%	0.0%
	3	27.8%	22.0%	16.8%	14.5%	7.3%
	4	34.6%	29.6%	25.0%	23.0%	16.7%
	5	39.5%	35.2%	31.1%	29.5%	23.7%
	6	43.2%	39.4%	35.7%	34.2%	28.9%
	7	46.1%	42.6%	39.2%	38.0%	33.0%
15 Unit Housing Scheme	1	12.2%	4.6%	0.0%	0.0%	0.0%
	2	25.6%	19.4%	13.9%	11.6%	3.8%
	3	34.0%	28.9%	24.1%	22.3%	15.7%
	4	39.8%	35.5%	31.3%	29.8%	23.9%
	5	44.0%	40.1%	36.3%	35.1%	29.6%
	6	47.2%	43.7%	40.2%	39.2%	34.0%
	7	49.7%	46.6%	43.3%	42.4%	37.6%

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	8.8%	[redacted]	0.0%	0.0%	0.0%
	2	22.7%	[redacted]	11.6%	8.0%	2.1%
	3	31.4%	[redacted]	22.0%	19.0%	13.9%
	4	37.4%	[redacted]	29.2%	26.7%	22.2%
	5	41.7%	[redacted]	34.4%	32.1%	28.1%
	6	45.0%	[redacted]	38.4%	36.4%	32.7%
	7	47.6%	[redacted]	41.5%	39.7%	36.3%
25 Unit Flatted Scheme	1	3.5%	[redacted]	0.0%	0.0%	0.0%
	2	18.5%	[redacted]	7.7%	4.0%	0.0%
	3	28.0%	[redacted]	18.8%	15.6%	10.4%
	4	34.5%	[redacted]	26.6%	23.9%	19.2%
	5	39.3%	[redacted]	32.3%	30.0%	25.9%
	6	42.9%	[redacted]	36.6%	34.6%	30.9%
	7	45.7%	[redacted]	40.0%	38.1%	34.8%
50 Unit Housing Scheme	1	10.2%	[redacted]	0.0%	0.0%	0.0%
	2	23.2%	[redacted]	12.8%	9.3%	4.2%
	3	31.3%	[redacted]	22.7%	19.7%	15.4%
	4	36.8%	[redacted]	29.4%	26.9%	23.1%
	5	40.9%	[redacted]	34.3%	32.0%	28.6%
	6	44.0%	[redacted]	38.0%	35.9%	32.7%
	7	46.4%	[redacted]	41.0%	39.1%	36.1%
50 Unit Flatted Scheme	1	2.3%	[redacted]	0.0%	0.0%	0.0%
	2	17.1%	[redacted]	7.2%	2.6%	0.0%
	3	26.3%	[redacted]	18.0%	14.1%	9.9%
	4	32.7%	[redacted]	25.5%	22.2%	18.5%
	5	37.3%	[redacted]	31.1%	28.2%	24.9%
	6	40.8%	[redacted]	35.2%	32.6%	29.7%
	7	43.5%	[redacted]	38.5%	36.1%	33.4%
50 Unit Mixed Scheme	1	7.6%	[redacted]	0.0%	0.0%	0.0%
	2	21.2%	[redacted]	11.1%	6.5%	0.8%
	3	29.7%	[redacted]	21.2%	17.4%	12.4%
	4	35.5%	[redacted]	28.2%	24.8%	20.4%
	5	39.7%	[redacted]	33.2%	30.2%	26.2%
	6	42.9%	[redacted]	37.0%	34.3%	30.6%
	7	45.4%	[redacted]	40.1%	37.6%	34.2%
80 Unit Housing Scheme	1	9.0%	[redacted]	0.0%	0.0%	0.0%
	2	21.6%	[redacted]	12.3%	8.2%	3.1%
	3	29.5%	[redacted]	21.8%	18.3%	14.0%
	4	34.9%	[redacted]	28.3%	25.3%	21.5%
	5	38.9%	[redacted]	32.9%	30.3%	26.8%
	6	41.8%	[redacted]	36.5%	34.1%	30.9%
	7	44.2%	[redacted]	39.3%	37.1%	34.2%
80 Unit Mixed Scheme	1	6.5%	[redacted]	0.0%	0.0%	0.0%
	2	19.7%	[redacted]	10.0%	5.5%	0.2%
	3	28.0%	[redacted]	19.8%	16.1%	11.5%
	4	33.6%	[redacted]	26.6%	23.3%	19.3%
	5	37.7%	[redacted]	31.5%	28.5%	24.9%
	6	40.8%	[redacted]	35.2%	32.5%	29.2%
	7	43.3%	[redacted]	38.2%	35.7%	32.6%
80 Unit Flatted Scheme	1	1.1%	[redacted]	0.0%	0.0%	0.0%
	2	15.5%	[redacted]	5.8%	1.7%	0.0%
	3	24.5%	[redacted]	16.4%	12.9%	8.6%
	4	30.7%	[redacted]	23.8%	20.7%	17.0%
	5	35.2%	[redacted]	29.2%	26.5%	23.2%
	6	38.7%	[redacted]	33.2%	30.9%	27.9%
	7	41.4%	[redacted]	36.4%	34.3%	31.5%
80 Unit Flatted Scheme (High Density)	1	0.0%	[redacted]	0.0%	0.0%	0.0%
	2	4.0%	[redacted]	0.0%	0.0%	0.0%
	3	15.2%	[redacted]	4.3%	0.0%	0.0%
	4	22.9%	[redacted]	13.5%	9.3%	4.1%
	5	28.5%	[redacted]	20.2%	16.6%	12.0%
	6	32.7%	[redacted]	25.3%	22.1%	17.9%
	7	36.0%	[redacted]	29.3%	26.3%	22.5%

Source: Adams Integra, September 2009

Graph 2a-i: Summary of Residual Land Values (as % of GDV) at 0%, 20%, 30%, 40 & 50% Affordable Housing
Across all Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £15,000



Graph 2a-ii: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing Across all Value Points 70% General Needs Rent/30% Intermediate Tenure Mix Planning Infrastructure Level £15,000

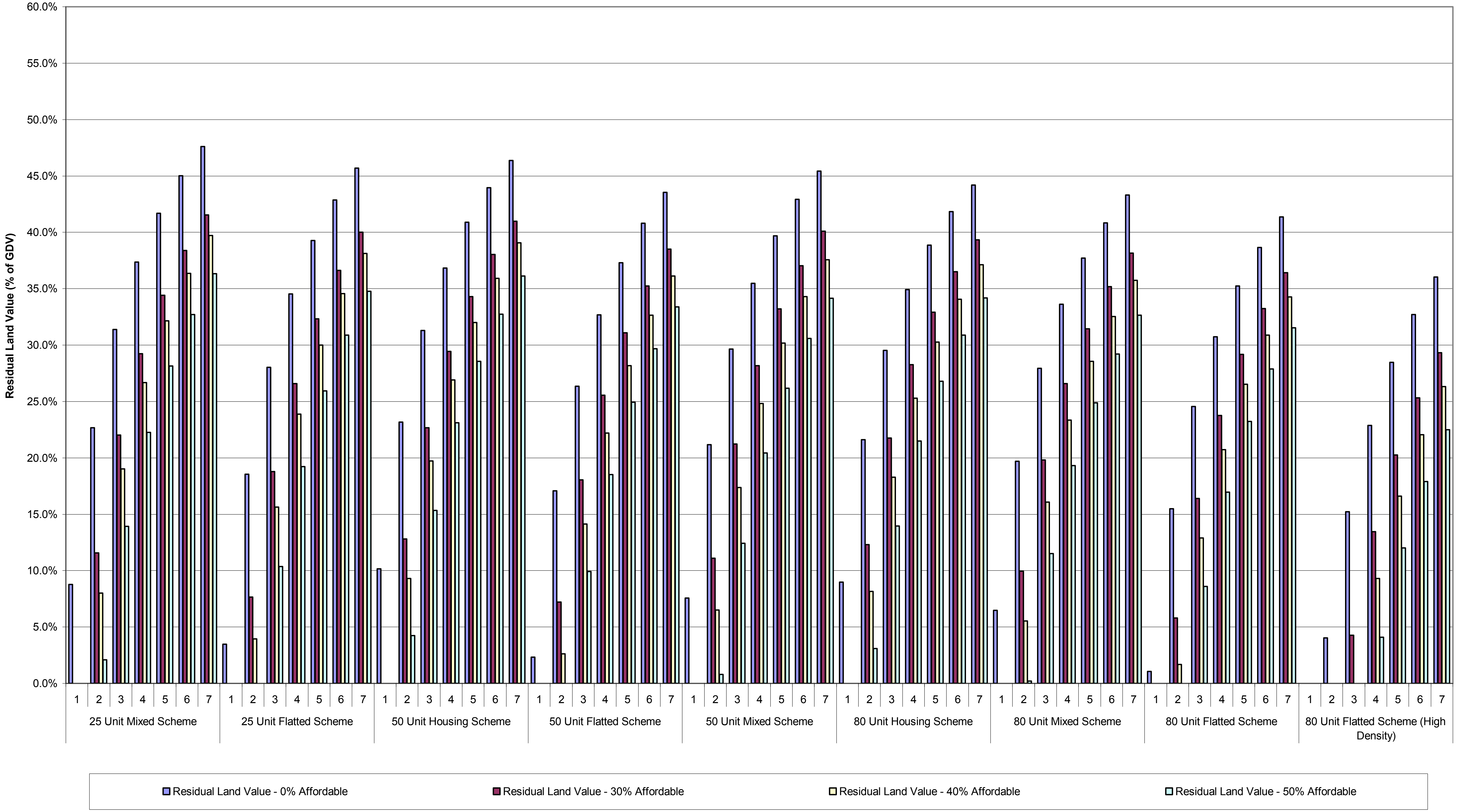


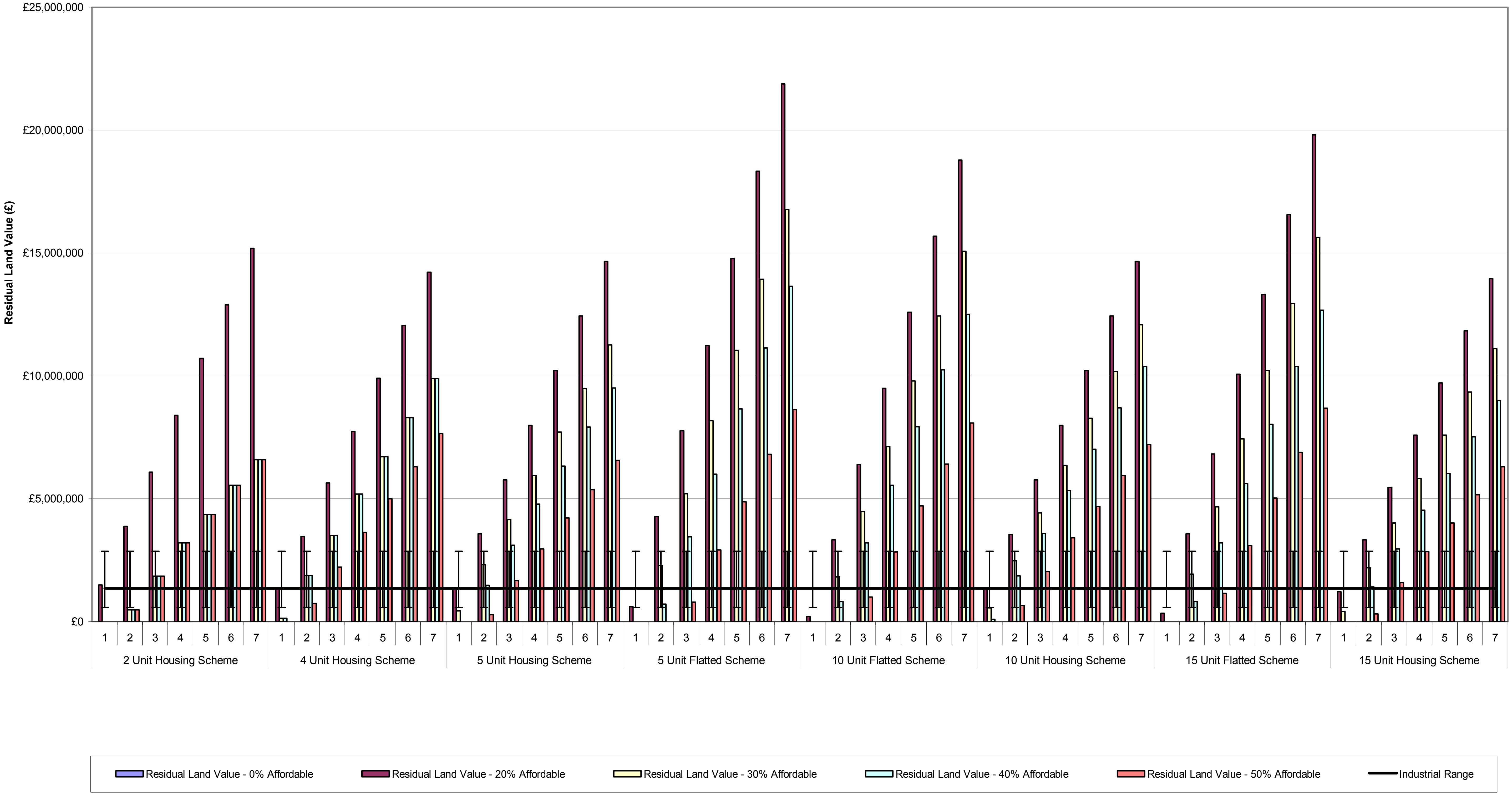
Table 2b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
2 Unit Housing Scheme	1	0.04	£1,489,791	£0	£0	£0	£0
	2	0.04	£3,878,026	£478,940	£478,940	£478,940	£478,940
	3	0.04	£6,078,272	£1,844,182	£1,844,182	£1,844,182	£1,844,182
	4	0.04	£8,394,859	£3,209,424	£3,209,424	£3,209,424	£3,209,424
	5	0.04	£10,711,447	£4,359,506	£4,359,506	£4,359,506	£4,359,506
	6	0.04	£12,893,724	£5,541,682	£5,541,682	£5,541,682	£5,541,682
	7	0.04	£15,186,429	£6,588,022	£6,588,022	£6,588,022	£6,588,022
4 Unit Housing Scheme	1	0.08	£1,324,642	£136,595	£136,595	£0	£0
	2	0.08	£3,465,220	£1,872,849	£1,872,849	£745,072	£745,072
	3	0.08	£5,645,538	£3,500,830	£3,500,830	£2,220,850	£2,220,850
	4	0.08	£7,745,176	£5,184,996	£5,184,996	£3,629,249	£3,629,249
	5	0.08	£9,903,016	£6,716,206	£6,716,206	£4,999,518	£4,999,518
	6	0.08	£12,060,856	£8,300,870	£8,300,870	£6,304,119	£6,304,119
	7	0.08	£14,218,696	£9,885,534	£9,885,534	£7,660,261	£7,660,261
5 Unit Housing Scheme	1	0.10	£1,376,961	£444,505	£0	£0	£0
	2	0.10	£3,581,674	£2,334,951	£1,473,383	£1,473,383	£294,427
	3	0.10	£5,767,617	£4,144,390	£3,104,565	£3,104,565	£1,675,302
	4	0.10	£7,990,483	£5,939,134	£4,779,949	£4,779,949	£2,964,491
	5	0.10	£10,213,350	£7,712,135	£6,324,313	£6,324,313	£4,214,372
	6	0.10	£12,436,217	£9,485,136	£7,917,956	£7,917,956	£5,367,627
	7	0.10	£14,659,084	£11,258,137	£9,511,599	£9,511,599	£6,564,329
5 Unit Flatted Scheme	1	0.05	£621,120	£0	£0	£0	£0
	2	0.05	£4,271,723	£2,288,833	£707,360	£707,360	£0
	3	0.05	£7,768,365	£5,200,515	£3,446,077	£3,446,077	£798,809
	4	0.05	£11,234,281	£8,180,862	£5,999,250	£5,999,250	£2,916,296
	5	0.05	£14,780,282	£11,046,145	£8,655,806	£8,655,806	£4,882,771
	6	0.05	£18,326,284	£13,931,298	£11,131,270	£11,131,270	£6,806,453
	7	0.05	£21,872,286	£16,768,099	£13,647,618	£13,647,618	£8,632,425
10 Unit Flatted Scheme	1	0.10	£212,084	[redacted]	£0	£0	£0
	2	0.10	£3,334,109	[redacted]	£821,085	£88,279	£0
	3	0.10	£6,395,873	[redacted]	£3,201,430	£2,302,306	£1,001,927
	4	0.10	£9,492,009	[redacted]	£5,548,609	£4,417,816	£2,832,595
	5	0.10	£12,588,145	[redacted]	£7,928,793	£6,528,121	£4,709,605
	6	0.10	£15,684,281	[redacted]	£10,244,508	£8,603,385	£6,405,892
	7	0.10	£18,780,416	[redacted]	£12,511,871	£10,630,297	£8,078,204
10 Unit Housing Scheme	1	0.20	£1,335,653	[redacted]	£95,345	£0	£0
	2	0.20	£3,544,750	[redacted]	£1,858,481	£1,286,687	£659,526
	3	0.20	£5,767,617	[redacted]	£3,587,112	£2,854,977	£2,043,064
	4	0.20	£7,990,483	[redacted]	£5,334,902	£4,436,532	£3,410,857
	5	0.20	£10,213,350	[redacted]	£7,018,224	£5,941,530	£4,690,922
	6	0.20	£12,436,217	[redacted]	£8,701,546	£7,426,381	£5,950,841
	7	0.20	£14,659,084	[redacted]	£10,384,868	£8,911,233	£7,210,759
15 Unit Flatted Scheme	1	0.15	£348,430	[redacted]	£0	£0	£0
	2	0.15	£3,580,584	[redacted]	£821,797	£294,639	£0
	3	0.15	£6,826,675	[redacted]	£3,203,993	£2,618,094	£1,155,055
	4	0.15	£10,072,766	[redacted]	£5,613,689	£4,893,982	£3,095,752
	5	0.15	£13,318,857	[redacted]	£8,034,129	£7,207,604	£5,029,110
	6	0.15	£16,564,948	[redacted]	£10,379,356	£9,446,013	£6,886,936
	7	0.15	£19,811,040	[redacted]	£12,676,231	£11,636,071	£8,680,292
15 Unit Housing Scheme	1	0.30	£1,222,242	[redacted]	£0	£0	£0
	2	0.30	£3,335,479	[redacted]	£1,408,934	£1,122,734	£319,836
	3	0.30	£5,461,316	[redacted]	£2,964,239	£2,621,204	£1,594,232
	4	0.30	£7,587,152	[redacted]	£4,534,068	£4,131,247	£2,848,550
	5	0.30	£9,712,989	[redacted]	£6,031,371	£5,568,764	£4,017,229
	6	0.30	£11,838,826	[redacted]	£7,515,242	£6,992,849	£5,159,045
	7	0.30	£13,964,663	[redacted]	£8,999,114	£8,416,934	£6,300,862

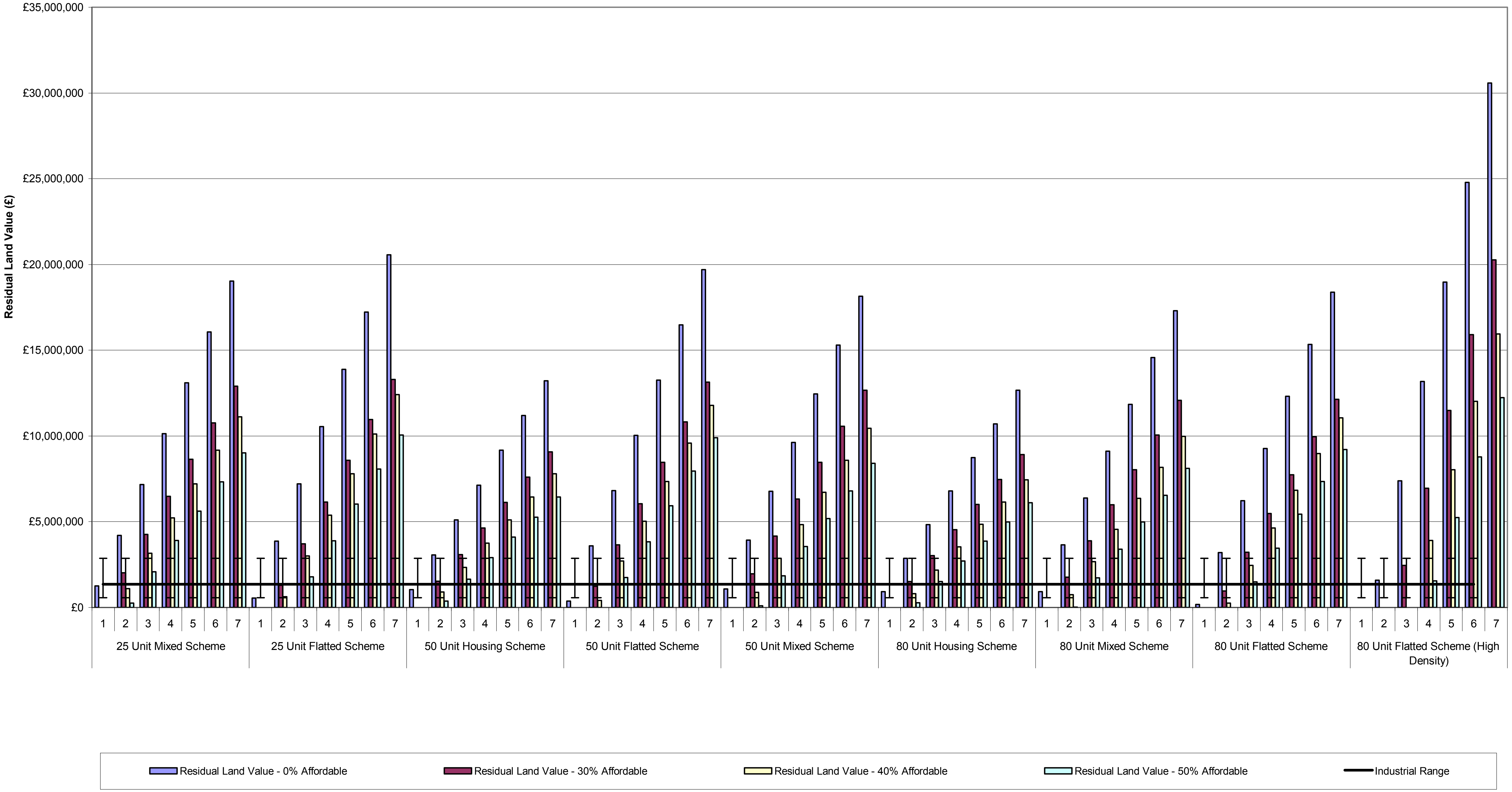
Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£1,254,292	[redacted]	£0	£0	£0
	2	0.33	£4,206,226	[redacted]	£1,695,734	£1,096,646	£257,715
	3	0.33	£7,171,091	[redacted]	£3,935,349	£3,164,590	£2,087,968
	4	0.33	£10,135,956	[redacted]	£6,151,015	£5,217,495	£3,902,185
	5	0.33	£13,100,822	[redacted]	£8,309,204	£7,198,554	£5,625,396
	6	0.33	£16,065,687	[redacted]	£10,448,233	£9,165,243	£7,324,658
	7	0.33	£19,030,552	[redacted]	£12,572,893	£11,124,747	£9,009,550
25 Unit Flatted Scheme	1	0.25	£558,823	[redacted]	£0	£0	£0
	2	0.25	£3,874,987	[redacted]	£1,290,338	£622,656	£0
	3	0.25	£7,213,504	[redacted]	£3,855,558	£2,996,442	£1,788,629
	4	0.25	£10,552,020	[redacted]	£6,427,758	£5,388,811	£3,888,403
	5	0.25	£13,890,537	[redacted]	£9,012,604	£7,793,826	£6,025,584
	6	0.25	£17,229,054	[redacted]	£11,534,223	£10,122,970	£8,067,926
	7	0.25	£20,567,571	[redacted]	£14,017,908	£12,404,695	£10,053,365
50 Unit Housing Scheme	1	1.00	£1,034,903	[redacted]	£0	£0	£0
	2	1.00	£3,066,845	[redacted]	£1,334,875	£906,889	£376,149
	3	1.00	£5,098,787	[redacted]	£2,885,951	£2,337,123	£1,650,339
	4	1.00	£7,130,728	[redacted]	£4,421,842	£3,752,172	£2,913,222
	5	1.00	£9,162,670	[redacted]	£5,914,457	£5,109,519	£4,101,699
	6	1.00	£11,194,612	[redacted]	£7,395,683	£6,451,681	£5,267,399
	7	1.00	£13,226,553	[redacted]	£8,876,909	£7,793,842	£6,433,100
50 Unit Flatted Scheme	1	0.50	£374,973	[redacted]	£0	£0	£0
	2	0.50	£3,587,790	[redacted]	£1,238,959	£415,738	£0
	3	0.50	£6,811,971	[redacted]	£3,781,561	£2,716,794	£1,755,949
	4	0.50	£10,036,151	[redacted]	£6,318,088	£5,024,375	£3,838,007
	5	0.50	£13,260,331	[redacted]	£8,866,763	£7,344,103	£5,938,286
	6	0.50	£16,484,512	[redacted]	£11,360,773	£9,590,945	£7,947,457
	7	0.50	£19,708,692	[redacted]	£13,822,895	£11,792,232	£9,901,963
50 Unit Mixed Scheme	1	0.67	£1,078,098	[redacted]	£0	£0	£0
	2	0.67	£3,924,044	[redacted]	£1,649,774	£888,379	£98,932
	3	0.67	£6,769,991	[redacted]	£3,848,176	£2,875,956	£1,853,172
	4	0.67	£9,615,937	[redacted]	£6,022,780	£4,828,404	£3,563,775
	5	0.67	£12,461,884	[redacted]	£8,150,924	£6,716,260	£5,193,921
	6	0.67	£15,307,830	[redacted]	£10,262,070	£8,587,118	£6,804,803
	7	0.67	£18,153,776	[redacted]	£12,366,417	£10,451,177	£8,408,886
80 Unit Housing Scheme	1	1.60	£917,757	[redacted]	£0	£0	£0
	2	1.60	£2,875,487	[redacted]	£1,310,269	£799,149	£274,934
	3	1.60	£4,833,216	[redacted]	£2,831,318	£2,180,402	£1,504,910
	4	1.60	£6,790,946	[redacted]	£4,338,713	£3,543,451	£2,714,966
	5	1.60	£8,748,675	[redacted]	£5,806,515	£4,854,618	£3,859,487
	6	1.60	£10,706,405	[redacted]	£7,262,940	£6,152,133	£4,985,804
	7	1.60	£12,664,134	[redacted]	£8,719,365	£7,449,648	£6,112,121
80 Unit Mixed Scheme	1	1.07	£922,399	[redacted]	£0	£0	£0
	2	1.07	£3,651,404	[redacted]	£1,480,935	£755,871	£26,079
	3	1.07	£6,380,410	[redacted]	£3,594,597	£2,668,773	£1,728,929
	4	1.07	£9,109,415	[redacted]	£5,686,482	£4,553,092	£3,396,755
	5	1.07	£11,838,420	[redacted]	£7,730,050	£6,370,720	£4,982,918
	6	1.07	£14,567,426	[redacted]	£9,762,049	£8,173,377	£6,550,026
	7	1.07	£17,296,431	[redacted]	£11,789,965	£9,971,951	£8,111,009
80 Unit Flatted Scheme	1	0.80	£168,331	[redacted]	£0	£0	£0
	2	0.80	£3,198,320	[redacted]	£978,405	£262,455	£0
	3	0.80	£6,235,043	[redacted]	£3,374,255	£2,447,115	£1,491,759
	4	0.80	£9,271,765	[redacted]	£5,764,643	£4,632,447	£3,458,382
	5	0.80	£12,308,488	[redacted]	£8,165,954	£6,832,343	£5,445,030
	6	0.80	£15,345,210	[redacted]	£10,516,294	£8,966,704	£7,349,759
	7	0.80	£18,381,932	[redacted]	£12,836,597	£11,062,836	£9,208,068
80 Unit Flatted Scheme (High Density)	1	0.40	£0	[redacted]	£0	£0	£0
	2	0.40	£1,585,212	[redacted]	£0	£0	£0
	3	0.40	£7,383,678	[redacted]	£1,662,102	£0	£0
	4	0.40	£13,182,144	[redacted]	£6,167,900	£3,903,509	£1,555,379
	5	0.40	£18,980,610	[redacted]	£10,695,543	£8,028,320	£5,253,694
	6	0.40	£24,779,076	[redacted]	£15,121,243	£12,022,064	£8,788,174
	7	0.40	£30,577,542	[redacted]	£19,486,871	£15,939,350	£12,229,814

Source: Adams Integra, September 2009

Graph 2b-i: Summary of Residual Land Values (£ per Ha) at 0%, 20%, 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £15,000



Graph 2b-ii: Summary of Residual Land Values (£ per Ha) at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £15,000



Appendix IIb

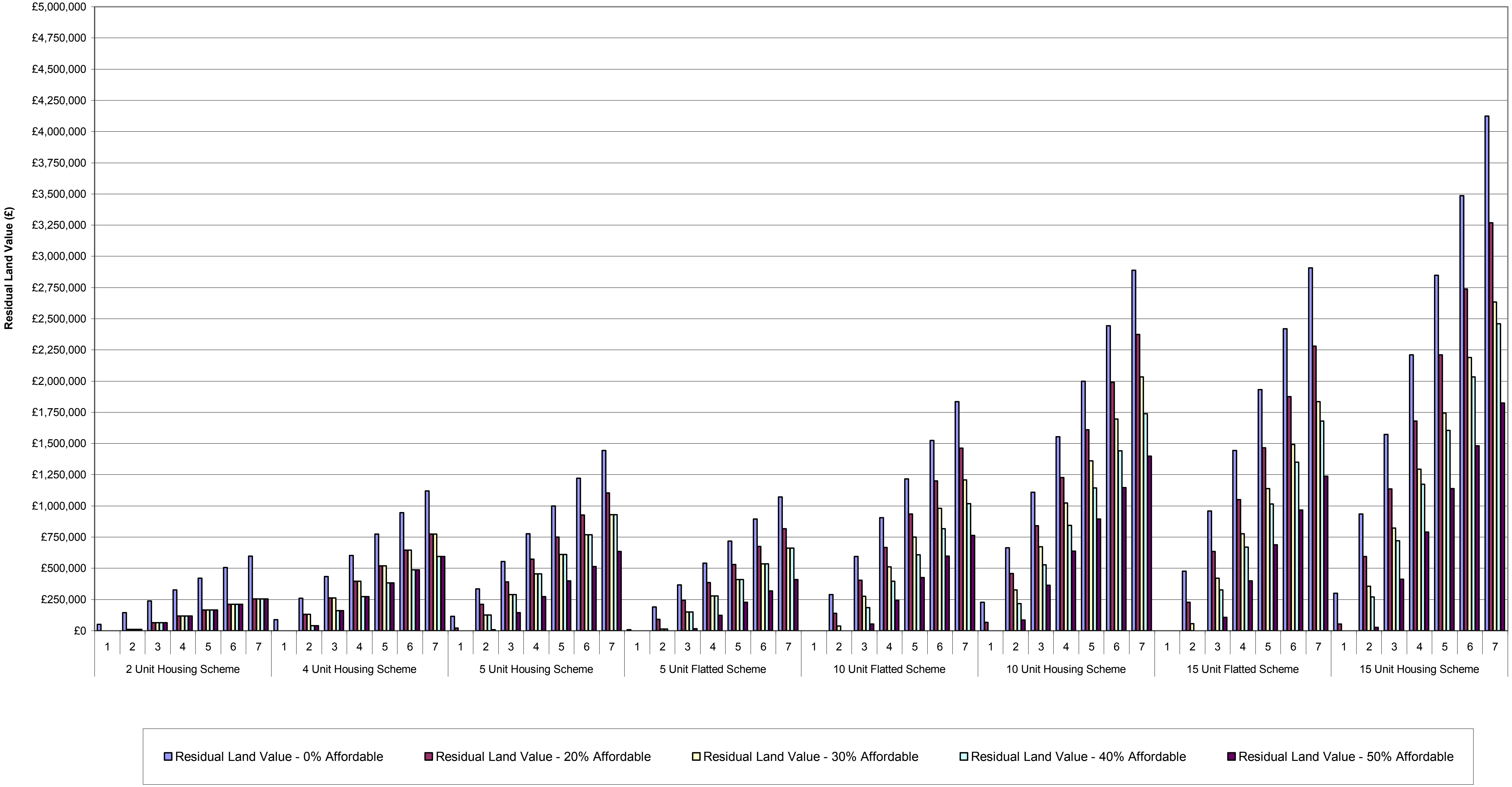
Table 3: Summary of Residual Land Value (£) Appraisals for All Value Points - 70% General Needs Rent/30% Intermediate Tenure Mix Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
2 Unit Housing Scheme	1	£50,342	£0	£0	£0	£0
	2	£145,871	£9,908	£9,908	£9,908	£9,908
	3	£238,986	£64,517	£64,517	£64,517	£64,517
	4	£326,822	£119,127	£119,127	£119,127	£119,127
	5	£419,485	£166,892	£166,892	£166,892	£166,892
	6	£506,869	£212,510	£212,510	£212,510	£212,510
	7	£598,577	£254,548	£254,548	£254,548	£254,548
4 Unit Housing Scheme	1	£87,471	£0	£0	£0	£0
	2	£259,273	£131,328	£131,328	£41,106	£41,106
	3	£433,698	£262,121	£262,121	£160,963	£160,963
	4	£601,854	£396,855	£396,855	£272,395	£272,395
	5	£774,481	£519,537	£519,537	£382,016	£382,016
	6	£947,109	£646,310	£646,310	£486,570	£486,570
	7	£1,119,736	£773,083	£773,083	£595,061	£595,061
5 Unit Housing Scheme	1	£115,009	£21,763	£0	£0	£0
	2	£336,161	£211,034	£124,651	£124,651	£6,755
	3	£554,982	£392,432	£288,450	£288,450	£144,843
	4	£777,268	£572,133	£455,988	£455,988	£274,442
	5	£999,555	£749,433	£610,651	£610,651	£399,430
	6	£1,221,842	£926,734	£770,016	£770,016	£514,983
	7	£1,444,128	£1,104,034	£929,380	£929,380	£634,653
5 Unit Flatted Scheme	1	£8,369	£0	£0	£0	£0
	2	£191,126	£91,754	£12,680	£12,680	£0
	3	£366,411	£242,926	£149,616	£149,616	£17,253
	4	£539,934	£387,036	£277,956	£277,956	£123,127
	5	£717,234	£530,527	£410,783	£410,783	£226,712
	6	£894,534	£674,785	£534,783	£534,783	£318,316
	7	£1,071,834	£816,625	£660,601	£660,601	£409,614
10 Unit Flatted Scheme	1	£0	£0	£0	£0	£0
	2	£289,397	£138,035	£36,734	£0	£0
	3	£596,027	£404,522	£276,129	£185,309	£54,818
	4	£905,641	£668,189	£511,301	£397,768	£244,179
	5	£1,215,254	£936,026	£749,319	£609,252	£426,947
	6	£1,524,868	£1,200,640	£980,891	£816,778	£597,029
	7	£1,834,482	£1,462,836	£1,207,627	£1,019,470	£764,260
10 Unit Housing Scheme	1	£227,717	£66,940	£0	£0	£0
	2	£665,390	£457,072	£327,682	£217,722	£86,530
	3	£1,109,963	£840,458	£673,862	£527,435	£364,599
	4	£1,554,537	£1,228,555	£1,023,420	£843,746	£638,611
	5	£1,999,110	£1,610,206	£1,360,085	£1,144,746	£894,624
	6	£2,443,683	£1,991,857	£1,696,749	£1,441,716	£1,146,608
	7	£2,888,257	£2,373,508	£2,033,414	£1,738,687	£1,398,592
15 Unit Flatted Scheme	1	£0	£0	£0	£0	£0
	2	£476,662	£227,492	£55,207	£0	£0
	3	£958,661	£635,916	£419,585	£326,694	£106,946
	4	£1,445,575	£1,051,235	£776,713	£668,757	£398,342
	5	£1,932,489	£1,466,553	£1,139,779	£1,015,801	£689,027
	6	£2,419,402	£1,875,425	£1,491,563	£1,351,562	£967,700
	7	£2,906,316	£2,279,461	£1,836,095	£1,680,071	£1,236,704
15 Unit Housing Scheme	1	£300,652	£53,627	£0	£0	£0
	2	£935,304	£594,218	£356,660	£270,800	£27,888
	3	£1,573,055	£1,136,954	£823,932	£721,021	£412,249
	4	£2,210,806	£1,679,690	£1,294,881	£1,174,034	£789,225
	5	£2,848,557	£2,209,532	£1,744,071	£1,605,289	£1,139,829
	6	£3,486,308	£2,739,374	£2,189,233	£2,032,515	£1,482,374
	7	£4,124,059	£3,269,216	£2,634,394	£2,459,740	£1,824,919

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£306,004	[redacted]	£0	£0	£0
	2	£1,281,255	[redacted]	£457,509	£253,981	£0
	3	£2,259,660	[redacted]	£1,191,865	£937,515	£582,229
	4	£3,238,066	[redacted]	£1,923,035	£1,614,973	£1,180,921
	5	£4,216,471	[redacted]	£2,635,237	£2,268,723	£1,749,581
	6	£5,194,877	[redacted]	£3,341,117	£2,917,730	£2,310,337
	7	£6,173,282	[redacted]	£4,042,255	£3,564,367	£2,866,352
25 Unit Flatted Scheme	1	£28,456	[redacted]	£0	£0	£0
	2	£861,947	[redacted]	£219,098	£44,414	£0
	3	£1,696,576	[redacted]	£857,089	£642,310	£339,245
	4	£2,531,205	[redacted]	£1,500,140	£1,240,403	£865,301
	5	£3,365,834	[redacted]	£2,146,351	£1,841,656	£1,399,596
	6	£4,200,463	[redacted]	£2,776,756	£2,423,942	£1,910,181
	7	£5,035,093	[redacted]	£3,397,677	£2,994,374	£2,406,541
50 Unit Housing Scheme	1	£829,703	[redacted]	£0	£0	£0
	2	£2,861,645	[redacted]	£1,129,675	£701,689	£174,033
	3	£4,893,587	[redacted]	£2,680,751	£2,131,923	£1,445,139
	4	£6,925,528	[redacted]	£4,216,642	£3,546,972	£2,708,022
	5	£8,957,470	[redacted]	£5,709,257	£4,904,319	£3,896,499
	6	£10,989,412	[redacted]	£7,190,483	£6,246,481	£5,062,199
	7	£13,021,353	[redacted]	£8,671,709	£7,588,642	£6,227,900
50 Unit Flatted Scheme	1	£0	[redacted]	£0	£0	£0
	2	£1,588,695	[redacted]	£418,595	£0	£0
	3	£3,200,785	[redacted]	£1,685,580	£1,153,197	£672,775
	4	£4,812,876	[redacted]	£2,953,844	£2,306,987	£1,713,804
	5	£6,424,966	[redacted]	£4,228,181	£3,466,852	£2,763,943
	6	£8,037,056	[redacted]	£5,475,186	£4,590,272	£3,768,529
	7	£9,649,146	[redacted]	£6,706,247	£5,690,916	£4,745,781
50 Unit Mixed Scheme	1	£517,126	[redacted]	£0	£0	£0
	2	£2,423,910	[redacted]	£900,148	£394,077	£0
	3	£4,330,694	[redacted]	£2,373,078	£1,721,691	£1,036,425
	4	£6,237,478	[redacted]	£3,830,063	£3,029,831	£2,182,529
	5	£8,144,262	[redacted]	£5,255,919	£4,294,694	£3,274,727
	6	£10,051,046	[redacted]	£6,670,387	£5,548,169	£4,354,018
	7	£11,957,830	[redacted]	£8,080,300	£6,797,089	£5,428,754
80 Unit Housing Scheme	1	£1,153,532	[redacted]	£0	£0	£0
	2	£4,285,899	[redacted]	£1,781,550	£963,758	£125,499
	3	£7,418,266	[redacted]	£4,215,228	£3,173,763	£2,092,976
	4	£10,550,633	[redacted]	£6,627,061	£5,354,641	£4,029,065
	5	£13,683,001	[redacted]	£8,975,545	£7,452,509	£5,860,299
	6	£16,815,368	[redacted]	£11,305,824	£9,528,533	£7,662,407
	7	£19,947,735	[redacted]	£13,636,103	£11,604,557	£9,464,514
80 Unit Mixed Scheme	1	£672,087	[redacted]	£0	£0	£0
	2	£3,592,123	[redacted]	£1,269,721	£493,902	£0
	3	£6,512,158	[redacted]	£3,531,339	£2,540,707	£1,535,074
	4	£9,432,194	[redacted]	£5,769,656	£4,556,929	£3,319,648
	5	£12,352,230	[redacted]	£7,956,274	£6,501,791	£5,016,842
	6	£15,272,266	[redacted]	£10,130,512	£8,430,634	£6,693,648
	7	£18,192,301	[redacted]	£12,300,382	£10,355,107	£8,363,900
80 Unit Flatted Scheme	1	£0	[redacted]	£0	£0	£0
	2	£2,243,776	[redacted]	£472,718	£0	£0
	3	£4,673,154	[redacted]	£2,384,524	£1,642,812	£878,528
	4	£7,102,532	[redacted]	£4,296,835	£3,391,078	£2,451,826
	5	£9,531,910	[redacted]	£6,217,883	£5,150,994	£4,041,144
	6	£11,961,288	[redacted]	£8,098,155	£6,858,483	£5,564,927
	7	£14,390,666	[redacted]	£9,954,397	£8,535,389	£7,051,574
80 Unit Flatted Scheme (High Density)	1	£0	[redacted]	£0	£0	£0
	2	£322,530	[redacted]	£0	£0	£0
	3	£2,638,591	[redacted]	£353,606	£0	£0
	4	£4,957,978	[redacted]	£2,152,280	£1,246,523	£310,472
	5	£7,277,364	[redacted]	£3,963,337	£2,896,448	£1,786,598
	6	£9,596,751	[redacted]	£5,733,617	£4,493,945	£3,200,390
	7	£11,916,137	[redacted]	£7,479,868	£6,060,860	£4,577,045

Source: Adams Integra, September 2009

Graph 3i: Summary of Residual Land Values at 0%, 20%, 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £20,000



Graph 3ii: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £20,000

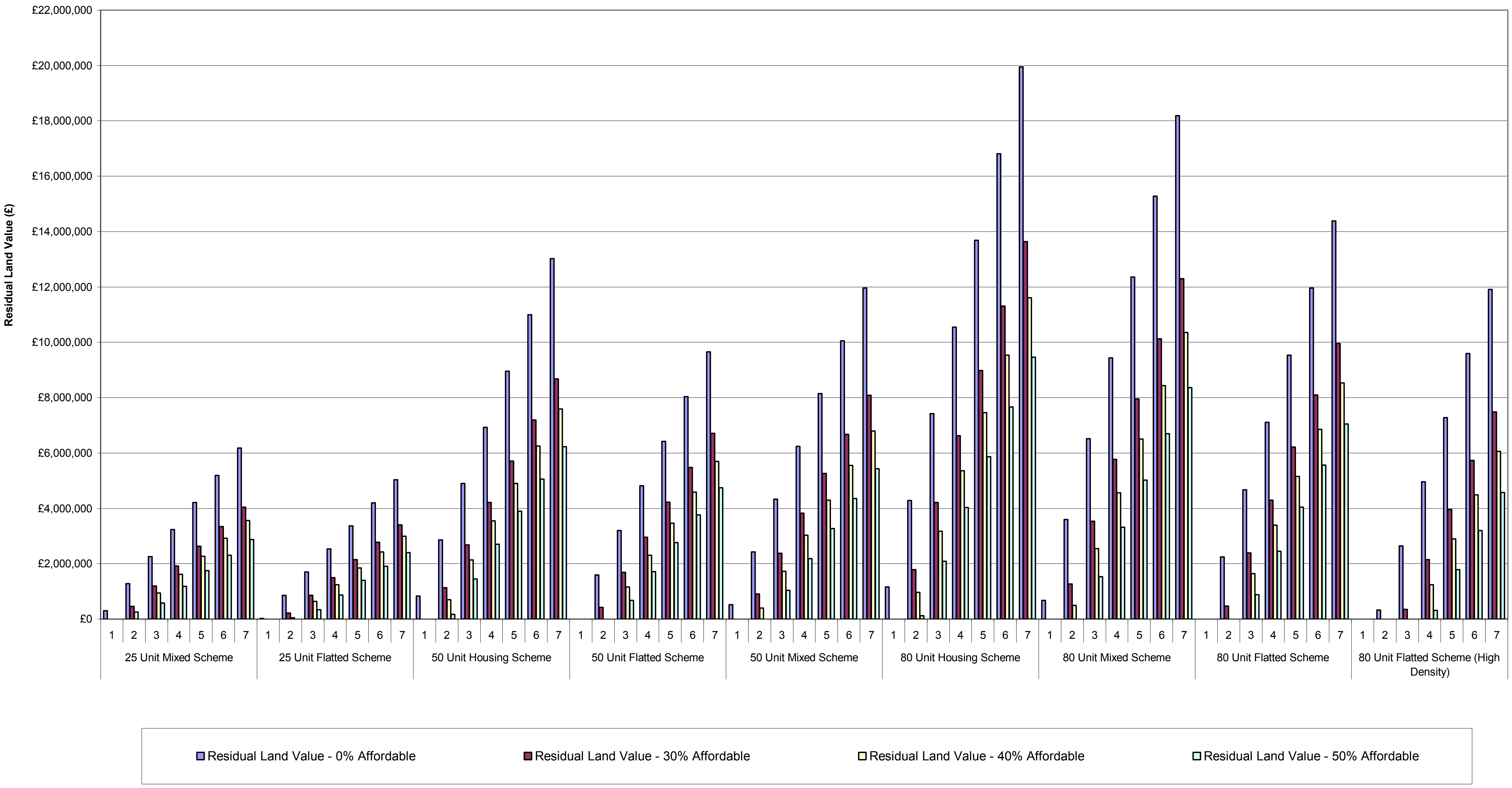


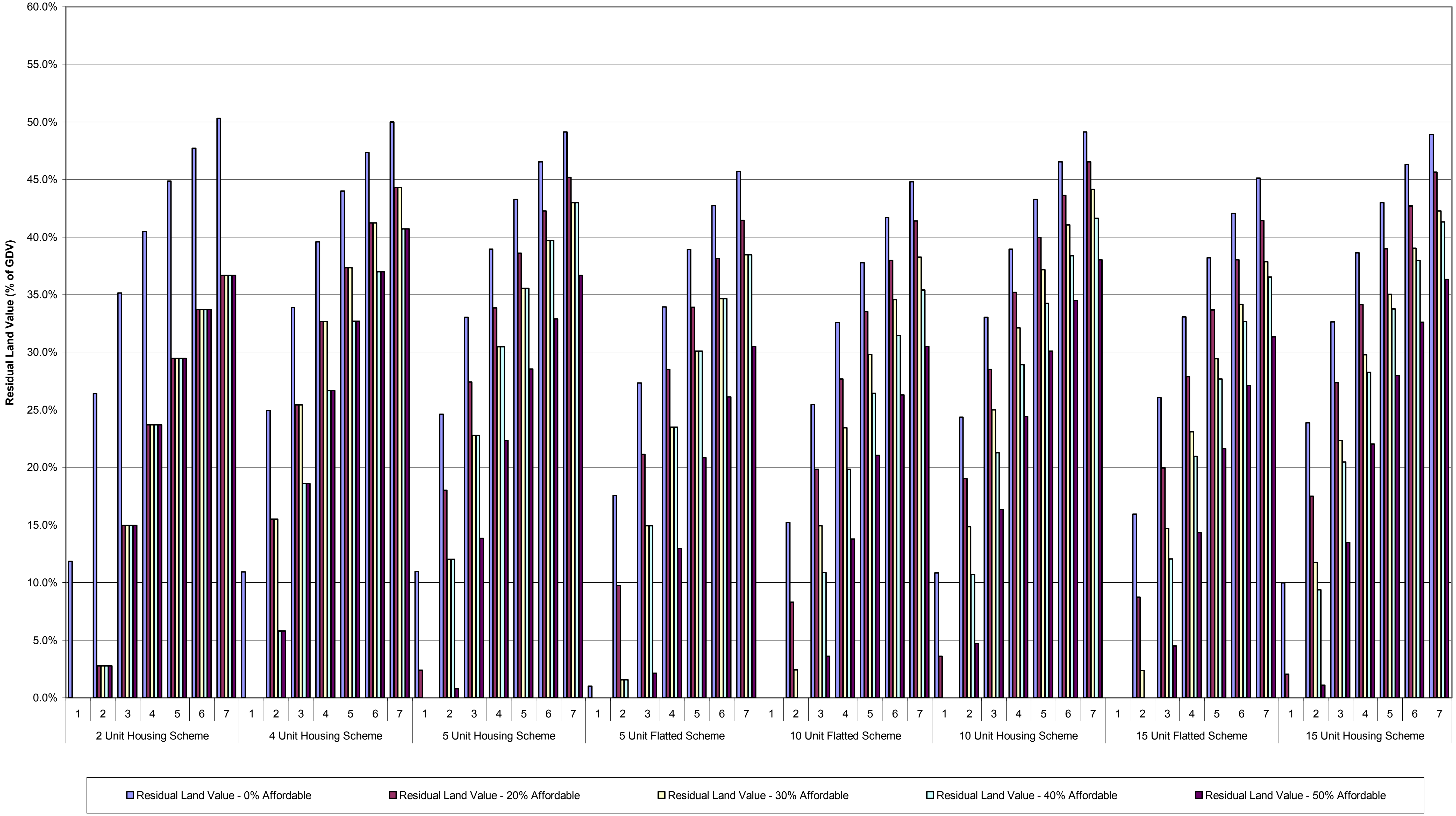
Table 3a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
2 Unit Housing Scheme	1	11.8%	0.0%	0.0%	0.0%	0.0%
	2	26.4%	2.8%	2.8%	2.8%	2.8%
	3	35.1%	15.0%	15.0%	15.0%	15.0%
	4	40.5%	23.7%	23.7%	23.7%	23.7%
	5	44.9%	29.5%	29.5%	29.5%	29.5%
	6	47.7%	33.7%	33.7%	33.7%	33.7%
	7	50.3%	36.7%	36.7%	36.7%	36.7%
4 Unit Housing Scheme	1	10.9%	0.0%	0.0%	0.0%	0.0%
	2	24.9%	15.5%	15.5%	5.8%	5.8%
	3	33.9%	25.4%	25.4%	18.6%	18.6%
	4	39.6%	32.7%	32.7%	26.7%	26.7%
	5	44.0%	37.3%	37.3%	32.7%	32.7%
	6	47.4%	41.2%	41.2%	37.0%	37.0%
	7	50.0%	44.3%	44.3%	40.7%	40.7%
5 Unit Housing Scheme	1	11.0%	2.4%	0.0%	0.0%	0.0%
	2	24.6%	18.0%	12.0%	12.0%	0.8%
	3	33.0%	27.4%	22.8%	22.8%	13.8%
	4	39.0%	33.8%	30.5%	30.5%	22.3%
	5	43.3%	38.6%	35.5%	35.5%	28.5%
	6	46.5%	42.3%	39.7%	39.7%	32.9%
	7	49.1%	45.2%	43.0%	43.0%	36.7%
5 Unit Flatted Scheme	1	1.0%	0.0%	0.0%	0.0%	0.0%
	2	17.6%	9.8%	1.5%	1.5%	0.0%
	3	27.3%	21.1%	14.9%	14.9%	2.1%
	4	33.9%	28.5%	23.5%	23.5%	13.0%
	5	38.9%	33.9%	30.1%	30.1%	20.8%
	6	42.7%	38.1%	34.7%	34.7%	26.1%
	7	45.7%	41.5%	38.4%	38.4%	30.5%
10 Unit Flatted Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	15.2%	8.3%	2.4%	0.0%	0.0%
	3	25.5%	19.8%	14.9%	10.9%	3.6%
	4	32.6%	27.7%	23.4%	19.8%	13.8%
	5	37.8%	33.5%	29.8%	26.4%	21.1%
	6	41.7%	38.0%	34.6%	31.5%	26.3%
	7	44.8%	41.4%	38.3%	35.4%	30.5%
10 Unit Housing Scheme	1	10.8%	3.6%	0.0%	0.0%	0.0%
	2	24.4%	19.0%	14.8%	10.7%	4.7%
	3	33.0%	28.5%	25.0%	21.3%	16.4%
	4	39.0%	35.2%	32.1%	28.9%	24.4%
	5	43.3%	40.0%	37.2%	34.3%	30.1%
	6	46.5%	43.6%	41.1%	38.4%	34.5%
	7	49.1%	46.5%	44.1%	41.6%	38.0%
15 Unit Flatted Scheme	1	0.0%	0.0%	0.0%	0.0%	0.0%
	2	15.9%	8.7%	2.4%	0.0%	0.0%
	3	26.1%	19.9%	14.7%	12.1%	4.5%
	4	33.1%	27.9%	23.1%	21.0%	14.3%
	5	38.2%	33.7%	29.4%	27.7%	21.6%
	6	42.1%	38.0%	34.2%	32.7%	27.1%
	7	45.1%	41.4%	37.9%	36.5%	31.3%
15 Unit Housing Scheme	1	10.0%	2.0%	0.0%	0.0%	0.0%
	2	23.9%	17.5%	11.8%	9.4%	1.1%
	3	32.6%	27.4%	22.3%	20.5%	13.5%
	4	38.6%	34.1%	29.8%	28.3%	22.0%
	5	43.0%	39.0%	35.0%	33.7%	28.0%
	6	46.3%	42.7%	39.0%	38.0%	32.6%
	7	48.9%	45.7%	42.3%	41.3%	36.3%

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	6.5%	[redacted]	0.0%	0.0%	0.0%
	2	20.9%	[redacted]	9.5%	5.6%	0.0%
	3	30.0%	[redacted]	20.2%	17.1%	11.8%
	4	36.2%	[redacted]	27.7%	25.0%	20.4%
	5	40.7%	[redacted]	33.1%	30.7%	26.5%
	6	44.1%	[redacted]	37.2%	35.1%	31.3%
	7	46.8%	[redacted]	40.5%	38.6%	35.0%
25 Unit Flatted Scheme	1	0.7%	[redacted]	0.0%	0.0%	0.0%
	2	16.5%	[redacted]	5.2%	1.1%	0.0%
	3	26.4%	[redacted]	16.7%	13.4%	7.9%
	4	33.1%	[redacted]	24.8%	22.0%	17.1%
	5	38.1%	[redacted]	30.8%	28.4%	24.1%
	6	41.8%	[redacted]	35.3%	33.1%	29.3%
	7	44.7%	[redacted]	38.8%	36.8%	33.3%
50 Unit Housing Scheme	1	8.1%	[redacted]	0.0%	0.0%	0.0%
	2	21.6%	[redacted]	10.8%	7.2%	2.0%
	3	30.0%	[redacted]	21.1%	18.0%	13.4%
	4	35.8%	[redacted]	28.1%	25.4%	21.5%
	5	40.0%	[redacted]	33.1%	30.7%	27.1%
	6	43.1%	[redacted]	37.0%	34.8%	31.5%
	7	45.6%	[redacted]	40.0%	38.0%	35.0%
50 Unit Flatted Scheme	1	0.0%	[redacted]	0.0%	0.0%	0.0%
	2	15.1%	[redacted]	4.9%	0.0%	0.0%
	3	24.8%	[redacted]	16.1%	12.0%	7.6%
	4	31.3%	[redacted]	23.9%	20.4%	16.5%
	5	36.1%	[redacted]	29.7%	26.6%	23.2%
	6	39.8%	[redacted]	34.0%	31.2%	28.1%
	7	42.6%	[redacted]	37.4%	34.9%	32.0%
50 Unit Mixed Scheme	1	5.4%	[redacted]	0.0%	0.0%	0.0%
	2	19.5%	[redacted]	9.0%	4.3%	0.0%
	3	28.3%	[redacted]	19.5%	15.5%	10.4%
	4	34.3%	[redacted]	26.7%	23.2%	18.7%
	5	38.7%	[redacted]	32.0%	28.8%	24.6%
	6	42.1%	[redacted]	35.9%	33.1%	29.2%
	7	44.7%	[redacted]	39.1%	36.5%	32.9%
80 Unit Housing Scheme	1	7.0%	[redacted]	0.0%	0.0%	0.0%
	2	20.1%	[redacted]	10.4%	6.2%	0.9%
	3	28.3%	[redacted]	20.2%	16.6%	12.1%
	4	33.9%	[redacted]	27.0%	23.9%	19.9%
	5	38.0%	[redacted]	31.8%	29.0%	25.4%
	6	41.1%	[redacted]	35.5%	33.0%	29.7%
	7	43.5%	[redacted]	38.4%	36.1%	33.1%
80 Unit Mixed Scheme	1	4.4%	[redacted]	0.0%	0.0%	0.0%
	2	18.1%	[redacted]	8.0%	3.4%	0.0%
	3	26.7%	[redacted]	18.2%	14.3%	9.6%
	4	32.5%	[redacted]	25.2%	21.8%	17.7%
	5	36.8%	[redacted]	30.3%	27.2%	23.4%
	6	40.0%	[redacted]	34.1%	31.4%	27.9%
	7	42.6%	[redacted]	37.2%	34.7%	31.5%
80 Unit Flatted Scheme	1	0.0%	[redacted]	0.0%	0.0%	0.0%
	2	13.6%	[redacted]	3.5%	0.0%	0.0%
	3	23.0%	[redacted]	14.5%	10.8%	6.3%
	4	29.4%	[redacted]	22.1%	19.0%	15.0%
	5	34.1%	[redacted]	27.8%	25.0%	21.6%
	6	37.7%	[redacted]	32.0%	29.5%	26.4%
	7	40.5%	[redacted]	35.3%	33.0%	30.2%
80 Unit Flatted Scheme (High Density)	1	0.0%	[redacted]	0.0%	0.0%	0.0%
	2	2.0%	[redacted]	0.0%	0.0%	0.0%
	3	13.6%	[redacted]	2.3%	0.0%	0.0%
	4	21.5%	[redacted]	11.7%	7.4%	2.0%
	5	27.3%	[redacted]	18.8%	15.0%	10.2%
	6	31.7%	[redacted]	24.0%	20.6%	16.3%
	7	35.1%	[redacted]	28.1%	25.0%	21.0%

Source: Adams Integra, September 2009

Graph 3a-i: Summary of Residual Land Values (as % of GDV) at 0%, 20%, 30%, 40 & 50% Affordable Housing
Across all Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £20,000



Graph 3a-ii: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing Across all Value Points 70% General Needs Rent/30% Intermediate Tenure Mix Planning Infrastructure Level £20,000

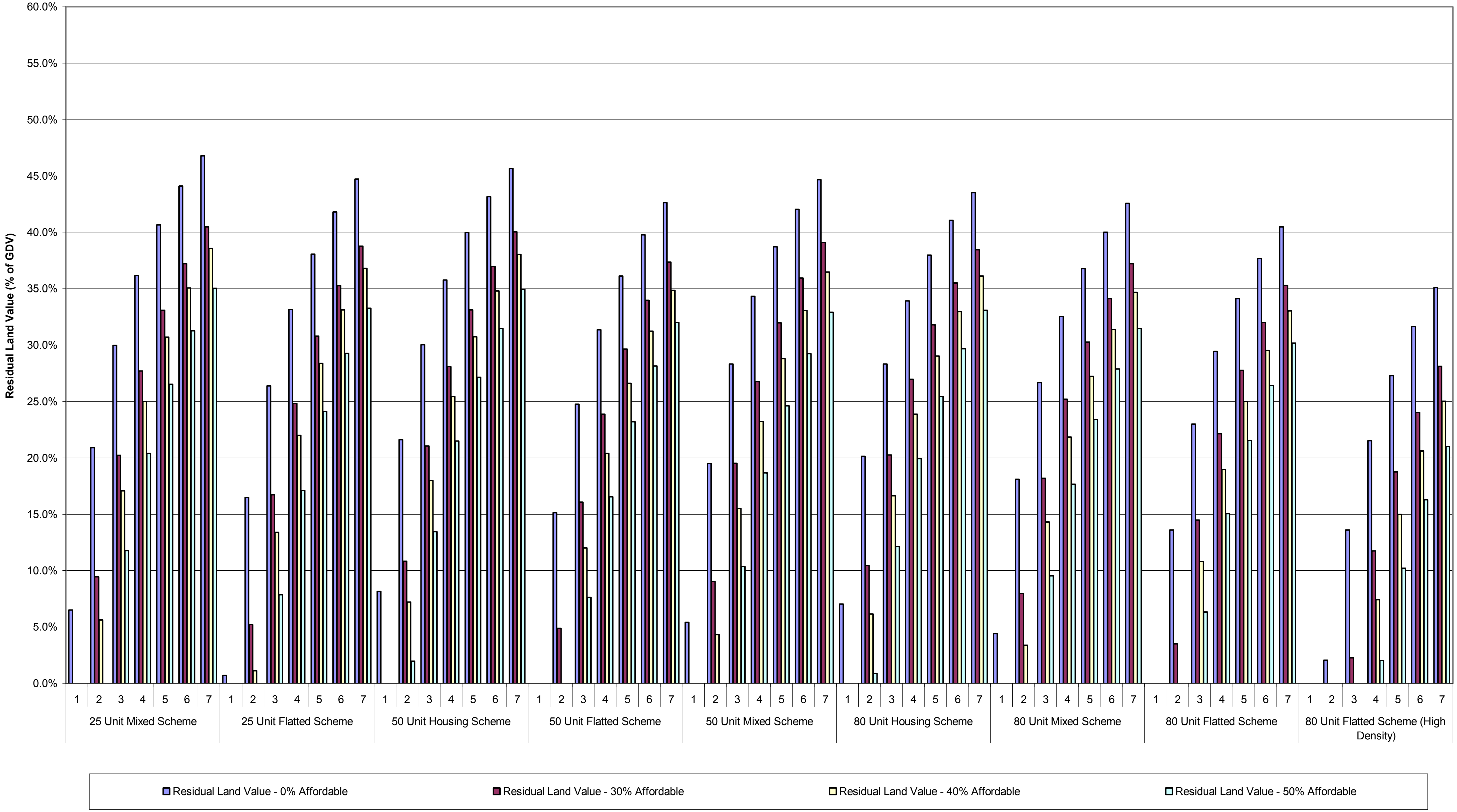


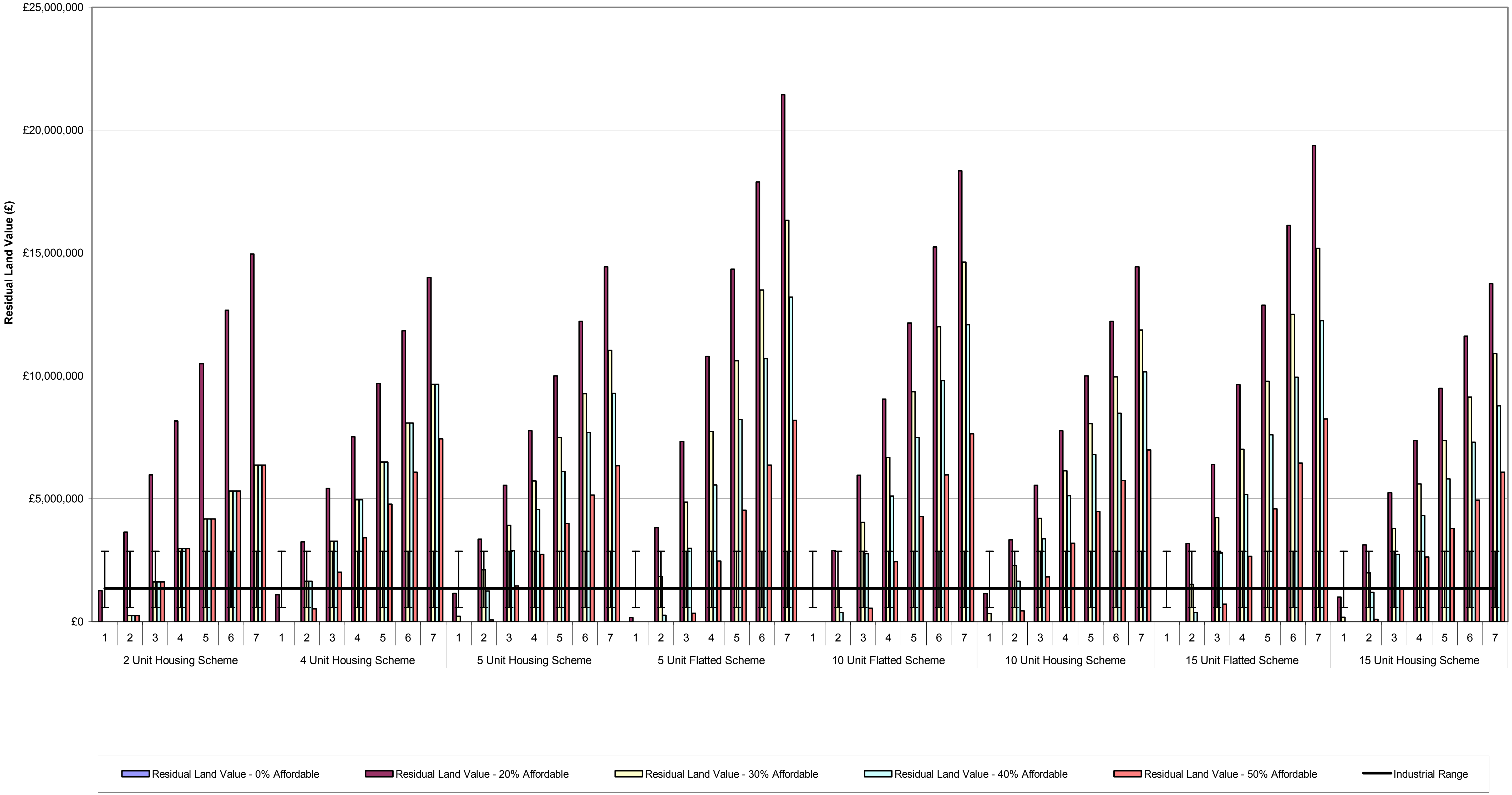
Table 3b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
2 Unit Housing Scheme	1	0.04	£1,258,541	£0	£0	£0	£0
	2	0.04	£3,646,776	£247,690	£247,690	£247,690	£247,690
	3	0.04	£5,974,660	£1,612,932	£1,612,932	£1,612,932	£1,612,932
	4	0.04	£8,170,547	£2,978,174	£2,978,174	£2,978,174	£2,978,174
	5	0.04	£10,487,134	£4,172,291	£4,172,291	£4,172,291	£4,172,291
	6	0.04	£12,671,724	£5,312,744	£5,312,744	£5,312,744	£5,312,744
	7	0.04	£14,964,429	£6,363,710	£6,363,710	£6,363,710	£6,363,710
4 Unit Housing Scheme	1	0.08	£1,093,392	£0	£0	£0	£0
	2	0.08	£3,240,908	£1,641,599	£1,641,599	£513,822	£513,822
	3	0.08	£5,421,225	£3,276,517	£3,276,517	£2,012,033	£2,012,033
	4	0.08	£7,523,176	£4,960,684	£4,960,684	£3,404,936	£3,404,936
	5	0.08	£9,681,016	£6,494,206	£6,494,206	£4,775,205	£4,775,205
	6	0.08	£11,838,856	£8,078,870	£8,078,870	£6,082,119	£6,082,119
	7	0.08	£13,996,696	£9,663,534	£9,663,534	£7,438,261	£7,438,261
5 Unit Housing Scheme	1	0.10	£1,150,086	£217,630	£0	£0	£0
	2	0.10	£3,361,605	£2,110,345	£1,246,508	£1,246,508	£67,552
	3	0.10	£5,549,817	£3,924,321	£2,884,496	£2,884,496	£1,448,427
	4	0.10	£7,772,683	£5,721,334	£4,559,880	£4,559,880	£2,744,423
	5	0.10	£9,995,550	£7,494,335	£6,106,513	£6,106,513	£3,994,303
	6	0.10	£12,218,417	£9,267,336	£7,700,156	£7,700,156	£5,149,827
	7	0.10	£14,441,284	£11,040,337	£9,293,799	£9,293,799	£6,346,529
5 Unit Flatted Scheme	1	0.05	£167,370	£0	£0	£0	£0
	2	0.05	£3,822,511	£1,835,083	£253,610	£253,610	£0
	3	0.05	£7,328,228	£4,858,529	£2,992,327	£2,992,327	£345,059
	4	0.05	£10,798,681	£7,740,724	£5,559,112	£5,559,112	£2,462,546
	5	0.05	£14,344,682	£10,610,545	£8,215,668	£8,215,668	£4,534,234
	6	0.05	£17,890,684	£13,495,698	£10,695,670	£10,695,670	£6,366,316
	7	0.05	£21,436,686	£16,332,499	£13,212,018	£13,212,018	£8,192,288
10 Unit Flatted Scheme	1	0.10	£0	[redacted]	£0	£0	£0
	2	0.10	£2,893,972	[redacted]	£367,335	£0	£0
	3	0.10	£5,960,273	[redacted]	£2,761,292	£1,853,093	£548,177
	4	0.10	£9,056,409	[redacted]	£5,113,009	£3,977,678	£2,441,786
	5	0.10	£12,152,545	[redacted]	£7,493,193	£6,092,521	£4,269,467
	6	0.10	£15,248,681	[redacted]	£9,808,908	£8,167,785	£5,970,292
	7	0.10	£18,344,816	[redacted]	£12,076,271	£10,194,697	£7,642,604
10 Unit Housing Scheme	1	0.20	£1,138,586	[redacted]	£0	£0	£0
	2	0.20	£3,326,950	[redacted]	£1,638,412	£1,088,611	£432,651
	3	0.20	£5,549,817	[redacted]	£3,369,312	£2,637,177	£1,822,995
	4	0.20	£7,772,683	[redacted]	£5,117,102	£4,218,732	£3,193,057
	5	0.20	£9,995,550	[redacted]	£6,800,424	£5,723,730	£4,473,122
	6	0.20	£12,218,417	[redacted]	£8,483,746	£7,208,581	£5,733,041
	7	0.20	£14,441,284	[redacted]	£10,167,068	£8,693,433	£6,992,959
15 Unit Flatted Scheme	1	0.15	£0	[redacted]	£0	£0	£0
	2	0.15	£3,177,744	[redacted]	£368,047	£0	£0
	3	0.15	£6,391,075	[redacted]	£2,797,230	£2,177,957	£712,972
	4	0.15	£9,637,166	[redacted]	£5,178,089	£4,458,382	£2,655,615
	5	0.15	£12,883,257	[redacted]	£7,598,529	£6,772,004	£4,593,510
	6	0.15	£16,129,348	[redacted]	£9,943,756	£9,010,413	£6,451,336
	7	0.15	£19,375,440	[redacted]	£12,240,631	£11,200,471	£8,244,692
15 Unit Housing Scheme	1	0.30	£1,002,173	[redacted]	£0	£0	£0
	2	0.30	£3,117,679	[redacted]	£1,188,865	£902,666	£92,961
	3	0.30	£5,243,516	[redacted]	£2,746,439	£2,403,404	£1,374,163
	4	0.30	£7,369,352	[redacted]	£4,316,268	£3,913,447	£2,630,750
	5	0.30	£9,495,189	[redacted]	£5,813,571	£5,350,964	£3,799,429
	6	0.30	£11,621,026	[redacted]	£7,297,442	£6,775,049	£4,941,245
	7	0.30	£13,746,863	[redacted]	£8,781,314	£8,199,134	£6,083,062

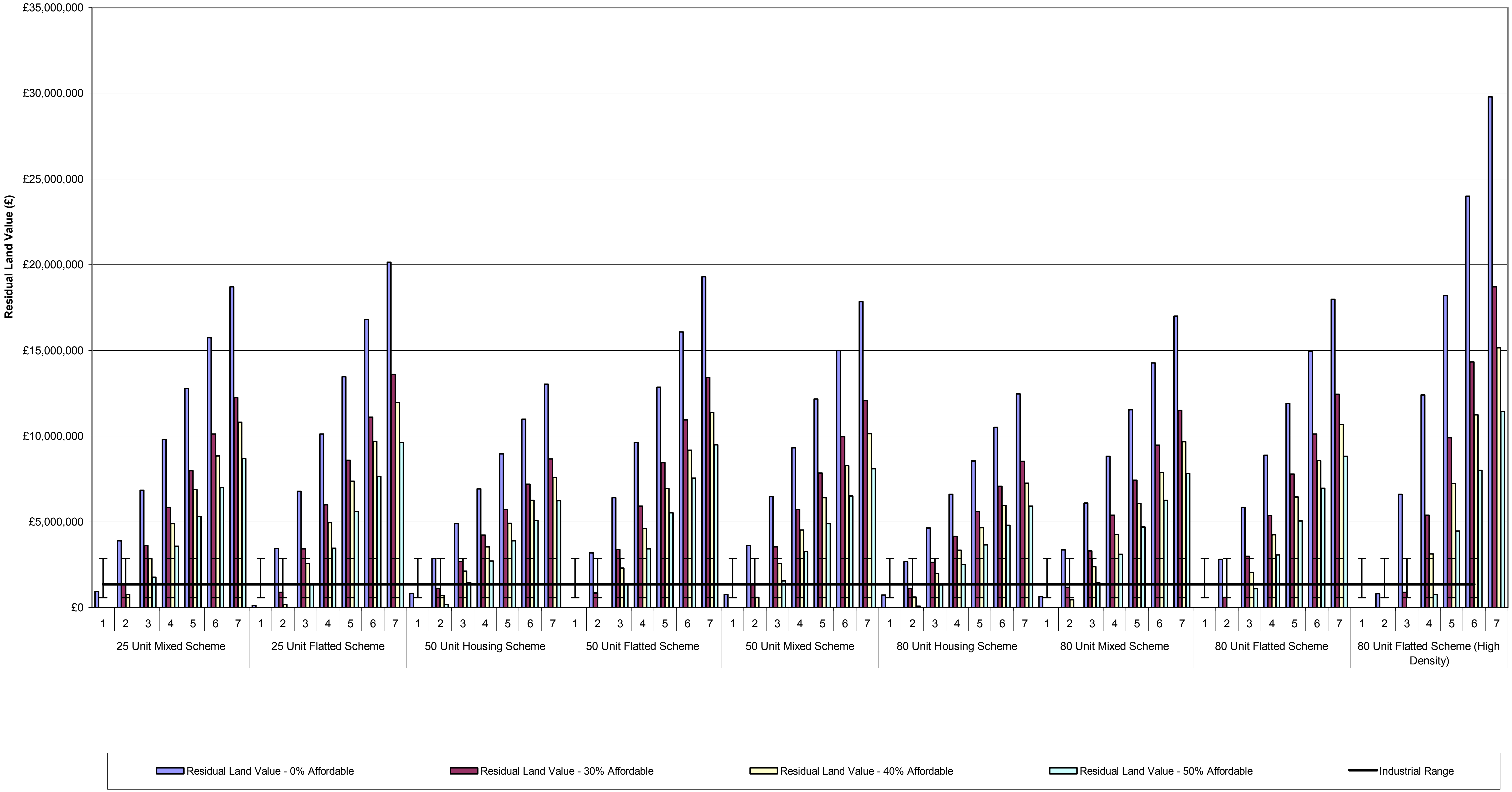
Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 0% Affordable	Residual Land Value - 20% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£927,284	[redacted]	£0	£0	£0
	2	0.33	£3,882,590	[redacted]	£1,386,390	£769,638	£0
	3	0.33	£6,847,455	[redacted]	£3,611,713	£2,840,953	£1,764,332
	4	0.33	£9,812,320	[redacted]	£5,827,379	£4,893,859	£3,578,549
	5	0.33	£12,777,185	[redacted]	£7,985,568	£6,874,918	£5,301,760
	6	0.33	£15,742,050	[redacted]	£10,124,597	£8,841,607	£7,001,022
	7	0.33	£18,706,915	[redacted]	£12,249,257	£10,801,111	£8,685,914
25 Unit Flatted Scheme	1	0.25	£113,823	[redacted]	£0	£0	£0
	2	0.25	£3,447,787	[redacted]	£876,392	£177,656	£0
	3	0.25	£6,786,304	[redacted]	£3,428,358	£2,569,242	£1,356,979
	4	0.25	£10,124,820	[redacted]	£6,000,558	£4,961,611	£3,461,203
	5	0.25	£13,463,337	[redacted]	£8,585,404	£7,366,626	£5,598,384
	6	0.25	£16,801,854	[redacted]	£11,107,023	£9,695,770	£7,640,726
	7	0.25	£20,140,371	[redacted]	£13,590,708	£11,977,495	£9,626,165
50 Unit Housing Scheme	1	1.00	£829,703	[redacted]	£0	£0	£0
	2	1.00	£2,861,645	[redacted]	£1,129,675	£701,689	£174,033
	3	1.00	£4,893,587	[redacted]	£2,680,751	£2,131,923	£1,445,139
	4	1.00	£6,925,528	[redacted]	£4,216,642	£3,546,972	£2,708,022
	5	1.00	£8,957,470	[redacted]	£5,709,257	£4,904,319	£3,896,499
	6	1.00	£10,989,412	[redacted]	£7,190,483	£6,246,481	£5,062,199
	7	1.00	£13,021,353	[redacted]	£8,671,709	£7,588,642	£6,227,900
50 Unit Flatted Scheme	1	0.50	£0	[redacted]	£0	£0	£0
	2	0.50	£3,177,390	[redacted]	£837,190	£0	£0
	3	0.50	£6,401,571	[redacted]	£3,371,161	£2,306,394	£1,345,549
	4	0.50	£9,625,751	[redacted]	£5,907,688	£4,613,975	£3,427,607
	5	0.50	£12,849,931	[redacted]	£8,456,363	£6,933,703	£5,527,886
	6	0.50	£16,074,112	[redacted]	£10,950,373	£9,180,545	£7,537,057
	7	0.50	£19,298,292	[redacted]	£13,412,495	£11,381,832	£9,491,563
50 Unit Mixed Scheme	1	0.67	£771,829	[redacted]	£0	£0	£0
	2	0.67	£3,617,776	[redacted]	£1,343,505	£588,174	£0
	3	0.67	£6,463,722	[redacted]	£3,541,907	£2,569,688	£1,546,904
	4	0.67	£9,309,669	[redacted]	£5,716,512	£4,522,136	£3,257,506
	5	0.67	£12,155,615	[redacted]	£7,844,656	£6,409,992	£4,887,653
	6	0.67	£15,001,561	[redacted]	£9,955,802	£8,280,850	£6,498,535
	7	0.67	£17,847,508	[redacted]	£12,060,149	£10,144,908	£8,102,617
80 Unit Housing Scheme	1	1.60	£720,957	[redacted]	£0	£0	£0
	2	1.60	£2,678,687	[redacted]	£1,113,469	£602,349	£78,437
	3	1.60	£4,636,416	[redacted]	£2,634,518	£1,983,602	£1,308,110
	4	1.60	£6,594,146	[redacted]	£4,141,913	£3,346,651	£2,518,166
	5	1.60	£8,551,875	[redacted]	£5,609,715	£4,657,818	£3,662,687
	6	1.60	£10,509,605	[redacted]	£7,066,140	£5,955,333	£4,789,004
	7	1.60	£12,467,334	[redacted]	£8,522,565	£7,252,848	£5,915,321
80 Unit Mixed Scheme	1	1.07	£628,119	[redacted]	£0	£0	£0
	2	1.07	£3,357,124	[redacted]	£1,186,655	£461,591	£0
	3	1.07	£6,086,129	[redacted]	£3,300,317	£2,374,492	£1,434,649
	4	1.07	£8,815,135	[redacted]	£5,392,202	£4,258,812	£3,102,475
	5	1.07	£11,544,140	[redacted]	£7,435,770	£6,076,440	£4,688,637
	6	1.07	£14,273,145	[redacted]	£9,467,769	£7,879,097	£6,255,745
	7	1.07	£17,002,151	[redacted]	£11,495,685	£9,677,670	£7,816,729
80 Unit Flatted Scheme	1	0.80	£0	[redacted]	£0	£0	£0
	2	0.80	£2,804,720	[redacted]	£590,897	£0	£0
	3	0.80	£5,841,443	[redacted]	£2,980,655	£2,053,515	£1,098,159
	4	0.80	£8,878,165	[redacted]	£5,371,043	£4,238,847	£3,064,782
	5	0.80	£11,914,888	[redacted]	£7,772,354	£6,438,743	£5,051,430
	6	0.80	£14,951,610	[redacted]	£10,122,694	£8,573,104	£6,956,159
	7	0.80	£17,988,332	[redacted]	£12,442,997	£10,669,236	£8,814,468
80 Unit Flatted Scheme (High Density)	1	0.40	£0	[redacted]	£0	£0	£0
	2	0.40	£806,325	[redacted]	£0	£0	£0
	3	0.40	£6,596,478	[redacted]	£884,016	£0	£0
	4	0.40	£12,394,944	[redacted]	£5,380,700	£3,116,309	£776,180
	5	0.40	£18,193,410	[redacted]	£9,908,343	£7,241,120	£4,466,494
	6	0.40	£23,991,876	[redacted]	£14,334,043	£11,234,864	£8,000,974
	7	0.40	£29,790,342	[redacted]	£18,699,671	£15,152,150	£11,442,614

Source: Adams Integra, September 2009

Graph 3b-i: Summary of Residual Land Values (£ per Ha) at 0%, 20%, 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £20,000



Graph 3b-ii: Summary of Residual Land Values (£ per Ha) at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
Planning Infrastructure Level £20,000



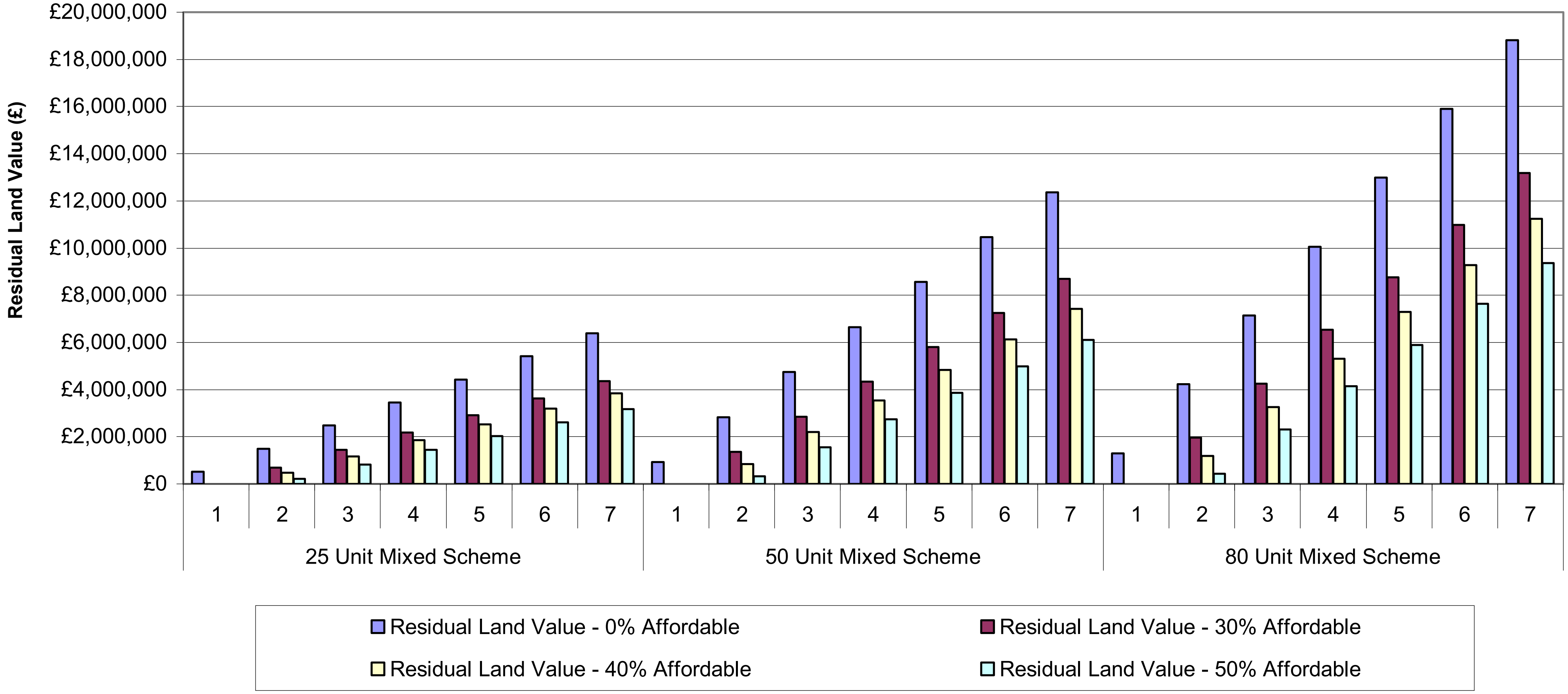
Appendix IIc

Table 4: Summary of Residual Land Value (£) Appraisals for All Value Points - 60% General Needs Rent/40% Intermediate Tenure Mix Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£516,449	£0	£0	£0
	2	£1,494,855	£687,320	£483,381	£215,915
	3	£2,473,260	£1,439,923	£1,175,615	£830,287
	4	£3,451,666	£2,184,623	£1,864,928	£1,442,509
	5	£4,430,071	£2,910,356	£2,528,952	£2,024,699
	6	£5,408,477	£3,632,927	£3,189,814	£2,602,147
	7	£6,386,882	£4,353,127	£3,848,305	£3,177,224
50 Unit Mixed Scheme	1	£927,526	£0	£0	£0
	2	£2,834,310	£1,357,226	£847,092	£331,839
	3	£4,741,094	£2,857,579	£2,206,193	£1,544,464
	4	£6,647,878	£4,341,988	£3,541,756	£2,729,380
	5	£8,554,662	£5,797,546	£4,836,321	£3,861,149
	6	£10,461,446	£7,248,549	£6,126,331	£4,988,364
	7	£12,368,230	£8,697,274	£7,414,063	£6,113,300
80 Unit Mixed Scheme	1	£1,301,847	£0	£0	£0
	2	£4,221,883	£1,956,627	£1,180,808	£428,720
	3	£7,141,918	£4,254,740	£3,264,108	£2,297,796
	4	£10,061,954	£6,530,281	£5,317,554	£4,133,428
	5	£12,981,990	£8,754,850	£7,300,367	£5,884,594
	6	£15,902,026	£10,975,051	£9,275,172	£7,627,021
	7	£18,822,061	£13,193,066	£11,247,791	£9,365,080

Source: Adams Integra, September 2009

Graph 4: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
60% General Needs Rent/40% Intermediate Tenure Mix
Planning Infrastructure Level £10,000



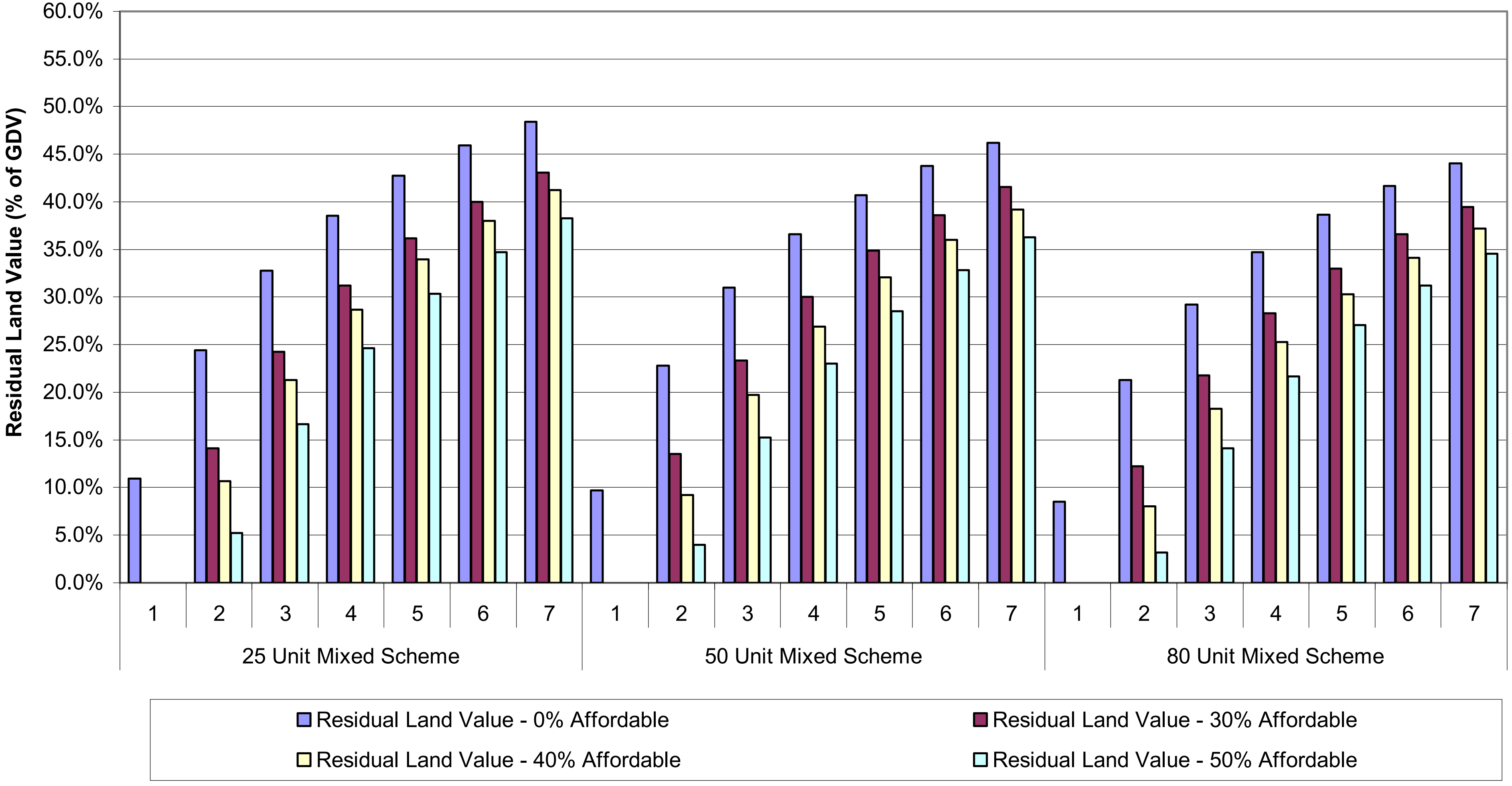
Appendix IIc

Table 4a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
60% General Needs Rent/40% Intermediate Tenure Mix
Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	11.0%	0.0%	0.0%	0.0%
	2	24.4%	14.1%	10.7%	5.2%
	3	32.8%	24.2%	21.3%	16.6%
	4	38.5%	31.2%	28.7%	24.7%
	5	42.7%	36.2%	33.9%	30.3%
	6	45.9%	40.0%	38.0%	34.7%
	7	48.4%	43.1%	41.2%	38.3%
50 Unit Mixed Scheme	1	9.7%	0.0%	0.0%	0.0%
	2	22.8%	13.5%	9.2%	4.0%
	3	31.0%	23.3%	19.7%	15.2%
	4	36.6%	30.0%	26.9%	23.0%
	5	40.7%	34.9%	32.1%	28.5%
	6	43.8%	38.6%	36.0%	32.8%
	7	46.2%	41.5%	39.2%	36.3%
80 Unit Mixed Scheme	1	8.5%	0.0%	0.0%	0.0%
	2	21.3%	12.2%	8.0%	3.2%
	3	29.2%	21.8%	18.2%	14.1%
	4	34.7%	28.3%	25.3%	21.7%
	5	38.7%	33.0%	30.3%	27.1%
	6	41.7%	36.6%	34.1%	31.2%
	7	44.0%	39.5%	37.2%	34.6%

Source: Adams Integra, September 2009

Graph 4a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing Across all Value Points
60% General Needs Rent/40% Intermediate Tenure Mix
Planning Infrastructure Level £10,000



Appendix IIc

Table 4b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 60% General Needs Rent/40% Intermediate Tenure Mix Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 0% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£1,564,998	£0	£0	£0
	2	0.33	£4,529,863	£2,082,787	£1,464,791	£654,287
	3	0.33	£7,494,728	£4,363,404	£3,562,468	£2,516,022
	4	0.33	£10,459,593	£6,620,071	£5,651,298	£4,371,241
	5	0.33	£13,424,458	£8,819,260	£7,663,490	£6,135,452
	6	0.33	£16,389,323	£11,008,870	£9,666,103	£7,885,295
	7	0.33	£19,354,188	£13,191,295	£11,661,530	£9,627,952
50 Unit Mixed Scheme	1	0.67	£1,384,367	£0	£0	£0
	2	0.67	£4,230,313	£2,025,711	£1,264,317	£495,283
	3	0.67	£7,076,259	£4,265,044	£3,292,825	£2,305,170
	4	0.67	£9,922,206	£6,480,580	£5,286,204	£4,073,701
	5	0.67	£12,768,152	£8,653,054	£7,218,390	£5,762,910
	6	0.67	£15,614,099	£10,818,730	£9,143,778	£7,445,319
	7	0.67	£18,460,045	£12,981,005	£11,065,765	£9,124,328
80 Unit Mixed Scheme	1	1.07	£1,216,679	£0	£0	£0
	2	1.07	£3,945,685	£1,828,623	£1,103,559	£400,673
	3	1.07	£6,674,690	£3,976,393	£3,050,568	£2,147,473
	4	1.07	£9,403,695	£6,103,066	£4,969,676	£3,863,017
	5	1.07	£12,132,701	£8,182,103	£6,822,773	£5,499,620
	6	1.07	£14,861,706	£10,257,057	£8,668,385	£7,128,057
	7	1.07	£17,590,711	£12,329,969	£10,511,955	£8,752,411

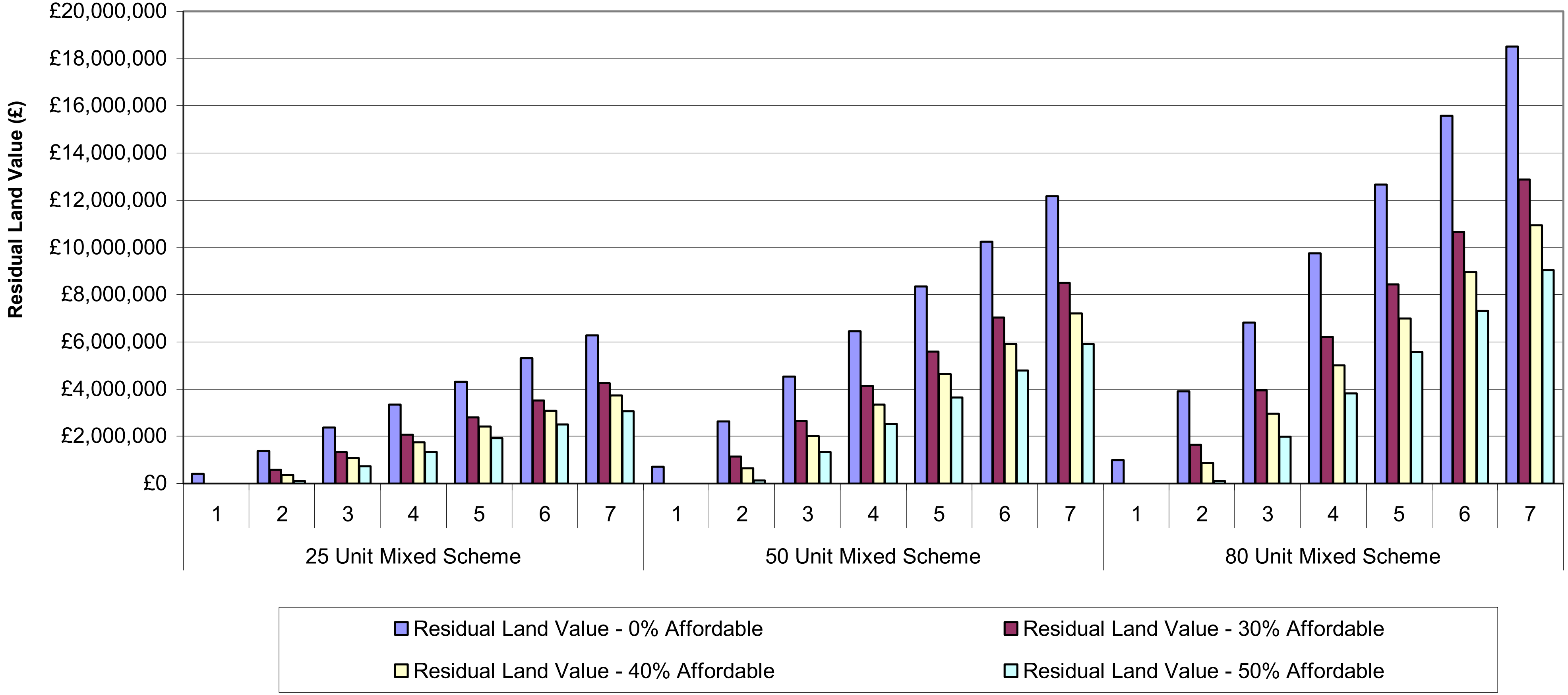
Source: Adams Integra, September 2009

Table 5: Summary of Residual Land Value (£) Appraisals for All Value Points - 60% General Needs Rent/40% Intermediate Tenure Mix Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£413,916	£0	£0	£0
	2	£1,388,055	£580,520	£375,468	£106,846
	3	£2,366,460	£1,333,123	£1,068,815	£723,487
	4	£3,344,866	£2,077,823	£1,758,128	£1,335,709
	5	£4,323,271	£2,803,556	£2,422,152	£1,917,899
	6	£5,301,677	£3,526,127	£3,083,014	£2,495,347
	7	£6,280,082	£4,246,327	£3,741,505	£3,070,424
50 Unit Mixed Scheme	1	£722,326	£0	£0	£0
	2	£2,629,110	£1,152,026	£641,892	£128,353
	3	£4,535,894	£2,652,379	£2,000,993	£1,339,264
	4	£6,442,678	£4,136,788	£3,336,556	£2,524,180
	5	£8,349,462	£5,592,346	£4,631,121	£3,655,949
	6	£10,256,246	£7,043,349	£5,921,131	£4,783,164
	7	£12,163,030	£8,492,074	£7,208,863	£5,908,100
80 Unit Mixed Scheme	1	£986,967	£0	£0	£0
	2	£3,907,003	£1,641,747	£865,928	£113,979
	3	£6,827,038	£3,939,860	£2,949,228	£1,982,916
	4	£9,747,074	£6,215,401	£5,002,674	£3,818,548
	5	£12,667,110	£8,439,970	£6,985,487	£5,569,714
	6	£15,587,146	£10,660,171	£8,960,292	£7,312,141
	7	£18,507,181	£12,878,186	£10,932,911	£9,050,200

Source: Adams Integra, September 2009

Graph 5: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
60% General Needs Rent/40% Intermediate Tenure Mix
Planning Infrastructure Level £15,000



Appendix IIc

Table 5a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
60% General Needs Rent/40% Intermediate Tenure Mix
Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	8.8%	0.0%	0.0%	0.0%
	2	22.7%	11.9%	8.3%	2.6%
	3	31.4%	22.4%	19.3%	14.5%
	4	37.4%	29.7%	27.0%	22.8%
	5	41.7%	34.9%	32.5%	28.7%
	6	45.0%	38.8%	36.7%	33.3%
	7	47.6%	42.0%	40.1%	37.0%
50 Unit Mixed Scheme	1	7.6%	0.0%	0.0%	0.0%
	2	21.2%	11.5%	7.0%	1.5%
	3	29.7%	21.7%	17.9%	13.2%
	4	35.5%	28.6%	25.3%	21.3%
	5	39.7%	33.7%	30.7%	27.0%
	6	42.9%	37.5%	34.8%	31.5%
	7	45.4%	40.6%	38.1%	35.1%
80 Unit Mixed Scheme	1	6.5%	0.0%	0.0%	0.0%
	2	19.7%	10.3%	5.9%	0.9%
	3	28.0%	20.2%	16.5%	12.2%
	4	33.6%	26.9%	23.8%	20.0%
	5	37.7%	31.8%	29.0%	25.6%
	6	40.8%	35.6%	33.0%	29.9%
	7	43.3%	38.5%	36.2%	33.4%

Source: Adams Integra, September 2009

Graph 5a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing Across all Value Points
60% General Needs Rent/40% Intermediate Tenure Mix
Planning Infrastructure Level £15,000

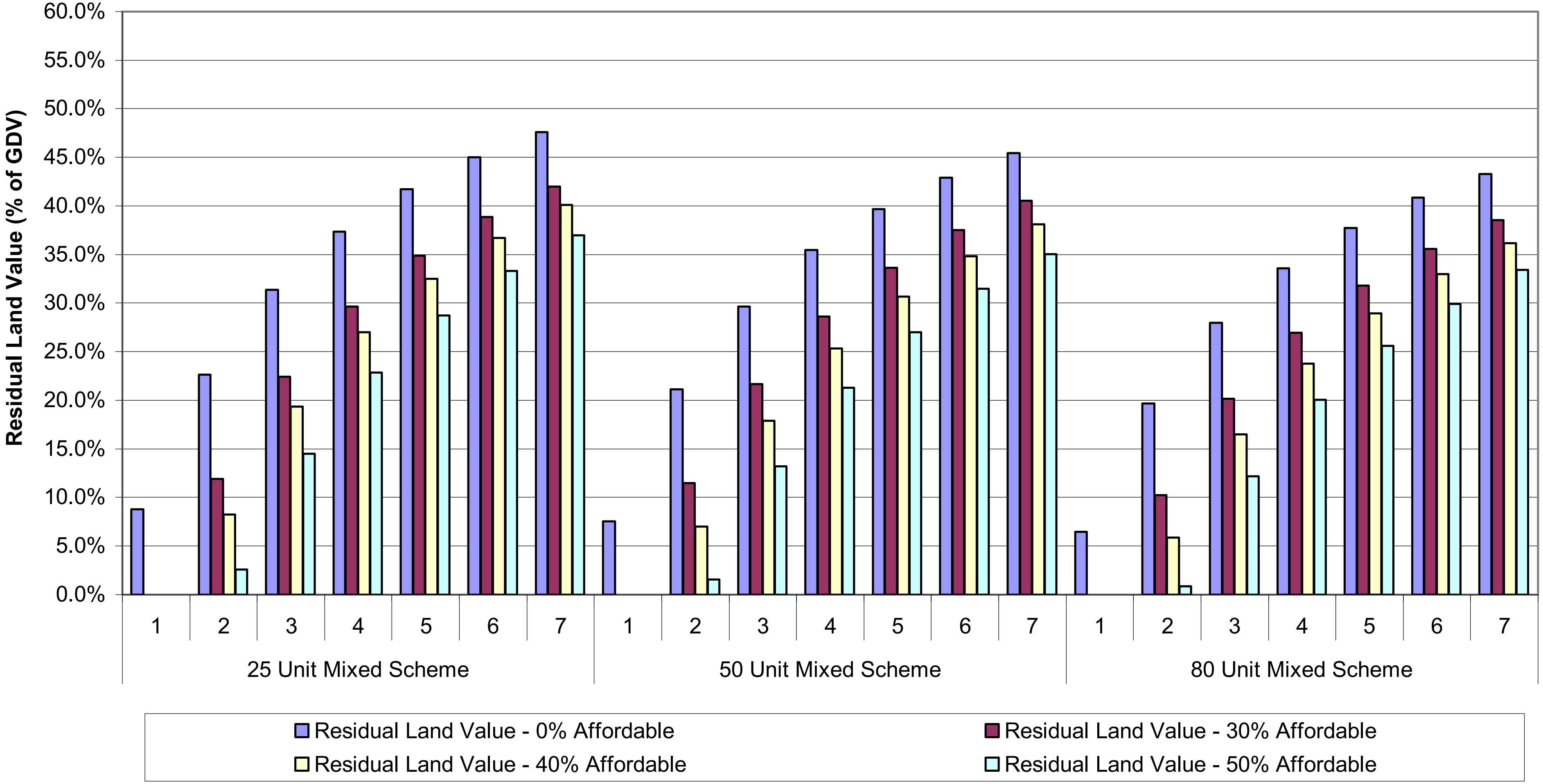


Table 5b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 60% General Needs Rent/40% Intermediate Tenure Mix Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 0% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£1,254,292	£0	£0	£0
	2	0.33	£4,206,226	£1,759,151	£1,137,783	£323,775
	3	0.33	£7,171,091	£4,039,767	£3,238,832	£2,192,386
	4	0.33	£10,135,956	£6,296,434	£5,327,661	£4,047,604
	5	0.33	£13,100,822	£8,495,624	£7,339,854	£5,811,816
	6	0.33	£16,065,687	£10,685,233	£9,342,466	£7,561,658
	7	0.33	£19,030,552	£12,867,658	£11,337,894	£9,304,316
50 Unit Mixed Scheme	1	0.67	£1,078,098	£0	£0	£0
	2	0.67	£3,924,044	£1,719,442	£958,048	£191,571
	3	0.67	£6,769,991	£3,958,775	£2,986,556	£1,998,901
	4	0.67	£9,615,937	£6,174,311	£4,979,935	£3,767,433
	5	0.67	£12,461,884	£8,346,786	£6,912,122	£5,456,641
	6	0.67	£15,307,830	£10,512,461	£8,837,509	£7,139,050
	7	0.67	£18,153,776	£12,674,737	£10,759,497	£8,818,060
80 Unit Mixed Scheme	1	1.07	£922,399	£0	£0	£0
	2	1.07	£3,651,404	£1,534,343	£809,279	£106,523
	3	1.07	£6,380,410	£3,682,112	£2,756,288	£1,853,193
	4	1.07	£9,109,415	£5,808,786	£4,675,396	£3,568,737
	5	1.07	£11,838,420	£7,887,823	£6,528,493	£5,205,340
	6	1.07	£14,567,426	£9,962,776	£8,374,104	£6,833,777
	7	1.07	£17,296,431	£12,035,688	£10,217,674	£8,458,131

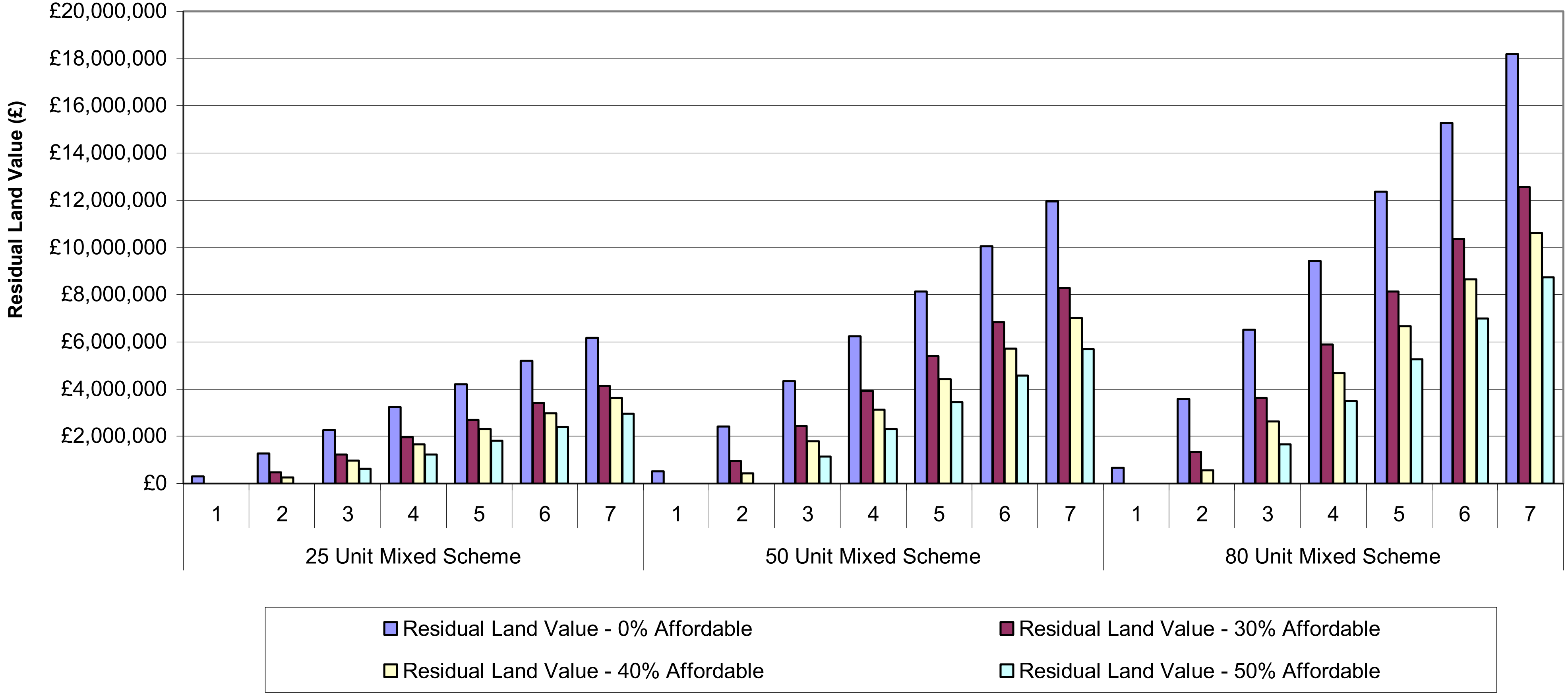
Source: Adams Integra, September 2009

Table 6: Summary of Residual Land Value (£) Appraisals for All Value Points - 60% General Needs Rent/40% Intermediate Tenure Mix Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£306,004	£0	£0	£0
	2	£1,281,255	£478,654	£267,556	£0
	3	£2,259,660	£1,226,323	£962,015	£616,687
	4	£3,238,066	£1,971,023	£1,651,328	£1,228,909
	5	£4,216,471	£2,696,756	£2,315,352	£1,811,099
	6	£5,194,877	£3,419,327	£2,976,214	£2,388,547
	7	£6,173,282	£4,139,527	£3,634,705	£2,963,624
50 Unit Mixed Scheme	1	£517,126	£0	£0	£0
	2	£2,423,910	£946,826	£441,241	£0
	3	£4,330,694	£2,447,179	£1,795,793	£1,134,064
	4	£6,237,478	£3,931,588	£3,131,356	£2,318,980
	5	£8,144,262	£5,387,146	£4,425,921	£3,450,749
	6	£10,051,046	£6,838,149	£5,715,931	£4,577,964
	7	£11,957,830	£8,286,874	£7,003,663	£5,702,900
80 Unit Mixed Scheme	1	£672,087	£0	£0	£0
	2	£3,592,123	£1,326,867	£551,048	£0
	3	£6,512,158	£3,624,980	£2,634,348	£1,668,036
	4	£9,432,194	£5,900,521	£4,687,794	£3,503,668
	5	£12,352,230	£8,125,090	£6,670,607	£5,254,834
	6	£15,272,266	£10,345,291	£8,645,412	£6,997,261
	7	£18,192,301	£12,563,306	£10,618,031	£8,735,320

Source: Adams Integra, September 2009

Graph 6: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
60% General Needs Rent/40% Intermediate Tenure Mix
Planning Infrastructure Level £20,000

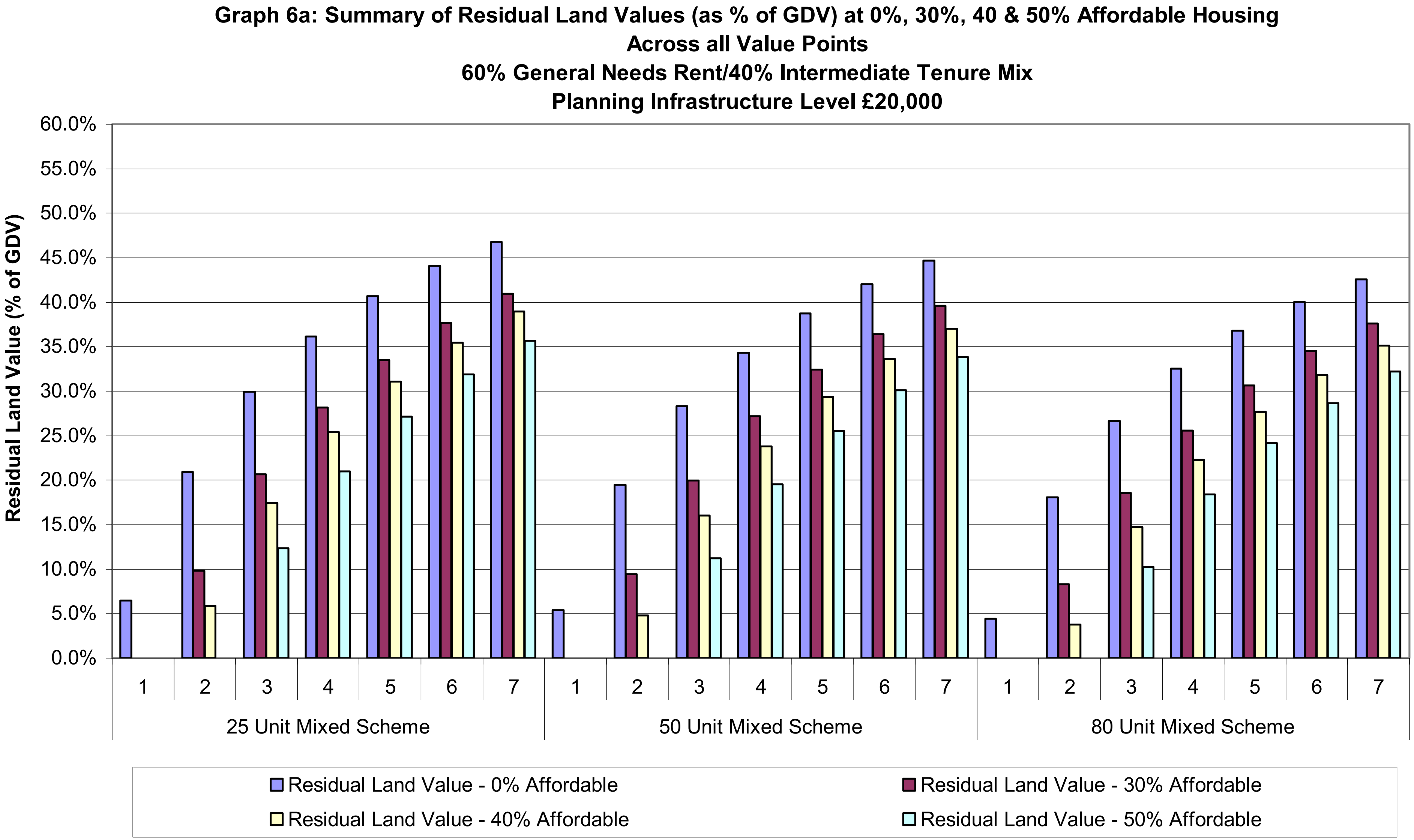


Appendix IIc

Table 6a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
60% General Needs Rent/40% Intermediate Tenure Mix
Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	6.5%	0.0%	0.0%	0.0%
	2	20.9%	9.8%	5.9%	0.0%
	3	30.0%	20.6%	17.4%	12.4%
	4	36.2%	28.1%	25.4%	21.0%
	5	40.7%	33.5%	31.1%	27.1%
	6	44.1%	37.7%	35.5%	31.9%
	7	46.8%	40.9%	39.0%	35.7%
50 Unit Mixed Scheme	1	5.4%	0.0%	0.0%	0.0%
	2	19.5%	9.4%	4.8%	0.0%
	3	28.3%	20.0%	16.0%	11.2%
	4	34.3%	27.2%	23.8%	19.5%
	5	38.7%	32.4%	29.3%	25.5%
	6	42.1%	36.4%	33.6%	30.1%
	7	44.7%	39.6%	37.0%	33.8%
80 Unit Mixed Scheme	1	4.4%	0.0%	0.0%	0.0%
	2	18.1%	8.3%	3.8%	0.0%
	3	26.7%	18.5%	14.7%	10.3%
	4	32.5%	25.6%	22.3%	18.4%
	5	36.8%	30.6%	27.7%	24.2%
	6	40.0%	34.5%	31.8%	28.6%
	7	42.6%	37.6%	35.1%	32.2%

Source: Adams Integra, September 2009



Appendix IIc

Table 6b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 60% General Needs Rent/40% Intermediate Tenure Mix Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 0% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£927,284	£0	£0	£0
	2	0.33	£3,882,590	£1,450,468	£810,776	£0
	3	0.33	£6,847,455	£3,716,131	£2,915,196	£1,868,750
	4	0.33	£9,812,320	£5,972,798	£5,004,025	£3,723,968
	5	0.33	£12,777,185	£8,171,987	£7,016,217	£5,488,180
	6	0.33	£15,742,050	£10,361,597	£9,018,830	£7,238,022
	7	0.33	£18,706,915	£12,544,022	£11,014,258	£8,980,680
50 Unit Mixed Scheme	1	0.67	£771,829	£0	£0	£0
	2	0.67	£3,617,776	£1,413,174	£658,569	£0
	3	0.67	£6,463,722	£3,652,507	£2,680,287	£1,692,632
	4	0.67	£9,309,669	£5,868,043	£4,673,666	£3,461,164
	5	0.67	£12,155,615	£8,040,517	£6,605,853	£5,150,372
	6	0.67	£15,001,561	£10,206,192	£8,531,240	£6,832,781
	7	0.67	£17,847,508	£12,368,468	£10,453,228	£8,511,791
80 Unit Mixed Scheme	1	1.07	£628,119	£0	£0	£0
	2	1.07	£3,357,124	£1,240,062	£514,998	£0
	3	1.07	£6,086,129	£3,387,832	£2,462,008	£1,558,913
	4	1.07	£8,815,135	£5,514,505	£4,381,115	£3,274,456
	5	1.07	£11,544,140	£7,593,542	£6,234,213	£4,911,060
	6	1.07	£14,273,145	£9,668,496	£8,079,824	£6,539,496
	7	1.07	£17,002,151	£11,741,408	£9,923,394	£8,163,850

Source: Adams Integra, September 2009

Appendix IId

Table 7: Summary of Residual Land Value (£) Appraisals for All Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£516,449	£0	£0	£0
	2	£1,494,855	£708,247	£499,325	£229,770
	3	£2,473,260	£1,474,381	£1,210,072	£854,787
	4	£3,451,666	£2,232,612	£1,912,916	£1,478,864
	5	£4,430,071	£2,971,874	£2,590,470	£2,071,328
	6	£5,408,477	£3,711,137	£3,268,024	£2,660,631
	7	£6,386,882	£4,450,400	£3,945,578	£3,247,563
50 Unit Mixed Scheme	1	£927,526	£0	£0	£0
	2	£2,834,310	£1,370,134	£880,104	£365,195
	3	£4,741,094	£2,881,116	£2,262,832	£1,601,103
	4	£6,647,878	£4,376,914	£3,622,783	£2,810,406
	5	£8,554,662	£5,842,342	£4,940,216	£3,965,044
	6	£10,461,446	£7,304,733	£6,257,649	£5,119,682
	7	£12,368,230	£8,764,846	£7,575,082	£6,274,320
80 Unit Mixed Scheme	1	£1,301,847	£0	£0	£0
	2	£4,221,883	£1,988,287	£1,237,954	£487,621
	3	£7,141,918	£4,309,061	£3,357,749	£2,406,438
	4	£10,061,954	£6,607,990	£5,448,418	£4,288,847
	5	£12,981,990	£8,854,492	£7,469,184	£6,083,877
	6	£15,902,026	£11,100,993	£9,489,950	£7,878,906
	7	£18,822,061	£13,347,495	£11,510,715	£9,673,936

Source: Adams Integra, September 2009

Graph 7: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level £10,000

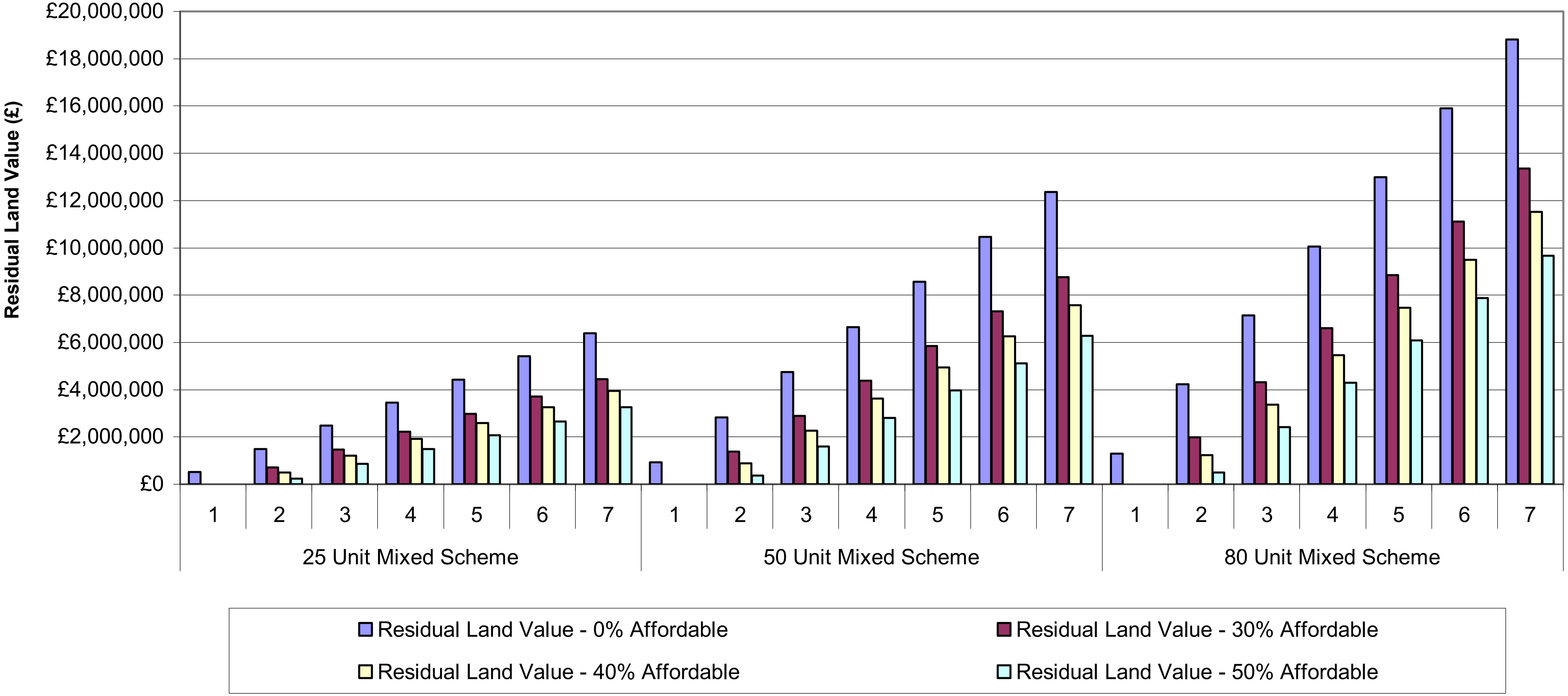


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Table 7a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	11.0%	0.0%	0.0%	0.0%
	2	24.4%	14.5%	10.9%	5.6%
	3	32.8%	24.6%	21.7%	17.0%
	4	38.5%	31.6%	29.1%	25.1%
	5	42.7%	36.6%	34.4%	30.8%
	6	45.9%	40.4%	38.5%	35.2%
	7	48.4%	43.5%	41.7%	38.7%
50 Unit Mixed Scheme	1	9.7%	0.0%	0.0%	0.0%
	2	22.8%	13.6%	9.5%	4.4%
	3	31.0%	23.5%	20.1%	15.7%
	4	36.6%	30.2%	27.3%	23.5%
	5	40.7%	35.0%	32.4%	29.0%
	6	43.8%	38.7%	36.4%	33.3%
	7	46.2%	41.7%	39.6%	36.8%
80 Unit Mixed Scheme	1	8.5%	0.0%	0.0%	0.0%
	2	21.3%	12.4%	8.4%	3.6%
	3	29.2%	22.0%	18.6%	14.7%
	4	34.7%	28.5%	25.7%	22.3%
	5	38.7%	33.2%	30.7%	27.6%
	6	41.7%	36.8%	34.6%	31.8%
	7	44.0%	39.7%	37.6%	35.2%

Source: Adams Integra, September 2009

Graph 7a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing Across all Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level £10,000

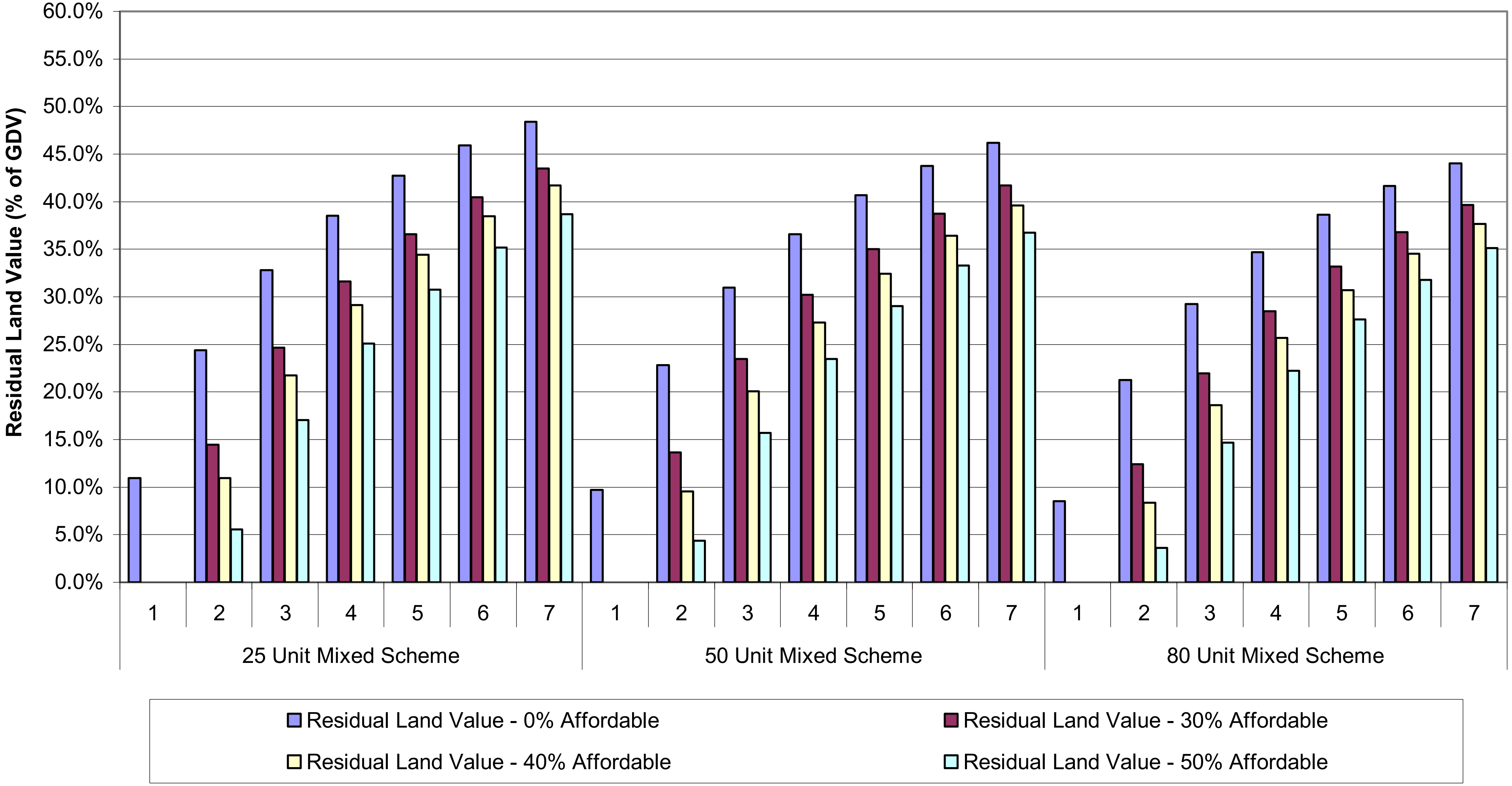


Table 7b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 0% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£1,564,998	£0	£0	£0
	2	0.33	£4,529,863	£2,146,204	£1,513,107	£696,273
	3	0.33	£7,494,728	£4,467,822	£3,666,886	£2,590,265
	4	0.33	£10,459,593	£6,765,490	£5,796,716	£4,481,407
	5	0.33	£13,424,458	£9,005,680	£7,849,910	£6,276,752
	6	0.33	£16,389,323	£11,245,870	£9,903,103	£8,062,518
	7	0.33	£19,354,188	£13,486,060	£11,956,296	£9,841,099
50 Unit Mixed Scheme	1	0.67	£1,384,367	£0	£0	£0
	2	0.67	£4,230,313	£2,044,975	£1,313,588	£545,067
	3	0.67	£7,076,259	£4,300,173	£3,377,361	£2,389,706
	4	0.67	£9,922,206	£6,532,707	£5,407,138	£4,194,636
	5	0.67	£12,768,152	£8,719,913	£7,373,456	£5,917,976
	6	0.67	£15,614,099	£10,902,586	£9,339,775	£7,641,316
	7	0.67	£18,460,045	£13,081,860	£11,306,093	£9,364,656
80 Unit Mixed Scheme	1	1.07	£1,216,679	£0	£0	£0
	2	1.07	£3,945,685	£1,858,212	£1,156,966	£455,721
	3	1.07	£6,674,690	£4,027,160	£3,138,084	£2,249,007
	4	1.07	£9,403,695	£6,175,692	£5,091,980	£4,008,268
	5	1.07	£12,132,701	£8,275,226	£6,980,546	£5,685,866
	6	1.07	£14,861,706	£10,374,760	£8,869,112	£7,363,464
	7	1.07	£17,590,711	£12,474,294	£10,757,678	£9,041,062

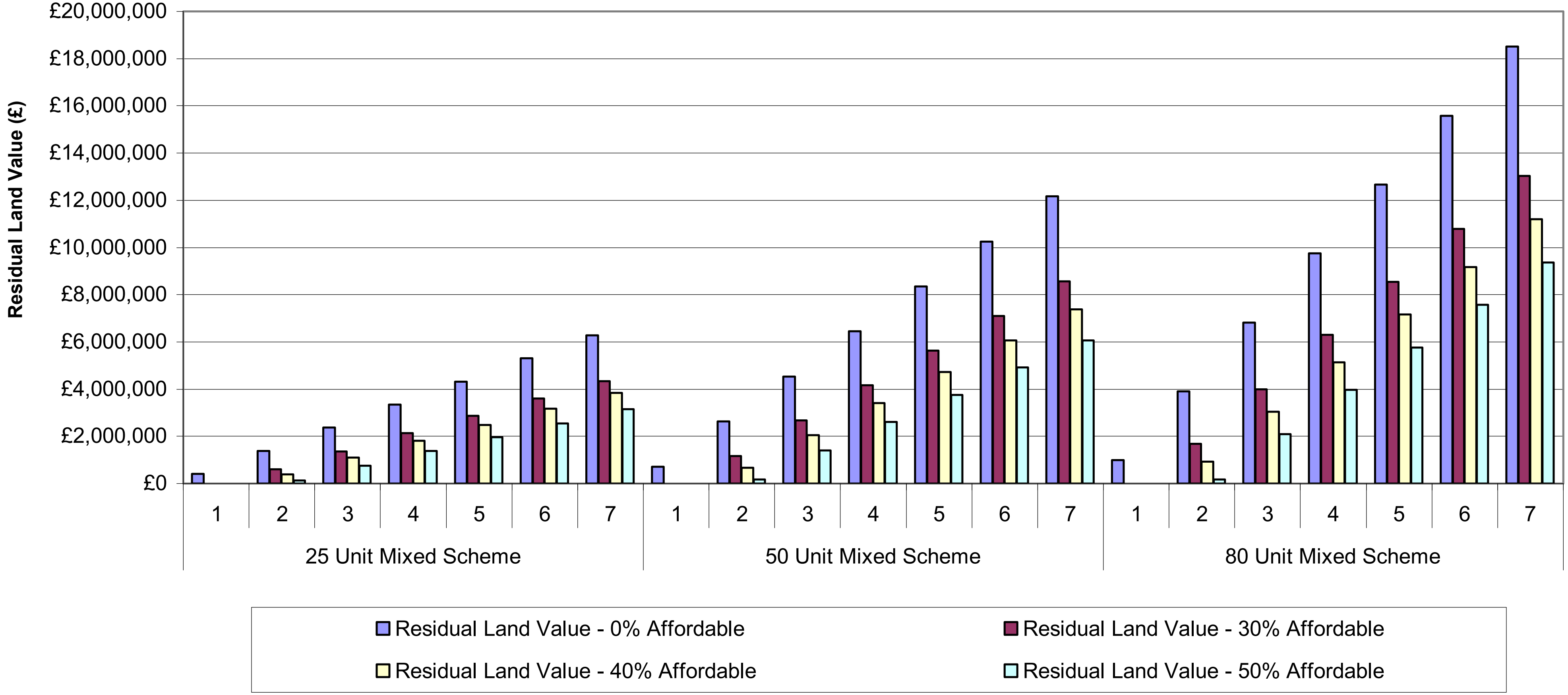
Source: Adams Integra, September 2009

Table 8: Summary of Residual Land Value (£) Appraisals for All Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£413,916	£0	£0	£0
	2	£1,388,055	£601,447	£396,614	£120,841
	3	£2,366,460	£1,367,581	£1,103,272	£747,987
	4	£3,344,866	£2,125,812	£1,806,116	£1,372,064
	5	£4,323,271	£2,865,074	£2,483,670	£1,964,528
	6	£5,301,677	£3,604,337	£3,161,224	£2,553,831
	7	£6,280,082	£4,343,600	£3,838,778	£3,140,763
50 Unit Mixed Scheme	1	£722,326	£0	£0	£0
	2	£2,629,110	£1,164,934	£674,904	£162,740
	3	£4,535,894	£2,675,916	£2,057,632	£1,395,903
	4	£6,442,678	£4,171,714	£3,417,583	£2,605,206
	5	£8,349,462	£5,637,142	£4,735,016	£3,759,844
	6	£10,256,246	£7,099,533	£6,052,449	£4,914,482
	7	£12,163,030	£8,559,646	£7,369,882	£6,069,120
80 Unit Mixed Scheme	1	£986,967	£0	£0	£0
	2	£3,907,003	£1,673,407	£923,074	£178,139
	3	£6,827,038	£3,994,181	£3,042,869	£2,091,558
	4	£9,747,074	£6,293,110	£5,133,538	£3,973,967
	5	£12,667,110	£8,539,612	£7,154,304	£5,768,997
	6	£15,587,146	£10,786,113	£9,175,070	£7,564,026
	7	£18,507,181	£13,032,615	£11,195,835	£9,359,056

Source: Adams Integra, September 2009

Graph 8: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level £15,000



Appendix IId

Table 8a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	8.8%	0.0%	0.0%	0.0%
	2	22.7%	12.3%	8.7%	2.9%
	3	31.4%	22.9%	19.8%	14.9%
	4	37.4%	30.1%	27.5%	23.3%
	5	41.7%	35.3%	33.0%	29.2%
	6	45.0%	39.3%	37.2%	33.8%
	7	47.6%	42.5%	40.6%	37.4%
50 Unit Mixed Scheme	1	7.6%	0.0%	0.0%	0.0%
	2	21.2%	11.6%	7.3%	1.9%
	3	29.7%	21.8%	18.3%	13.7%
	4	35.5%	28.8%	25.7%	21.8%
	5	39.7%	33.8%	31.1%	27.5%
	6	42.9%	37.7%	35.2%	32.0%
	7	45.4%	40.7%	38.5%	35.6%
80 Unit Mixed Scheme	1	6.5%	0.0%	0.0%	0.0%
	2	19.7%	10.4%	6.3%	1.3%
	3	28.0%	20.4%	16.9%	12.8%
	4	33.6%	27.1%	24.2%	20.6%
	5	37.7%	32.0%	29.4%	26.2%
	6	40.8%	35.8%	33.4%	30.5%
	7	43.3%	38.7%	36.6%	34.0%

Source: Adams Integra, September 2009

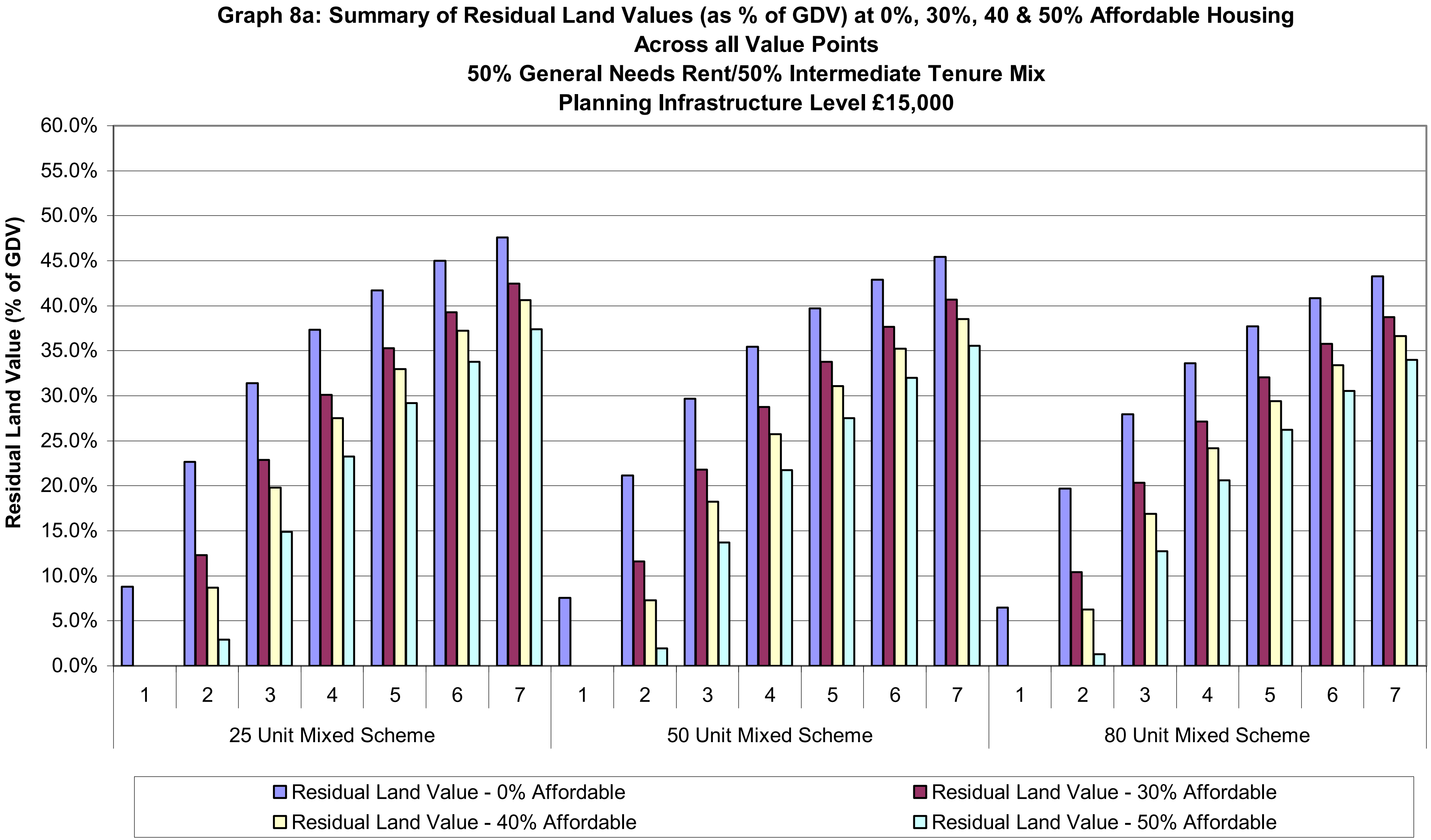

Graph 8a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing
Across all Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level £15,000
Residual Land Value (% of GDV)
60.0%
55.0%
50.0%
45.0%
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
1 2 3 4 5 6 7
25 Unit Mixed Scheme
50 Unit Mixed Scheme
80 Unit Mixed Scheme
Residual Land Value - 0% Affordable
Residual Land Value - 30% Affordable
Residual Land Value - 40% Affordable
Residual Land Value - 50% Affordable

Table 8b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 0% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£1,254,292	£0	£0	£0
	2	0.33	£4,206,226	£1,822,568	£1,201,861	£366,185
	3	0.33	£7,171,091	£4,144,185	£3,343,250	£2,266,628
	4	0.33	£10,135,956	£6,441,853	£5,473,080	£4,157,770
	5	0.33	£13,100,822	£8,682,043	£7,526,273	£5,953,116
	6	0.33	£16,065,687	£10,922,234	£9,579,466	£7,738,882
	7	0.33	£19,030,552	£13,162,424	£11,632,659	£9,517,463
50 Unit Mixed Scheme	1	0.67	£1,078,098	£0	£0	£0
	2	0.67	£3,924,044	£1,738,707	£1,007,319	£242,895
	3	0.67	£6,769,991	£3,993,904	£3,071,092	£2,083,437
	4	0.67	£9,615,937	£6,226,438	£5,100,870	£3,888,367
	5	0.67	£12,461,884	£8,413,644	£7,067,188	£5,611,707
	6	0.67	£15,307,830	£10,596,317	£9,033,506	£7,335,047
	7	0.67	£18,153,776	£12,775,591	£10,999,824	£9,058,387
80 Unit Mixed Scheme	1	1.07	£922,399	£0	£0	£0
	2	1.07	£3,651,404	£1,563,932	£862,686	£166,485
	3	1.07	£6,380,410	£3,732,879	£2,843,803	£1,954,727
	4	1.07	£9,109,415	£5,881,411	£4,797,700	£3,713,988
	5	1.07	£11,838,420	£7,980,945	£6,686,266	£5,391,586
	6	1.07	£14,567,426	£10,080,480	£8,574,832	£7,069,183
	7	1.07	£17,296,431	£12,180,014	£10,463,398	£8,746,781

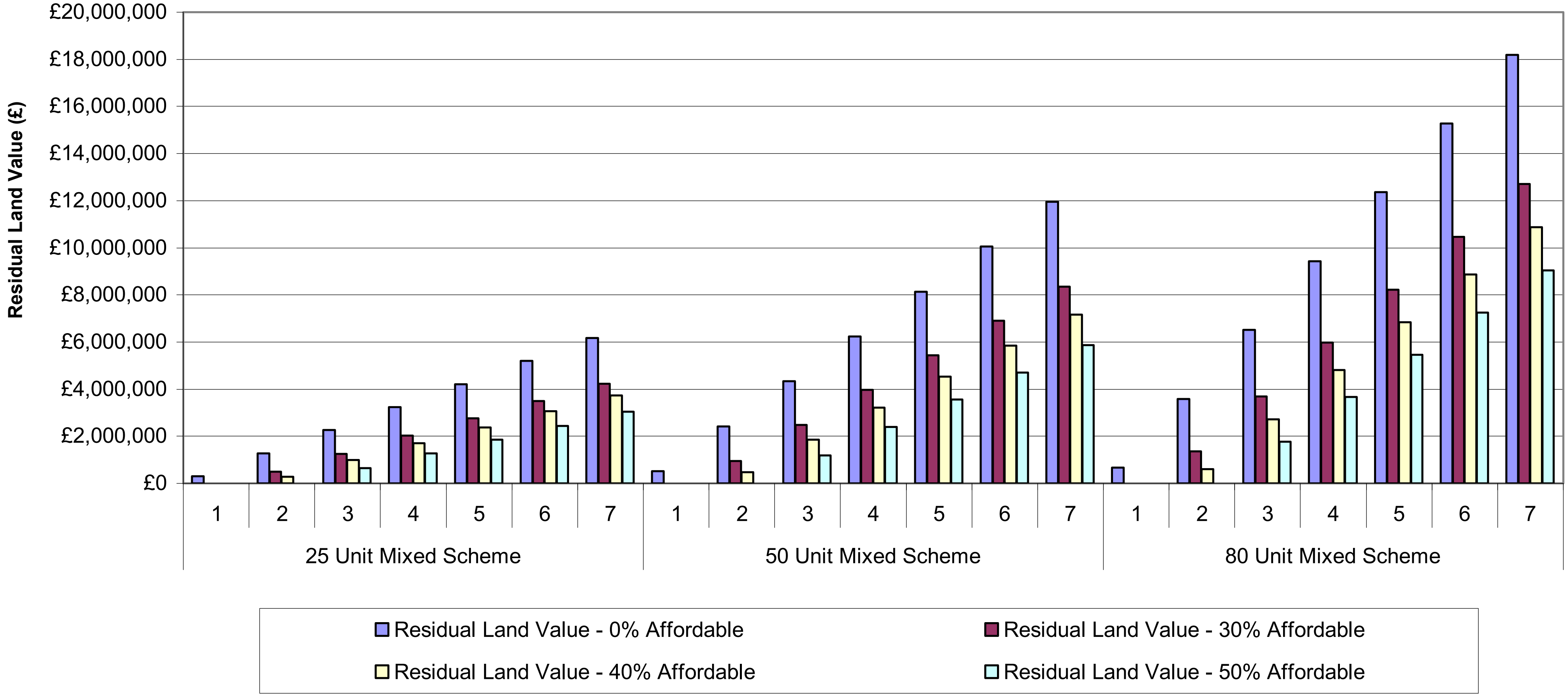
Source: Adams Integra, September 2009

Table 9: Summary of Residual Land Value (£) Appraisals for All Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£306,004	£0	£0	£0
	2	£1,281,255	£494,647	£288,702	£9,591
	3	£2,259,660	£1,260,781	£996,472	£641,187
	4	£3,238,066	£2,019,012	£1,699,316	£1,265,264
	5	£4,216,471	£2,758,274	£2,376,870	£1,857,728
	6	£5,194,877	£3,497,537	£3,054,424	£2,447,031
	7	£6,173,282	£4,236,800	£3,731,978	£3,033,963
50 Unit Mixed Scheme	1	£517,126	£0	£0	£0
	2	£2,423,910	£959,734	£474,597	£0
	3	£4,330,694	£2,470,716	£1,852,432	£1,190,703
	4	£6,237,478	£3,966,514	£3,212,383	£2,400,006
	5	£8,144,262	£5,431,942	£4,529,816	£3,554,644
	6	£10,051,046	£6,894,333	£5,847,249	£4,709,282
	7	£11,957,830	£8,354,446	£7,164,682	£5,863,920
80 Unit Mixed Scheme	1	£672,087	£0	£0	£0
	2	£3,592,123	£1,358,527	£608,194	£0
	3	£6,512,158	£3,679,301	£2,727,989	£1,776,678
	4	£9,432,194	£5,978,230	£4,818,658	£3,659,087
	5	£12,352,230	£8,224,732	£6,839,424	£5,454,117
	6	£15,272,266	£10,471,233	£8,860,190	£7,249,146
	7	£18,192,301	£12,717,735	£10,880,955	£9,044,176

Source: Adams Integra, September 2009

Graph 9: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level £20,000

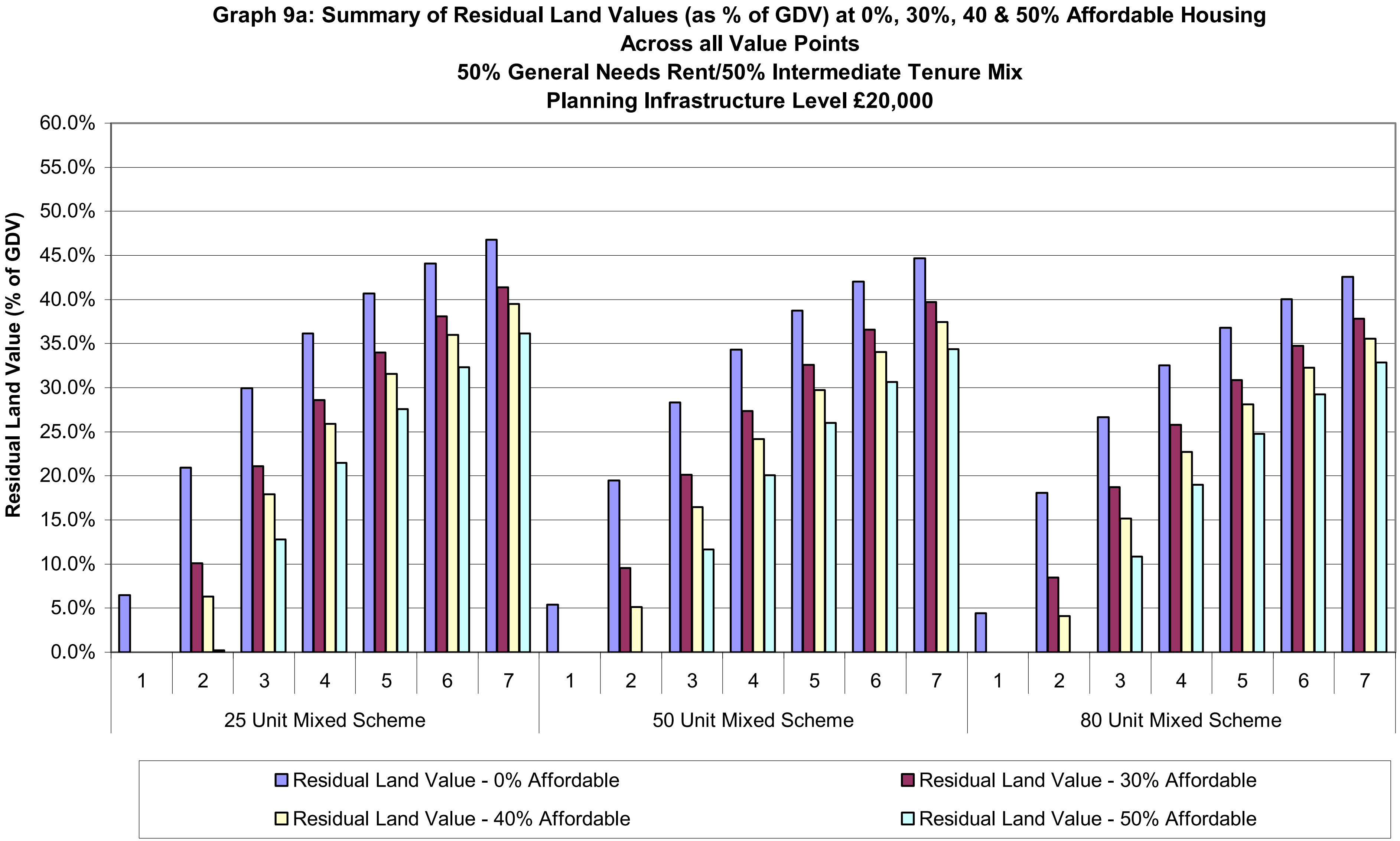


Appendix IId

Table 9a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 0% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	6.5%	0.0%	0.0%	0.0%
	2	20.9%	10.1%	6.3%	0.2%
	3	30.0%	21.1%	17.9%	12.8%
	4	36.2%	28.6%	25.9%	21.5%
	5	40.7%	34.0%	31.6%	27.6%
	6	44.1%	38.1%	36.0%	32.3%
	7	46.8%	41.4%	39.5%	36.1%
50 Unit Mixed Scheme	1	5.4%	0.0%	0.0%	0.0%
	2	19.5%	9.6%	5.1%	0.0%
	3	28.3%	20.1%	16.4%	11.7%
	4	34.3%	27.4%	24.2%	20.0%
	5	38.7%	32.6%	29.8%	26.0%
	6	42.1%	36.6%	34.0%	30.6%
	7	44.7%	39.7%	37.5%	34.4%
80 Unit Mixed Scheme	1	4.4%	0.0%	0.0%	0.0%
	2	18.1%	8.5%	4.1%	0.0%
	3	26.7%	18.7%	15.1%	10.8%
	4	32.5%	25.8%	22.7%	19.0%
	5	36.8%	30.8%	28.1%	24.8%
	6	40.0%	34.7%	32.3%	29.3%
	7	42.6%	37.8%	35.6%	32.9%

Source: Adams Integra, September 2009



Appendix IId

Table 9b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 0% Affordable	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£927,284	£0	£0	£0
	2	0.33	£3,882,590	£1,498,932	£874,853	£29,063
	3	0.33	£6,847,455	£3,820,549	£3,019,614	£1,942,992
	4	0.33	£9,812,320	£6,118,217	£5,149,444	£3,834,134
	5	0.33	£12,777,185	£8,358,407	£7,202,637	£5,629,479
	6	0.33	£15,742,050	£10,598,597	£9,255,830	£7,415,245
	7	0.33	£18,706,915	£12,838,787	£11,309,023	£9,193,826
50 Unit Mixed Scheme	1	0.67	£771,829	£0	£0	£0
	2	0.67	£3,617,776	£1,432,438	£708,353	£0
	3	0.67	£6,463,722	£3,687,636	£2,764,824	£1,777,169
	4	0.67	£9,309,669	£5,920,169	£4,794,601	£3,582,099
	5	0.67	£12,155,615	£8,107,375	£6,760,919	£5,305,439
	6	0.67	£15,001,561	£10,290,049	£8,727,237	£7,028,779
	7	0.67	£17,847,508	£12,469,322	£10,693,556	£8,752,119
80 Unit Mixed Scheme	1	1.07	£628,119	£0	£0	£0
	2	1.07	£3,357,124	£1,269,652	£568,406	£0
	3	1.07	£6,086,129	£3,438,599	£2,549,523	£1,660,447
	4	1.07	£8,815,135	£5,587,131	£4,503,419	£3,419,707
	5	1.07	£11,544,140	£7,686,665	£6,391,985	£5,097,305
	6	1.07	£14,273,145	£9,786,199	£8,280,551	£6,774,903
	7	1.07	£17,002,151	£11,885,733	£10,169,117	£8,452,501

Source: Adams Integra, September 2009

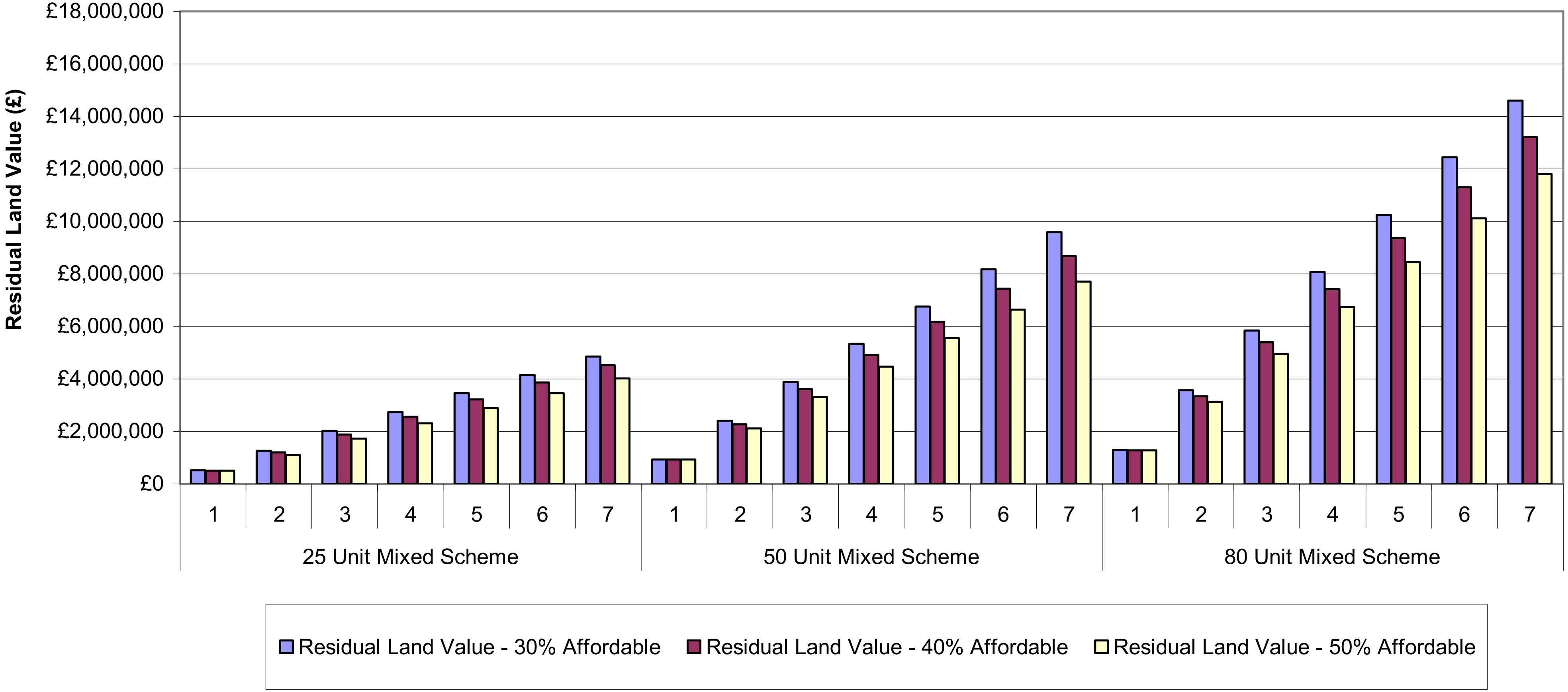
Appendix IIe

Table 10: Summary of Residual Land Value (£) Appraisals for All Value Points - 70% General Needs Rent/30% Intermediate Tenure Mix With Grant Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£529,543	£507,643	£497,988
	2	£1,270,987	£1,197,747	£1,110,115
	3	£2,013,221	£1,888,641	£1,723,033
	4	£2,742,020	£2,565,310	£2,320,144
	5	£3,454,222	£3,219,059	£2,888,804
	6	£4,161,683	£3,870,437	£3,452,721
	7	£4,862,820	£4,518,654	£4,010,316
50 Unit Mixed Scheme	1	£924,395	£924,656	£937,009
	2	£2,401,880	£2,262,407	£2,123,353
	3	£3,880,883	£3,602,435	£3,312,734
	4	£5,336,350	£4,907,538	£4,456,560
	5	£6,762,206	£6,172,402	£5,548,758
	6	£8,179,711	£7,428,913	£6,632,604
	7	£9,591,142	£8,679,351	£7,710,376
80 Unit Mixed Scheme	1	£1,294,864	£1,288,279	£1,284,928
	2	£3,564,491	£3,345,278	£3,121,201
	3	£5,836,304	£5,405,190	£4,961,115
	4	£8,072,436	£7,417,043	£6,741,319
	5	£10,259,054	£9,361,905	£8,438,513
	6	£12,437,662	£11,295,117	£10,121,872
	7	£14,610,444	£13,222,503	£11,796,493

Source: Adams Integra, September 2009

Graph 10: Summary of Residual Land Values at 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
With Grant
Planning Infrastructure Level £10,000



Appendix IIe

Table 10a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
With Grant
Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	11.6%	11.4%	11.3%
	2	22.7%	22.0%	21.1%
	3	30.2%	29.4%	28.2%
	4	35.6%	34.7%	33.3%
	5	39.6%	38.7%	37.2%
	6	42.7%	41.8%	40.3%
	7	45.2%	44.4%	42.8%
50 Unit Mixed Scheme	1	10.0%	10.2%	10.4%
	2	21.1%	20.5%	19.8%
	3	28.5%	27.6%	26.6%
	4	33.9%	32.8%	31.5%
	5	37.8%	36.6%	35.2%
	6	40.9%	39.7%	38.2%
	7	43.4%	42.2%	40.7%
80 Unit Mixed Scheme	1	8.8%	8.9%	9.0%
	2	19.6%	18.9%	18.3%
	3	26.9%	26.0%	24.9%
	4	32.0%	31.0%	29.8%
	5	35.9%	34.7%	33.4%
	6	38.9%	37.7%	36.3%
	7	41.3%	40.2%	38.8%

Source: Adams Integra, September 2009

**Graph 10a: Summary of Residual Land Values (as % of GDV) at 30%, 40 & 50% Affordable Housing
Across all Value Points 70% General Needs Rent/30% Intermediate Tenure Mix
With Grant
Planning Infrastructure Level £10,000**

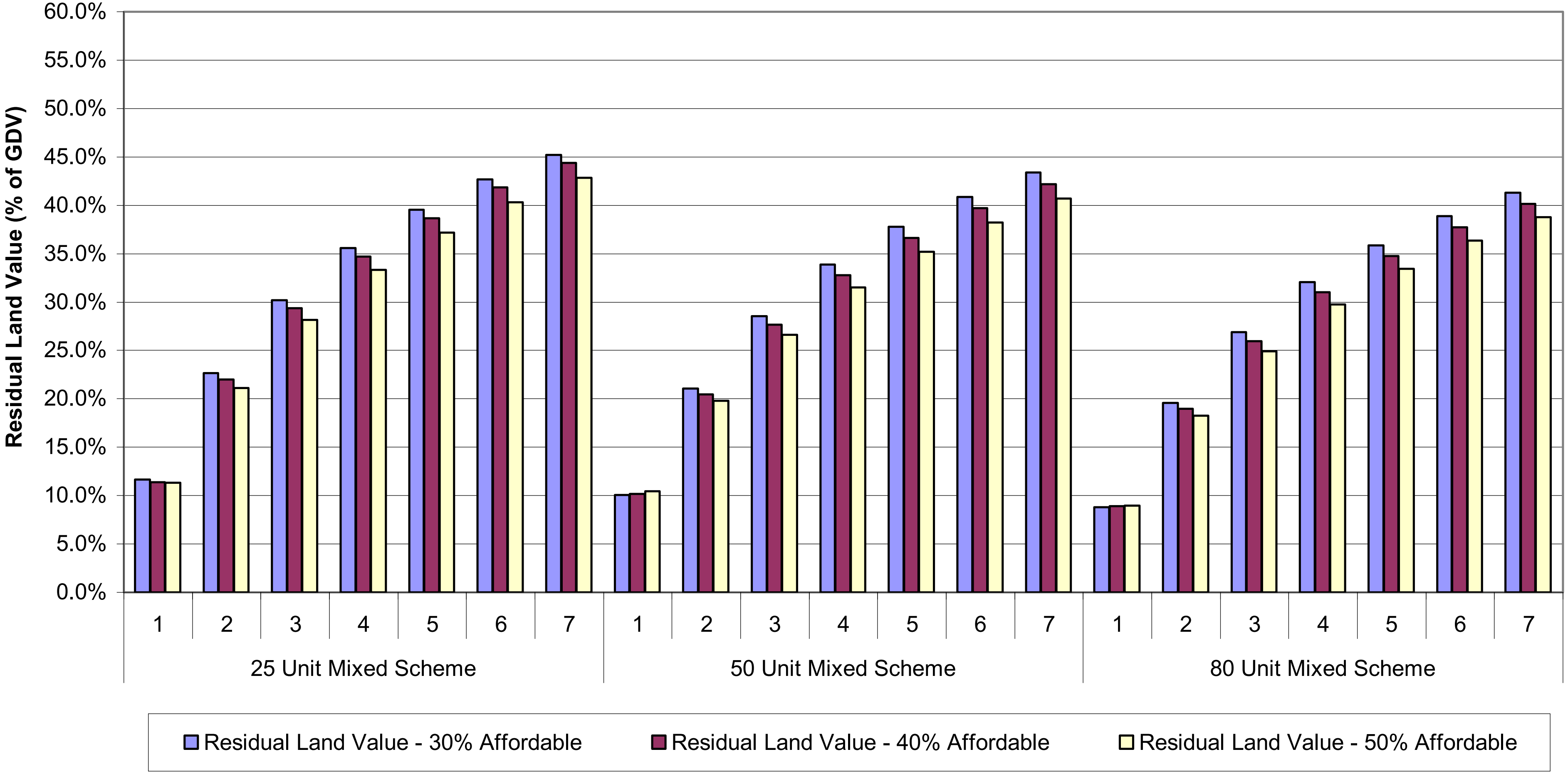


Table 10b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 70% General Needs Rent/30% Intermediate Tenure Mix With Grant - Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£1,604,675	£1,538,312	£1,509,055
	2	0.33	£3,851,476	£3,629,536	£3,363,986
	3	0.33	£6,100,671	£5,723,155	£5,221,312
	4	0.33	£8,309,152	£7,773,666	£7,030,739
	5	0.33	£10,467,341	£9,754,724	£8,753,950
	6	0.33	£12,611,160	£11,728,598	£10,462,792
	7	0.33	£14,735,820	£13,692,892	£12,152,474
50 Unit Mixed Scheme	1	0.67	£1,379,694	£1,380,084	£1,398,521
	2	0.67	£3,584,895	£3,376,726	£3,169,183
	3	0.67	£5,792,363	£5,376,769	£4,944,378
	4	0.67	£7,964,701	£7,324,684	£6,651,582
	5	0.67	£10,092,845	£9,212,540	£8,281,728
	6	0.67	£12,208,524	£11,087,931	£9,899,409
	7	0.67	£14,315,137	£12,954,256	£11,508,025
80 Unit Mixed Scheme	1	1.07	£1,210,153	£1,203,999	£1,200,868
	2	1.07	£3,331,300	£3,126,428	£2,917,010
	3	1.07	£5,454,490	£5,051,579	£4,636,556
	4	1.07	£7,544,333	£6,931,816	£6,300,298
	5	1.07	£9,587,901	£8,749,444	£7,886,461
	6	1.07	£11,623,983	£10,556,184	£9,459,694
	7	1.07	£13,654,621	£12,357,479	£11,024,760

Source: Adams Integra, September 2009

Table 11: Summary of Residual Land Value (£) Appraisals for All Value Points -
70% General Needs Rent/30% Intermediate Tenure Mix
With Grant
Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£427,146	£405,018	£395,263
	2	£1,164,187	£1,090,947	£1,003,315
	3	£1,906,421	£1,781,841	£1,616,233
	4	£2,635,220	£2,458,510	£2,213,344
	5	£3,347,422	£3,112,259	£2,782,004
	6	£4,054,883	£3,763,637	£3,345,921
	7	£4,756,020	£4,411,854	£3,903,516
50 Unit Mixed Scheme	1	£719,195	£719,456	£731,809
	2	£2,196,680	£2,057,207	£1,918,153
	3	£3,675,683	£3,397,235	£3,107,534
	4	£5,131,150	£4,702,338	£4,251,360
	5	£6,557,006	£5,967,202	£5,343,558
	6	£7,974,511	£7,223,713	£6,427,404
	7	£9,385,942	£8,474,151	£7,505,176
80 Unit Mixed Scheme	1	£979,984	£973,399	£970,048
	2	£3,249,611	£3,030,398	£2,806,321
	3	£5,521,424	£5,090,310	£4,646,235
	4	£7,757,556	£7,102,163	£6,426,439
	5	£9,944,174	£9,047,025	£8,123,633
	6	£12,122,782	£10,980,237	£9,806,992
	7	£14,295,564	£12,907,623	£11,481,613

Source: Adams Integra, September 2009

Graph 11: Summary of Residual Land Values at 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
With Grant
Planning Infrastructure Level £15,000

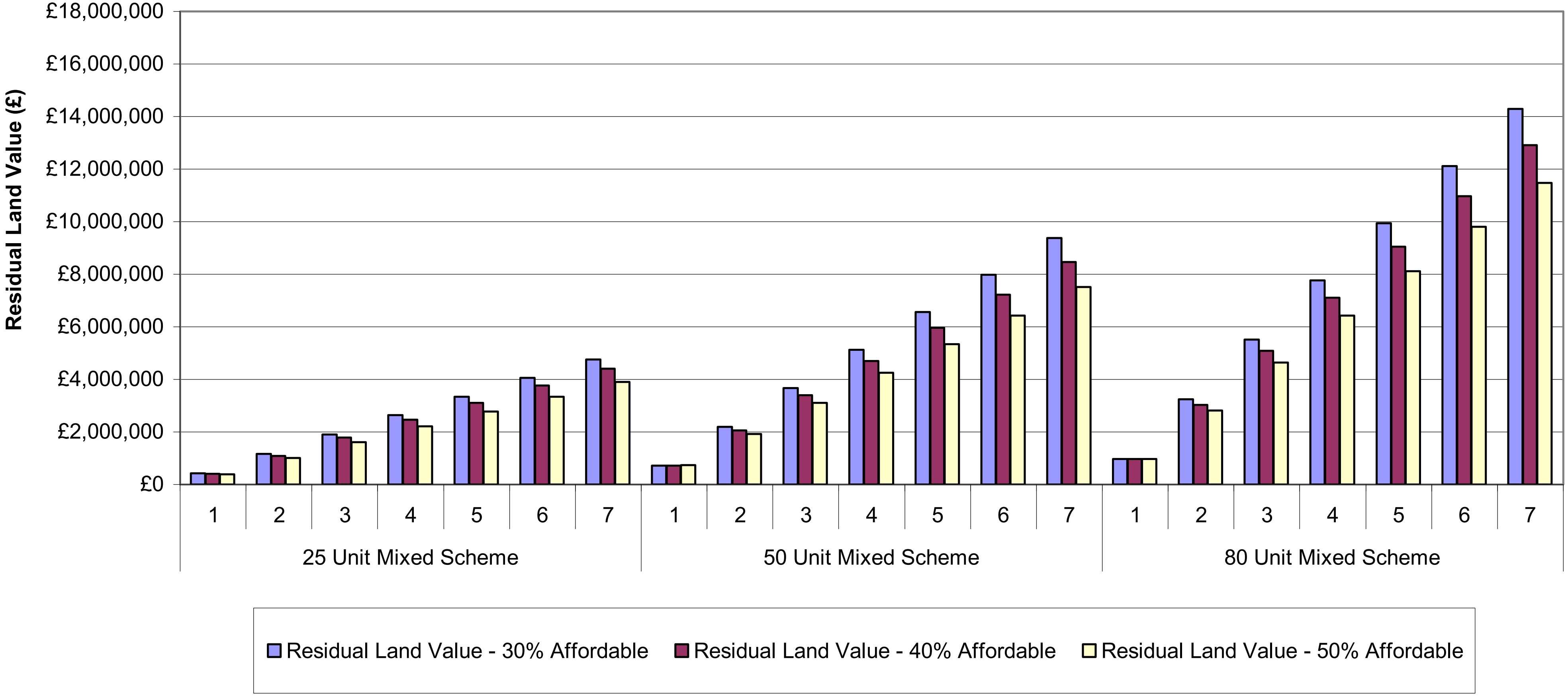
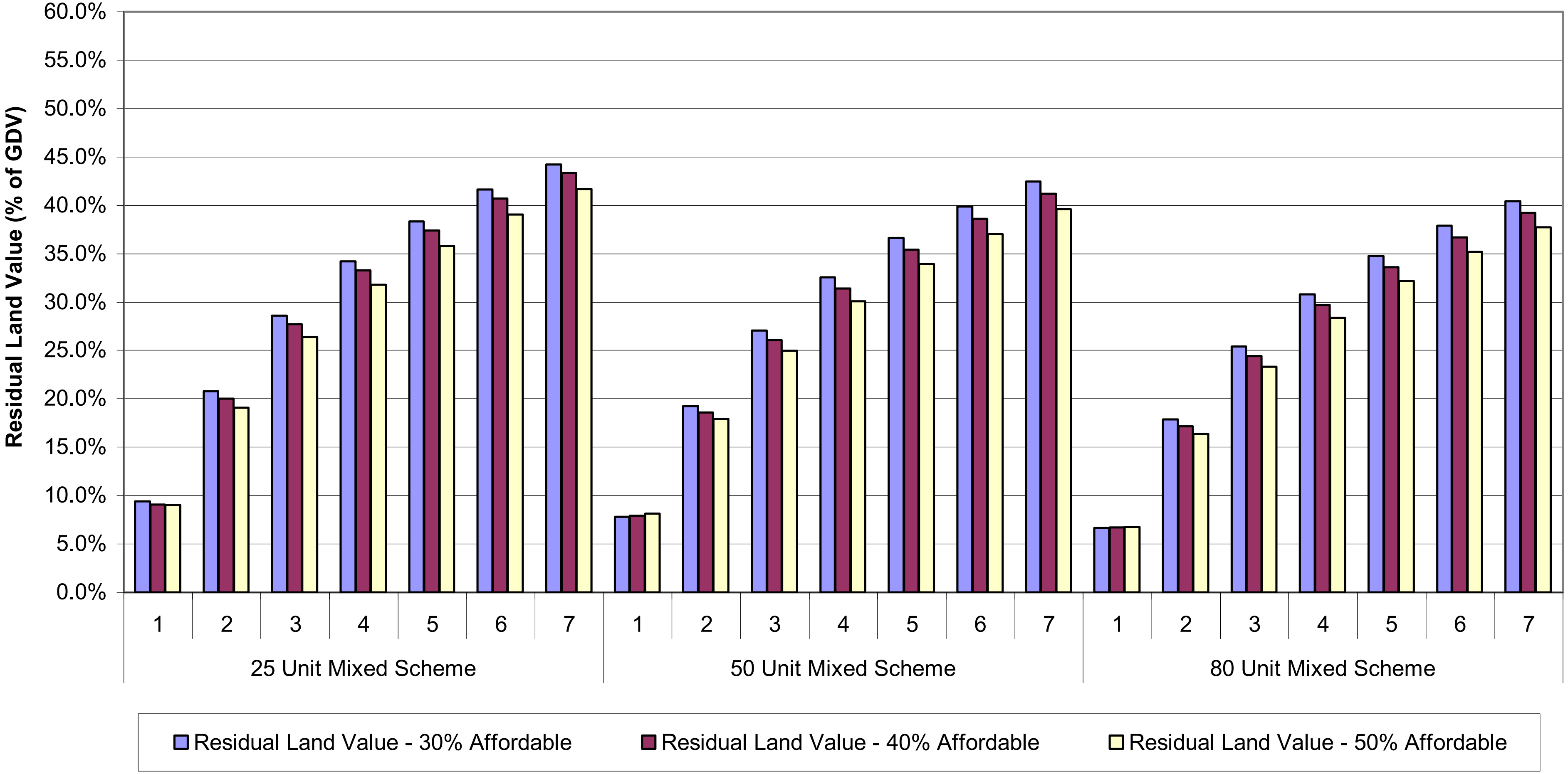


Table 11a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
With Grant
Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	9.4%	9.1%	9.0%
	2	20.8%	20.0%	19.1%
	3	28.6%	27.7%	26.4%
	4	34.2%	33.3%	31.8%
	5	38.3%	37.4%	35.8%
	6	41.6%	40.7%	39.1%
	7	44.2%	43.3%	41.7%
50 Unit Mixed Scheme	1	7.8%	7.9%	8.2%
	2	19.3%	18.6%	17.9%
	3	27.0%	26.1%	24.9%
	4	32.6%	31.4%	30.1%
	5	36.7%	35.4%	33.9%
	6	39.9%	38.6%	37.0%
	7	42.4%	41.2%	39.6%
80 Unit Mixed Scheme	1	6.7%	6.7%	6.8%
	2	17.9%	17.2%	16.4%
	3	25.4%	24.4%	23.3%
	4	30.8%	29.7%	28.4%
	5	34.8%	33.6%	32.2%
	6	37.9%	36.7%	35.2%
	7	40.4%	39.2%	37.7%

Source: Adams Integra, September 2009

Graph 11a: Summary of Residual Land Values (as % of GDV) at 30%, 40 & 50% Affordable Housing Across all Value Points 70% General Needs Rent/30% Intermediate Tenure Mix With Grant Planning Infrastructure Level £15,000



Appendix IIe

Table 11b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 70% General Needs Rent/30% Intermediate Tenure Mix With Grant - Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£1,294,383	£1,227,328	£1,197,767
	2	0.33	£3,527,839	£3,305,900	£3,040,350
	3	0.33	£5,777,034	£5,399,519	£4,897,675
	4	0.33	£7,985,516	£7,450,030	£6,707,103
	5	0.33	£10,143,704	£9,431,088	£8,430,314
	6	0.33	£12,287,523	£11,404,962	£10,139,155
	7	0.33	£14,412,183	£13,369,256	£11,828,837
50 Unit Mixed Scheme	1	0.67	£1,073,426	£1,073,815	£1,092,253
	2	0.67	£3,278,627	£3,070,458	£2,862,915
	3	0.67	£5,486,094	£5,070,500	£4,638,110
	4	0.67	£7,658,433	£7,018,415	£6,345,313
	5	0.67	£9,786,577	£8,906,271	£7,975,459
	6	0.67	£11,902,255	£10,781,662	£9,593,140
	7	0.67	£14,008,869	£12,647,987	£11,201,756
80 Unit Mixed Scheme	1	1.07	£915,872	£909,719	£906,587
	2	1.07	£3,037,020	£2,832,148	£2,622,730
	3	1.07	£5,160,209	£4,757,299	£4,342,275
	4	1.07	£7,250,053	£6,637,535	£6,006,018
	5	1.07	£9,293,621	£8,455,163	£7,592,180
	6	1.07	£11,329,703	£10,261,903	£9,165,413
	7	1.07	£13,360,341	£12,063,199	£10,730,480

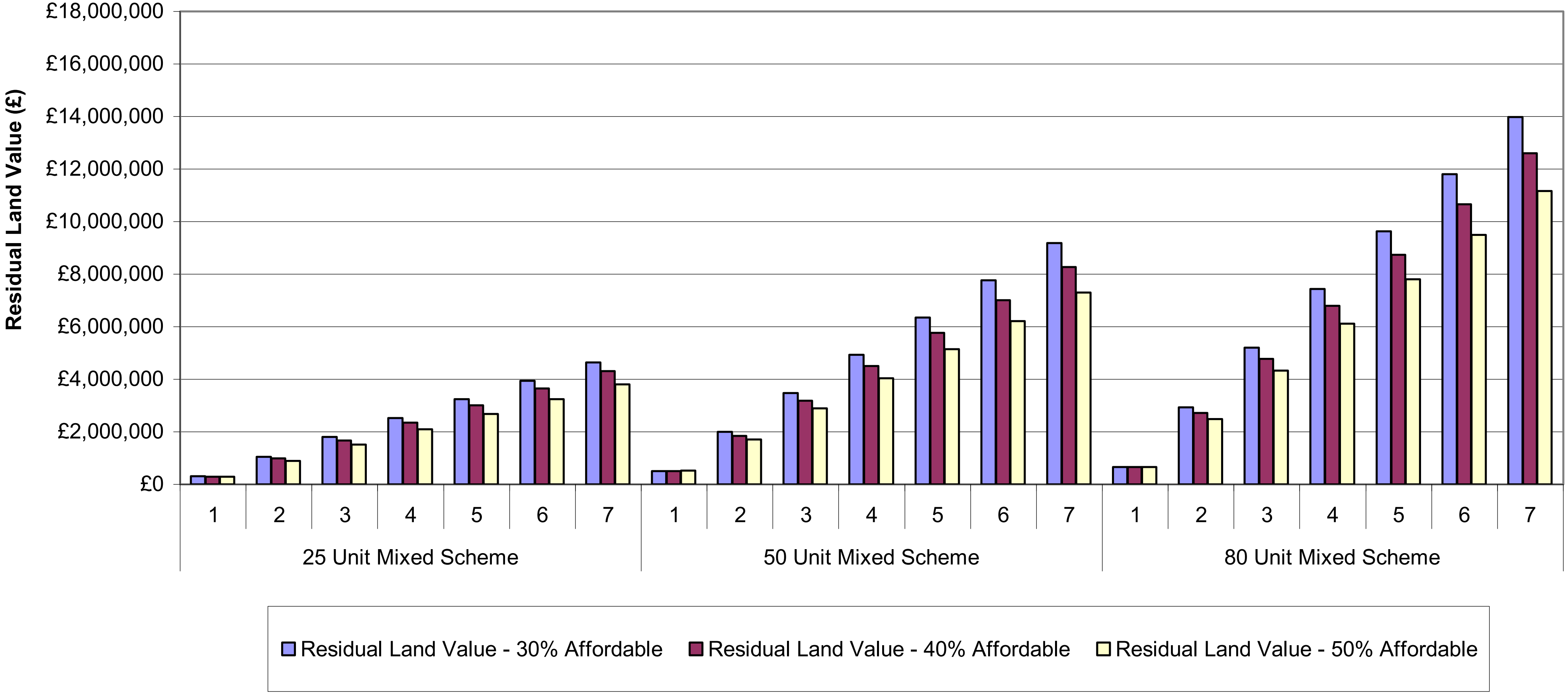
Source: Adams Integra, September 2009

Table 12: Summary of Residual Land Value (£) Appraisals for All Value Points -
70% General Needs Rent/30% Intermediate Tenure Mix
With Grant
Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£319,234	£297,106	£287,351
	2	£1,057,387	£984,147	£896,515
	3	£1,799,621	£1,675,041	£1,509,433
	4	£2,528,420	£2,351,710	£2,106,544
	5	£3,240,622	£3,005,459	£2,675,204
	6	£3,948,083	£3,656,837	£3,239,121
	7	£4,649,220	£4,305,054	£3,796,716
50 Unit Mixed Scheme	1	£513,995	£514,256	£526,609
	2	£1,991,480	£1,852,007	£1,712,953
	3	£3,470,483	£3,192,035	£2,902,334
	4	£4,925,950	£4,497,138	£4,046,160
	5	£6,351,806	£5,762,002	£5,138,358
	6	£7,769,311	£7,018,513	£6,222,204
	7	£9,180,742	£8,268,951	£7,299,976
80 Unit Mixed Scheme	1	£665,104	£658,519	£655,168
	2	£2,934,731	£2,715,518	£2,491,441
	3	£5,206,544	£4,775,430	£4,331,355
	4	£7,442,676	£6,787,283	£6,111,559
	5	£9,629,294	£8,732,145	£7,808,753
	6	£11,807,902	£10,665,357	£9,492,112
	7	£13,980,684	£12,592,743	£11,166,733

Source: Adams Integra, September 2009

Graph 12: Summary of Residual Land Values at 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
With Grant
Planning Infrastructure Level £20,000



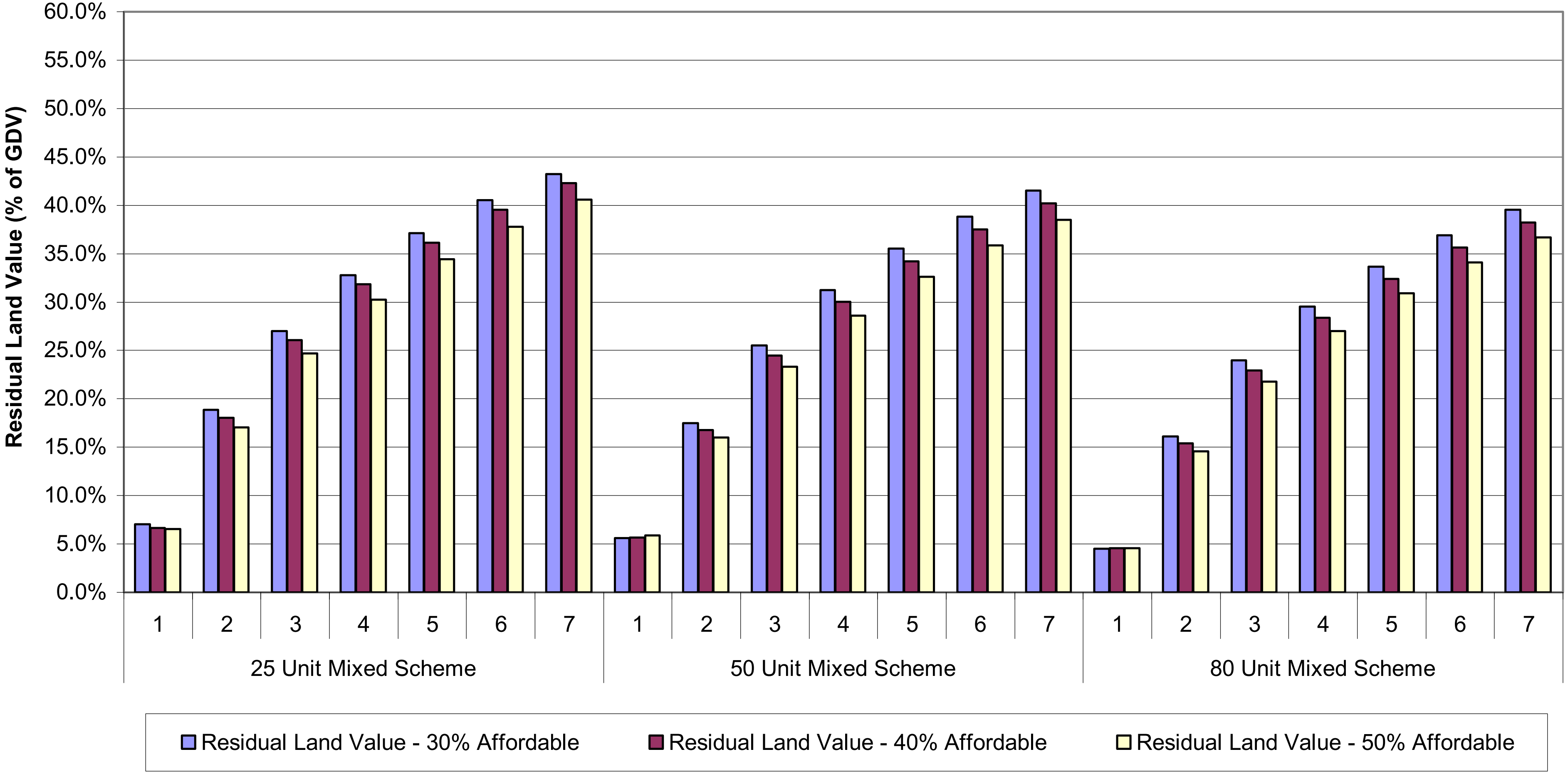
Appendix IIe

Table 12a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
With Grant
Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	7.0%	6.6%	6.5%
	2	18.9%	18.1%	17.1%
	3	27.0%	26.1%	24.7%
	4	32.8%	31.8%	30.3%
	5	37.1%	36.1%	34.4%
	6	40.5%	39.5%	37.8%
	7	43.2%	42.3%	40.6%
50 Unit Mixed Scheme	1	5.6%	5.7%	5.9%
	2	17.5%	16.8%	16.0%
	3	25.5%	24.5%	23.3%
	4	31.3%	30.0%	28.6%
	5	35.5%	34.2%	32.6%
	6	38.8%	37.5%	35.8%
	7	41.5%	40.2%	38.5%
80 Unit Mixed Scheme	1	4.5%	4.5%	4.6%
	2	16.1%	15.4%	14.6%
	3	24.0%	22.9%	21.8%
	4	29.5%	28.4%	27.0%
	5	33.7%	32.4%	30.9%
	6	36.9%	35.6%	34.1%
	7	39.5%	38.2%	36.7%

Source: Adams Integra, September 2009

Graph 12a: Summary of Residual Land Values (as % of GDV) at 30%, 40 & 50% Affordable Housing Across all Value Points 70% General Needs Rent/30% Intermediate Tenure Mix With Grant Planning Infrastructure Level £20,000



Appendix IIe

Table 12b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 70% General Needs Rent/30% Intermediate Tenure Mix With Grant - Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£967,376	£900,321	£870,759
	2	0.33	£3,204,203	£2,982,263	£2,716,713
	3	0.33	£5,453,398	£5,075,883	£4,574,039
	4	0.33	£7,661,879	£7,126,393	£6,383,467
	5	0.33	£9,820,068	£9,107,452	£8,106,678
	6	0.33	£11,963,887	£11,081,325	£9,815,519
	7	0.33	£14,088,547	£13,045,620	£11,505,201
50 Unit Mixed Scheme	1	0.67	£767,157	£767,547	£785,984
	2	0.67	£2,972,358	£2,764,189	£2,556,646
	3	0.67	£5,179,826	£4,764,231	£4,331,841
	4	0.67	£7,352,164	£6,712,146	£6,039,045
	5	0.67	£9,480,308	£8,600,002	£7,669,191
	6	0.67	£11,595,987	£10,475,393	£9,286,872
	7	0.67	£13,702,600	£12,341,718	£10,895,487
80 Unit Mixed Scheme	1	1.07	£621,592	£615,439	£612,307
	2	1.07	£2,742,740	£2,537,868	£2,328,450
	3	1.07	£4,865,929	£4,463,018	£4,047,995
	4	1.07	£6,955,772	£6,343,255	£5,711,737
	5	1.07	£8,999,340	£8,160,883	£7,297,900
	6	1.07	£11,035,422	£9,967,623	£8,871,133
	7	1.07	£13,066,060	£11,768,919	£10,436,199

Source: Adams Integra, September 2009

Appendix IIf

Table 13: Summary of Residual Land Value (£) Appraisals for All Value Points -
60% General Needs Rent/40% Intermediate Tenure Mix
With Grant
Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£507,066	£491,836	£480,465
	2	£1,262,041	£1,192,215	£1,101,169
	3	£2,017,805	£1,893,383	£1,727,617
	4	£2,760,134	£2,579,536	£2,338,258
	5	£3,485,867	£3,243,559	£2,920,448
	6	£4,209,228	£3,905,211	£3,500,267
	7	£4,929,429	£4,563,703	£4,076,925
50 Unit Mixed Scheme	1	£869,396	£869,657	£866,825
	2	£2,374,304	£2,234,831	£2,090,463
	3	£3,880,731	£3,602,283	£3,317,137
	4	£5,363,622	£4,934,810	£4,497,498
	5	£6,819,180	£6,229,375	£5,629,268
	6	£8,272,460	£7,521,662	£6,758,759
	7	£9,722,703	£8,810,912	£7,885,214
80 Unit Mixed Scheme	1	£1,227,552	£1,220,968	£1,185,578
	2	£3,532,948	£3,313,734	£3,071,453
	3	£5,840,527	£5,409,413	£4,960,969
	4	£8,111,699	£7,456,305	£6,790,047
	5	£10,336,268	£9,439,119	£8,541,213
	6	£12,558,653	£11,416,108	£10,288,009
	7	£14,778,125	£13,390,184	£12,028,980

Source: Adams Integra, September 2009

Graph 13: Summary of Residual Land Values at 30%, 40% & 50% Affordable Housing Across All Value Points
60% General Needs Rent/40% Intermediate Tenure Mix
With Grant
Planning Infrastructure Level £10,000

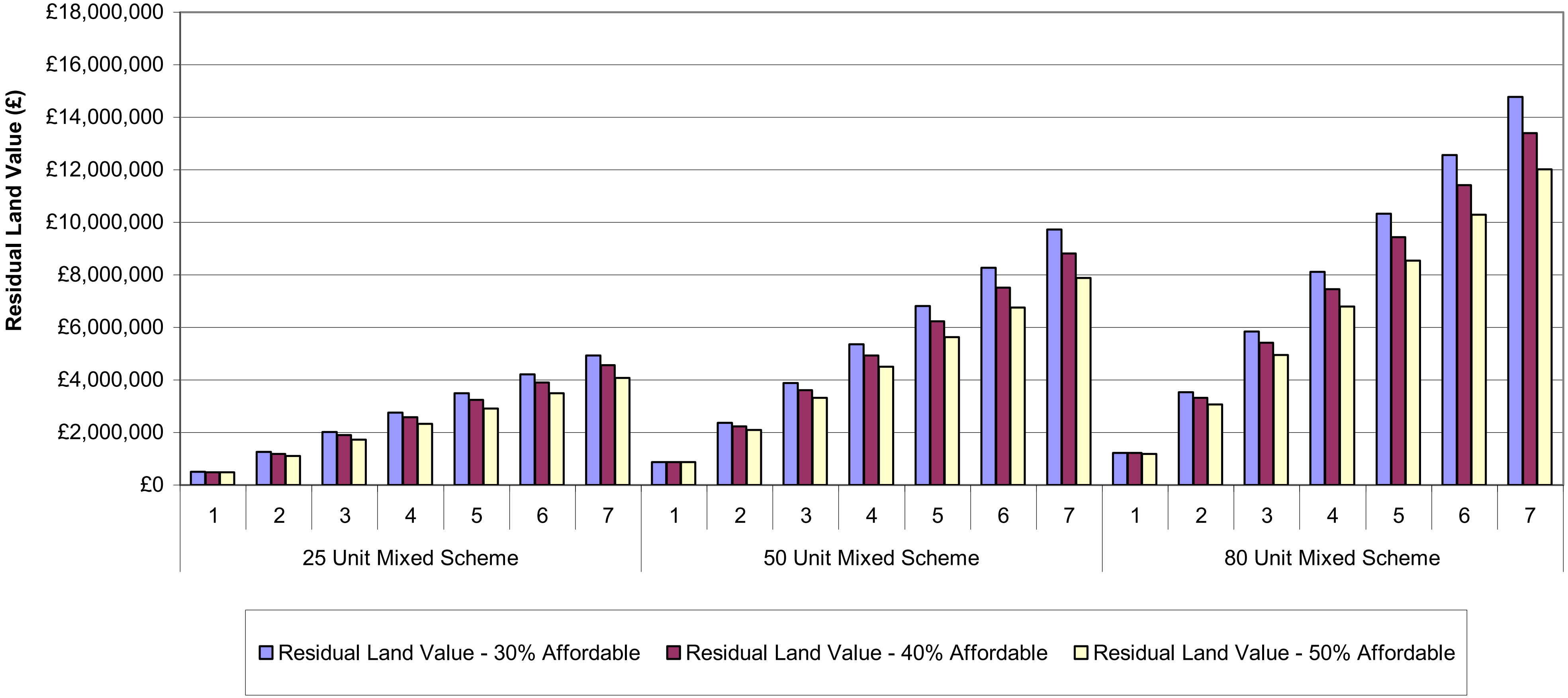


Table 13a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
60% General Needs Rent/40% Intermediate Tenure Mix
With Grant
Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	11.2%	11.1%	11.0%
	2	22.6%	21.9%	21.0%
	3	30.2%	29.4%	28.2%
	4	35.7%	34.8%	33.5%
	5	39.7%	38.8%	37.4%
	6	42.9%	42.0%	40.6%
	7	45.5%	44.6%	43.2%
50 Unit Mixed Scheme	1	9.5%	9.7%	9.8%
	2	20.9%	20.3%	19.6%
	3	28.5%	27.6%	26.6%
	4	34.0%	32.9%	31.7%
	5	38.0%	36.8%	35.5%
	6	41.1%	39.9%	38.6%
	7	43.6%	42.5%	41.1%
80 Unit Mixed Scheme	1	8.4%	8.5%	8.4%
	2	19.5%	18.8%	18.0%
	3	26.9%	26.0%	24.9%
	4	32.1%	31.1%	29.9%
	5	36.0%	34.9%	33.6%
	6	39.1%	37.9%	36.6%
	7	41.5%	40.4%	39.1%

Source: Adams Integra, September 2009

Graph 13a: Summary of Residual Land Values (as % of GDV) at 30%, 40 & 50% Affordable Housing Across all Value Points 60% General Needs Rent/40% Intermediate Tenure Mix With Grant Planning Infrastructure Level £10,000

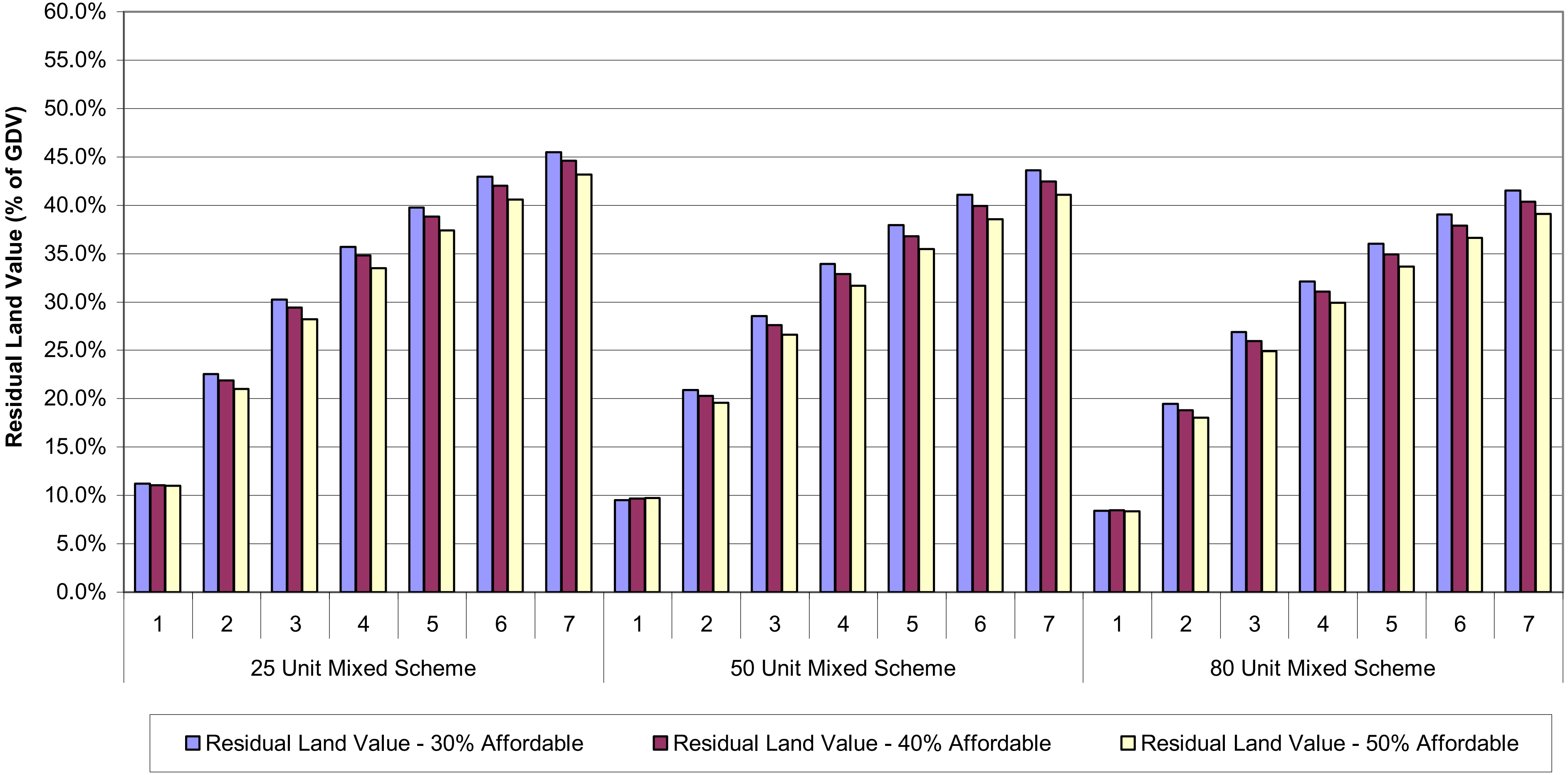


Table 13b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 60% General Needs Rent/40% Intermediate Tenure Mix With Grant - Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£1,536,564	£1,490,414	£1,455,954
	2	0.33	£3,824,365	£3,612,772	£3,336,876
	3	0.33	£6,114,561	£5,737,525	£5,235,202
	4	0.33	£8,364,044	£7,816,774	£7,085,631
	5	0.33	£10,563,233	£9,828,967	£8,849,842
	6	0.33	£12,755,237	£11,833,974	£10,606,869
	7	0.33	£14,937,662	£13,829,402	£12,354,317
50 Unit Mixed Scheme	1	0.67	£1,297,606	£1,297,995	£1,293,769
	2	0.67	£3,543,738	£3,335,569	£3,120,094
	3	0.67	£5,792,136	£5,376,542	£4,950,951
	4	0.67	£8,005,406	£7,365,388	£6,712,684
	5	0.67	£10,177,880	£9,297,575	£8,401,892
	6	0.67	£12,346,955	£11,226,361	£10,087,701
	7	0.67	£14,511,497	£13,150,616	£11,768,976
80 Unit Mixed Scheme	1	1.07	£1,147,245	£1,141,092	£1,108,017
	2	1.07	£3,301,820	£3,096,948	£2,870,517
	3	1.07	£5,458,437	£5,055,526	£4,636,420
	4	1.07	£7,581,027	£6,968,509	£6,345,839
	5	1.07	£9,660,064	£8,821,607	£7,982,442
	6	1.07	£11,737,059	£10,669,260	£9,614,962
	7	1.07	£13,811,332	£12,514,190	£11,242,038

Source: Adams Integra, September 2009

**Table 14: Summary of Residual Land Value (£) Appraisals for All Value Points -
60% General Needs Rent/40% Intermediate Tenure Mix
With Grant
Planning Infrastructure Level £15,000**

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£404,436	£389,047	£372,552
	2	£1,155,241	£1,085,415	£994,369
	3	£1,911,005	£1,786,583	£1,620,817
	4	£2,653,334	£2,472,736	£2,231,458
	5	£3,379,067	£3,136,759	£2,813,648
	6	£4,102,428	£3,798,411	£3,393,467
	7	£4,822,629	£4,456,903	£3,970,125
50 Unit Mixed Scheme	1	£664,196	£664,457	£661,625
	2	£2,169,104	£2,029,631	£1,885,263
	3	£3,675,531	£3,397,083	£3,111,937
	4	£5,158,422	£4,729,610	£4,292,298
	5	£6,613,980	£6,024,175	£5,424,068
	6	£8,067,260	£7,316,462	£6,553,559
	7	£9,517,503	£8,605,712	£7,680,014
80 Unit Mixed Scheme	1	£912,672	£906,088	£870,698
	2	£3,218,068	£2,998,854	£2,756,573
	3	£5,525,647	£5,094,533	£4,646,089
	4	£7,796,819	£7,141,425	£6,475,167
	5	£10,021,388	£9,124,239	£8,226,333
	6	£12,243,773	£11,101,228	£9,973,129
	7	£14,463,245	£13,075,304	£11,714,100

Source: Adams Integra, September 2009

Graph 14: Summary of Residual Land Values at 30%, 40% & 50% Affordable Housing Across All Value Points
60% General Needs Rent/40% Intermediate Tenure Mix
With Grant
Planning Infrastructure Level £15,000

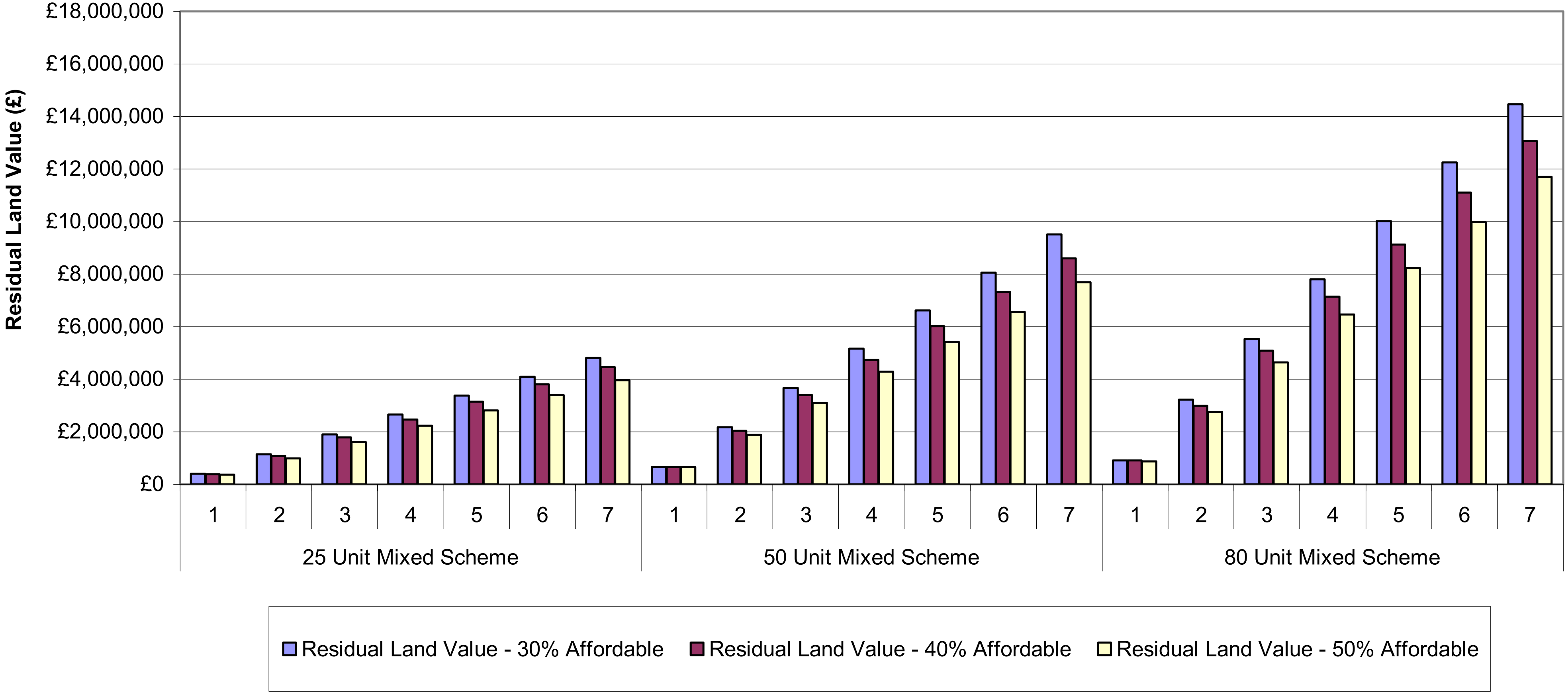


Table 14a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
60% General Needs Rent/40% Intermediate Tenure Mix
With Grant
Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	9.0%	8.7%	8.5%
	2	20.7%	19.9%	19.0%
	3	28.6%	27.8%	26.5%
	4	34.3%	33.4%	32.0%
	5	38.5%	37.5%	36.0%
	6	41.8%	40.9%	39.3%
	7	44.5%	43.5%	42.0%
50 Unit Mixed Scheme	1	7.3%	7.4%	7.4%
	2	19.1%	18.4%	17.7%
	3	27.0%	26.1%	25.0%
	4	32.7%	31.5%	30.2%
	5	36.8%	35.6%	34.2%
	6	40.1%	38.8%	37.4%
	7	42.7%	41.5%	40.0%
80 Unit Mixed Scheme	1	6.3%	6.3%	6.2%
	2	17.7%	17.0%	16.2%
	3	25.4%	24.5%	23.3%
	4	30.9%	29.8%	28.5%
	5	34.9%	33.7%	32.4%
	6	38.1%	36.9%	35.5%
	7	40.6%	39.4%	38.1%

Source: Adams Integra, September 2009

Graph 14a: Summary of Residual Land Values (as % of GDV) at 30%, 40 & 50% Affordable Housing Across all Value Points 60% General Needs Rent/40% Intermediate Tenure Mix With Grant Planning Infrastructure Level £15,000

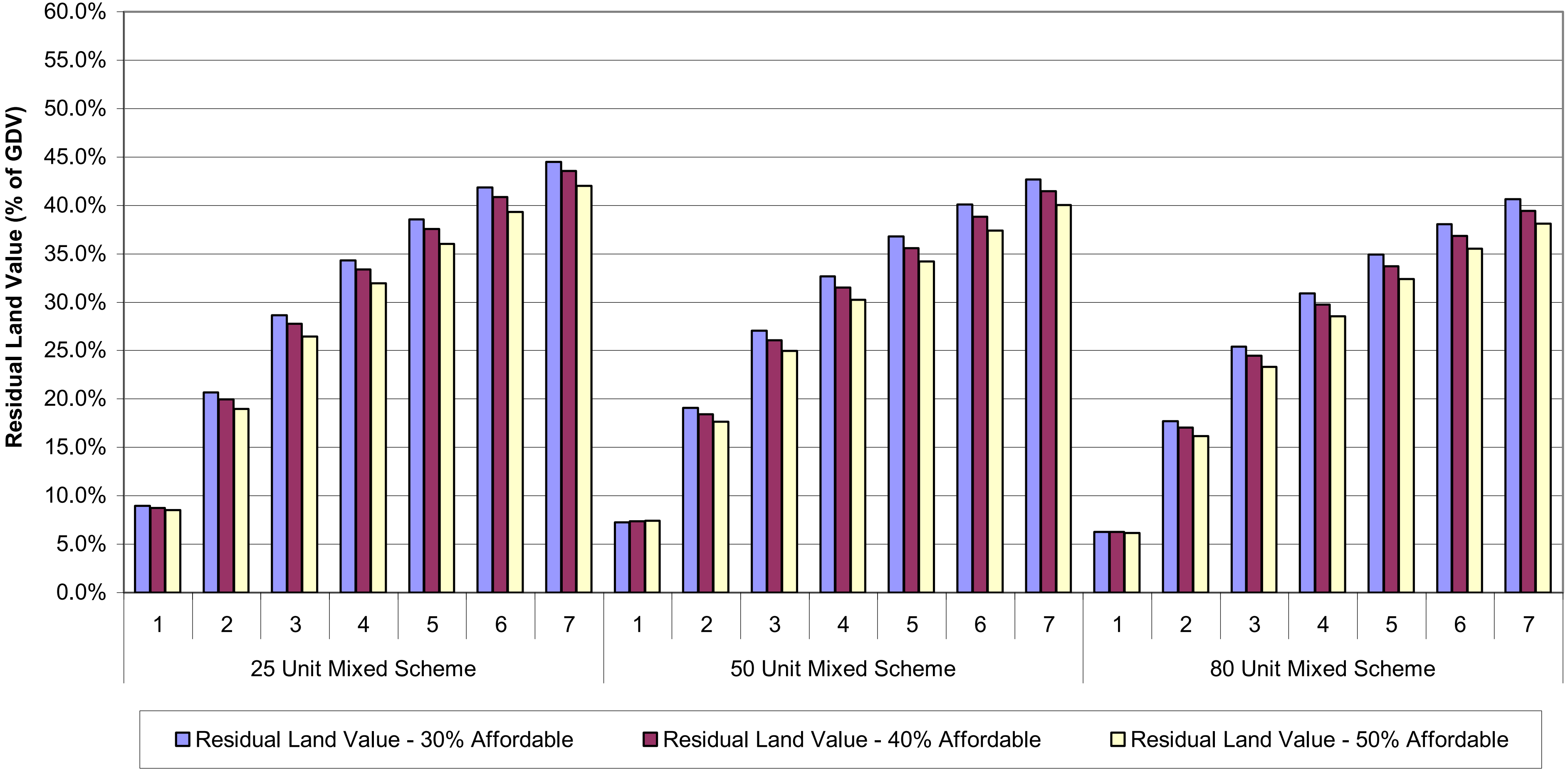


Table 14b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 60% General Needs Rent/40% Intermediate Tenure Mix With Grant - Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£1,225,562	£1,178,931	£1,128,946
	2	0.33	£3,500,729	£3,289,135	£3,013,239
	3	0.33	£5,790,925	£5,413,888	£4,911,566
	4	0.33	£8,040,407	£7,493,138	£6,761,994
	5	0.33	£10,239,596	£9,505,330	£8,526,206
	6	0.33	£12,431,601	£11,510,338	£10,283,233
	7	0.33	£14,614,026	£13,505,766	£12,030,680
50 Unit Mixed Scheme	1	0.67	£991,337	£991,727	£987,500
	2	0.67	£3,237,469	£3,029,300	£2,813,825
	3	0.67	£5,485,868	£5,070,273	£4,644,682
	4	0.67	£7,699,137	£7,059,119	£6,406,415
	5	0.67	£9,871,611	£8,991,306	£8,095,623
	6	0.67	£12,040,686	£10,920,093	£9,781,432
	7	0.67	£14,205,228	£12,844,347	£11,462,708
80 Unit Mixed Scheme	1	1.07	£852,965	£846,811	£813,737
	2	1.07	£3,007,540	£2,802,668	£2,576,237
	3	1.07	£5,164,156	£4,761,246	£4,342,139
	4	1.07	£7,286,746	£6,674,229	£6,051,558
	5	1.07	£9,365,783	£8,527,326	£7,688,161
	6	1.07	£11,442,778	£10,374,979	£9,320,681
	7	1.07	£13,517,052	£12,219,910	£10,947,757

Source: Adams Integra, September 2009

Table 15: Summary of Residual Land Value (£) Appraisals for All Value Points - 60% General Needs Rent/40% Intermediate Tenure Mix With Grant Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£296,523	£281,135	£264,640
	2	£1,048,441	£978,615	£887,569
	3	£1,804,205	£1,679,783	£1,514,017
	4	£2,546,534	£2,365,936	£2,124,658
	5	£3,272,267	£3,029,959	£2,706,848
	6	£3,995,628	£3,691,611	£3,286,667
	7	£4,715,829	£4,350,103	£3,863,325
50 Unit Mixed Scheme	1	£463,777	£464,041	£461,180
	2	£1,963,904	£1,824,431	£1,680,063
	3	£3,470,331	£3,191,883	£2,906,737
	4	£4,953,222	£4,524,410	£4,087,098
	5	£6,408,780	£5,818,975	£5,218,868
	6	£7,862,060	£7,111,262	£6,348,359
	7	£9,312,303	£8,400,512	£7,474,814
80 Unit Mixed Scheme	1	£597,792	£591,208	£555,818
	2	£2,903,188	£2,683,974	£2,441,693
	3	£5,210,767	£4,779,653	£4,331,209
	4	£7,481,939	£6,826,545	£6,160,287
	5	£9,706,508	£8,809,359	£7,911,453
	6	£11,928,893	£10,786,348	£9,658,249
	7	£14,148,365	£12,760,424	£11,399,220

Source: Adams Integra, September 2009

Graph 15: Summary of Residual Land Values at 30%, 40% & 50% Affordable Housing Across All Value Points
60% General Needs Rent/40% Intermediate Tenure Mix
With Grant
Planning Infrastructure Level £20,000

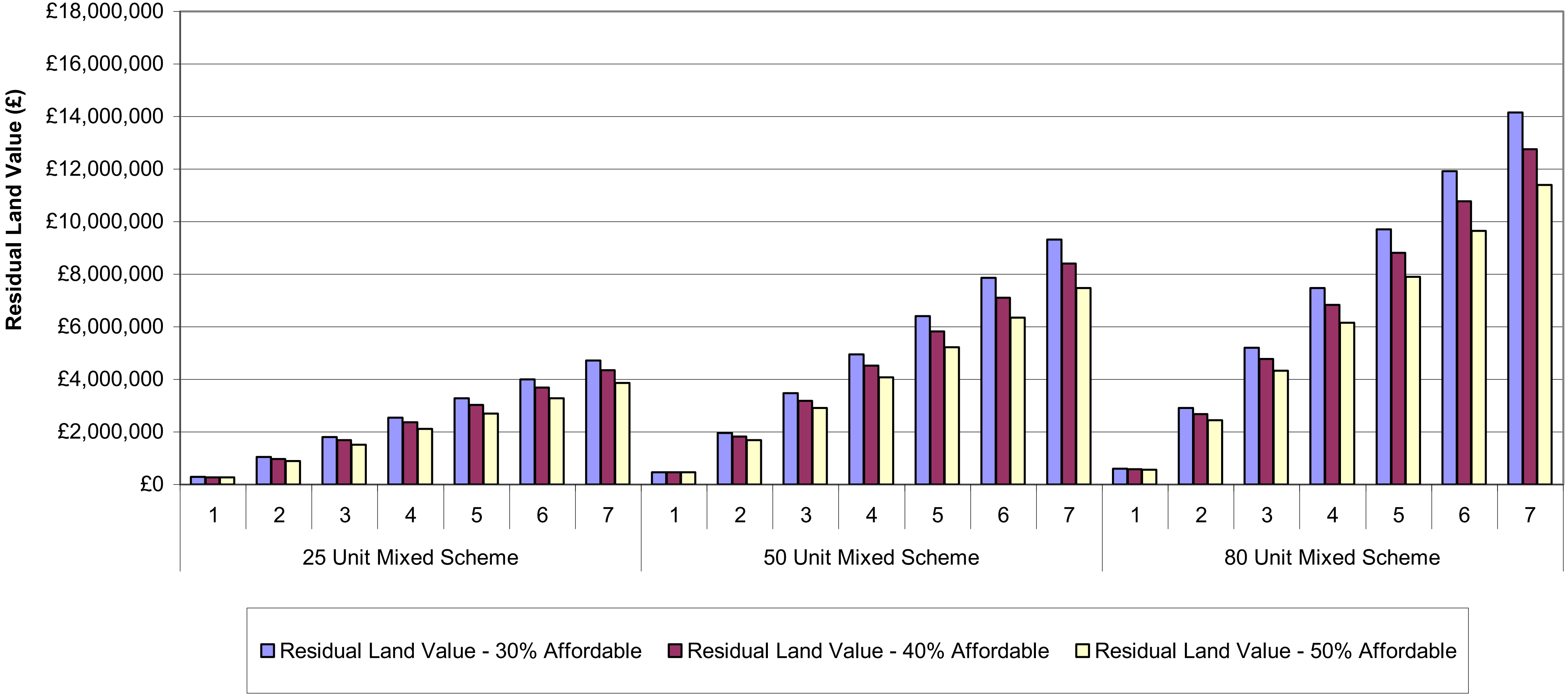


Table 15a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
60% General Needs Rent/40% Intermediate Tenure Mix
With Grant
Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	6.6%	6.3%	6.1%
	2	18.7%	18.0%	16.9%
	3	27.0%	26.1%	24.7%
	4	32.9%	31.9%	30.4%
	5	37.3%	36.3%	34.7%
	6	40.7%	39.7%	38.1%
	7	43.5%	42.5%	40.9%
50 Unit Mixed Scheme	1	5.1%	5.2%	5.2%
	2	17.3%	16.6%	15.7%
	3	25.5%	24.5%	23.3%
	4	31.4%	30.2%	28.8%
	5	35.7%	34.4%	32.9%
	6	39.1%	37.7%	36.2%
	7	41.8%	40.5%	39.0%
80 Unit Mixed Scheme	1	4.1%	4.1%	3.9%
	2	16.0%	15.2%	14.3%
	3	24.0%	22.9%	21.8%
	4	29.6%	28.5%	27.1%
	5	33.8%	32.6%	31.2%
	6	37.1%	35.8%	34.4%
	7	39.7%	38.5%	37.1%

Source: Adams Integra, September 2009

Graph 15a: Summary of Residual Land Values (as % of GDV) at 30%, 40 & 50% Affordable Housing Across all Value Points 60% General Needs Rent/40% Intermediate Tenure Mix With Grant Planning Infrastructure Level £20,000

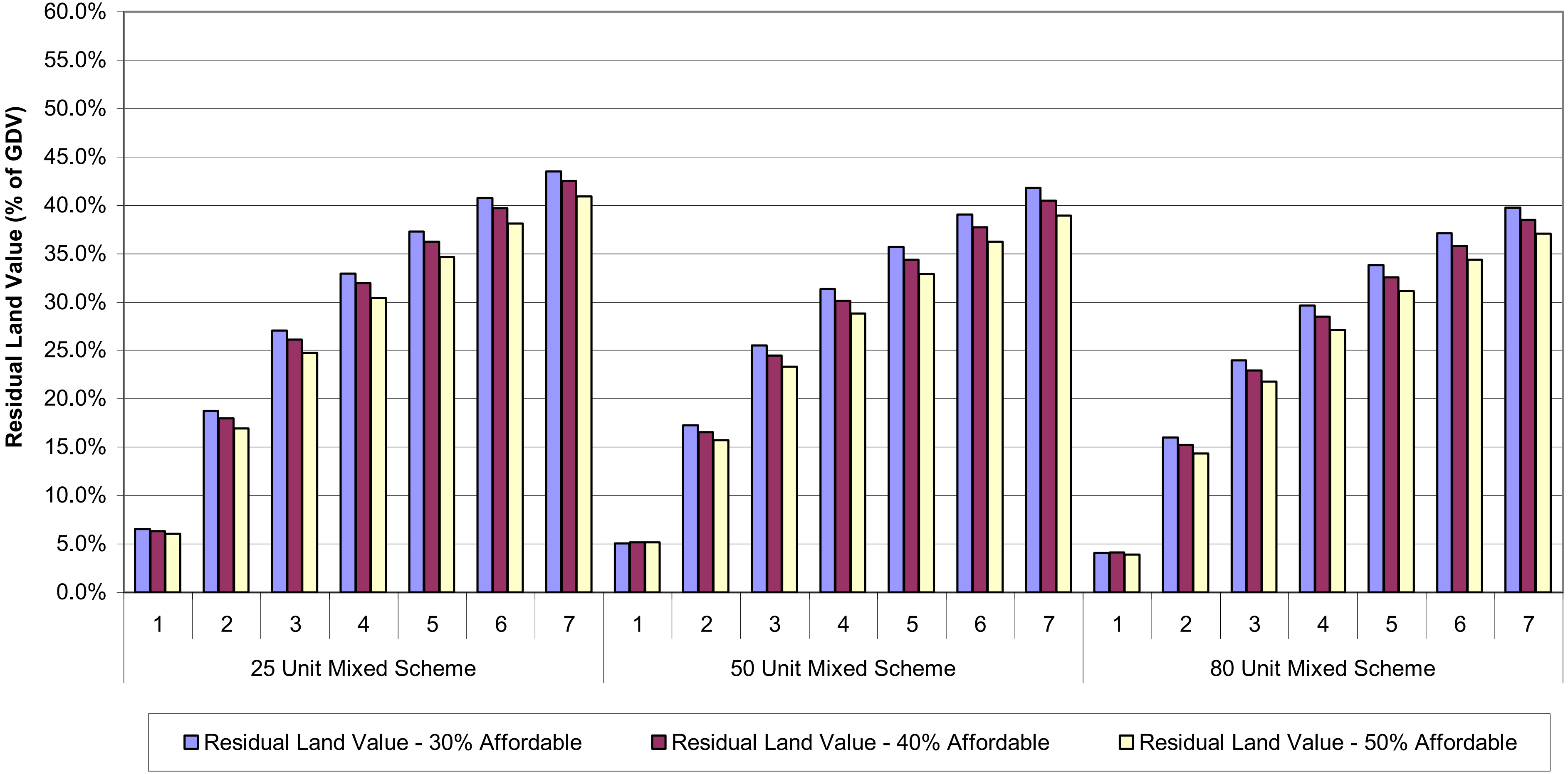


Table 15b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 60% General Needs Rent/40% Intermediate Tenure Mix With Grant - Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£898,555	£851,924	£801,939
	2	0.33	£3,177,092	£2,965,499	£2,689,603
	3	0.33	£5,467,288	£5,090,252	£4,587,929
	4	0.33	£7,716,771	£7,169,502	£6,438,358
	5	0.33	£9,915,960	£9,181,694	£8,202,570
	6	0.33	£12,107,965	£11,186,701	£9,959,597
	7	0.33	£14,290,390	£13,182,129	£11,707,044
50 Unit Mixed Scheme	1	0.67	£692,205	£692,598	£688,328
	2	0.67	£2,931,200	£2,723,032	£2,507,556
	3	0.67	£5,179,599	£4,764,005	£4,338,414
	4	0.67	£7,392,868	£6,752,851	£6,100,146
	5	0.67	£9,565,343	£8,685,037	£7,789,355
	6	0.67	£11,734,418	£10,613,824	£9,475,163
	7	0.67	£13,898,960	£12,538,078	£11,156,439
80 Unit Mixed Scheme	1	1.07	£558,685	£552,531	£519,456
	2	1.07	£2,713,259	£2,508,387	£2,281,956
	3	1.07	£4,869,876	£4,466,966	£4,047,859
	4	1.07	£6,992,466	£6,379,949	£5,757,278
	5	1.07	£9,071,503	£8,233,046	£7,393,881
	6	1.07	£11,148,498	£10,080,699	£9,026,401
	7	1.07	£13,222,771	£11,925,630	£10,653,477

Source: Adams Integra, September 2009

Appendix IIg

Table 16: Summary of Residual Land Value (£) Appraisals for All Value Points -
50% General Needs Rent/50% Intermediate Tenure Mix
With Grant
Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£484,589	£474,249	£464,494
	2	£1,253,094	£1,183,268	£1,095,637
	3	£2,022,389	£1,897,967	£1,732,359
	4	£2,778,248	£2,597,650	£2,352,484
	5	£3,517,511	£3,275,203	£2,944,948
	6	£4,256,774	£3,952,757	£3,535,041
	7	£4,996,037	£4,630,311	£4,121,973
50 Unit Mixed Scheme	1	£854,211	£832,879	£830,048
	2	£2,368,990	£2,220,922	£2,076,553
	3	£3,885,287	£3,611,242	£3,326,096
	4	£5,377,288	£4,965,878	£4,528,566
	5	£6,842,716	£6,283,311	£5,683,204
	6	£8,305,866	£7,600,745	£6,837,842
	7	£9,765,980	£8,918,178	£7,992,480
80 Unit Mixed Scheme	1	£1,192,280	£1,153,657	£1,115,034
	2	£3,519,608	£3,282,190	£3,044,773
	3	£5,849,119	£5,413,636	£4,978,153
	4	£8,141,495	£7,495,567	£6,849,640
	5	£10,387,997	£9,516,333	£8,644,670
	6	£12,634,498	£11,537,099	£10,439,699
	7	£14,881,000	£13,557,864	£12,234,729

Source: Adams Integra, September 2009

Graph 16: Summary of Residual Land Values at 30%, 40% & 50% Affordable Housing Across All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
With Grant
Planning Infrastructure Level £10,000

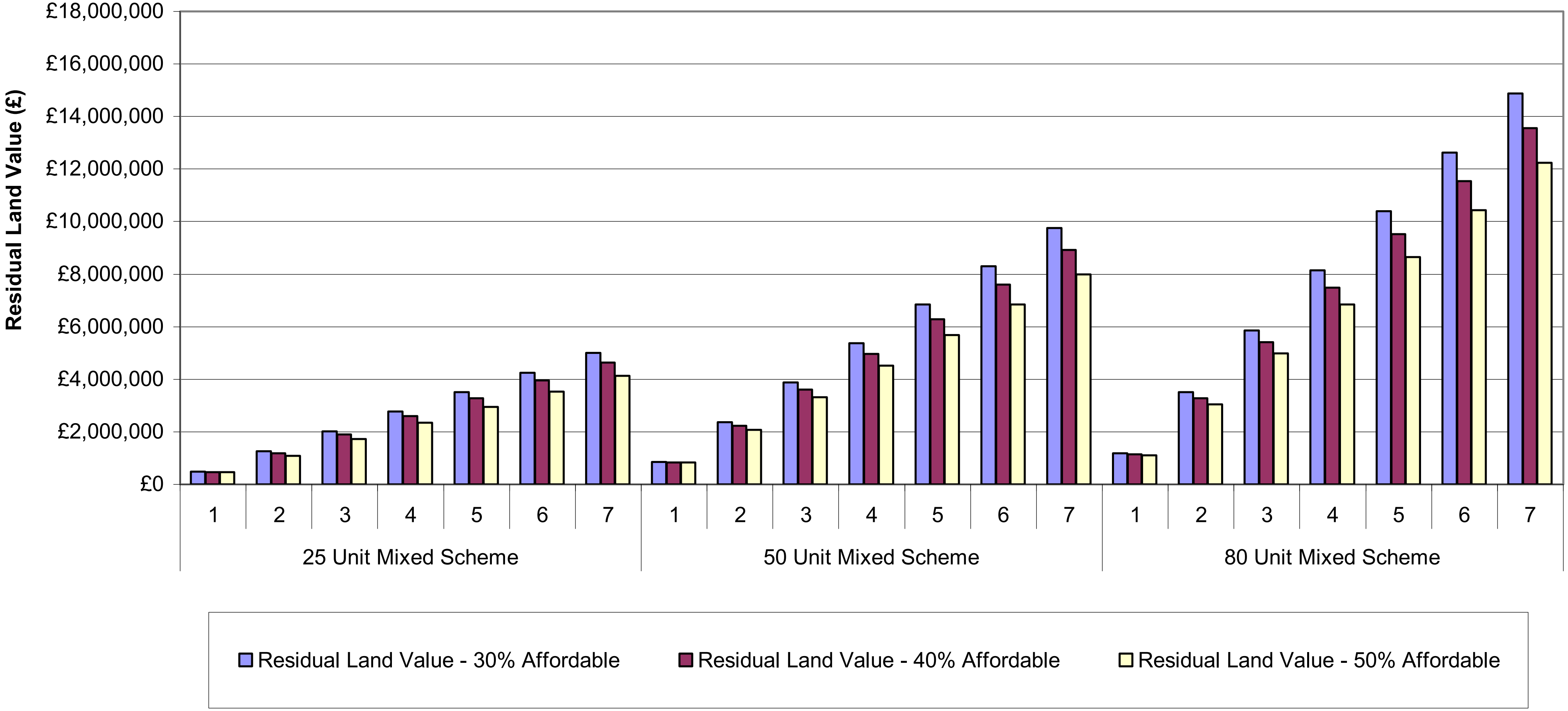


Table 16a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points 50% General Needs Rent/50% Intermediate Tenure Mix With Grant Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	10.8%	10.7%	10.7%
	2	22.4%	21.8%	20.9%
	3	30.3%	29.5%	28.3%
	4	35.8%	35.0%	33.6%
	5	39.9%	39.0%	37.6%
	6	43.1%	42.2%	40.8%
	7	45.7%	44.9%	43.4%
50 Unit Mixed Scheme	1	9.4%	9.3%	9.4%
	2	20.9%	20.2%	19.5%
	3	28.6%	27.7%	26.7%
	4	34.0%	33.0%	31.8%
	5	38.0%	37.0%	35.7%
	6	41.2%	40.1%	38.8%
	7	43.7%	42.7%	41.3%
80 Unit Mixed Scheme	1	8.2%	8.1%	7.9%
	2	19.4%	18.7%	17.9%
	3	26.9%	26.0%	25.0%
	4	32.2%	31.2%	30.1%
	5	36.1%	35.0%	33.8%
	6	39.2%	38.1%	36.9%
	7	41.6%	40.6%	39.4%

Source: Adams Integra, September 2009

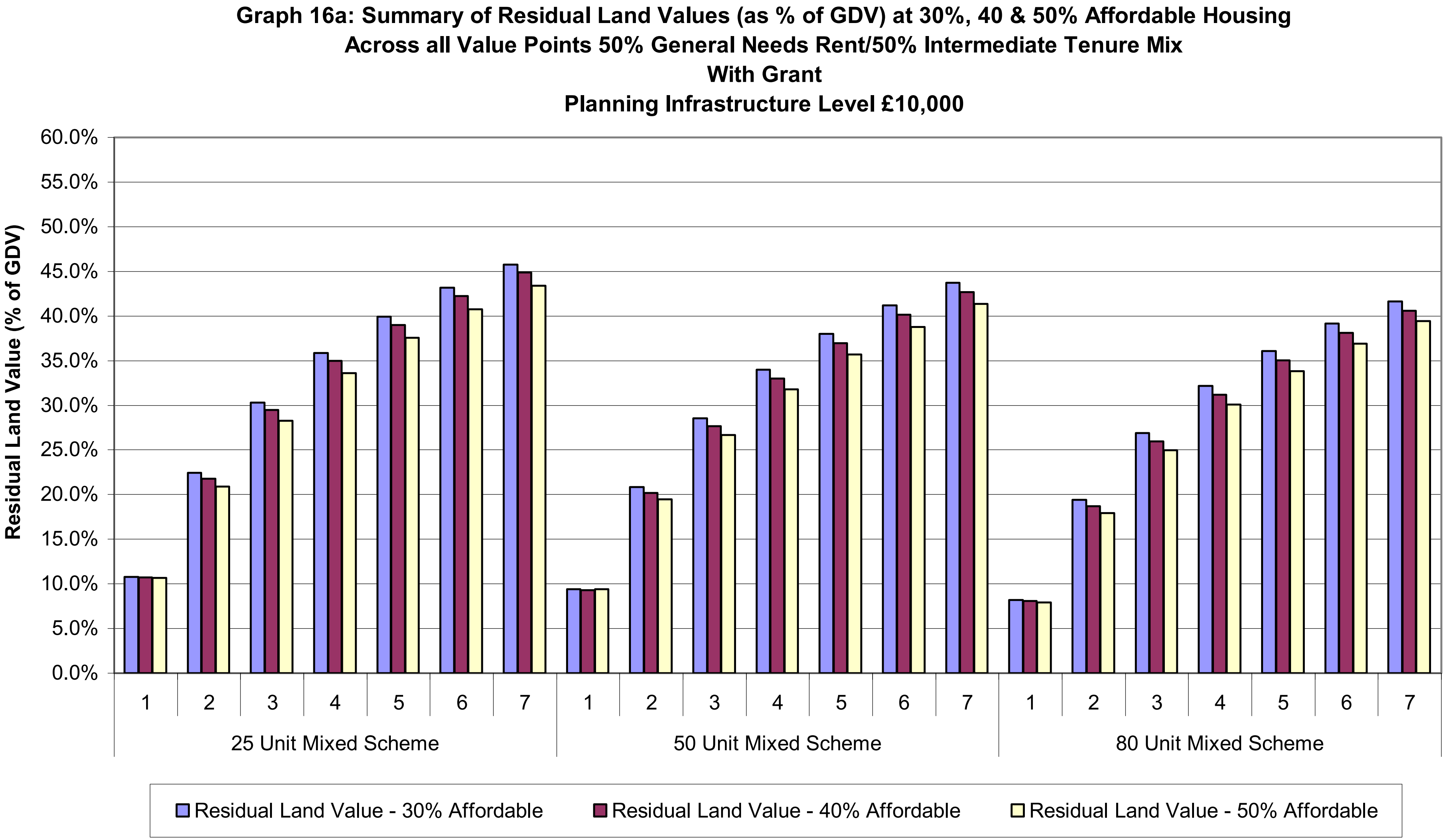

Graph 16a: Summary of Residual Land Values (as % of GDV) at 30%, 40 & 50% Affordable Housing
Across all Value Points 50% General Needs Rent/50% Intermediate Tenure Mix
With Grant
Planning Infrastructure Level £10,000
Residual Land Value (% of GDV)
60.0%
55.0%
50.0%
45.0%
40.0%
35.0%
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
1 2 3 4 5 6 7
25 Unit Mixed Scheme
1 2 3 4 5 6 7
50 Unit Mixed Scheme
1 2 3 4 5 6 7
80 Unit Mixed Scheme
Residual Land Value - 30% Affordable
Residual Land Value - 40% Affordable
Residual Land Value - 50% Affordable

Table 16b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix With Grant - Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£1,468,453	£1,437,118	£1,407,557
	2	0.33	£3,797,255	£3,585,661	£3,320,111
	3	0.33	£6,128,452	£5,751,415	£5,249,572
	4	0.33	£8,418,935	£7,871,666	£7,128,739
	5	0.33	£10,659,125	£9,924,859	£8,924,085
	6	0.33	£12,899,315	£11,978,052	£10,712,245
	7	0.33	£15,139,505	£14,031,245	£12,490,827
50 Unit Mixed Scheme	1	0.67	£1,274,942	£1,243,103	£1,238,877
	2	0.67	£3,535,805	£3,314,809	£3,099,333
	3	0.67	£5,798,935	£5,389,914	£4,964,323
	4	0.67	£8,025,803	£7,411,758	£6,759,054
	5	0.67	£10,213,009	£9,378,077	£8,482,394
	6	0.67	£12,396,816	£11,344,395	£10,205,734
	7	0.67	£14,576,089	£13,310,713	£11,929,074
80 Unit Mixed Scheme	1	1.07	£1,114,281	£1,078,184	£1,042,088
	2	1.07	£3,289,353	£3,067,468	£2,845,583
	3	1.07	£5,466,467	£5,059,473	£4,652,480
	4	1.07	£7,608,874	£7,005,203	£6,401,533
	5	1.07	£9,708,408	£8,893,769	£8,079,131
	6	1.07	£11,807,942	£10,782,335	£9,756,728
	7	1.07	£13,907,476	£12,670,901	£11,434,326

Source: Adams Integra, September 2009

Table 17: Summary of Residual Land Value (£) Appraisals for All Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix With Grant Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£381,725	£366,336	£356,581
	2	£1,146,294	£1,076,468	£988,837
	3	£1,915,589	£1,791,167	£1,625,559
	4	£2,671,448	£2,490,850	£2,245,684
	5	£3,410,711	£3,168,403	£2,838,148
	6	£4,149,974	£3,845,957	£3,428,241
	7	£4,889,237	£4,523,511	£4,015,173
50 Unit Mixed Scheme	1	£649,011	£627,679	£624,848
	2	£2,163,790	£2,015,722	£1,871,353
	3	£3,680,087	£3,406,042	£3,120,896
	4	£5,172,088	£4,760,678	£4,323,366
	5	£6,637,516	£6,078,111	£5,478,004
	6	£8,100,666	£7,395,545	£6,632,642
	7	£9,560,780	£8,712,978	£7,787,280
80 Unit Mixed Scheme	1	£877,400	£838,777	£800,154
	2	£3,204,728	£2,967,310	£2,729,893
	3	£5,534,239	£5,098,756	£4,663,273
	4	£7,826,615	£7,180,687	£6,534,760
	5	£10,073,117	£9,201,453	£8,329,790
	6	£12,319,618	£11,222,219	£10,124,819
	7	£14,566,120	£13,242,984	£11,919,849

Source: Adams Integra, September 2009

Graph 17: Summary of Residual Land Values at 30%, 40% & 50% Affordable Housing Across All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
With Grant
Planning Infrastructure Level £15,000

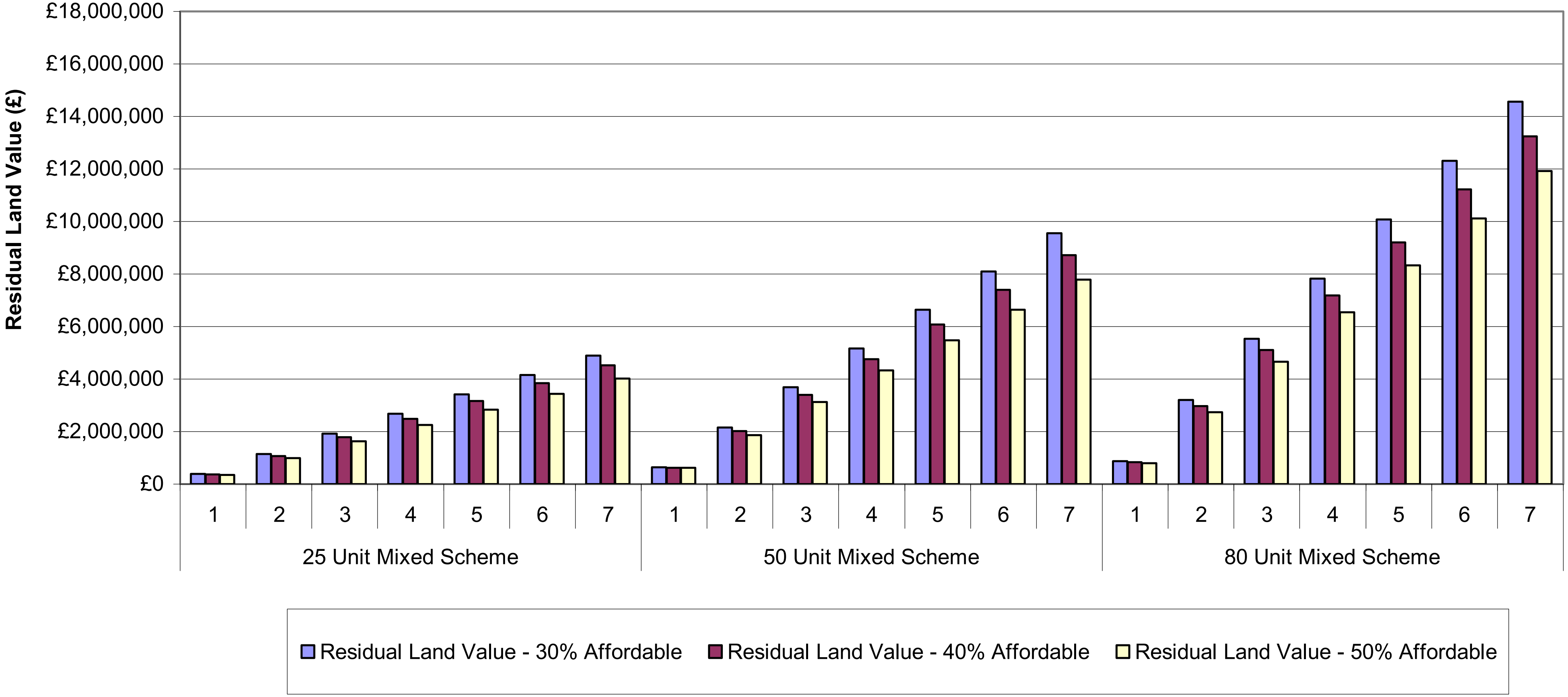
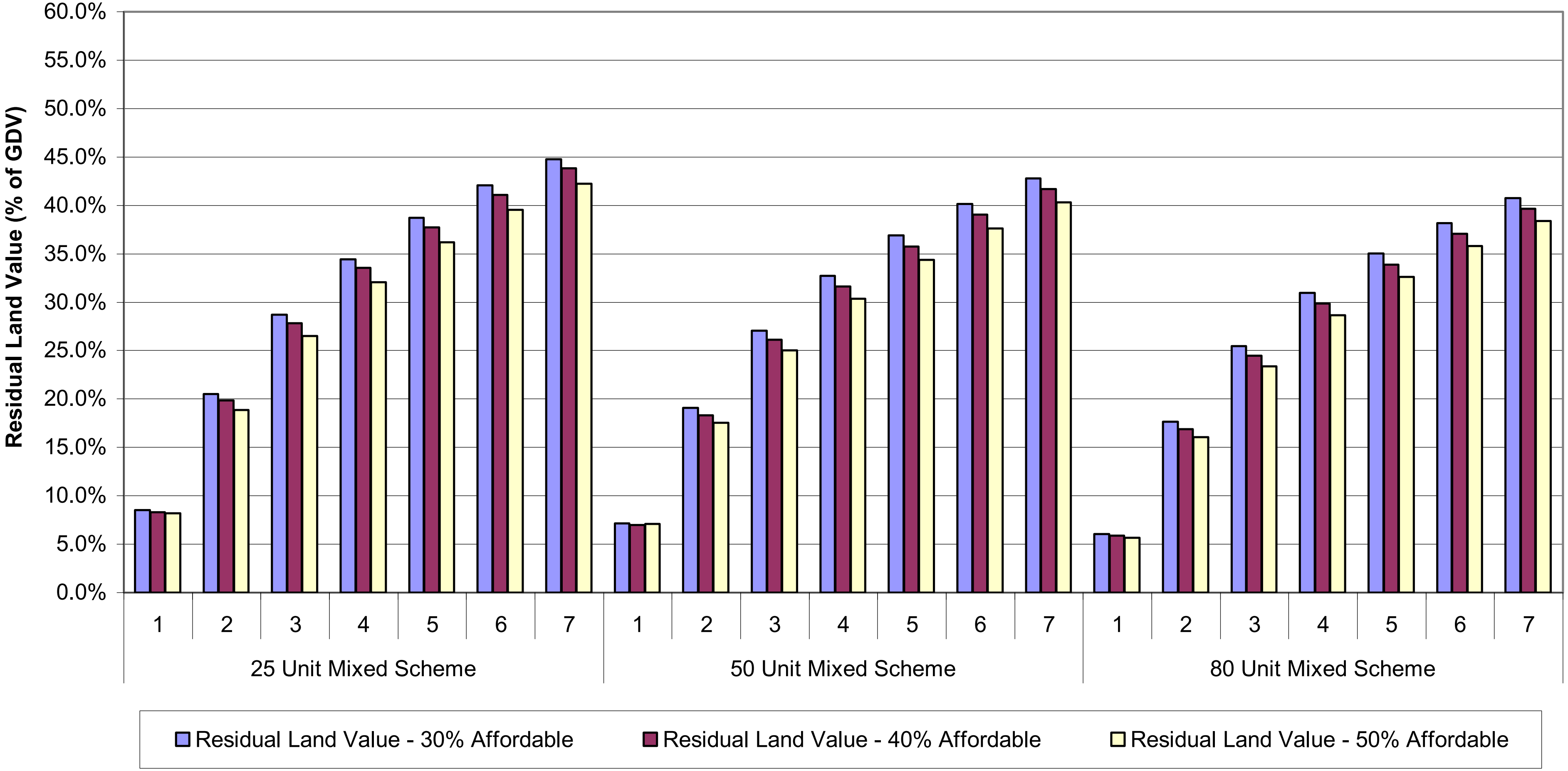


Table 17a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points 50% General Needs Rent/50% Intermediate Tenure Mix With Grant Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	8.5%	8.3%	8.2%
	2	20.5%	19.8%	18.9%
	3	28.7%	27.8%	26.5%
	4	34.5%	33.5%	32.1%
	5	38.7%	37.7%	36.2%
	6	42.1%	41.1%	39.5%
	7	44.8%	43.8%	42.3%
50 Unit Mixed Scheme	1	7.1%	7.0%	7.1%
	2	19.1%	18.3%	17.6%
	3	27.1%	26.1%	25.0%
	4	32.7%	31.6%	30.4%
	5	36.9%	35.8%	34.4%
	6	40.2%	39.0%	37.6%
	7	42.8%	41.7%	40.3%
80 Unit Mixed Scheme	1	6.0%	5.9%	5.7%
	2	17.7%	16.9%	16.1%
	3	25.5%	24.5%	23.4%
	4	30.9%	29.9%	28.7%
	5	35.0%	33.9%	32.6%
	6	38.2%	37.1%	35.8%
	7	40.8%	39.7%	38.4%

Source: Adams Integra, September 2009

Graph 17a: Summary of Residual Land Values (as % of GDV) at 30%, 40 & 50% Affordable Housing Across all Value Points 50% General Needs Rent/50% Intermediate Tenure Mix With Grant Planning Infrastructure Level £15,000



Appendix IIg

Table 17b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix With Grant - Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£1,156,742	£1,110,110	£1,080,549
	2	0.33	£3,473,618	£3,262,025	£2,996,475
	3	0.33	£5,804,815	£5,427,779	£4,925,935
	4	0.33	£8,095,298	£7,548,029	£6,805,103
	5	0.33	£10,335,489	£9,601,222	£8,600,448
	6	0.33	£12,575,679	£11,654,416	£10,388,609
	7	0.33	£14,815,869	£13,707,609	£12,167,190
50 Unit Mixed Scheme	1	0.67	£968,673	£936,835	£932,608
	2	0.67	£3,229,537	£3,008,540	£2,793,065
	3	0.67	£5,492,667	£5,083,645	£4,658,054
	4	0.67	£7,719,535	£7,105,490	£6,452,785
	5	0.67	£9,906,741	£9,071,808	£8,176,125
	6	0.67	£12,090,547	£11,038,126	£9,899,465
	7	0.67	£14,269,821	£13,004,445	£11,622,805
80 Unit Mixed Scheme	1	1.07	£820,000	£783,904	£747,807
	2	1.07	£2,995,073	£2,773,187	£2,551,302
	3	1.07	£5,172,186	£4,765,193	£4,358,199
	4	1.07	£7,314,593	£6,710,923	£6,107,252
	5	1.07	£9,414,128	£8,599,489	£7,784,850
	6	1.07	£11,513,662	£10,488,055	£9,462,448
	7	1.07	£13,613,196	£12,376,621	£11,140,046

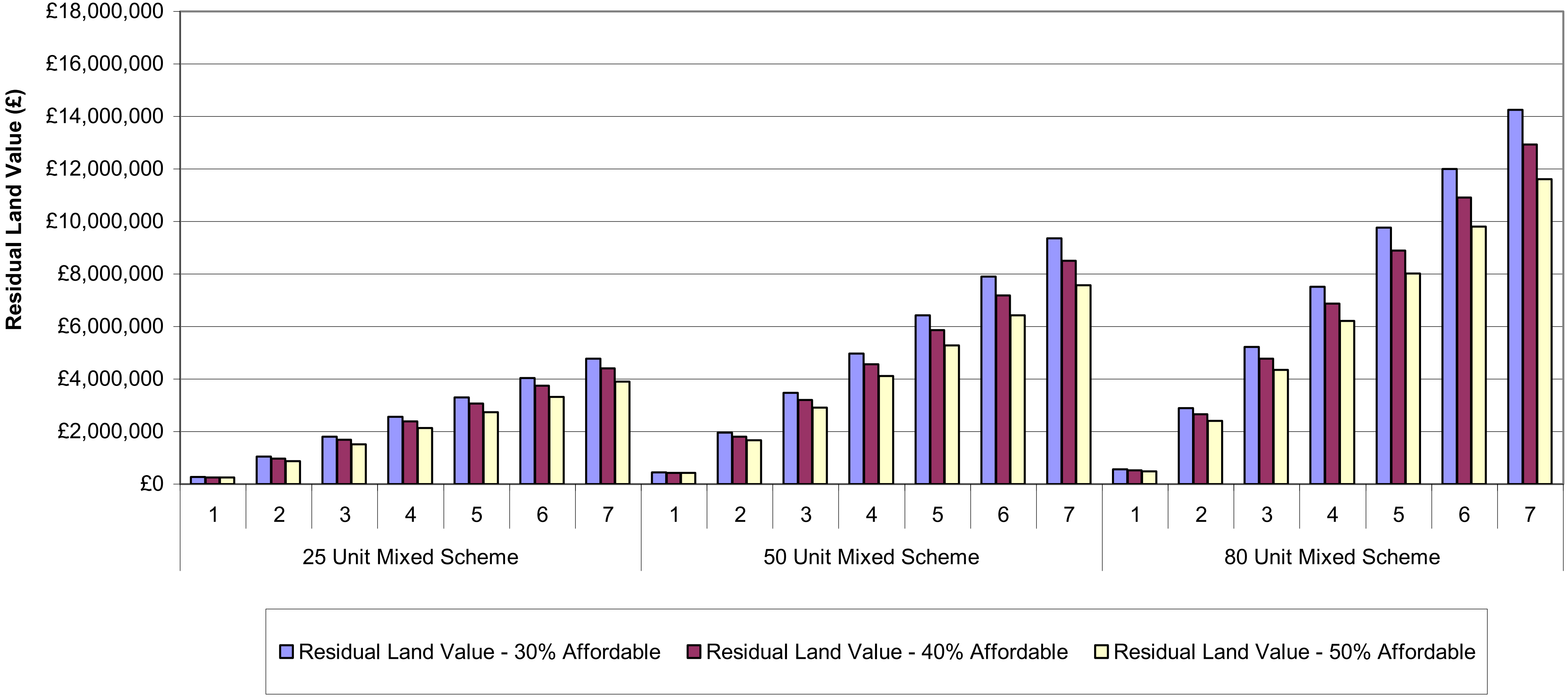
Source: Adams Integra, September 2009

Table 18: Summary of Residual Land Value (£) Appraisals for All Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix With Grant Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£273,812	£258,424	£248,669
	2	£1,039,494	£969,668	£882,037
	3	£1,808,789	£1,684,367	£1,518,759
	4	£2,564,648	£2,384,050	£2,138,884
	5	£3,303,911	£3,061,603	£2,731,348
	6	£4,043,174	£3,739,157	£3,321,441
	7	£4,782,437	£4,416,711	£3,908,373
50 Unit Mixed Scheme	1	£448,434	£426,880	£424,019
	2	£1,958,590	£1,810,522	£1,666,153
	3	£3,474,887	£3,200,842	£2,915,696
	4	£4,966,888	£4,555,478	£4,118,166
	5	£6,432,316	£5,872,911	£5,272,804
	6	£7,895,466	£7,190,345	£6,427,442
	7	£9,355,580	£8,507,778	£7,582,080
80 Unit Mixed Scheme	1	£562,520	£523,897	£485,274
	2	£2,889,848	£2,652,430	£2,415,013
	3	£5,219,359	£4,783,876	£4,348,393
	4	£7,511,735	£6,865,807	£6,219,880
	5	£9,758,237	£8,886,573	£8,014,910
	6	£12,004,738	£10,907,339	£9,809,939
	7	£14,251,240	£12,928,104	£11,604,969

Source: Adams Integra, September 2009

Graph 18: Summary of Residual Land Values at 30%, 40% & 50% Affordable Housing Across All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
With Grant
Planning Infrastructure Level £20,000



Appendix IIg

Table 18a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points 50% General Needs Rent/50% Intermediate Tenure Mix With Grant Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	6.1%	5.8%	5.7%
	2	18.6%	17.9%	16.8%
	3	27.1%	26.2%	24.8%
	4	33.1%	32.1%	30.5%
	5	37.5%	36.5%	34.8%
	6	41.0%	40.0%	38.3%
	7	43.8%	42.8%	41.1%
50 Unit Mixed Scheme	1	4.9%	4.8%	4.8%
	2	17.3%	16.5%	15.6%
	3	25.5%	24.5%	23.4%
	4	31.4%	30.3%	28.9%
	5	35.7%	34.6%	33.1%
	6	39.1%	38.0%	36.5%
	7	41.9%	40.7%	39.2%
80 Unit Mixed Scheme	1	3.9%	3.7%	3.5%
	2	15.9%	15.1%	14.2%
	3	24.0%	23.0%	21.8%
	4	29.7%	28.6%	27.3%
	5	33.9%	32.7%	31.4%
	6	37.2%	36.0%	34.7%
	7	39.9%	38.7%	37.4%

Source: Adams Integra, September 2009

Graph 18a: Summary of Residual Land Values (as % of GDV) at 30%, 40 & 50% Affordable Housing Across all Value Points 50% General Needs Rent/50% Intermediate Tenure Mix With Grant Planning Infrastructure Level £20,000

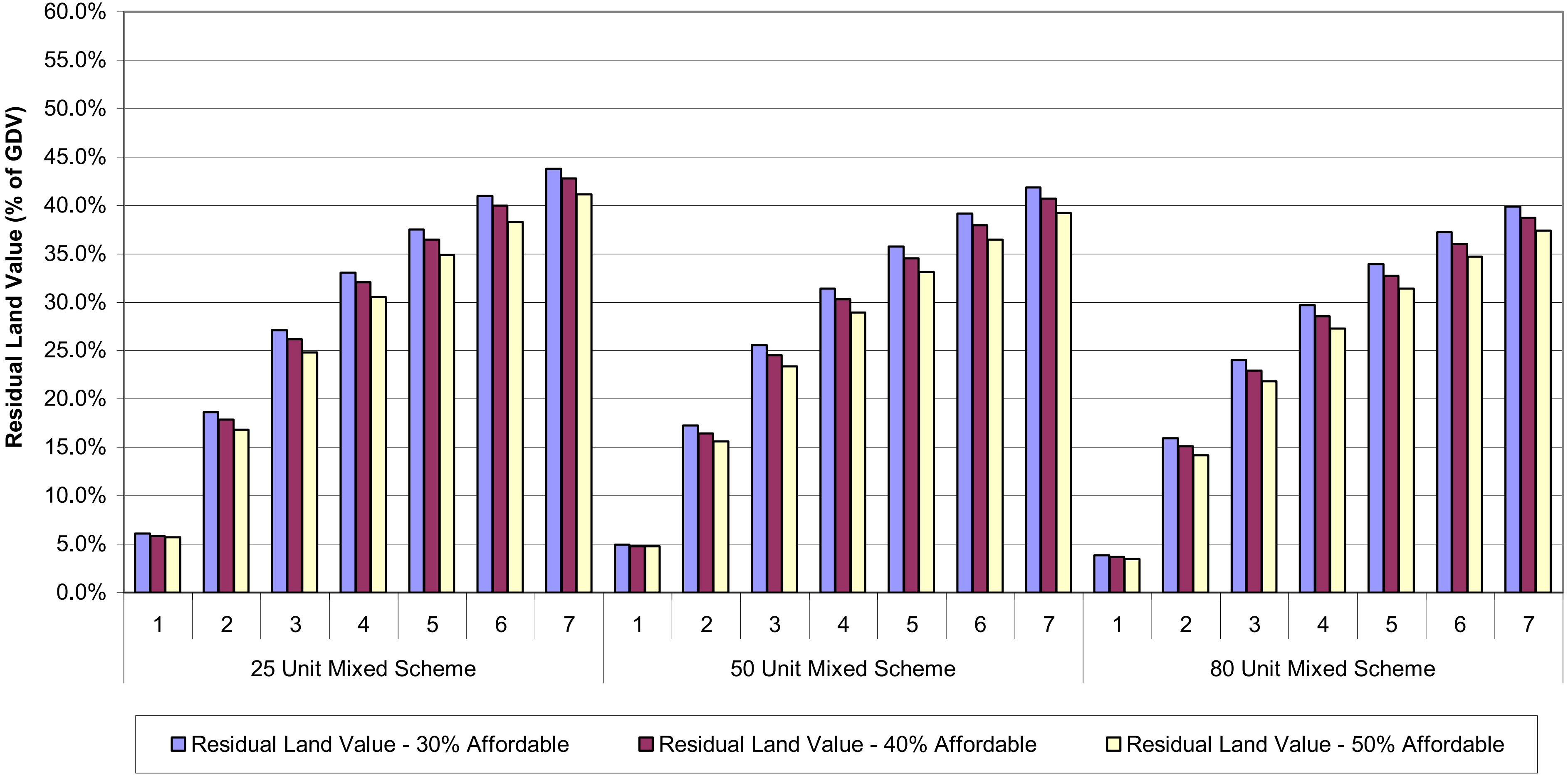


Table 18b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix With Grant - Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£829,734	£783,103	£753,541
	2	0.33	£3,149,982	£2,938,389	£2,672,839
	3	0.33	£5,481,179	£5,104,142	£4,602,299
	4	0.33	£7,771,662	£7,224,393	£6,481,466
	5	0.33	£10,011,852	£9,277,586	£8,276,812
	6	0.33	£12,252,042	£11,330,779	£10,064,973
	7	0.33	£14,492,233	£13,383,972	£11,843,554
50 Unit Mixed Scheme	1	0.67	£669,305	£637,134	£632,864
	2	0.67	£2,923,268	£2,702,271	£2,486,796
	3	0.67	£5,186,398	£4,777,376	£4,351,785
	4	0.67	£7,413,266	£6,799,221	£6,146,517
	5	0.67	£9,600,472	£8,765,539	£7,869,857
	6	0.67	£11,784,278	£10,731,858	£9,593,197
	7	0.67	£13,963,552	£12,698,176	£11,316,537
80 Unit Mixed Scheme	1	1.07	£525,720	£489,624	£453,527
	2	1.07	£2,700,792	£2,478,907	£2,257,022
	3	1.07	£4,877,906	£4,470,913	£4,063,919
	4	1.07	£7,020,313	£6,416,643	£5,812,972
	5	1.07	£9,119,847	£8,305,209	£7,490,570
	6	1.07	£11,219,381	£10,193,775	£9,168,168
	7	1.07	£13,318,915	£12,082,341	£10,845,766

Source: Adams Integra, September 2009

Appendix IIh

Table 19: Summary of Residual Land Value (£) Appraisals for All Value Points -
70% General Needs Rent/30% Intermediate Tenure Mix
20% Developer's Profit
Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£0	£0	£0
	2	£576,424	£390,123	£128,756
	3	£1,294,735	£1,054,055	£716,028
	4	£2,005,143	£1,713,315	£1,299,758
	5	£2,696,583	£2,348,865	£1,853,454
	6	£3,381,701	£2,979,674	£2,399,248
	7	£4,062,077	£3,608,112	£2,940,300
50 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,131,752	£647,427	£148,114
	3	£2,563,421	£1,943,799	£1,290,955
	4	£3,979,146	£3,216,635	£2,407,834
	5	£5,363,742	£4,446,194	£3,470,806
	6	£6,736,949	£5,664,364	£4,520,871
	7	£8,105,601	£6,877,979	£5,566,381
80 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,625,668	£889,121	£152,499
	3	£3,824,099	£2,881,800	£1,924,502
	4	£5,999,228	£4,843,897	£3,664,013
	5	£8,122,658	£6,734,635	£5,316,145
	6	£10,233,709	£8,609,353	£6,947,889
	7	£12,340,392	£10,479,701	£8,573,079

Source: Adams Integra, September 2009

Graph 19: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
20% Developer's Profit
Planning Infrastructure Level £10,000

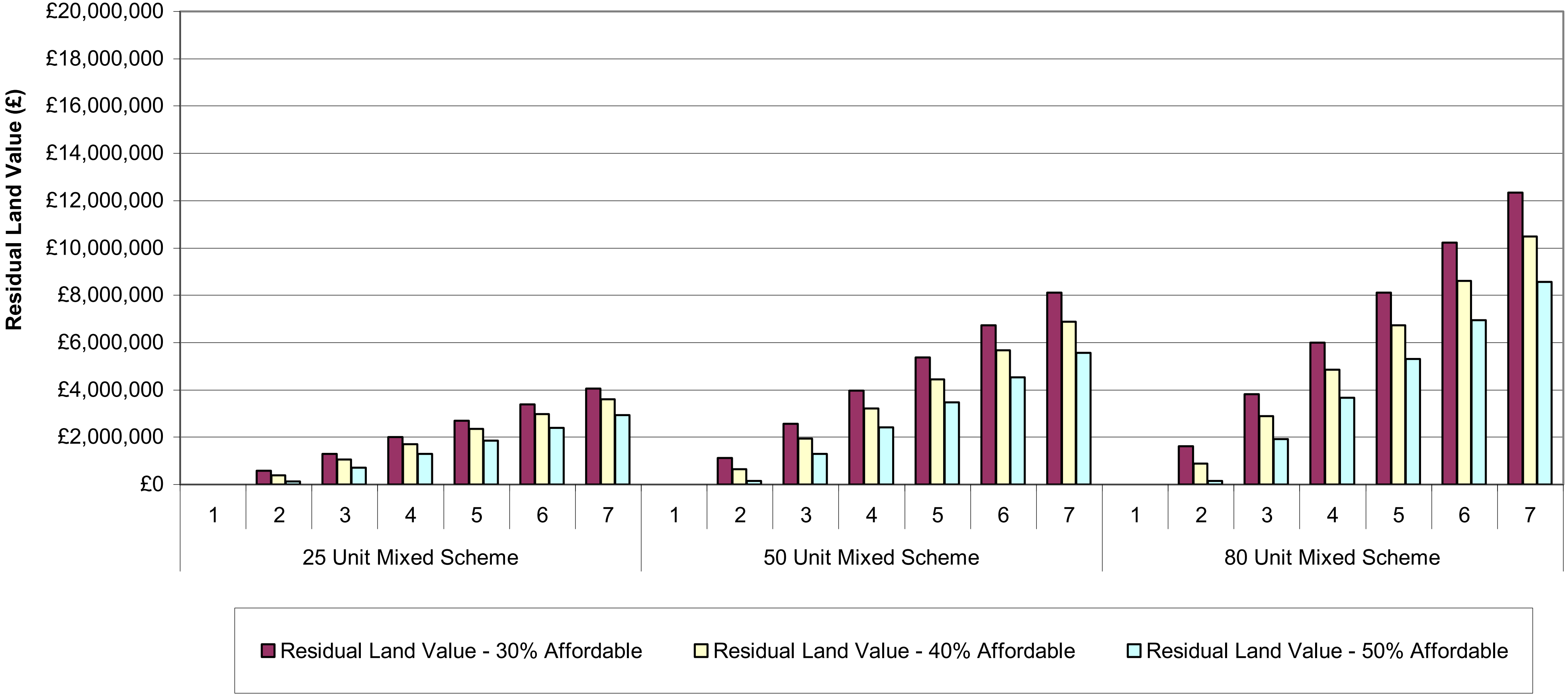


Table 19a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points 70% General Needs Rent/30% Intermediate Tenure Mix 20% Developer's Profit Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	11.9%	8.6%	3.1%
	3	22.0%	19.2%	14.5%
	4	28.9%	26.5%	22.5%
	5	33.9%	31.8%	28.1%
	6	37.7%	35.8%	32.5%
	7	40.7%	39.0%	35.9%
50 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	11.4%	7.1%	1.8%
	3	21.1%	17.5%	12.9%
	4	27.8%	24.7%	20.6%
	5	32.6%	29.8%	26.1%
	6	36.3%	33.8%	30.3%
	7	39.2%	36.9%	33.7%
80 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	10.2%	6.1%	1.1%
	3	19.7%	16.2%	12.0%
	4	26.2%	23.2%	19.5%
	5	30.9%	28.2%	24.8%
	6	34.5%	32.0%	28.9%
	7	37.3%	35.1%	32.2%

Source: Adams Integra, September 2009

Graph 19a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing Across all Value Points 70% General Needs Rent/30% Intermediate Tenure Mix 20% Developer's Profit Planning Infrastructure Level £10,000

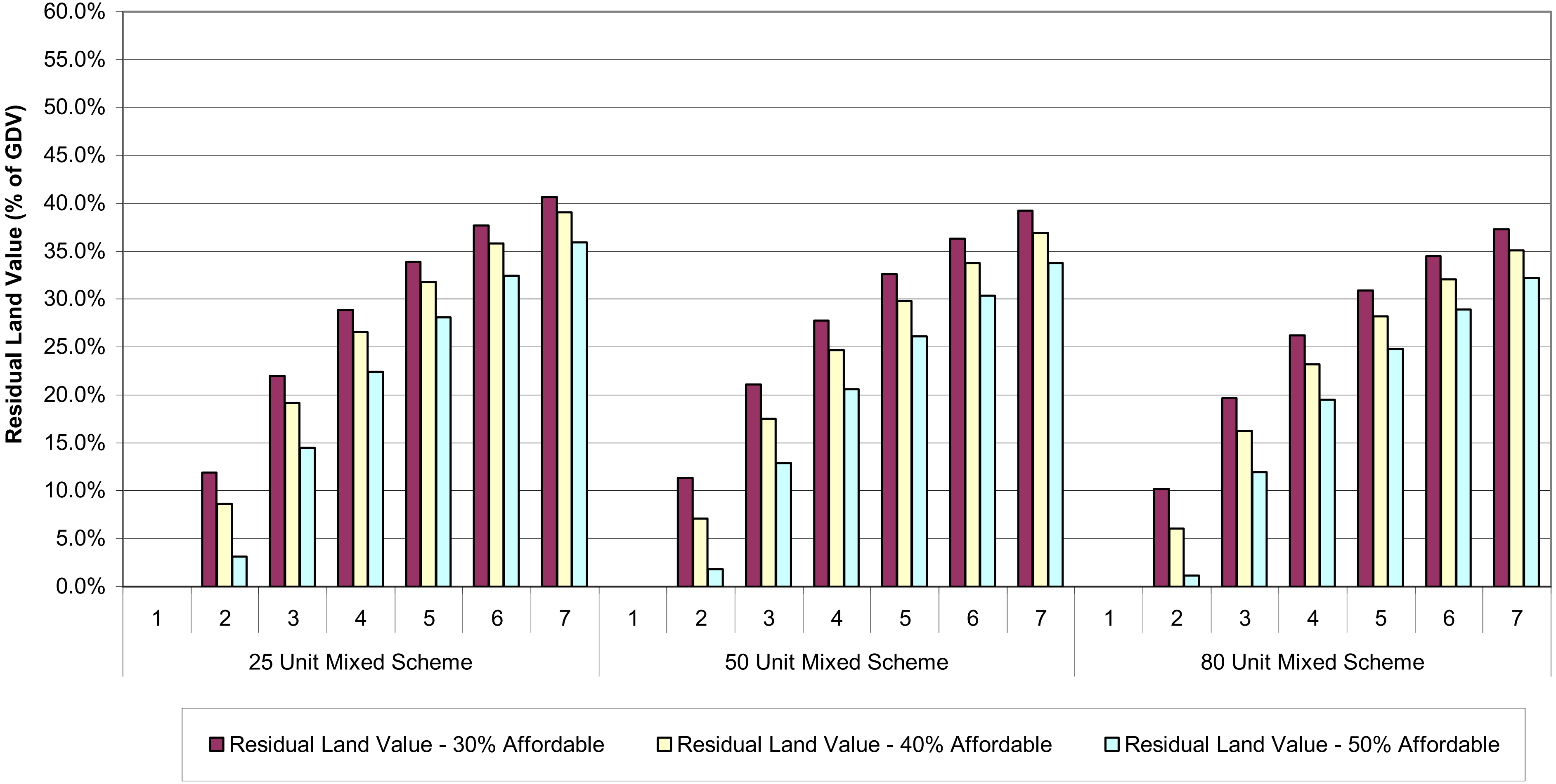


Table 19b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 70% General Needs Rent/30% Intermediate Tenure Mix 20% Developer's Profit - Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£0	£0	£0
	2	0.33	£1,746,739	£1,182,191	£390,170
	3	0.33	£3,923,439	£3,194,105	£2,169,783
	4	0.33	£6,076,191	£5,191,863	£3,938,659
	5	0.33	£8,171,464	£7,117,774	£5,616,529
	6	0.33	£10,247,579	£9,029,316	£7,270,449
	7	0.33	£12,309,324	£10,933,672	£8,910,000
50 Unit Mixed Scheme	1	0.67	£0	£0	£0
	2	0.67	£1,689,183	£966,309	£221,065
	3	0.67	£3,826,002	£2,901,193	£1,926,799
	4	0.67	£5,939,024	£4,800,947	£3,593,782
	5	0.67	£8,005,585	£6,636,110	£5,180,308
	6	0.67	£10,055,148	£8,454,274	£6,747,569
	7	0.67	£12,097,911	£10,265,640	£8,308,032
80 Unit Mixed Scheme	1	1.07	£0	£0	£0
	2	1.07	£1,519,316	£830,954	£142,522
	3	1.07	£3,573,924	£2,693,271	£1,798,600
	4	1.07	£5,606,755	£4,527,007	£3,424,312
	5	1.07	£7,591,269	£6,294,051	£4,968,360
	6	1.07	£9,564,214	£8,046,124	£6,493,354
	7	1.07	£11,533,077	£9,794,113	£8,012,223

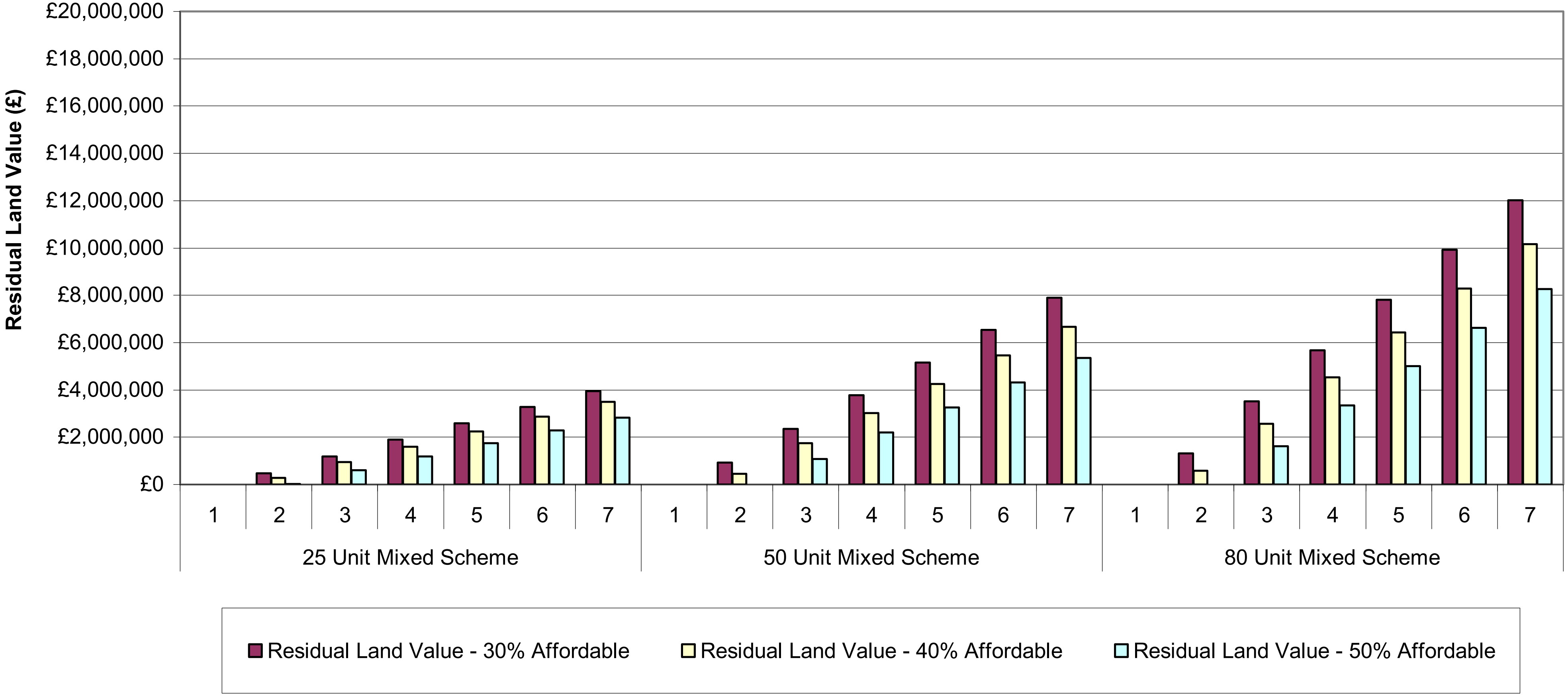
Source: Adams Integra, September 2009

Table 20: Summary of Residual Land Value (£) Appraisals for All Value Points -
70% General Needs Rent/30% Intermediate Tenure Mix
20% Developer's Profit
Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£0	£0	£0
	2	£474,516	£282,210	£17,506
	3	£1,187,935	£947,255	£609,228
	4	£1,898,343	£1,606,515	£1,192,958
	5	£2,589,783	£2,242,065	£1,746,654
	6	£3,274,901	£2,872,874	£2,292,448
	7	£3,955,277	£3,501,312	£2,833,500
50 Unit Mixed Scheme	1	£0	£0	£0
	2	£926,552	£446,834	£0
	3	£2,358,221	£1,738,599	£1,085,755
	4	£3,773,946	£3,011,435	£2,202,634
	5	£5,158,542	£4,240,994	£3,265,606
	6	£6,531,749	£5,459,164	£4,315,671
	7	£7,900,401	£6,672,779	£5,361,181
80 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,310,788	£574,241	£0
	3	£3,509,219	£2,566,920	£1,609,622
	4	£5,684,348	£4,529,017	£3,349,133
	5	£7,807,778	£6,419,755	£5,001,265
	6	£9,918,829	£8,294,473	£6,633,009
	7	£12,025,512	£10,164,821	£8,258,199

Source: Adams Integra, September 2009

Graph 20: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
20% Developer's Profit
Planning Infrastructure Level £15,000



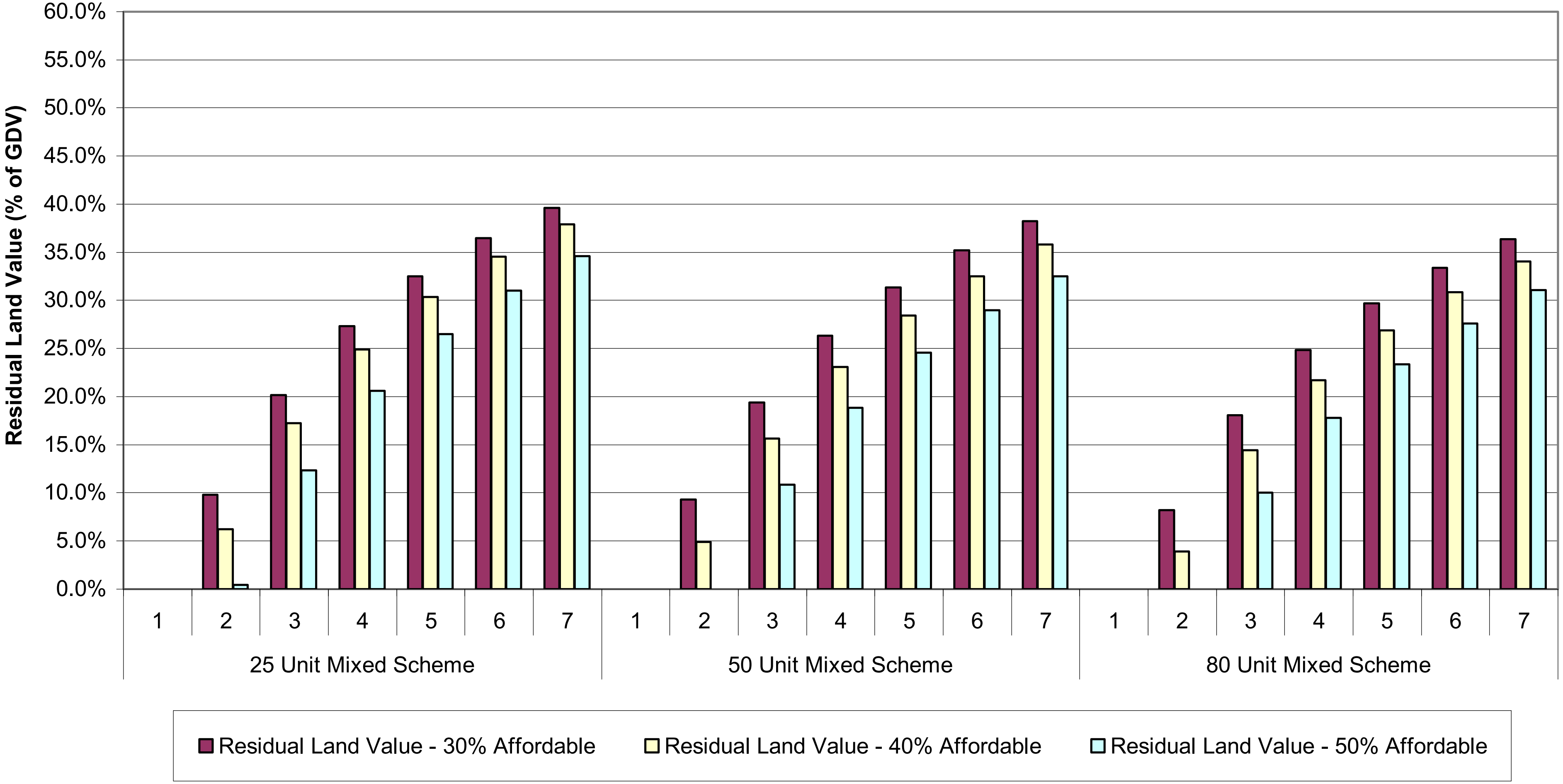
Appendix IIh

Table 20a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points 70% General Needs Rent/30% Intermediate Tenure Mix 20% Developer's Profit Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	9.8%	6.2%	0.4%
	3	20.1%	17.2%	12.3%
	4	27.3%	24.9%	20.6%
	5	32.5%	30.3%	26.5%
	6	36.5%	34.5%	31.0%
	7	39.6%	37.9%	34.6%
50 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	9.3%	4.9%	0.0%
	3	19.4%	15.7%	10.9%
	4	26.4%	23.1%	18.8%
	5	31.4%	28.4%	24.5%
	6	35.2%	32.5%	29.0%
	7	38.2%	35.8%	32.5%
80 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	8.2%	3.9%	0.0%
	3	18.1%	14.5%	10.0%
	4	24.8%	21.7%	17.8%
	5	29.7%	26.9%	23.3%
	6	33.4%	30.9%	27.6%
	7	36.4%	34.0%	31.1%

Source: Adams Integra, September 2009

Graph 20a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing Across all Value Points 70% General Needs Rent/30% Intermediate Tenure Mix 20% Developer's Profit Planning Infrastructure Level £15,000



Appendix IIh

Table 20b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 70% General Needs Rent/30% Intermediate Tenure Mix 20% Developer's Profit - Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£0	£0	£0
	2	0.33	£1,437,926	£855,183	£53,049
	3	0.33	£3,599,803	£2,870,469	£1,846,147
	4	0.33	£5,752,554	£4,868,227	£3,615,023
	5	0.33	£7,847,828	£6,794,138	£5,292,892
	6	0.33	£9,923,942	£8,705,679	£6,946,813
	7	0.33	£11,985,687	£10,610,036	£8,586,364
50 Unit Mixed Scheme	1	0.67	£0	£0	£0
	2	0.67	£1,382,914	£666,916	£0
	3	0.67	£3,519,733	£2,594,924	£1,620,531
	4	0.67	£5,632,755	£4,494,679	£3,287,513
	5	0.67	£7,699,316	£6,329,841	£4,874,039
	6	0.67	£9,748,879	£8,148,006	£6,441,301
	7	0.67	£11,791,643	£9,959,371	£8,001,763
80 Unit Mixed Scheme	1	1.07	£0	£0	£0
	2	1.07	£1,225,036	£536,674	£0
	3	1.07	£3,279,644	£2,398,991	£1,504,320
	4	1.07	£5,312,475	£4,232,727	£3,130,031
	5	1.07	£7,296,989	£5,999,771	£4,674,080
	6	1.07	£9,269,934	£7,751,844	£6,199,073
	7	1.07	£11,238,796	£9,499,833	£7,717,943

Source: Adams Integra, September 2009

Table 21: Summary of Residual Land Value (£) Appraisals for All Value Points -
70% General Needs Rent/30% Intermediate Tenure Mix
20% Developer's Profit
Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£0	£0	£0
	2	£366,603	£177,892	£0
	3	£1,081,135	£840,455	£502,428
	4	£1,791,543	£1,499,715	£1,086,158
	5	£2,482,983	£2,135,265	£1,639,854
	6	£3,168,101	£2,766,074	£2,185,648
	7	£3,848,477	£3,394,512	£2,726,700
50 Unit Mixed Scheme	1	£0	£0	£0
	2	£721,352	£244,434	£0
	3	£2,153,021	£1,533,399	£880,555
	4	£3,568,746	£2,806,235	£1,997,434
	5	£4,953,342	£4,035,794	£3,060,406
	6	£6,326,549	£5,253,964	£4,110,471
	7	£7,695,201	£6,467,579	£5,155,981
80 Unit Mixed Scheme	1	£0	£0	£0
	2	£995,908	£262,062	£0
	3	£3,194,339	£2,252,040	£1,294,742
	4	£5,369,468	£4,214,137	£3,034,253
	5	£7,492,898	£6,104,875	£4,686,385
	6	£9,603,949	£7,979,593	£6,318,129
	7	£11,710,632	£9,849,941	£7,943,319

Source: Adams Integra, September 2009

Graph 21: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
20% Developer's Profit
Planning Infrastructure Level £20,000

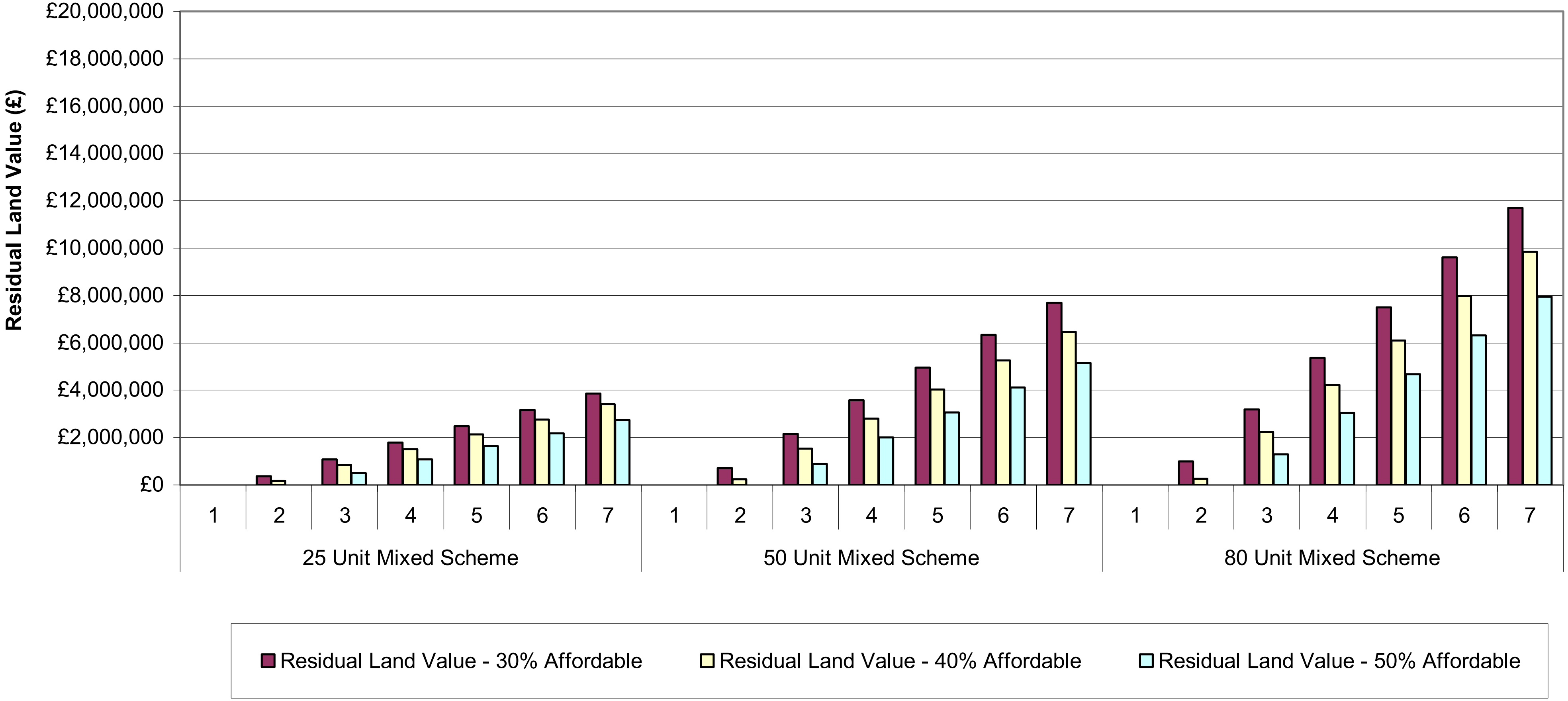


Table 21a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
20% Developer's Profit
Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	7.6%	3.9%	0.0%
	3	18.3%	15.3%	10.2%
	4	25.8%	23.2%	18.8%
	5	31.2%	28.9%	24.9%
	6	35.3%	33.3%	29.6%
	7	38.5%	36.7%	33.3%
50 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	7.2%	2.7%	0.0%
	3	17.7%	13.8%	8.8%
	4	24.9%	21.5%	17.1%
	5	30.1%	27.1%	23.0%
	6	34.1%	31.3%	27.6%
	7	37.2%	34.7%	31.3%
80 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	6.3%	1.8%	0.0%
	3	16.4%	12.7%	8.1%
	4	23.5%	20.2%	16.1%
	5	28.5%	25.6%	21.9%
	6	32.4%	29.7%	26.3%
	7	35.4%	33.0%	29.9%

Source: Adams Integra, September 2009

Graph 21a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing Across all Value Points 70% General Needs Rent/30% Intermediate Tenure Mix 20% Developer's Profit Planning Infrastructure Level £20,000

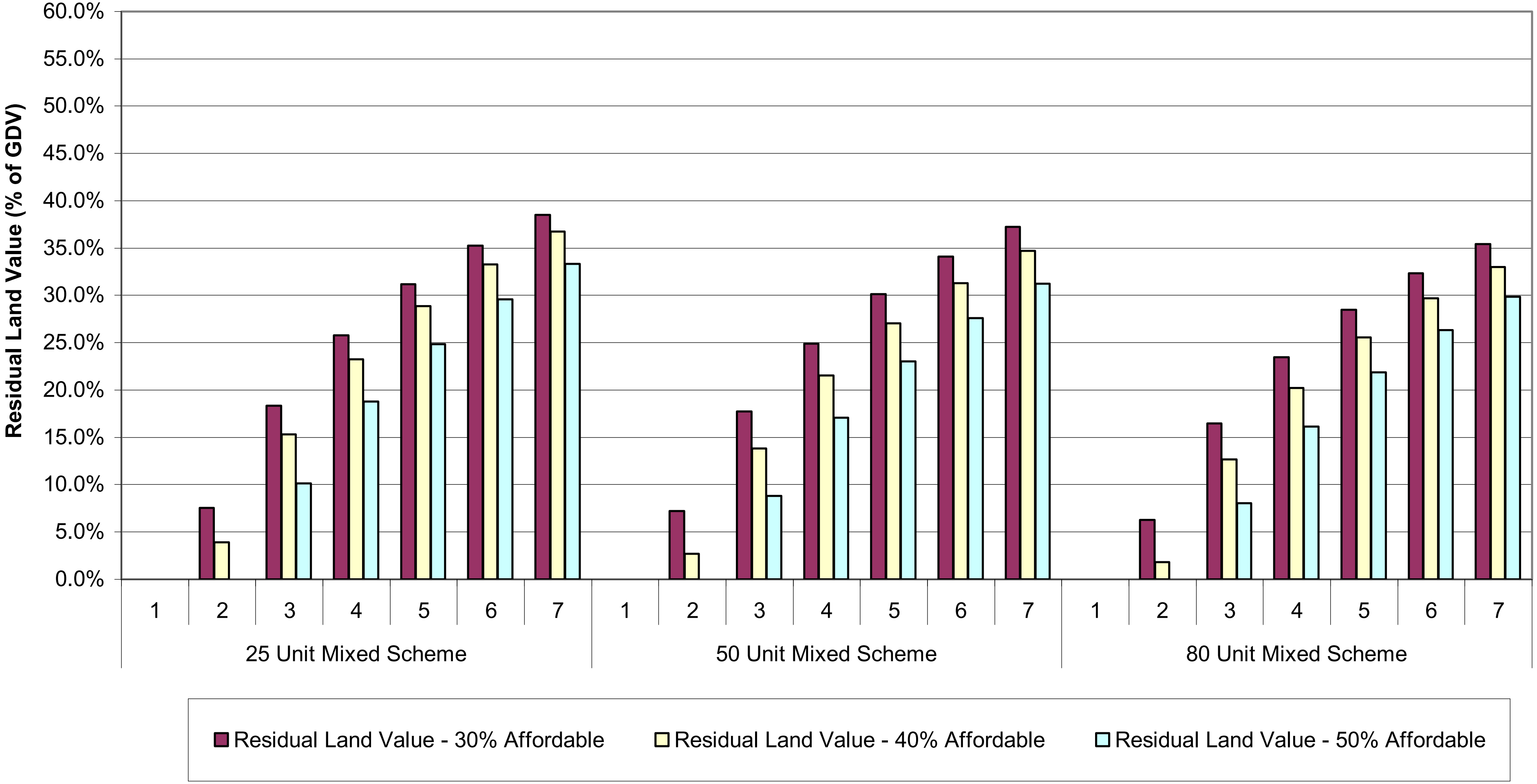


Table 21b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 70% General Needs Rent/30% Intermediate Tenure Mix 20% Developer's Profit - Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£0	£0	£0
	2	0.33	£1,110,919	£539,066	£0
	3	0.33	£3,276,167	£2,546,833	£1,522,511
	4	0.33	£5,428,918	£4,544,591	£3,291,387
	5	0.33	£7,524,192	£6,470,502	£4,969,256
	6	0.33	£9,600,306	£8,382,043	£6,623,176
	7	0.33	£11,662,051	£10,286,399	£8,262,727
50 Unit Mixed Scheme	1	0.67	£0	£0	£0
	2	0.67	£1,076,645	£364,827	£0
	3	0.67	£3,213,464	£2,288,656	£1,314,262
	4	0.67	£5,326,486	£4,188,410	£2,981,244
	5	0.67	£7,393,047	£6,023,572	£4,567,770
	6	0.67	£9,442,610	£7,841,737	£6,135,032
	7	0.67	£11,485,374	£9,653,102	£7,695,494
80 Unit Mixed Scheme	1	1.07	£0	£0	£0
	2	1.07	£930,755	£244,918	£0
	3	1.07	£2,985,363	£2,104,711	£1,210,040
	4	1.07	£5,018,194	£3,938,446	£2,835,751
	5	1.07	£7,002,709	£5,705,490	£4,379,799
	6	1.07	£8,975,654	£7,457,563	£5,904,793
	7	1.07	£10,944,516	£9,205,553	£7,423,662

Source: Adams Integra, September 2009

Appendix IIi

**Table 22: Summary of Residual Land Value (£) Appraisals for All Value Points -
60% General Needs Rent/40% Intermediate Tenure Mix
20% Developer's Profit
Planning Infrastructure Level £10,000**

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£0	£0	£0
	2	£597,351	£403,698	£150,556
	3	£1,329,193	£1,078,555	£750,486
	4	£2,053,131	£1,749,670	£1,347,746
	5	£2,758,102	£2,395,494	£1,914,973
	6	£3,459,911	£3,038,158	£2,477,458
	7	£4,159,349	£3,678,450	£3,037,573
50 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,178,431	£694,105	£208,080
	3	£2,637,523	£2,017,901	£1,388,594
	4	£4,080,671	£3,318,160	£2,544,284
	5	£5,494,969	£4,577,421	£3,646,828
	6	£6,904,711	£5,832,125	£4,744,817
	7	£8,312,175	£7,084,553	£5,840,528
80 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,682,814	£946,267	£236,188
	3	£3,917,740	£2,975,442	£2,057,464
	4	£6,130,093	£4,974,762	£3,848,034
	5	£8,291,475	£6,903,451	£5,554,137
	6	£10,448,488	£8,824,131	£7,251,502
	7	£12,603,316	£10,742,625	£8,944,498

Source: Adams Integra, September 2009

Graph 22: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
60% General Needs Rent/40% Intermediate Tenure Mix
20% Developer's Profit
Planning Infrastructure Level £10,000

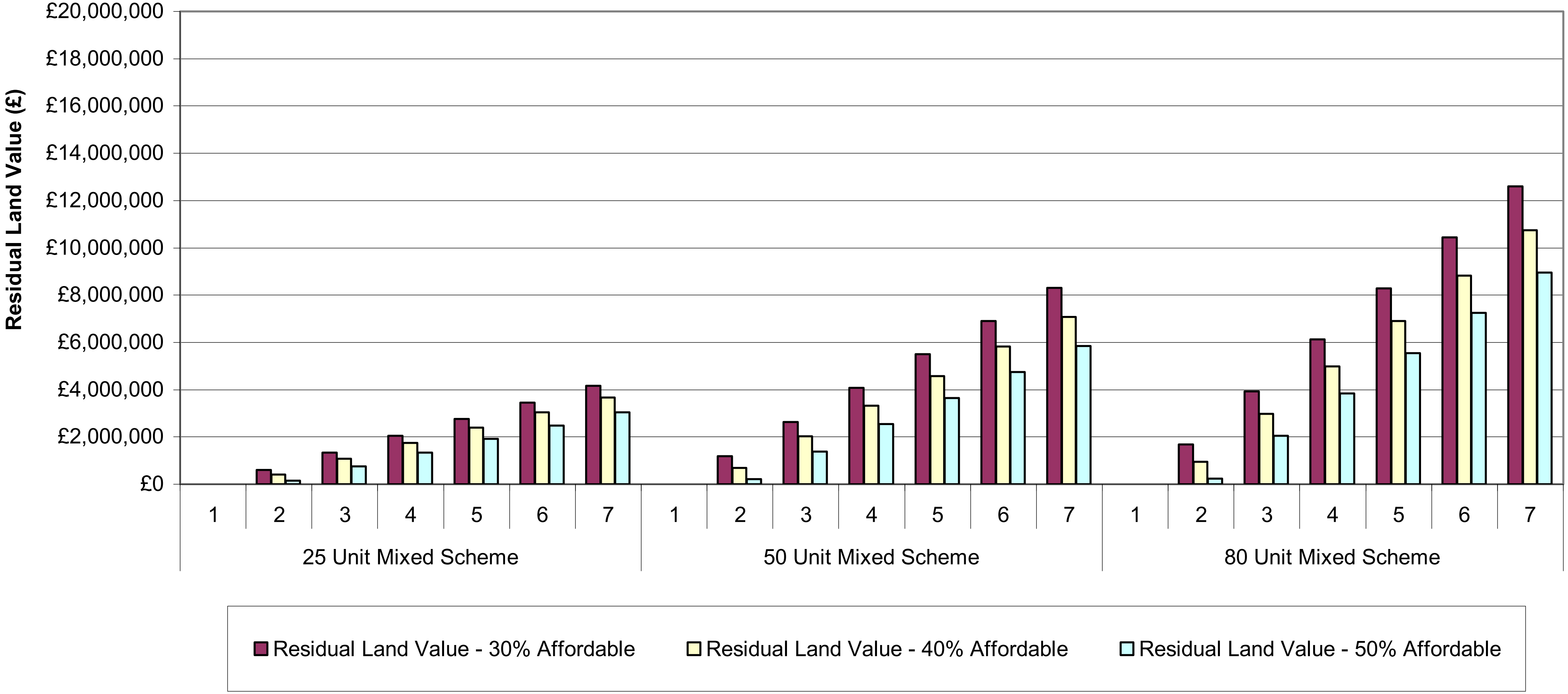


Table 22a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
60% General Needs Rent/40% Intermediate Tenure Mix
20% Developer's Profit
Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	12.3%	8.9%	3.7%
	3	22.4%	19.5%	15.0%
	4	29.3%	26.9%	23.0%
	5	34.3%	32.2%	28.7%
	6	38.1%	36.2%	33.1%
	7	41.1%	39.4%	36.6%
50 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	11.8%	7.6%	2.5%
	3	21.5%	18.0%	13.7%
	4	28.2%	25.2%	21.4%
	5	33.1%	30.3%	26.9%
	6	36.8%	34.3%	31.2%
	7	39.7%	37.5%	34.7%
80 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	10.5%	6.4%	1.8%
	3	20.0%	16.6%	12.7%
	4	26.6%	23.6%	20.2%
	5	31.3%	28.6%	25.5%
	6	34.9%	32.5%	29.7%
	7	37.7%	35.6%	33.0%

Source: Adams Integra, September 2009

Graph 22a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing Across all Value Points 60% General Needs Rent/40% Intermediate Tenure Mix 20% Developer's Profit Planning Infrastructure Level £10,000

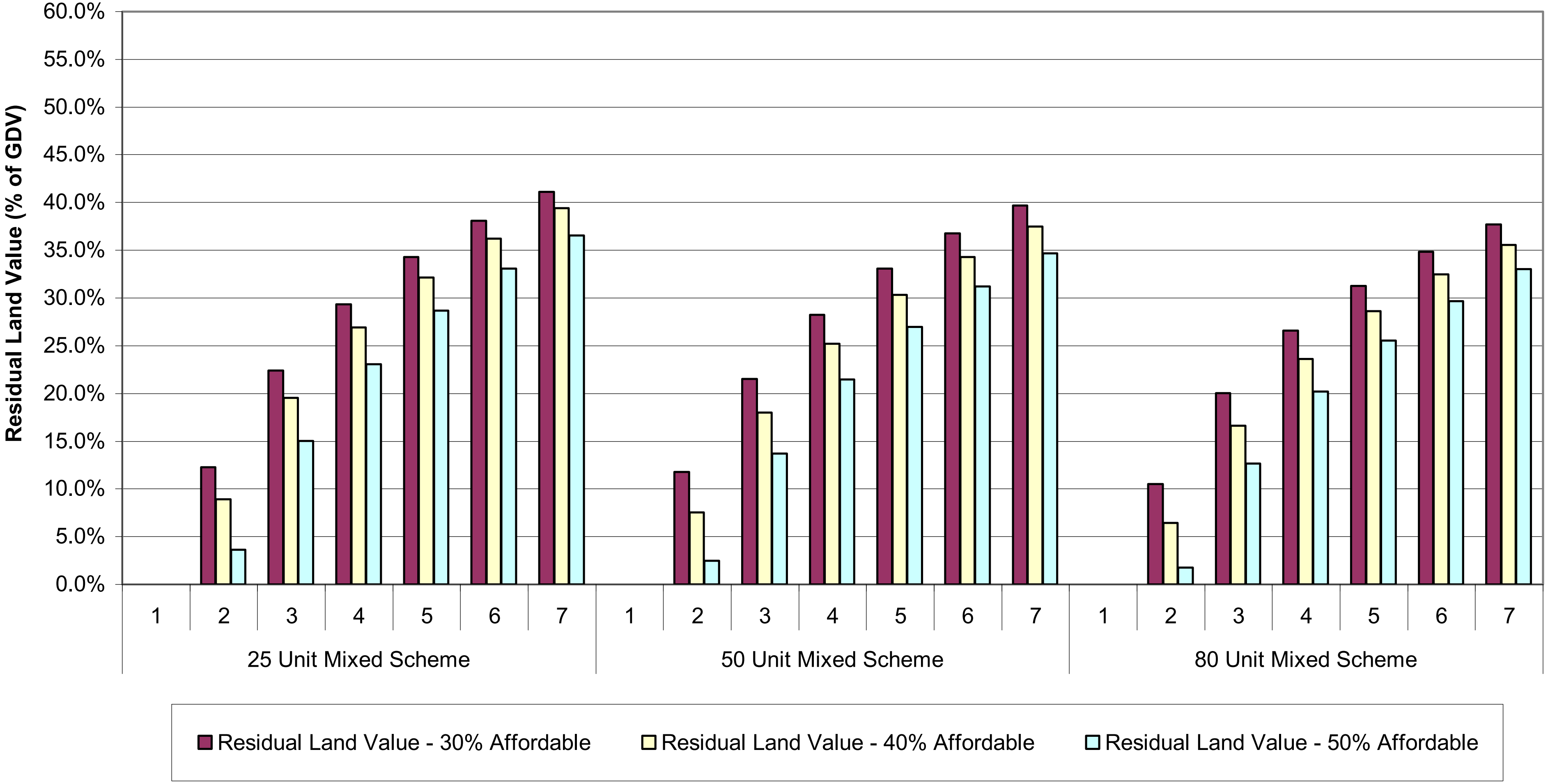


Table 22b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 60% General Needs Rent/40% Intermediate Tenure Mix 20% Developer's Profit - Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£0	£0	£0
	2	0.33	£1,810,156	£1,223,328	£456,230
	3	0.33	£4,027,857	£3,268,348	£2,274,201
	4	0.33	£6,221,610	£5,302,029	£4,084,078
	5	0.33	£8,357,884	£7,259,074	£5,802,948
	6	0.33	£10,484,579	£9,206,539	£7,507,449
	7	0.33	£12,604,089	£11,146,819	£9,204,765
50 Unit Mixed Scheme	1	0.67	£0	£0	£0
	2	0.67	£1,758,852	£1,035,978	£310,567
	3	0.67	£3,936,601	£3,011,793	£2,072,528
	4	0.67	£6,090,554	£4,952,478	£3,797,439
	5	0.67	£8,201,446	£6,831,971	£5,443,027
	6	0.67	£10,305,538	£8,704,665	£7,081,816
	7	0.67	£12,406,231	£10,573,959	£8,717,205
80 Unit Mixed Scheme	1	1.07	£0	£0	£0
	2	1.07	£1,572,723	£884,361	£220,736
	3	1.07	£3,661,439	£2,780,787	£1,922,864
	4	1.07	£5,729,059	£4,649,311	£3,596,293
	5	1.07	£7,749,042	£6,451,824	£5,190,782
	6	1.07	£9,764,942	£8,246,851	£6,777,105
	7	1.07	£11,778,800	£10,039,837	£8,359,344

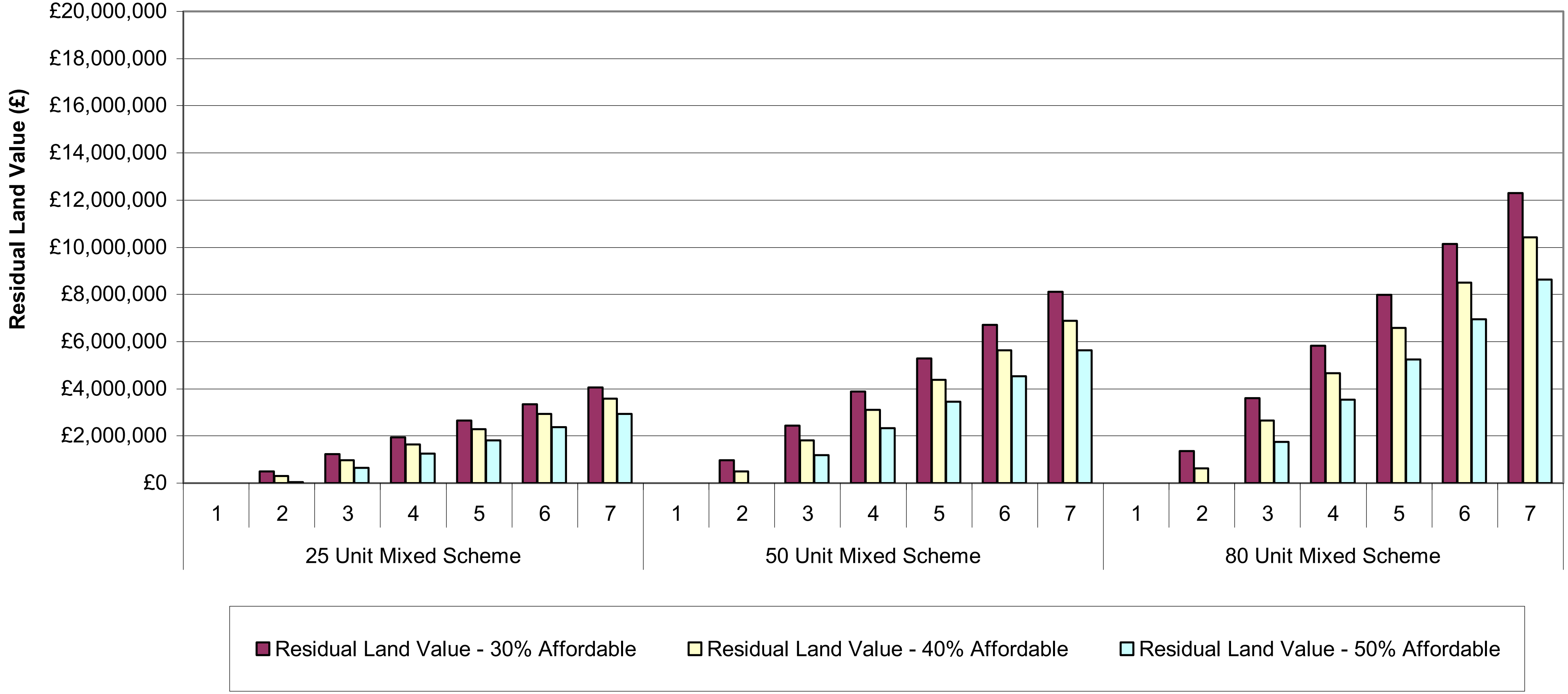
Source: Adams Integra, September 2009

Table 23: Summary of Residual Land Value (£) Appraisals for All Value Points -
60% General Needs Rent/40% Intermediate Tenure Mix
20% Developer's Profit
Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£0	£0	£0
	2	£490,551	£295,786	£39,306
	3	£1,222,393	£971,755	£643,686
	4	£1,946,331	£1,642,870	£1,240,946
	5	£2,651,302	£2,288,694	£1,808,173
	6	£3,353,111	£2,931,358	£2,370,658
	7	£4,052,549	£3,571,650	£2,930,773
50 Unit Mixed Scheme	1	£0	£0	£0
	2	£973,231	£488,905	£0
	3	£2,432,323	£1,812,701	£1,183,394
	4	£3,875,471	£3,112,960	£2,339,084
	5	£5,289,769	£4,372,221	£3,441,628
	6	£6,699,511	£5,626,925	£4,539,617
	7	£8,106,975	£6,879,353	£5,635,328
80 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,367,934	£631,387	£0
	3	£3,602,860	£2,660,562	£1,742,584
	4	£5,815,213	£4,659,882	£3,533,154
	5	£7,976,595	£6,588,571	£5,239,257
	6	£10,133,608	£8,509,251	£6,936,622
	7	£12,288,436	£10,427,745	£8,629,618

Source: Adams Integra, September 2009

Graph 23: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
60% General Needs Rent/40% Intermediate Tenure Mix
20% Developer's Profit
Planning Infrastructure Level £15,000



Appendix IIi

Table 23a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
60% General Needs Rent/40% Intermediate Tenure Mix
20% Developer's Profit
Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	10.1%	6.5%	1.0%
	3	20.6%	17.6%	12.9%
	4	27.8%	25.3%	21.2%
	5	33.0%	30.7%	27.1%
	6	36.9%	34.9%	31.6%
	7	40.1%	38.3%	35.3%
50 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	9.7%	5.3%	0.0%
	3	19.9%	16.2%	11.7%
	4	26.8%	23.6%	19.7%
	5	31.8%	29.0%	25.4%
	6	35.7%	33.1%	29.9%
	7	38.7%	36.4%	33.4%
80 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	8.6%	4.3%	0.0%
	3	18.4%	14.9%	10.7%
	4	25.2%	22.1%	18.5%
	5	30.1%	27.3%	24.1%
	6	33.8%	31.3%	28.4%
	7	36.8%	34.5%	31.8%

Source: Adams Integra, September 2009

Graph 23a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing Across all Value Points 60% General Needs Rent/40% Intermediate Tenure Mix 20% Developer's Profit Planning Infrastructure Level £15,000

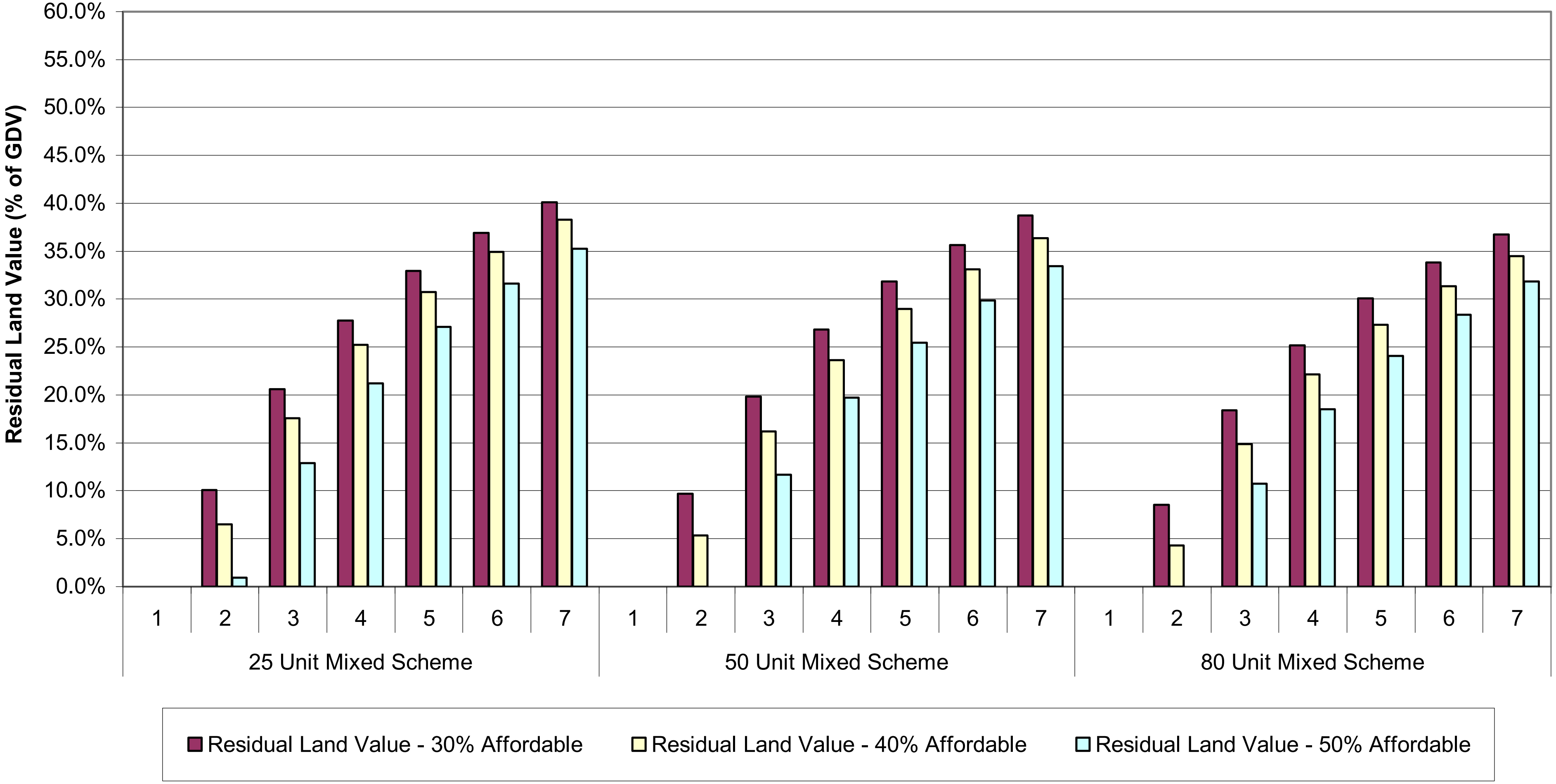


Table 23b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 60% General Needs Rent/40% Intermediate Tenure Mix 20% Developer's Profit - Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£0	£0	£0
	2	0.33	£1,486,520	£896,321	£119,109
	3	0.33	£3,704,221	£2,944,711	£1,950,565
	4	0.33	£5,897,973	£4,978,393	£3,760,442
	5	0.33	£8,034,248	£6,935,438	£5,479,312
	6	0.33	£10,160,943	£8,882,903	£7,183,813
	7	0.33	£12,280,453	£10,823,183	£8,881,129
50 Unit Mixed Scheme	1	0.67	£0	£0	£0
	2	0.67	£1,452,583	£729,710	£0
	3	0.67	£3,630,333	£2,705,524	£1,766,259
	4	0.67	£5,784,286	£4,646,209	£3,491,171
	5	0.67	£7,895,177	£6,525,702	£5,136,759
	6	0.67	£9,999,269	£8,398,396	£6,775,547
	7	0.67	£12,099,962	£10,267,690	£8,410,937
80 Unit Mixed Scheme	1	1.07	£0	£0	£0
	2	1.07	£1,278,443	£590,081	£0
	3	1.07	£3,367,159	£2,486,506	£1,628,583
	4	1.07	£5,434,778	£4,355,030	£3,302,013
	5	1.07	£7,454,761	£6,157,543	£4,896,502
	6	1.07	£9,470,661	£7,952,571	£6,482,825
	7	1.07	£11,484,520	£9,745,556	£8,065,064

Source: Adams Integra, September 2009

Table 24: Summary of Residual Land Value (£) Appraisals for All Value Points -
60% General Needs Rent/40% Intermediate Tenure Mix
20% Developer's Profit
Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£0	£0	£0
	2	£387,749	£191,747	£0
	3	£1,115,593	£864,955	£536,886
	4	£1,839,531	£1,536,070	£1,134,146
	5	£2,544,502	£2,181,894	£1,701,373
	6	£3,246,311	£2,824,558	£2,263,858
	7	£3,945,749	£3,464,850	£2,823,973
50 Unit Mixed Scheme	1	£0	£0	£0
	2	£768,031	£286,661	£0
	3	£2,227,123	£1,607,501	£978,194
	4	£3,670,271	£2,907,760	£2,133,884
	5	£5,084,569	£4,167,021	£3,236,428
	6	£6,494,311	£5,421,725	£4,334,417
	7	£7,901,775	£6,674,153	£5,430,128
80 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,053,054	£319,804	£0
	3	£3,287,980	£2,345,682	£1,427,704
	4	£5,500,333	£4,345,002	£3,218,274
	5	£7,661,715	£6,273,691	£4,924,377
	6	£9,818,728	£8,194,371	£6,621,742
	7	£11,973,556	£10,112,865	£8,314,738

Source: Adams Integra, September 2009

Graph 24: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
60% General Needs Rent/40% Intermediate Tenure Mix
20% Developer's Profit
Planning Infrastructure Level £20,000

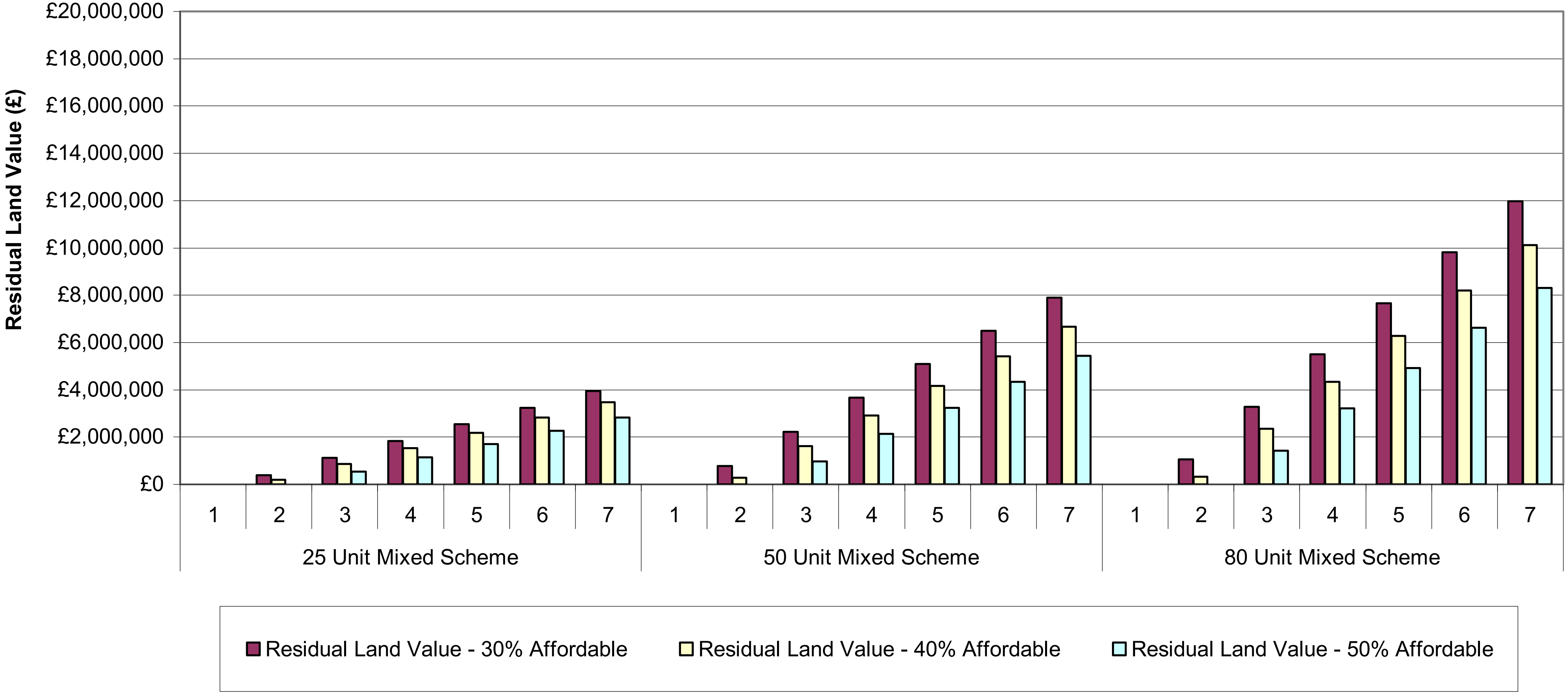


Table 24a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points 60% General Needs Rent/40% Intermediate Tenure Mix 20% Developer's Profit Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	8.0%	4.2%	0.0%
	3	18.8%	15.7%	10.8%
	4	26.3%	23.6%	19.4%
	5	31.6%	29.3%	25.5%
	6	35.8%	33.7%	30.2%
	7	39.0%	37.1%	34.0%
50 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	7.7%	3.1%	0.0%
	3	18.2%	14.4%	9.7%
	4	25.4%	22.1%	18.0%
	5	30.6%	27.6%	23.9%
	6	34.6%	31.9%	28.5%
	7	37.7%	35.3%	32.2%
80 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	6.6%	2.2%	0.0%
	3	16.8%	13.1%	8.8%
	4	23.8%	20.6%	16.9%
	5	28.9%	26.0%	22.6%
	6	32.8%	30.2%	27.1%
	7	35.8%	33.5%	30.7%

Source: Adams Integra, September 2009

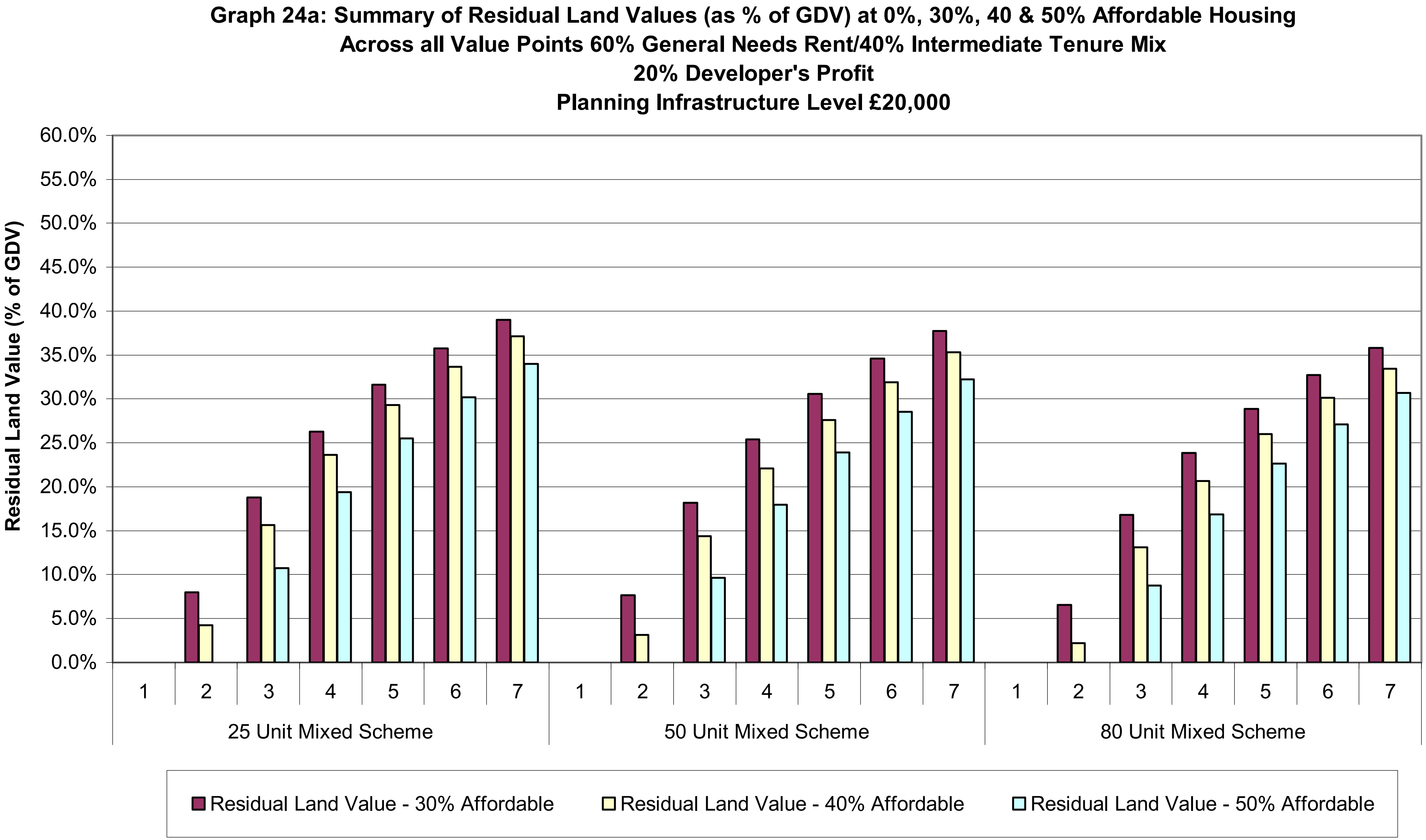


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Table 24b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 60% General Needs Rent/40% Intermediate Tenure Mix 20% Developer's Profit - Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£0	£0	£0
	2	0.33	£1,174,997	£581,052	£0
	3	0.33	£3,380,585	£2,621,075	£1,626,929
	4	0.33	£5,574,337	£4,654,757	£3,436,805
	5	0.33	£7,710,611	£6,611,801	£5,155,676
	6	0.33	£9,837,306	£8,559,266	£6,860,177
	7	0.33	£11,956,816	£10,499,546	£8,557,493
50 Unit Mixed Scheme	1	0.67	£0	£0	£0
	2	0.67	£1,146,314	£427,852	£0
	3	0.67	£3,324,064	£2,399,255	£1,459,991
	4	0.67	£5,478,017	£4,339,941	£3,184,902
	5	0.67	£7,588,909	£6,219,434	£4,830,490
	6	0.67	£9,693,001	£8,092,128	£6,469,279
	7	0.67	£11,793,694	£9,961,422	£8,104,668
80 Unit Mixed Scheme	1	1.07	£0	£0	£0
	2	1.07	£984,163	£298,882	£0
	3	1.07	£3,072,878	£2,192,226	£1,334,303
	4	1.07	£5,140,498	£4,060,750	£3,007,733
	5	1.07	£7,160,481	£5,863,263	£4,602,222
	6	1.07	£9,176,381	£7,658,290	£6,188,544
	7	1.07	£11,190,239	£9,451,276	£7,770,784

Source: Adams Integra, September 2009

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Table 25: Summary of Residual Land Value (£) Appraisals for All Value Points -
50% General Needs Rent/50% Intermediate Tenure Mix
20% Developer's Profit
Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£0	£0	£0
	2	£618,279	£424,844	£164,551
	3	£1,363,651	£1,113,013	£774,986
	4	£2,101,119	£1,797,658	£1,384,101
	5	£2,819,620	£2,457,013	£1,961,602
	6	£3,538,121	£3,116,368	£2,535,942
	7	£4,256,622	£3,775,723	£3,107,911
50 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,191,338	£727,117	£242,123
	3	£2,661,059	£2,074,540	£1,445,233
	4	£4,115,596	£3,399,186	£2,625,311
	5	£5,539,764	£4,681,315	£3,750,723
	6	£6,960,894	£5,963,444	£4,876,135
	7	£8,379,747	£7,245,572	£6,001,547
80 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,714,474	£1,003,413	£295,396
	3	£3,972,061	£3,069,083	£2,166,106
	4	£6,207,802	£5,105,627	£4,003,452
	5	£8,391,116	£7,072,268	£5,753,420
	6	£10,574,430	£9,038,909	£7,503,387
	7	£12,757,744	£11,005,549	£9,253,355

Source: Adams Integra, September 2009

Graph 25: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
20% Developer's Profit
Planning Infrastructure Level £10,000

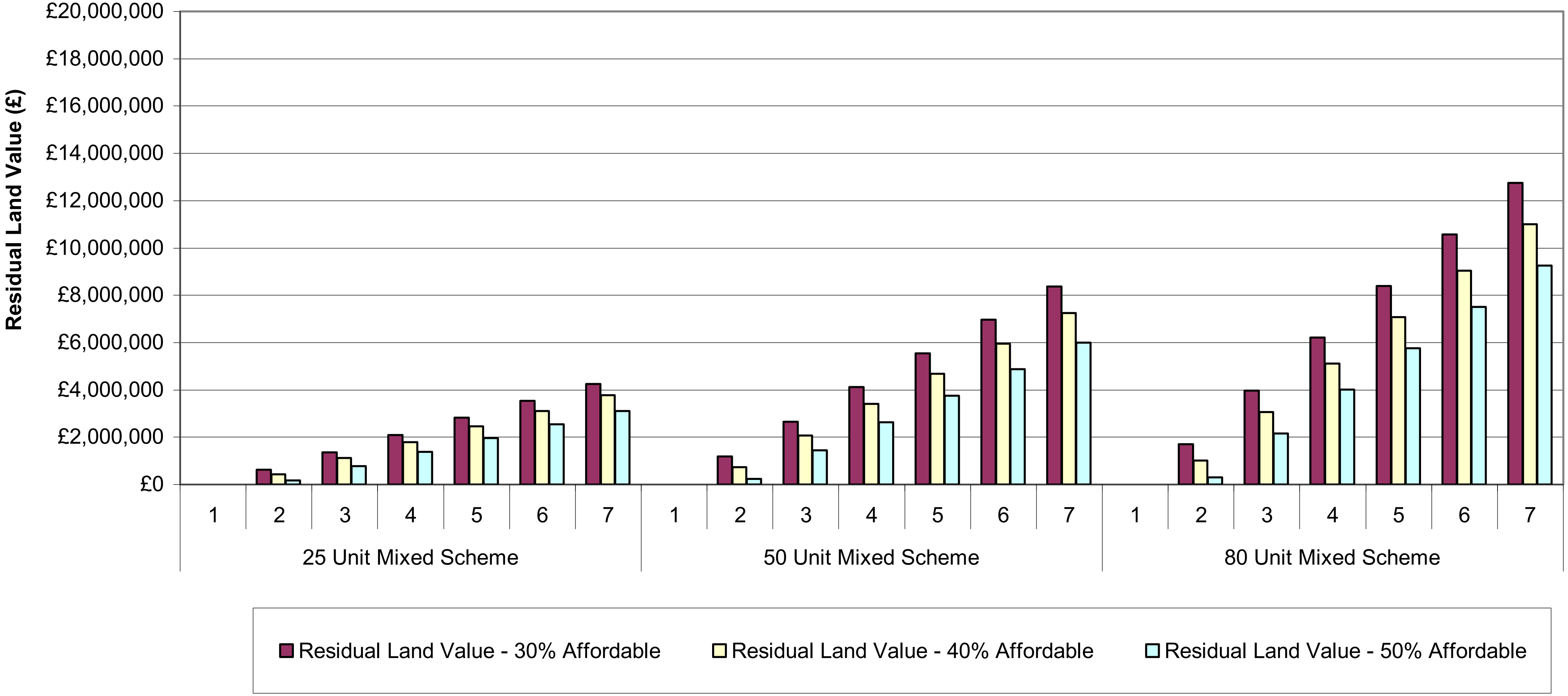


Table 25a: Summary of Residual Land Value (as % of GDV)
Appraisals for All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
20% Developer's Profit
Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	12.6%	9.3%	4.0%
	3	22.8%	20.0%	15.4%
	4	29.7%	27.4%	23.5%
	5	34.7%	32.6%	29.1%
	6	38.6%	36.7%	33.5%
	7	41.6%	39.9%	37.0%
50 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	11.9%	7.9%	2.9%
	3	21.7%	18.4%	14.2%
	4	28.4%	25.6%	21.9%
	5	33.2%	30.7%	27.4%
	6	36.9%	34.7%	31.7%
	7	39.9%	37.9%	35.2%
80 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	10.7%	6.8%	2.2%
	3	20.2%	17.0%	13.2%
	4	26.8%	24.1%	20.8%
	5	31.5%	29.1%	26.1%
	6	35.1%	32.9%	30.3%
	7	37.9%	36.0%	33.6%

Source: Adams Integra, September 2009

Graph 25a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing Across all Value Points 50% General Needs Rent/50% Intermediate Tenure Mix 20% Developer's Profit Planning Infrastructure Level £10,000

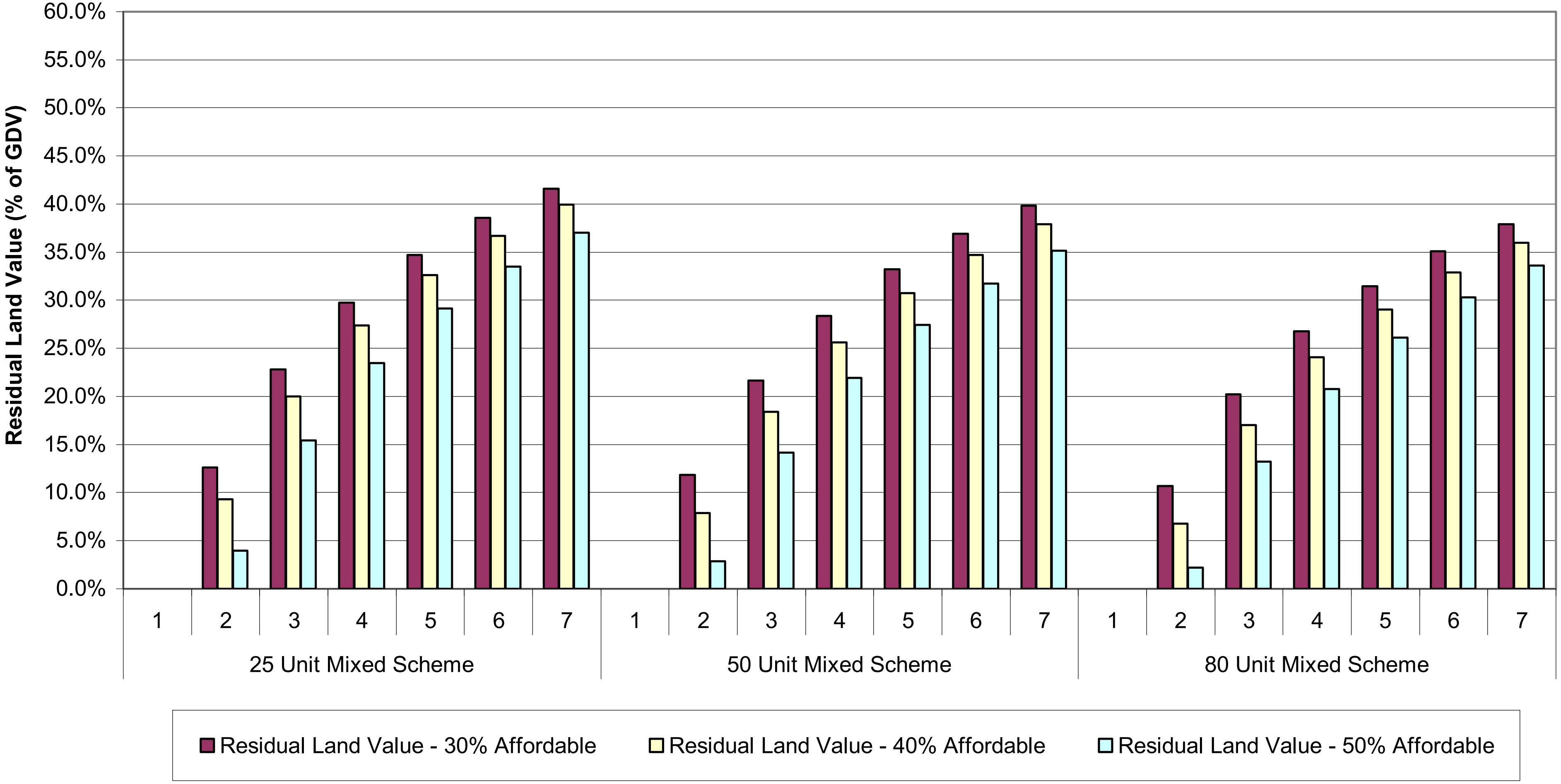


Table 25b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix 20% Developer's Profit - Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£0	£0	£0
	2	0.33	£1,873,573	£1,287,406	£498,640
	3	0.33	£4,132,275	£3,372,766	£2,348,444
	4	0.33	£6,367,028	£5,447,448	£4,194,244
	5	0.33	£8,544,304	£7,445,494	£5,944,248
	6	0.33	£10,721,579	£9,443,539	£7,684,673
	7	0.33	£12,898,854	£11,441,585	£9,417,912
50 Unit Mixed Scheme	1	0.67	£0	£0	£0
	2	0.67	£1,778,116	£1,085,249	£361,378
	3	0.67	£3,971,730	£3,096,329	£2,157,064
	4	0.67	£6,142,681	£5,073,413	£3,918,374
	5	0.67	£8,268,304	£6,987,037	£5,598,094
	6	0.67	£10,389,394	£8,900,662	£7,277,813
	7	0.67	£12,507,085	£10,814,287	£8,957,533
80 Unit Mixed Scheme	1	1.07	£0	£0	£0
	2	1.07	£1,602,313	£937,769	£276,071
	3	1.07	£3,712,206	£2,868,302	£2,024,398
	4	1.07	£5,801,684	£4,771,614	£3,741,544
	5	1.07	£7,842,165	£6,609,596	£5,377,028
	6	1.07	£9,882,645	£8,447,578	£7,012,512
	7	1.07	£11,923,125	£10,285,560	£8,647,995

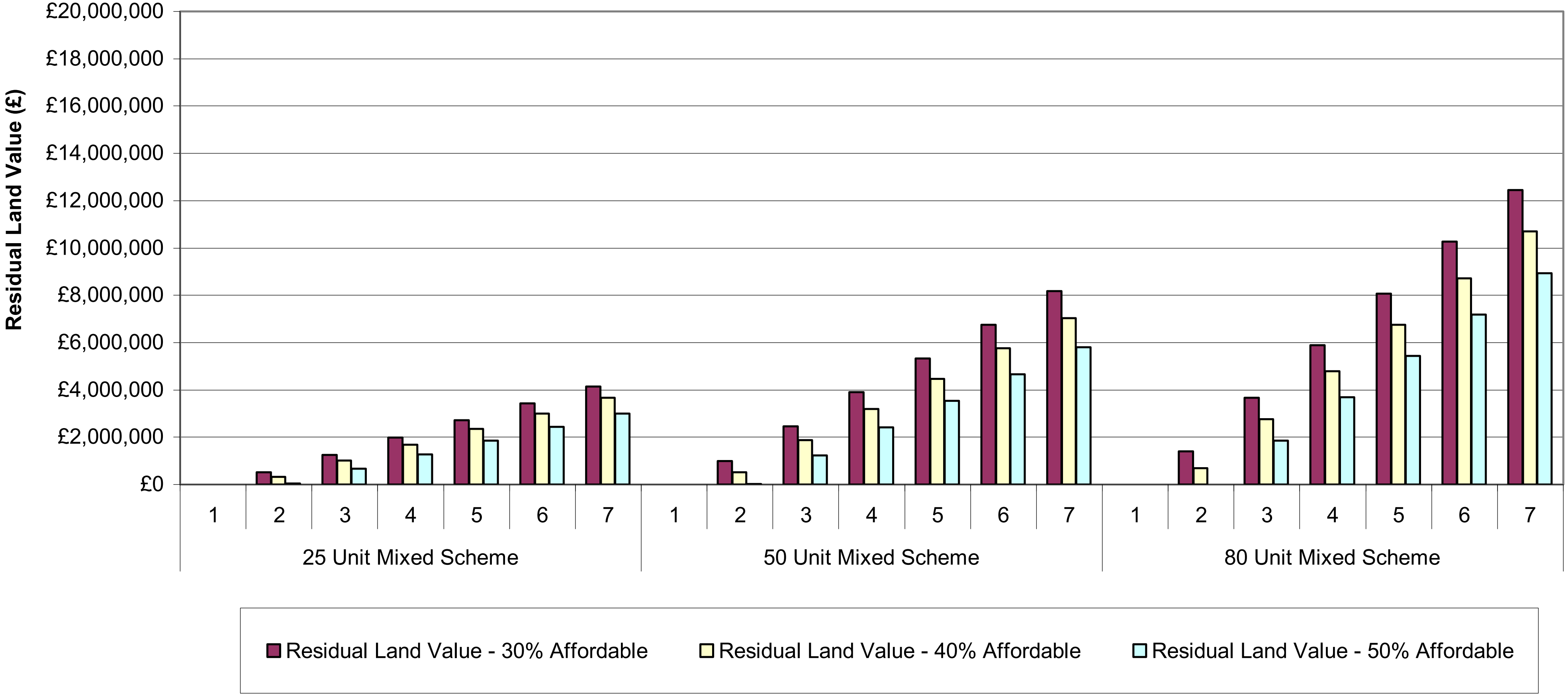
Source: Adams Integra, September 2009

Table 26: Summary of Residual Land Value (£) Appraisals for All Value Points -
50% General Needs Rent/50% Intermediate Tenure Mix
20% Developer's Profit
Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£0	£0	£0
	2	£511,479	£316,932	£53,301
	3	£1,256,851	£1,006,213	£668,186
	4	£1,994,319	£1,690,858	£1,277,301
	5	£2,712,820	£2,350,213	£1,854,802
	6	£3,431,321	£3,009,568	£2,429,142
	7	£4,149,822	£3,668,923	£3,001,111
50 Unit Mixed Scheme	1	£0	£0	£0
	2	£986,138	£521,917	£30,819
	3	£2,455,859	£1,869,340	£1,240,033
	4	£3,910,396	£3,193,986	£2,420,111
	5	£5,334,564	£4,476,115	£3,545,523
	6	£6,755,694	£5,758,244	£4,670,935
	7	£8,174,547	£7,040,372	£5,796,347
80 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,399,594	£688,533	£0
	3	£3,657,181	£2,754,203	£1,851,226
	4	£5,892,922	£4,790,747	£3,688,572
	5	£8,076,236	£6,757,388	£5,438,540
	6	£10,259,550	£8,724,029	£7,188,507
	7	£12,442,864	£10,690,669	£8,938,475

Source: Adams Integra, September 2009

Graph 26: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
20% Developer's Profit
Planning Infrastructure Level £15,000



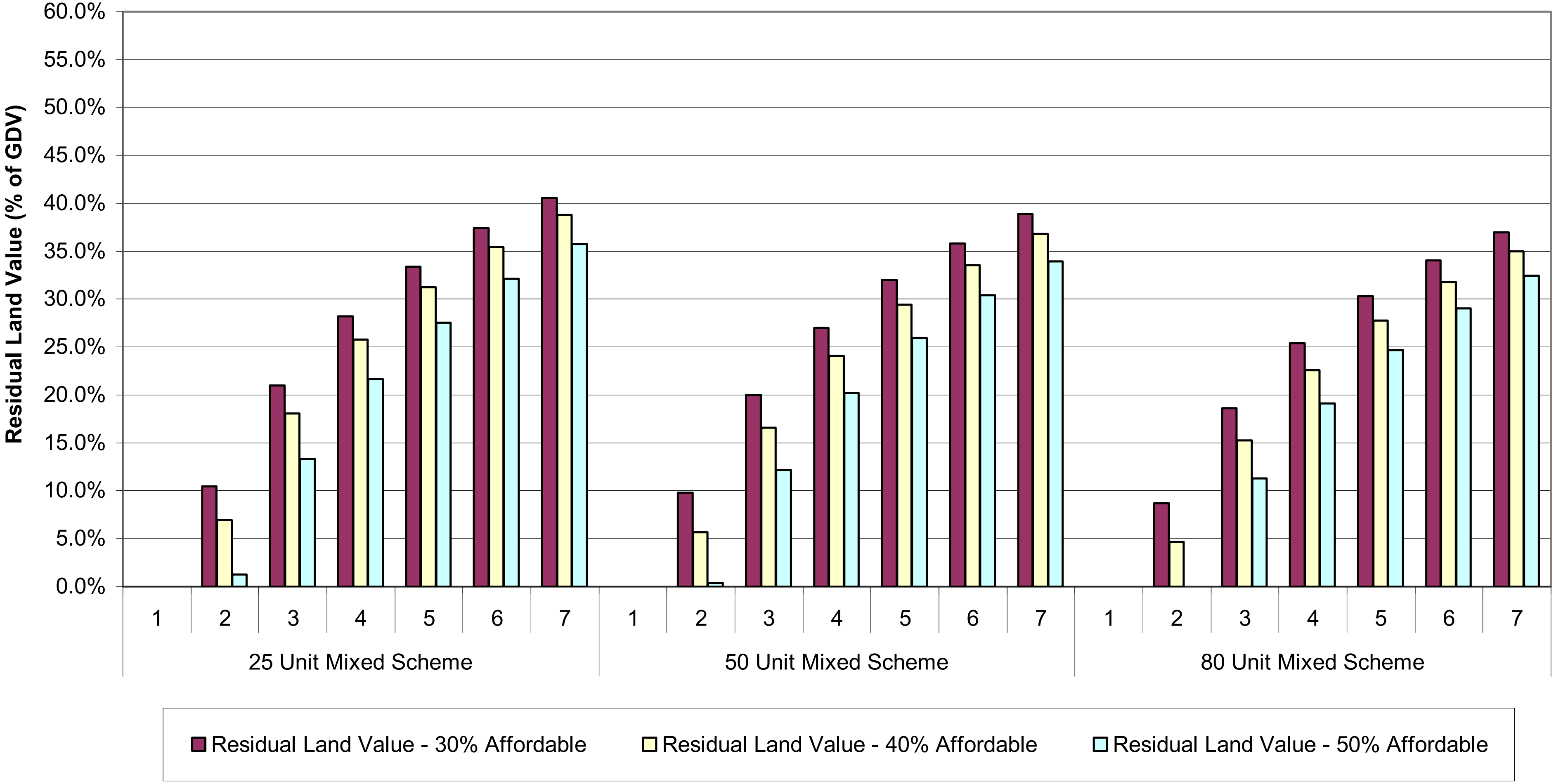
Appendix IIj

Table 26a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points 50% General Needs Rent/50% Intermediate Tenure Mix 20% Developer's Profit Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	10.5%	6.9%	1.3%
	3	21.0%	18.1%	13.3%
	4	28.2%	25.8%	21.7%
	5	33.4%	31.2%	27.5%
	6	37.4%	35.4%	32.1%
	7	40.6%	38.8%	35.7%
50 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	9.8%	5.7%	0.4%
	3	20.0%	16.6%	12.2%
	4	27.0%	24.1%	20.2%
	5	32.0%	29.4%	25.9%
	6	35.8%	33.5%	30.4%
	7	38.9%	36.8%	34.0%
80 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	8.7%	4.7%	0.0%
	3	18.6%	15.3%	11.3%
	4	25.4%	22.6%	19.1%
	5	30.3%	27.8%	24.7%
	6	34.0%	31.8%	29.0%
	7	37.0%	35.0%	32.5%

Source: Adams Integra, September 2009

Graph 26a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing Across all Value Points 50% General Needs Rent/50% Intermediate Tenure Mix 20% Developer's Profit Planning Infrastructure Level £15,000



Appendix IIj

Table 26b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix 20% Developer's Profit - Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£0	£0	£0
	2	0.33	£1,549,937	£960,399	£161,518
	3	0.33	£3,808,639	£3,049,129	£2,024,807
	4	0.33	£6,043,392	£5,123,812	£3,870,608
	5	0.33	£8,220,667	£7,121,857	£5,620,612
	6	0.33	£10,397,943	£9,119,903	£7,361,036
	7	0.33	£12,575,218	£11,117,948	£9,094,276
50 Unit Mixed Scheme	1	0.67	£0	£0	£0
	2	0.67	£1,471,847	£778,981	£45,998
	3	0.67	£3,665,462	£2,790,060	£1,850,796
	4	0.67	£5,836,413	£4,767,144	£3,612,105
	5	0.67	£7,962,036	£6,680,769	£5,291,825
	6	0.67	£10,083,126	£8,594,393	£6,971,545
	7	0.67	£12,200,816	£10,508,018	£8,651,264
80 Unit Mixed Scheme	1	1.07	£0	£0	£0
	2	1.07	£1,308,032	£643,489	£0
	3	1.07	£3,417,926	£2,574,022	£1,730,118
	4	1.07	£5,507,404	£4,477,334	£3,447,264
	5	1.07	£7,547,884	£6,315,316	£5,082,748
	6	1.07	£9,588,365	£8,153,298	£6,718,231
	7	1.07	£11,628,845	£9,991,280	£8,353,715

Source: Adams Integra, September 2009

Table 27: Summary of Residual Land Value (£) Appraisals for All Value Points -
50% General Needs Rent/50% Intermediate Tenure Mix
20% Developer's Profit
Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£0	£0	£0
	2	£408,895	£213,329	£0
	3	£1,150,051	£899,413	£561,386
	4	£1,887,519	£1,584,058	£1,170,501
	5	£2,606,020	£2,243,413	£1,748,002
	6	£3,324,521	£2,902,768	£2,322,342
	7	£4,043,022	£3,562,123	£2,894,311
50 Unit Mixed Scheme	1	£0	£0	£0
	2	£780,938	£320,016	£0
	3	£2,250,659	£1,664,140	£1,034,833
	4	£3,705,196	£2,988,786	£2,214,911
	5	£5,129,364	£4,270,915	£3,340,323
	6	£6,550,494	£5,553,044	£4,465,735
	7	£7,969,347	£6,835,172	£5,591,147
80 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,084,714	£377,545	£0
	3	£3,342,301	£2,439,323	£1,536,346
	4	£5,578,042	£4,475,867	£3,373,692
	5	£7,761,356	£6,442,508	£5,123,660
	6	£9,944,670	£8,409,149	£6,873,627
	7	£12,127,984	£10,375,789	£8,623,595

Source: Adams Integra, September 2009

Graph 27: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
20% Developer's Profit
Planning Infrastructure Level £20,000

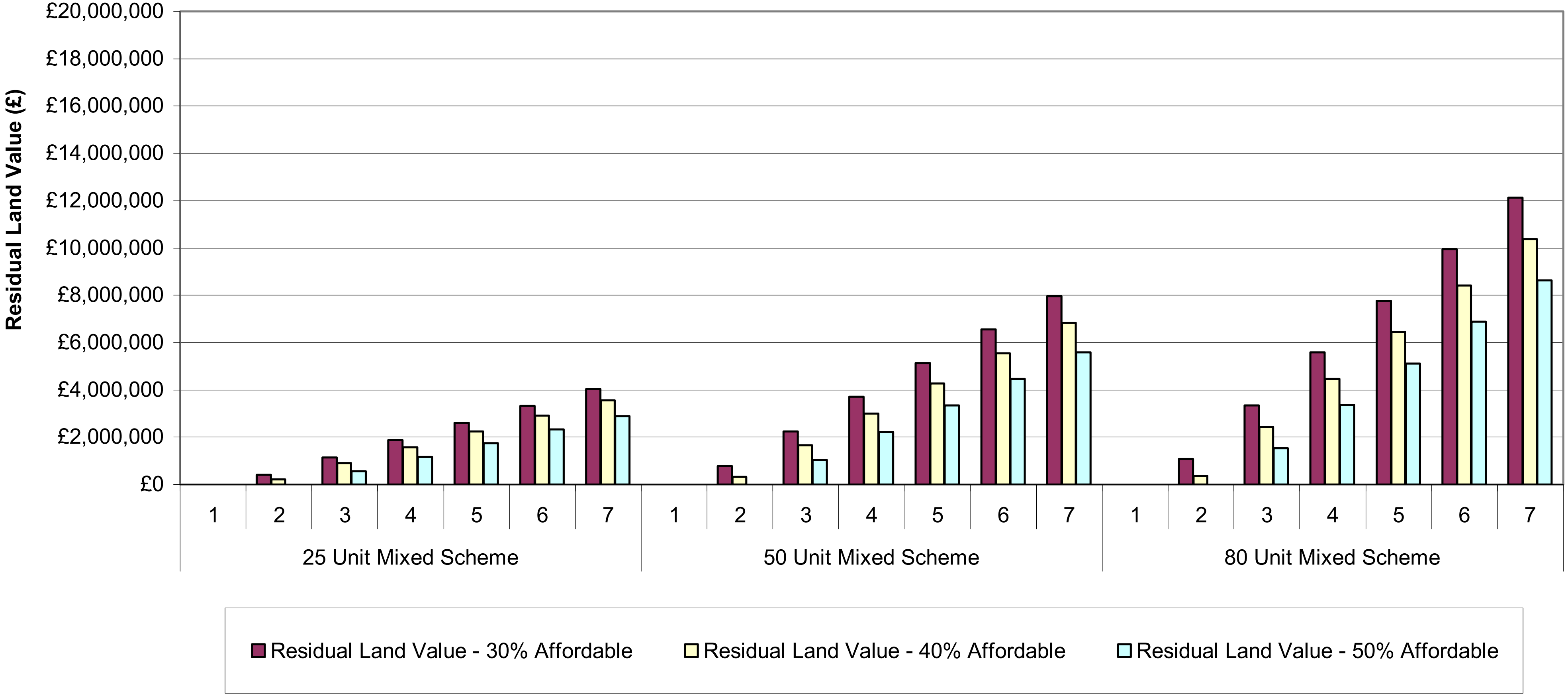


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Table 27a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
20% Developer's Profit
Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	8.4%	4.7%	0.0%
	3	19.2%	16.1%	11.2%
	4	26.7%	24.1%	19.9%
	5	32.1%	29.8%	26.0%
	6	36.2%	34.2%	30.7%
	7	39.5%	37.7%	34.5%
50 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	7.8%	3.5%	0.0%
	3	18.3%	14.8%	10.1%
	4	25.6%	22.5%	18.5%
	5	30.8%	28.1%	24.4%
	6	34.7%	32.3%	29.1%
	7	37.9%	35.7%	32.8%
80 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	6.8%	2.6%	0.0%
	3	17.0%	13.5%	9.4%
	4	24.1%	21.1%	17.5%
	5	29.1%	26.5%	23.3%
	6	33.0%	30.6%	27.7%
	7	36.1%	33.9%	31.3%

Source: Adams Integra, September 2009

Graph 27a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing Across all Value Points 50% General Needs Rent/50% Intermediate Tenure Mix 20% Developer's Profit Planning Infrastructure Level £20,000

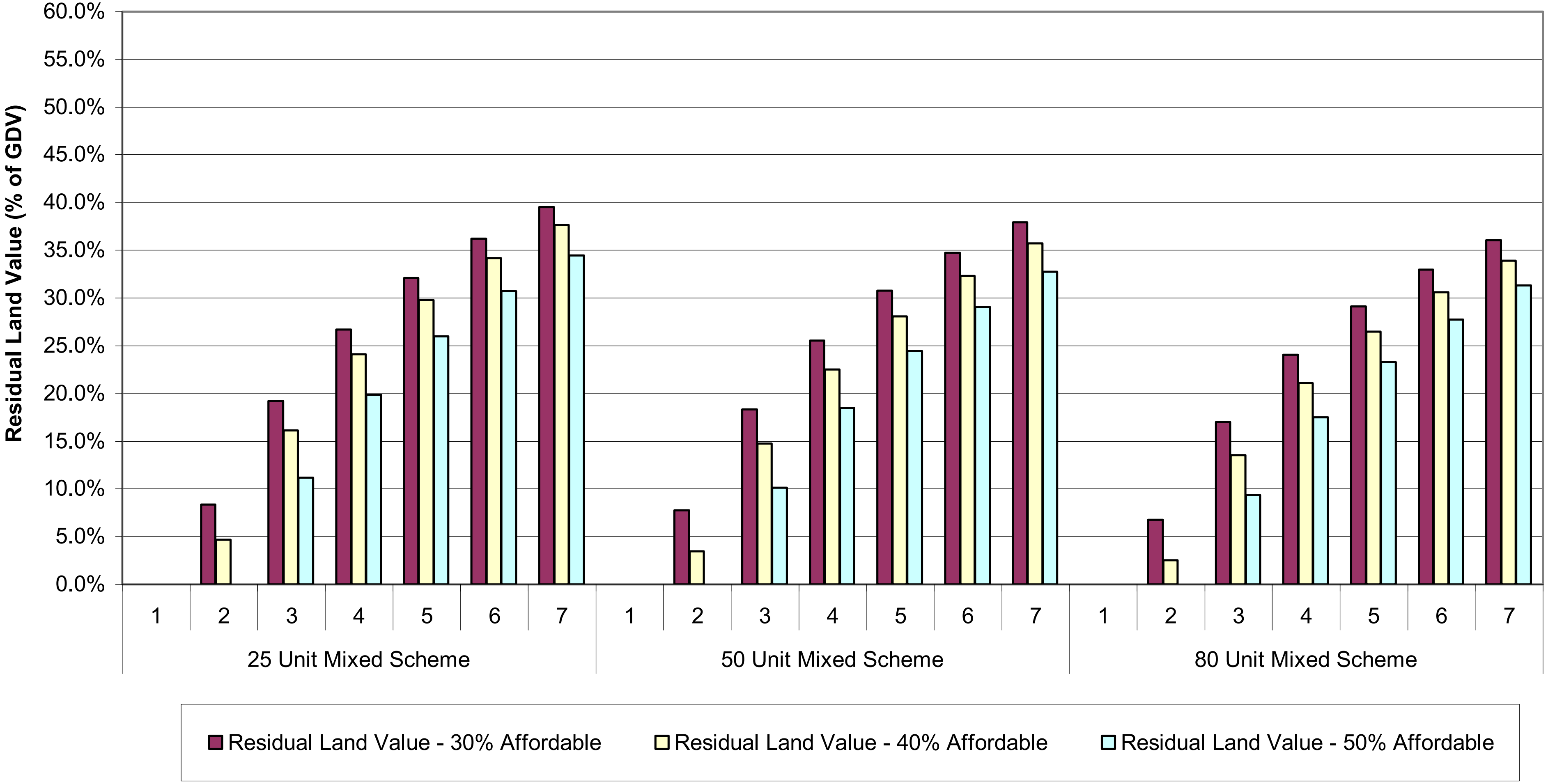

Table 27b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix 20% Developer's Profit - Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£0	£0	£0
	2	0.33	£1,239,074	£646,451	£0
	3	0.33	£3,485,003	£2,725,493	£1,701,171
	4	0.33	£5,719,756	£4,800,175	£3,546,971
	5	0.33	£7,897,031	£6,798,221	£5,296,975
	6	0.33	£10,074,306	£8,796,266	£7,037,400
	7	0.33	£12,251,582	£10,794,312	£8,770,640
50 Unit Mixed Scheme	1	0.67	£0	£0	£0
	2	0.67	£1,165,579	£477,636	£0
	3	0.67	£3,359,193	£2,483,792	£1,544,527
	4	0.67	£5,530,144	£4,460,875	£3,305,837
	5	0.67	£7,655,767	£6,374,500	£4,985,556
	6	0.67	£9,776,857	£8,288,125	£6,665,276
	7	0.67	£11,894,548	£10,201,750	£8,344,996
80 Unit Mixed Scheme	1	1.07	£0	£0	£0
	2	1.07	£1,013,752	£352,846	£0
	3	1.07	£3,123,645	£2,279,741	£1,435,837
	4	1.07	£5,213,124	£4,183,054	£3,152,984
	5	1.07	£7,253,604	£6,021,036	£4,788,467
	6	1.07	£9,294,084	£7,859,017	£6,423,951
	7	1.07	£11,334,565	£9,696,999	£8,059,434

Source: Adams Integra, September 2009

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Table 28: Summary of Residual Land Value (£) Appraisals for All Value Points - 70% General Needs Rent/30% Intermediate Tenure Mix 22% Developer's Profit Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£0	£0	£0
	2	£504,449	£326,377	£74,724
	3	£1,206,151	£976,407	£652,188
	4	£1,899,949	£1,621,108	£1,223,947
	5	£2,574,780	£2,242,100	£1,765,673
	6	£3,243,288	£2,858,349	£2,299,497
	7	£3,907,054	£3,472,228	£2,828,579
50 Unit Mixed Scheme	1	£0	£0	£0
	2	£988,716	£525,038	£42,577
	3	£2,387,376	£1,793,166	£1,166,260
	4	£3,770,092	£3,037,758	£2,259,757
	5	£5,121,680	£4,239,073	£3,299,349
	6	£6,461,878	£5,428,999	£4,326,034
	7	£7,797,522	£6,614,370	£5,348,163

Source: Adams Integra, September 2009

Graph 28: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
22% Developer's Profit
Planning Infrastructure Level £10,000

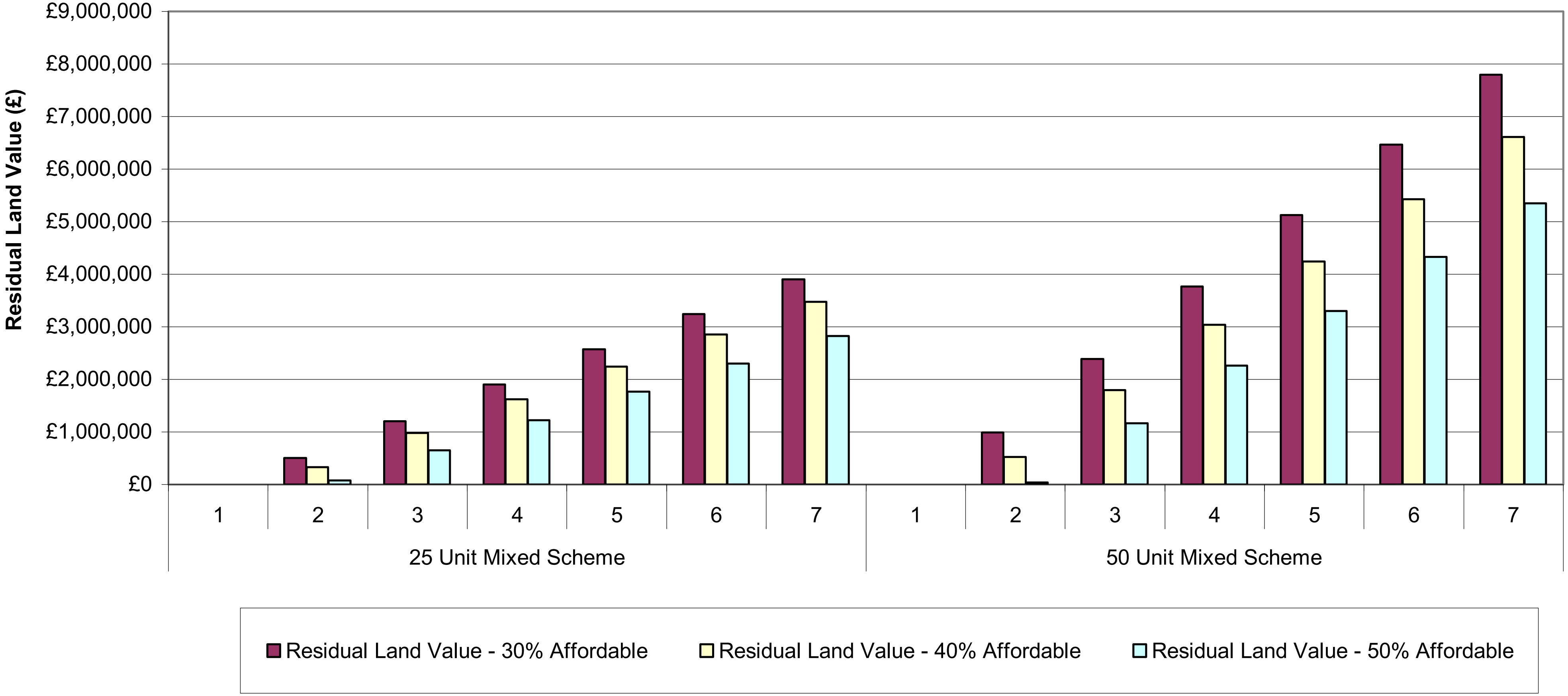

**Table 28a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
22% Developer's Profit
Planning Infrastructure Level £10,000**

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	10.4%	7.2%	1.8%
	3	20.5%	17.8%	13.2%
	4	27.4%	25.1%	21.1%
	5	32.3%	30.3%	26.8%
	6	36.1%	34.4%	31.1%
	7	39.1%	37.6%	34.6%
50 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	9.9%	5.8%	0.5%
	3	19.7%	16.2%	11.7%
	4	26.3%	23.3%	19.3%
	5	31.1%	28.4%	24.8%
	6	34.8%	32.4%	29.0%
	7	37.7%	35.5%	32.4%

Source: Adams Integra, September 2009

Graph 28a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing Across all Value Points 70% General Needs Rent/30% Intermediate Tenure Mix 22% Developer's Profit Planning Infrastructure Level £10,000

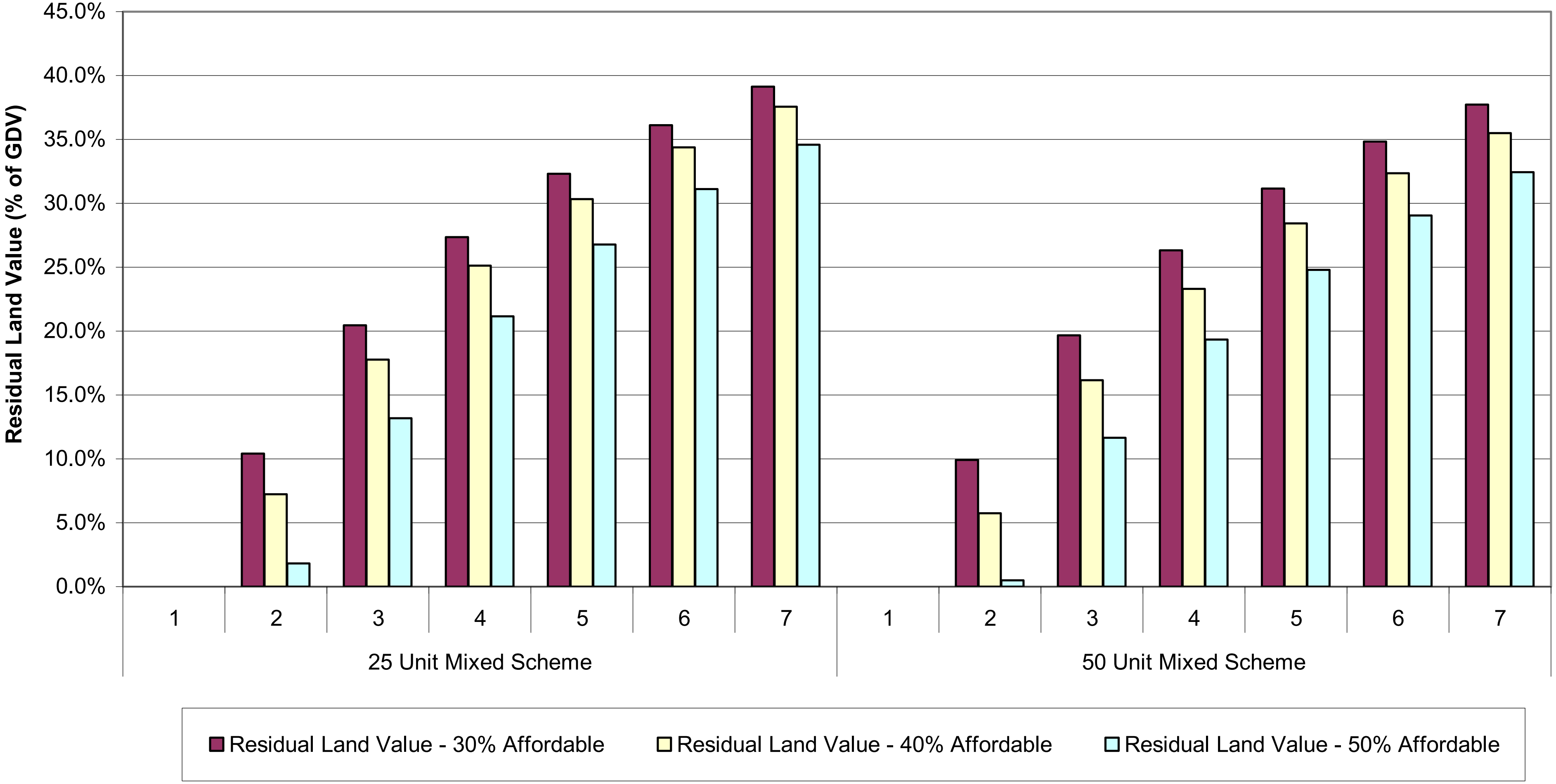

Table 28b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 70% General Needs Rent/30% Intermediate Tenure Mix 22% Developer's Profit - Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£0	£0	£0
	2	0.33	£1,528,634	£989,021	£226,437
	3	0.33	£3,655,002	£2,958,809	£1,976,326
	4	0.33	£5,757,422	£4,912,449	£3,708,929
	5	0.33	£7,802,364	£6,794,241	£5,350,526
	6	0.33	£9,828,146	£8,661,665	£6,968,173
	7	0.33	£11,839,559	£10,521,903	£8,571,450
50 Unit Mixed Scheme	1	0.67	£0	£0	£0
	2	0.67	£1,475,695	£783,639	£63,547
	3	0.67	£3,563,248	£2,676,367	£1,740,686
	4	0.67	£5,627,003	£4,533,967	£3,372,772
	5	0.67	£7,644,298	£6,326,974	£4,924,402
	6	0.67	£9,644,594	£8,102,984	£6,456,767
	7	0.67	£11,638,092	£9,872,195	£7,982,333

Source: Adams Integra, September 2009

Table 29: Summary of Residual Land Value (£) Appraisals for All Value Points -
70% General Needs Rent/30% Intermediate Tenure Mix
22% Developer's Profit
Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£0	£0	£0
	2	£401,791	£222,969	£0
	3	£1,099,351	£869,607	£545,388
	4	£1,793,149	£1,514,308	£1,117,147
	5	£2,467,980	£2,135,300	£1,658,873
	6	£3,136,488	£2,751,549	£2,192,697
	7	£3,800,254	£3,365,428	£2,721,779
50 Unit Mixed Scheme	1	£0	£0	£0
	2	£783,516	£323,169	£0
	3	£2,182,176	£1,587,966	£961,060
	4	£3,564,892	£2,832,558	£2,054,557
	5	£4,916,480	£4,033,873	£3,094,149
	6	£6,256,678	£5,223,799	£4,120,834
	7	£7,592,322	£6,409,170	£5,142,963

Source: Adams Integra, September 2009

Graph 29: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
22% Developer's Profit
Planning Infrastructure Level £15,000

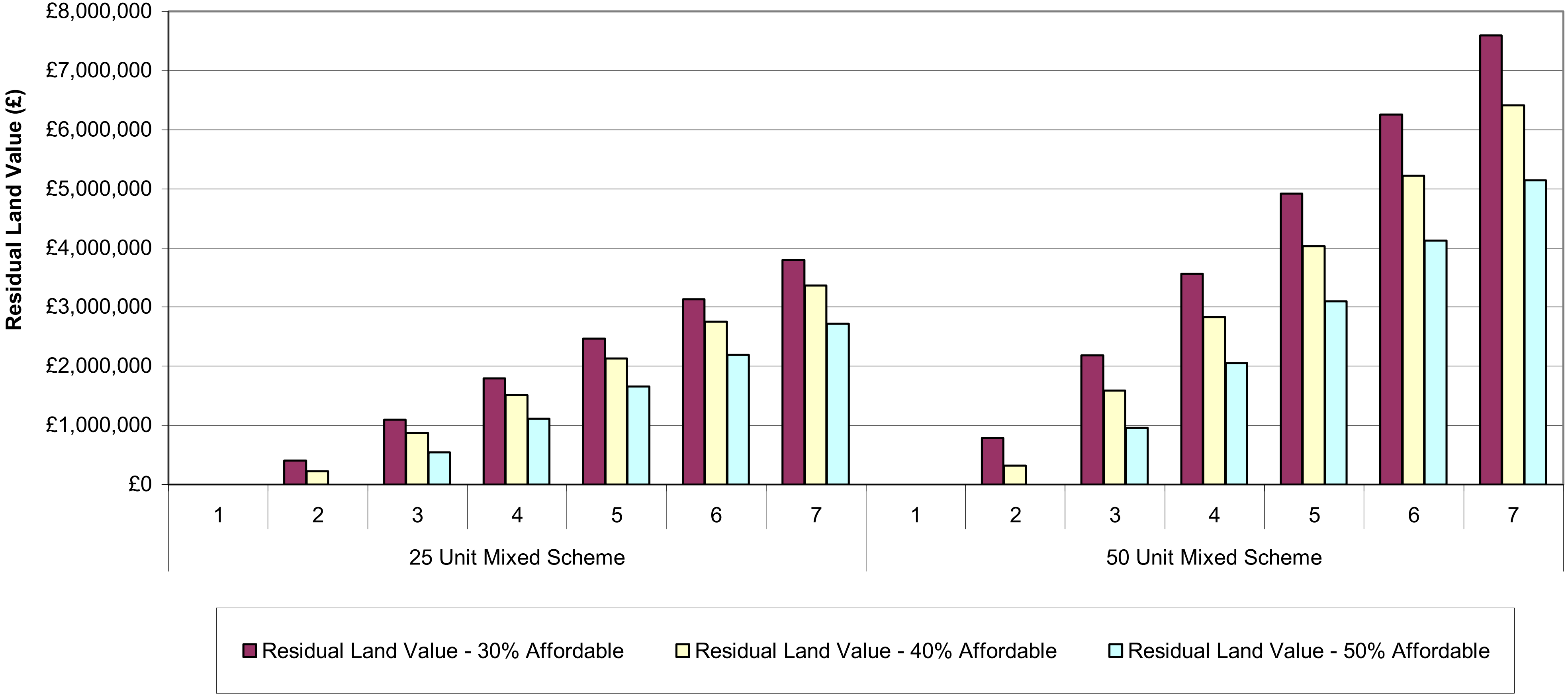

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Table 29a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points 70% General Needs Rent/30% Intermediate Tenure Mix 22% Developer's Profit Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	8.3%	4.9%	0.0%
	3	18.6%	15.8%	11.0%
	4	25.8%	23.4%	19.3%
	5	31.0%	28.9%	25.2%
	6	34.9%	33.1%	29.7%
	7	38.1%	36.4%	33.3%
50 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	7.9%	3.5%	0.0%
	3	18.0%	14.3%	9.6%
	4	24.9%	21.7%	17.6%
	5	29.9%	27.0%	23.3%
	6	33.7%	31.1%	27.7%
	7	36.7%	34.4%	31.2%

Source: Adams Integra, September 2009

Graph 29a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing Across all Value Points 70% General Needs Rent/30% Intermediate Tenure Mix 22% Developer's Profit Planning Infrastructure Level £15,000

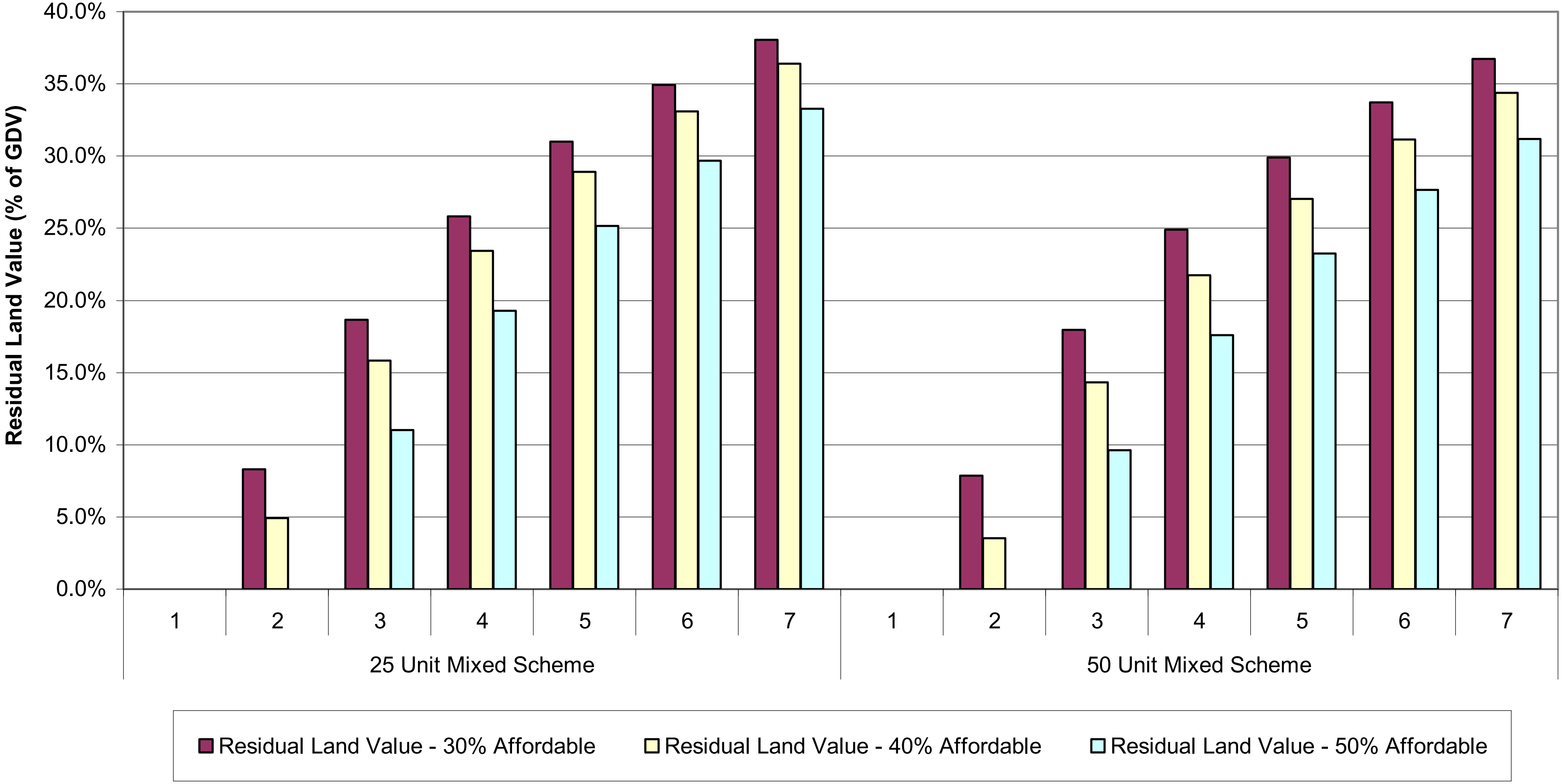


Table 29b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 70% General Needs Rent/30% Intermediate Tenure Mix 22% Developer's Profit - Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£0	£0	£0
	2	0.33	£1,217,549	£675,663	£0
	3	0.33	£3,331,366	£2,635,172	£1,652,690
	4	0.33	£5,433,785	£4,588,812	£3,385,293
	5	0.33	£7,478,727	£6,470,605	£5,026,889
	6	0.33	£9,504,510	£8,338,028	£6,644,536
	7	0.33	£11,515,923	£10,198,267	£8,247,814
50 Unit Mixed Scheme	1	0.67	£0	£0	£0
	2	0.67	£1,169,426	£482,342	£0
	3	0.67	£3,256,979	£2,370,099	£1,434,417
	4	0.67	£5,320,735	£4,227,698	£3,066,504
	5	0.67	£7,338,029	£6,020,706	£4,618,133
	6	0.67	£9,338,326	£7,796,715	£6,150,498
	7	0.67	£11,331,823	£9,565,926	£7,676,065

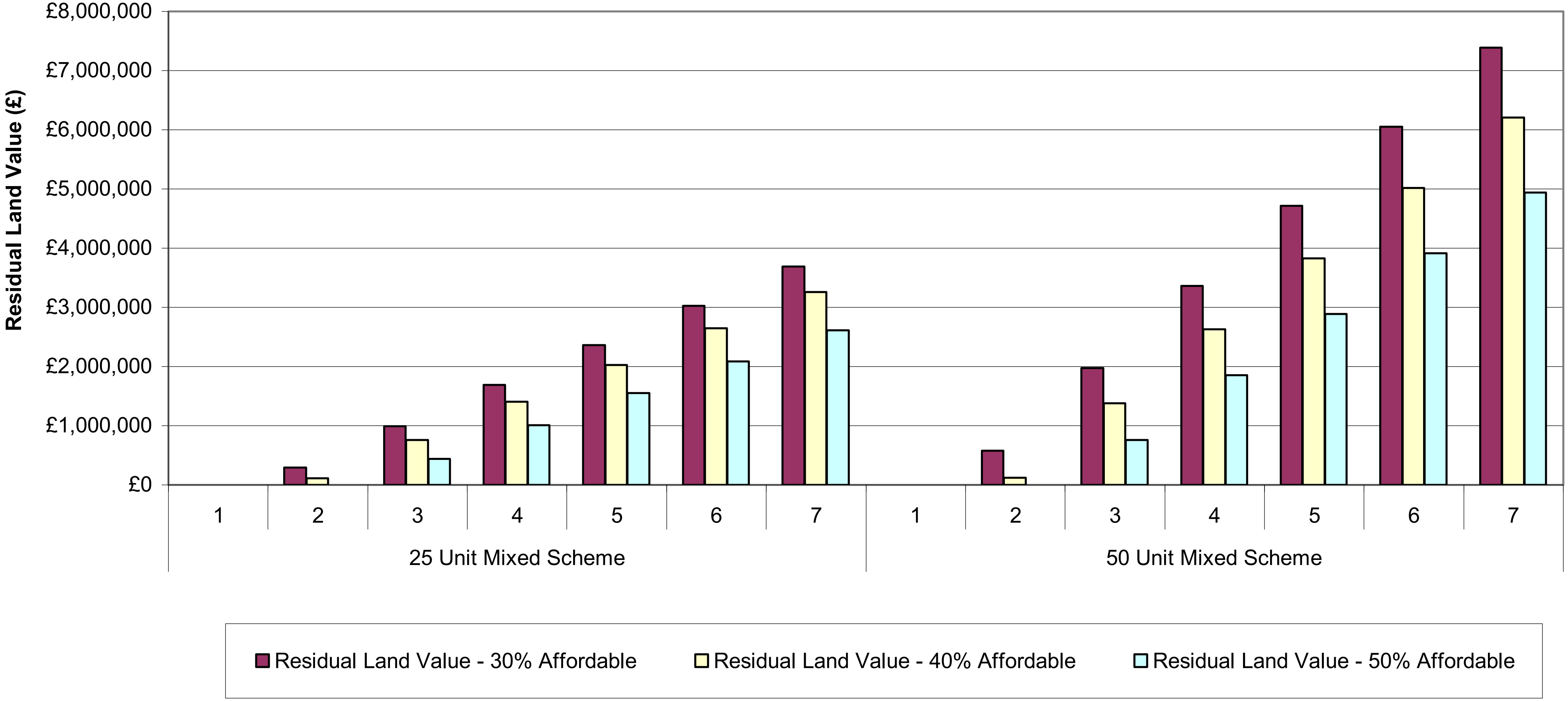
Source: Adams Integra, September 2009

Table 30: Summary of Residual Land Value (£) Appraisals for All Value Points - 70% General Needs Rent/30% Intermediate Tenure Mix 22% Developer's Profit Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£0	£0	£0
	2	£293,879	£113,971	£0
	3	£992,551	£762,807	£443,156
	4	£1,686,349	£1,407,508	£1,010,347
	5	£2,361,180	£2,028,500	£1,552,073
	6	£3,029,688	£2,644,749	£2,085,897
	7	£3,693,454	£3,258,628	£2,614,979
50 Unit Mixed Scheme	1	£0	£0	£0
	2	£578,316	£119,414	£0
	3	£1,976,976	£1,382,766	£755,860
	4	£3,359,692	£2,627,358	£1,849,357
	5	£4,711,280	£3,828,673	£2,888,949
	6	£6,051,478	£5,018,599	£3,915,634
	7	£7,387,122	£6,203,970	£4,937,763

Source: Adams Integra, September 2009

Graph 30: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
70% General Needs Rent/30% Intermediate Tenure Mix
22% Developer's Profit
Planning Infrastructure Level £20,000



Appendix IIk

Table 30a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points 70% General Needs Rent/30% Intermediate Tenure Mix 22% Developer's Profit Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	6.1%	2.5%	0.0%
	3	16.8%	13.9%	9.0%
	4	24.3%	21.8%	17.5%
	5	29.6%	27.4%	23.5%
	6	33.7%	31.8%	28.2%
	7	37.0%	35.3%	32.0%
50 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	5.8%	1.3%	0.0%
	3	16.3%	12.5%	7.6%
	4	23.5%	20.2%	15.8%
	5	28.6%	25.7%	21.7%
	6	32.6%	29.9%	26.3%
	7	35.7%	33.3%	29.9%

Source: Adams Integra, September 2009

Graph 30a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing Across all Value Points 70% General Needs Rent/30% Intermediate Tenure Mix 22% Developer's Profit Planning Infrastructure Level £20,000

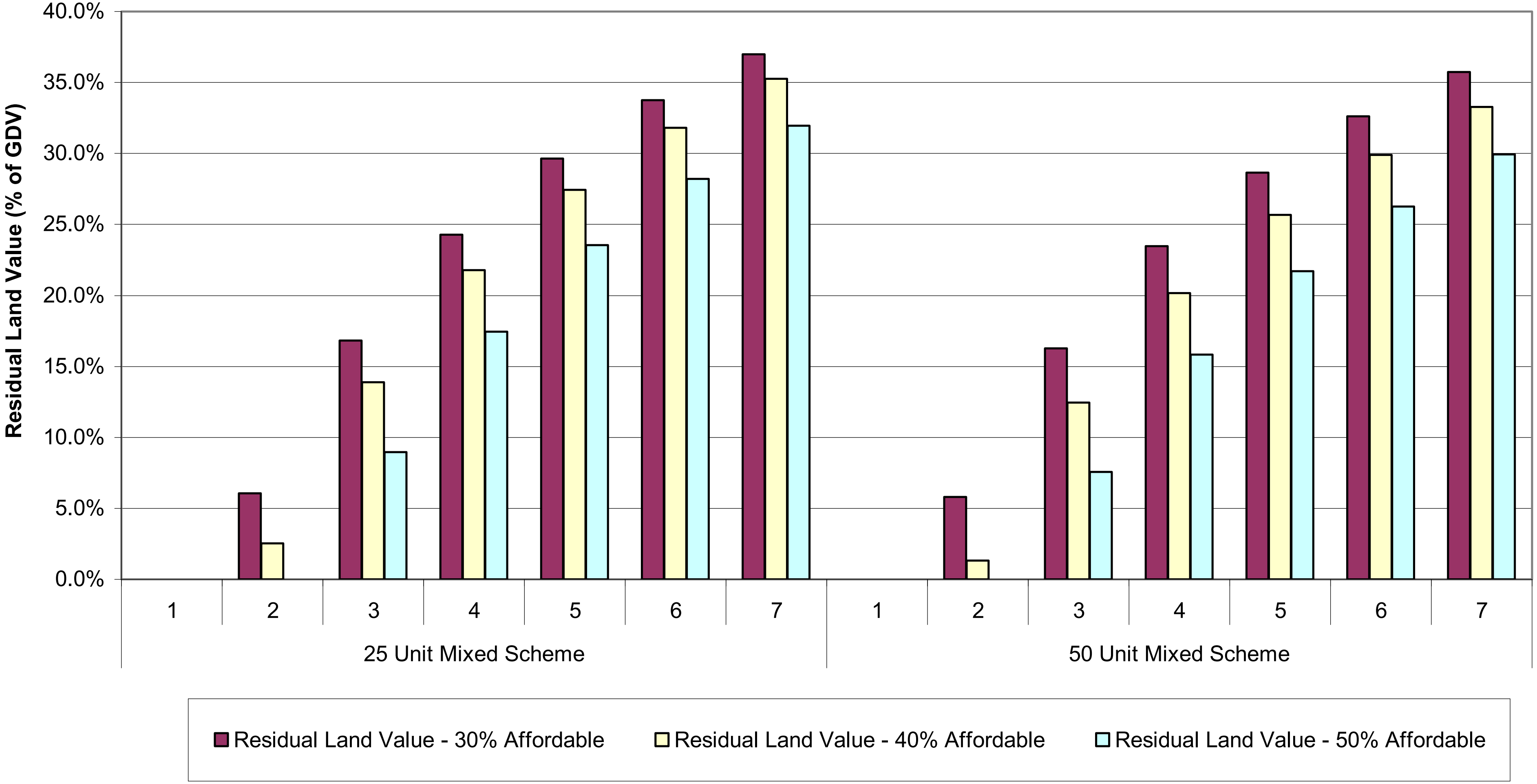


Table 30b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 70% General Needs Rent/30% Intermediate Tenure Mix 22% Developer's Profit - Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£0	£0	£0
	2	0.33	£890,542	£345,367	£0
	3	0.33	£3,007,730	£2,311,536	£1,342,898
	4	0.33	£5,110,149	£4,265,176	£3,061,657
	5	0.33	£7,155,091	£6,146,969	£4,703,253
	6	0.33	£9,180,873	£8,014,392	£6,320,900
	7	0.33	£11,192,286	£9,874,630	£7,924,178
50 Unit Mixed Scheme	1	0.67	£0	£0	£0
	2	0.67	£863,158	£178,230	£0
	3	0.67	£2,950,710	£2,063,830	£1,128,149
	4	0.67	£5,014,466	£3,921,430	£2,760,235
	5	0.67	£7,031,760	£5,714,437	£4,311,865
	6	0.67	£9,032,057	£7,490,447	£5,844,230
	7	0.67	£11,025,555	£9,259,657	£7,369,796

Source: Adams Integra, September 2009

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Table 34: Summary of Residual Land Value (£) Appraisals for All Value Points -
60% General Needs Rent/40% Intermediate Tenure Mix
Code for Sustainable Homes Level 4
Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£15,343	£0	£0
	2	£767,332	£558,410	£292,399
	3	£1,519,936	£1,255,627	£910,300
	4	£2,264,636	£1,944,941	£1,522,522
	5	£2,990,368	£2,608,964	£2,104,712
	6	£3,712,940	£3,269,827	£2,682,160
	7	£4,433,140	£3,928,318	£3,257,237
50 Unit Mixed Scheme	1	£11,858	£0	£0
	2	£1,510,977	£1,000,843	£482,169
	3	£3,011,330	£2,359,944	£1,698,215
	4	£4,495,739	£3,695,508	£2,883,131
	5	£5,951,297	£4,990,072	£4,014,900
	6	£7,402,300	£6,280,082	£5,142,115
	7	£8,851,025	£7,567,814	£6,267,051
80 Unit Mixed Scheme	1	£0	£0	£0
	2	£2,197,116	£1,421,298	£664,790
	3	£4,495,230	£3,504,598	£2,538,286
	4	£6,770,770	£5,558,043	£4,373,918
	5	£8,995,340	£7,540,857	£6,125,083
	6	£11,215,540	£9,515,661	£7,867,511
	7	£13,433,556	£11,488,281	£9,605,569

Source: Adams Integra, September 2009

Graph 34: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
60% General Needs Rent/40% Intermediate Tenure Mix
Code for Sustainable Homes Level 4
Planning Infrastructure Level £10,000

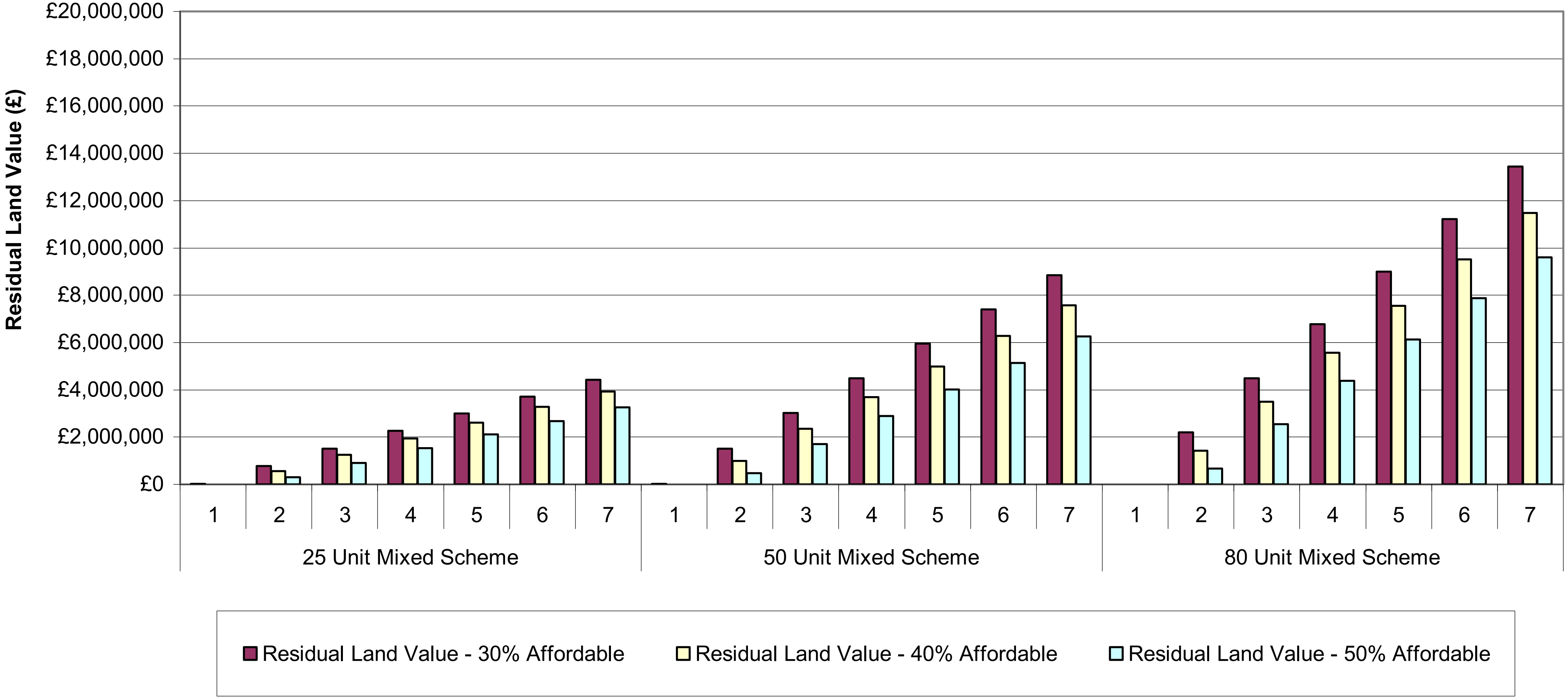

Table 34a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points 60% General Needs Rent/40% Intermediate Tenure Mix Code for Sustainable Homes Level 4 Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.4%	0.0%	0.0%
	2	15.8%	12.3%	7.1%
	3	25.6%	22.7%	18.2%
	4	32.3%	29.9%	26.0%
	5	37.2%	35.0%	31.5%
	6	40.9%	39.0%	35.8%
	7	43.9%	42.1%	39.2%
50 Unit Mixed Scheme	1	0.2%	0.0%	0.0%
	2	15.1%	10.9%	5.8%
	3	24.6%	21.1%	16.8%
	4	31.1%	28.1%	24.3%
	5	35.8%	33.1%	29.7%
	6	39.4%	36.9%	33.8%
	7	42.3%	40.0%	37.2%
80 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	13.7%	9.7%	5.0%
	3	23.0%	19.6%	15.6%
	4	29.3%	26.4%	22.9%
	5	33.9%	31.3%	28.2%
	6	37.4%	35.0%	32.2%
	7	40.2%	38.0%	35.4%

Source: Adams Integra, September 2009

Graph 34a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing Across all Value Points 60% General Needs Rent/40% Intermediate Tenure Mix Code for Sustainable Homes Level 4 Planning Infrastructure Level £10,000

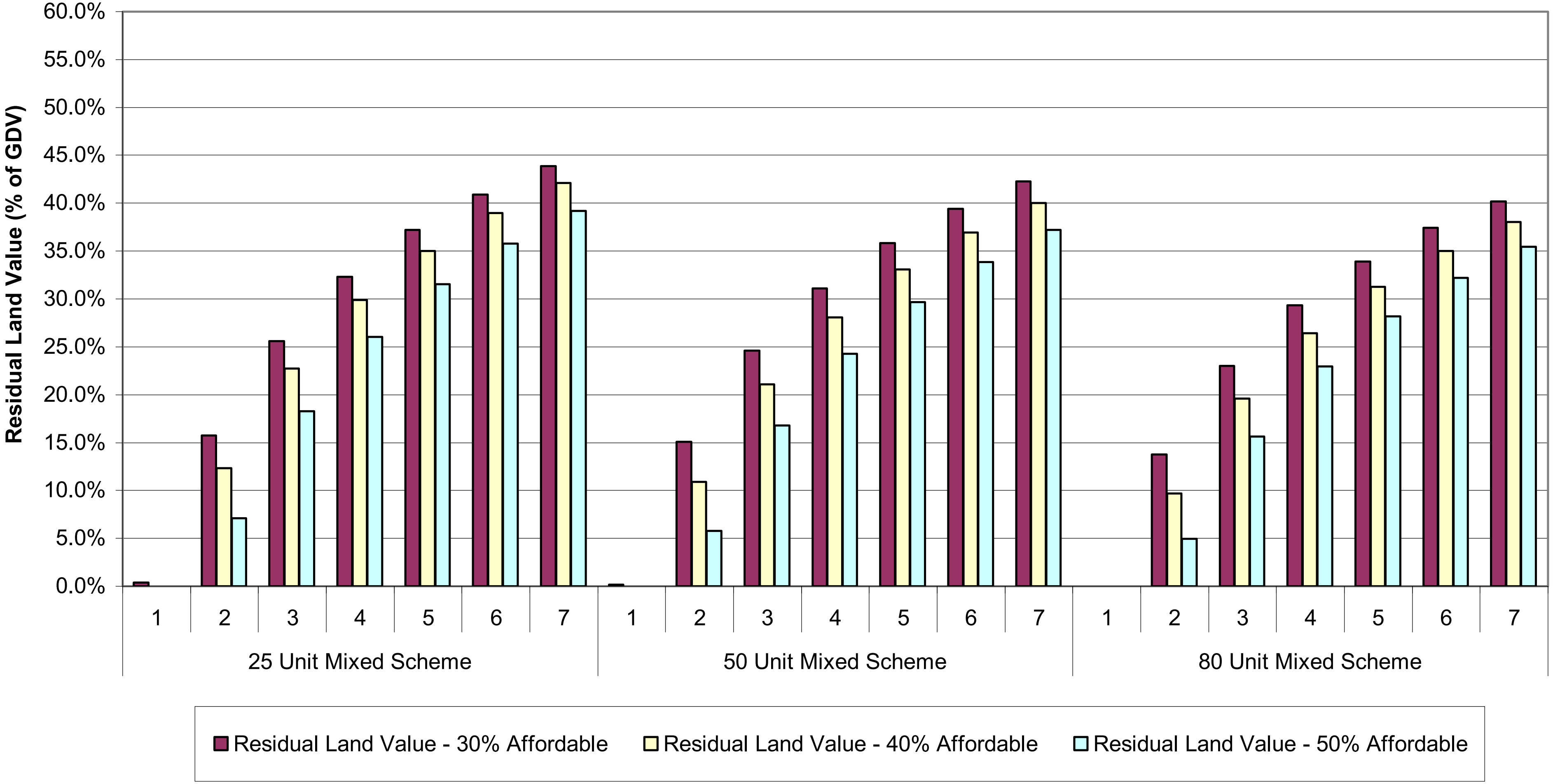

Table 34b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 60% General Needs Rent/40% Intermediate Tenure Mix - Code for Sustainable Homes Level 4 Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£46,493	£0	£0
	2	0.33	£2,325,250	£1,692,152	£886,057
	3	0.33	£4,605,866	£3,804,931	£2,758,485
	4	0.33	£6,862,533	£5,893,760	£4,613,703
	5	0.33	£9,061,723	£7,905,953	£6,377,915
	6	0.33	£11,251,332	£9,908,565	£8,127,757
	7	0.33	£13,433,757	£11,903,993	£9,870,415
50 Unit Mixed Scheme	1	0.67	£17,698	£0	£0
	2	0.67	£2,255,190	£1,493,796	£719,656
	3	0.67	£4,494,523	£3,522,304	£2,534,649
	4	0.67	£6,710,059	£5,515,683	£4,303,181
	5	0.67	£8,882,533	£7,447,869	£5,992,389
	6	0.67	£11,048,209	£9,373,257	£7,674,798
	7	0.67	£13,210,484	£11,295,244	£9,353,807
80 Unit Mixed Scheme	1	1.07	£0	£0	£0
	2	1.07	£2,053,380	£1,328,316	£621,299
	3	1.07	£4,201,149	£3,275,325	£2,372,230
	4	1.07	£6,327,823	£5,194,433	£4,087,774
	5	1.07	£8,406,860	£7,047,530	£5,724,377
	6	1.07	£10,481,813	£8,893,141	£7,352,814
	7	1.07	£12,554,725	£10,736,711	£8,977,168

Source: Adams Integra, September 2009

Table 35: Summary of Residual Land Value (£) Appraisals for All Value Points - 60% General Needs Rent/40% Intermediate Tenure Mix Code for Sustainable Homes Level 4 Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£0	£0	£0
	2	£660,532	£456,315	£188,290
	3	£1,413,136	£1,148,827	£803,500
	4	£2,157,836	£1,838,141	£1,415,722
	5	£2,883,568	£2,502,164	£1,997,912
	6	£3,606,140	£3,163,027	£2,575,360
	7	£4,326,340	£3,821,518	£3,150,437
50 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,305,777	£795,643	£279,855
	3	£2,806,130	£2,154,744	£1,493,015
	4	£4,290,539	£3,490,308	£2,677,931
	5	£5,746,097	£4,784,872	£3,809,700
	6	£7,197,100	£6,074,882	£4,936,915
	7	£8,645,825	£7,362,614	£6,061,851
80 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,882,236	£1,106,418	£353,555
	3	£4,180,350	£3,189,718	£2,223,406
	4	£6,455,890	£5,243,163	£4,059,038
	5	£8,680,460	£7,225,977	£5,810,203
	6	£10,900,660	£9,200,781	£7,552,631
	7	£13,118,676	£11,173,401	£9,290,689

Source: Adams Integra, September 2009

Graph 35: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
60% General Needs Rent/40% Intermediate Tenure Mix
Code for Sustainable Homes Level 4
Planning Infrastructure Level £15,000

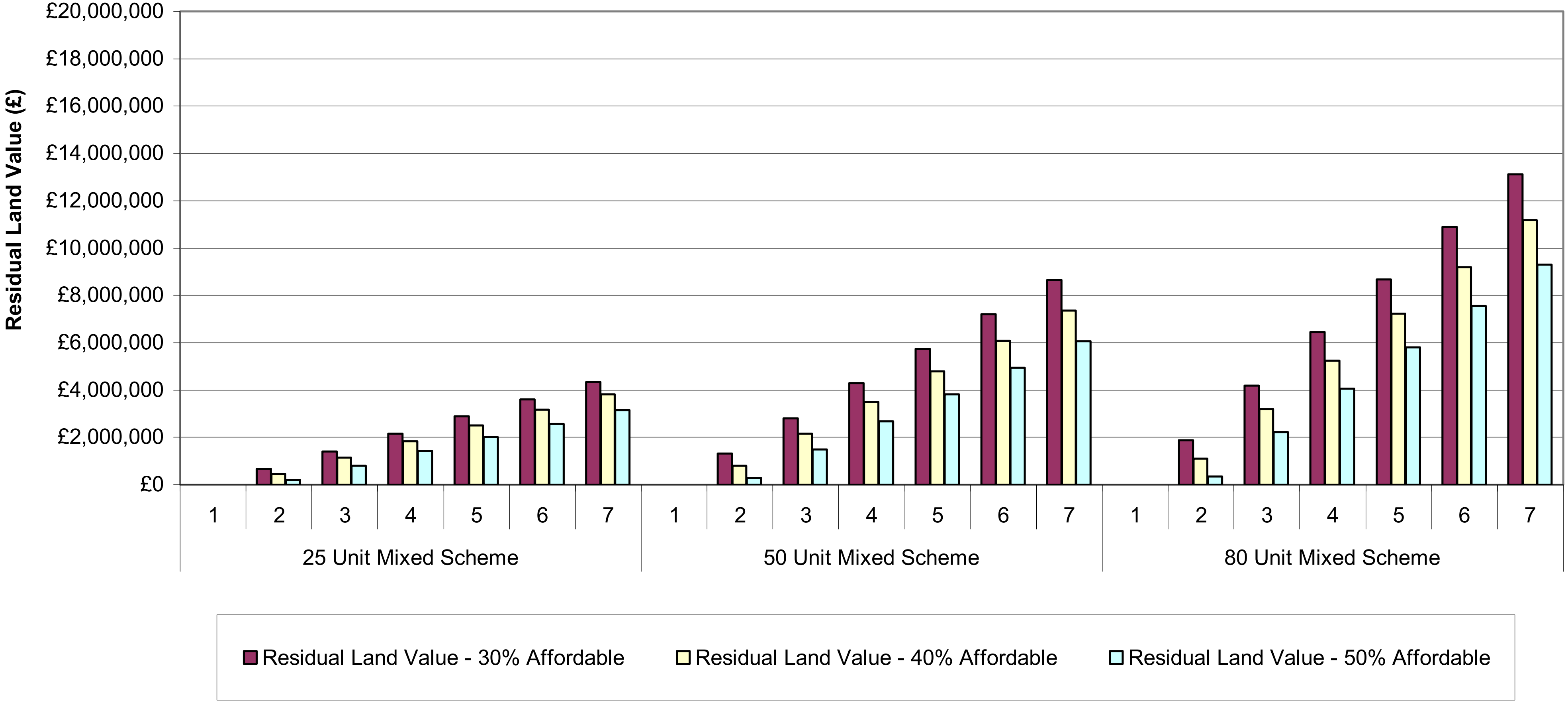

Table 35a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points 60% General Needs Rent/40% Intermediate Tenure Mix Code for Sustainable Homes Level 4 Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	13.6%	10.1%	4.6%
	3	23.8%	20.8%	16.1%
	4	30.8%	28.3%	24.2%
	5	35.9%	33.6%	29.9%
	6	39.7%	37.7%	34.4%
	7	42.8%	41.0%	37.9%
50 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	13.0%	8.7%	3.4%
	3	22.9%	19.2%	14.7%
	4	29.7%	26.5%	22.6%
	5	34.6%	31.7%	28.1%
	6	38.3%	35.7%	32.5%
	7	41.3%	38.9%	36.0%
80 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	11.8%	7.5%	2.6%
	3	21.4%	17.8%	13.7%
	4	28.0%	24.9%	21.3%
	5	32.7%	30.0%	26.7%
	6	36.4%	33.9%	30.9%
	7	39.3%	37.0%	34.3%

Source: Adams Integra, September 2009

Graph 35a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing Across all Value Points 60% General Needs Rent/40% Intermediate Tenure Mix Code for Sustainable Homes Level 4 Planning Infrastructure Level £15,000

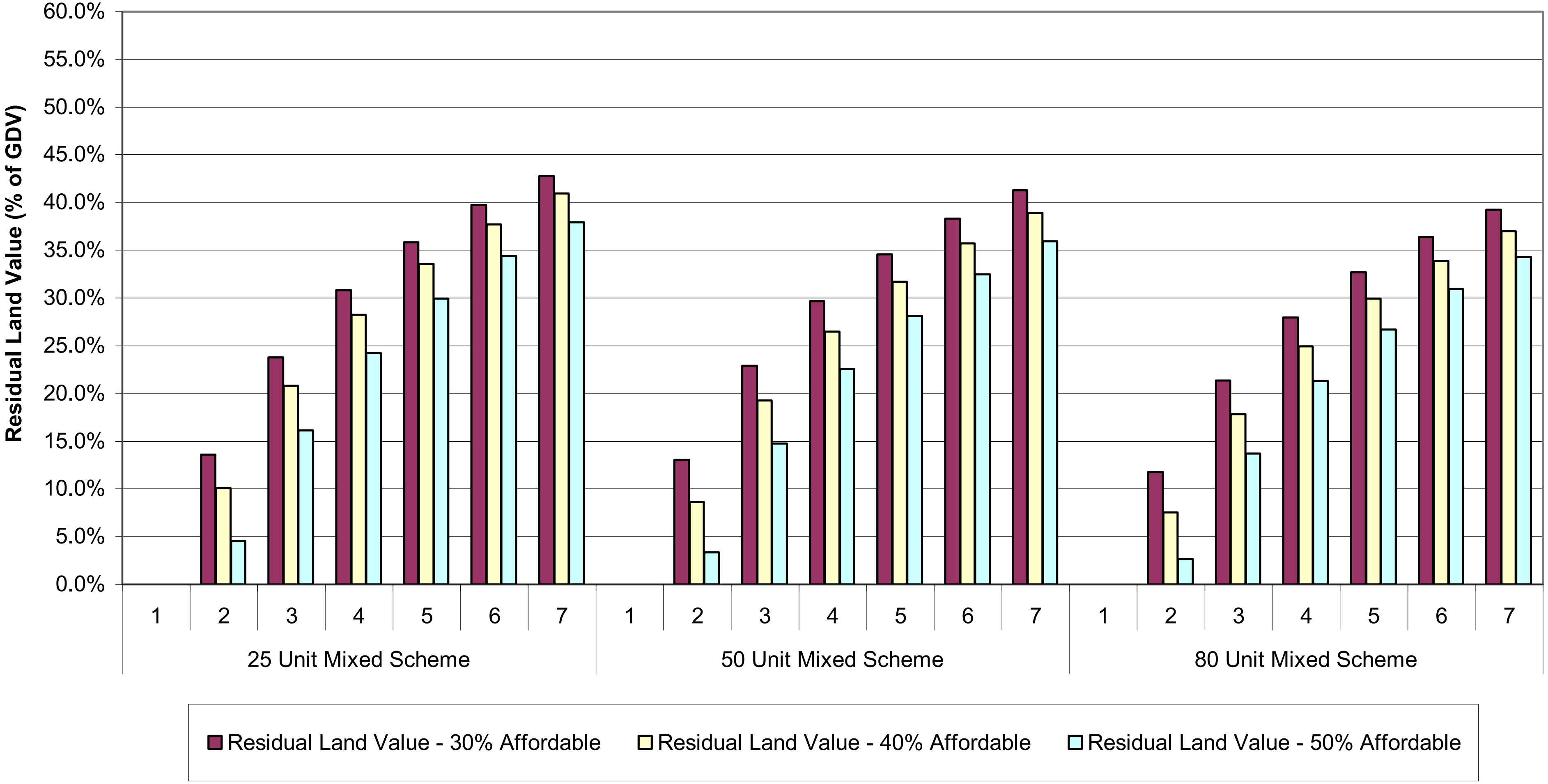

Table 35b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 60% General Needs Rent/40% Intermediate Tenure Mix - Code for Sustainable Homes Level 4 Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£0	£0	£0
	2	0.33	£2,001,614	£1,382,771	£570,577
	3	0.33	£4,282,230	£3,481,295	£2,434,849
	4	0.33	£6,538,897	£5,570,124	£4,290,067
	5	0.33	£8,738,086	£7,582,316	£6,054,279
	6	0.33	£10,927,696	£9,584,929	£7,804,121
	7	0.33	£13,110,121	£11,580,357	£9,546,779
50 Unit Mixed Scheme	1	0.67	£0	£0	£0
	2	0.67	£1,948,922	£1,187,527	£417,693
	3	0.67	£4,188,254	£3,216,035	£2,228,380
	4	0.67	£6,403,790	£5,209,414	£3,996,912
	5	0.67	£8,576,265	£7,141,601	£5,686,120
	6	0.67	£10,741,940	£9,066,988	£7,368,529
	7	0.67	£12,904,216	£10,988,976	£9,047,539
80 Unit Mixed Scheme	1	1.07	£0	£0	£0
	2	1.07	£1,759,099	£1,034,035	£330,425
	3	1.07	£3,906,869	£2,981,045	£2,077,950
	4	1.07	£6,033,542	£4,900,152	£3,793,493
	5	1.07	£8,112,579	£6,753,250	£5,430,097
	6	1.07	£10,187,533	£8,598,861	£7,058,533
	7	1.07	£12,260,445	£10,442,431	£8,682,887

Source: Adams Integra, September 2009

**Table 36: Summary of Residual Land Value (£) Appraisals for All Value Points -
60% General Needs Rent/40% Intermediate Tenure Mix
Code for Sustainable Homes Level 4
Planning Infrastructure Level £20,000**

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£0	£0	£0
	2	£553,732	£348,402	£78,942
	3	£1,306,336	£1,042,027	£696,700
	4	£2,051,036	£1,731,341	£1,308,922
	5	£2,776,768	£2,395,364	£1,891,112
	6	£3,499,340	£3,056,227	£2,468,560
	7	£4,219,540	£3,714,718	£3,043,637
50 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,100,577	£590,443	£74,760
	3	£2,600,930	£1,949,544	£1,287,815
	4	£4,085,339	£3,285,108	£2,472,731
	5	£5,540,897	£4,579,672	£3,604,500
	6	£6,991,900	£5,869,682	£4,731,715
	7	£8,440,625	£7,157,414	£5,856,651
80 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,567,356	£791,538	£36,489
	3	£3,865,470	£2,874,838	£1,908,526
	4	£6,141,010	£4,928,283	£3,744,158
	5	£8,365,580	£6,911,097	£5,495,323
	6	£10,585,780	£8,885,901	£7,237,751
	7	£12,803,796	£10,858,521	£8,975,809

Source: Adams Integra, September 2009

Graph 36: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
60% General Needs Rent/40% Intermediate Tenure Mix
Code for Sustainable Homes Level 4
Planning Infrastructure Level £20,000

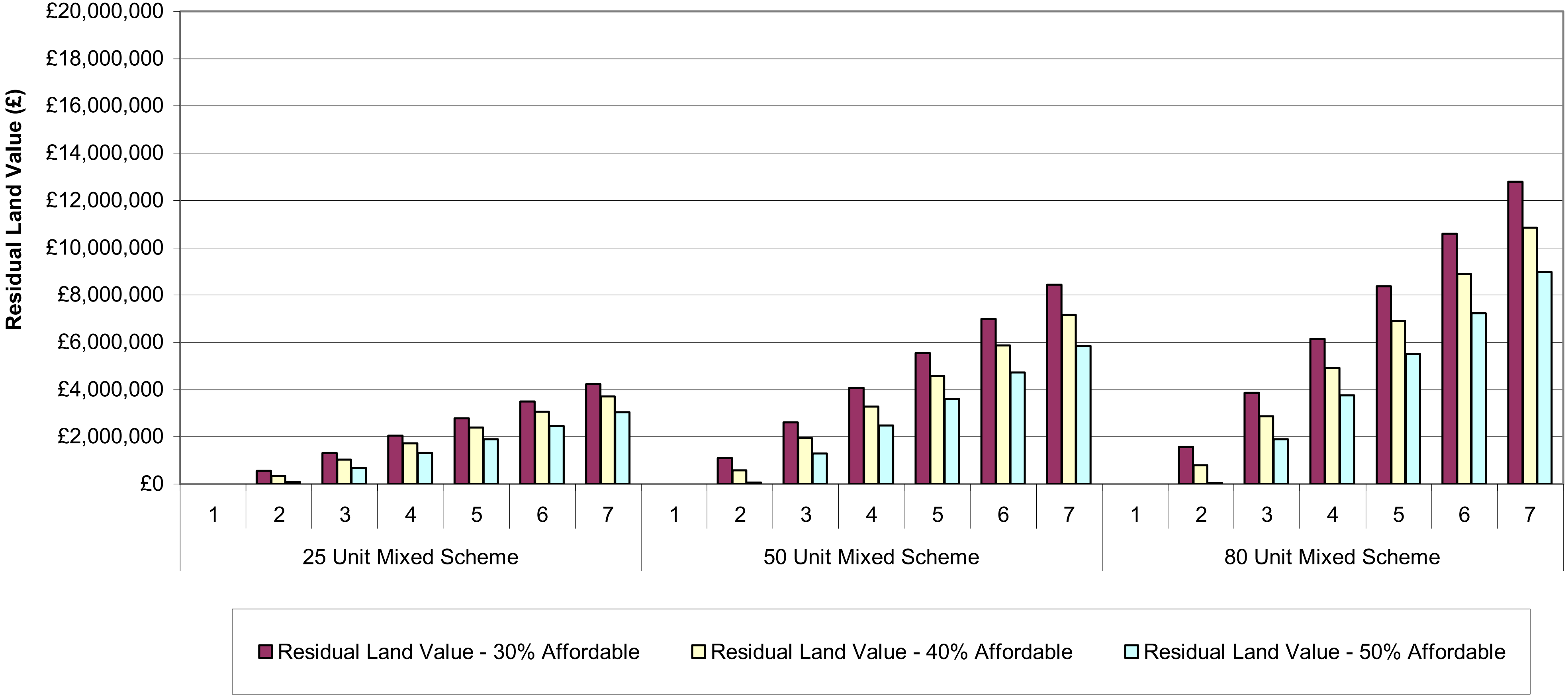

Table 36a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points 60% General Needs Rent/40% Intermediate Tenure Mix Code for Sustainable Homes Level 4 Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	11.4%	7.7%	1.9%
	3	22.0%	18.9%	14.0%
	4	29.3%	26.6%	22.4%
	5	34.5%	32.2%	28.3%
	6	38.6%	36.4%	33.0%
	7	41.7%	39.8%	36.6%
50 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	11.0%	6.4%	0.9%
	3	21.2%	17.4%	12.7%
	4	28.3%	24.9%	20.8%
	5	33.3%	30.4%	26.6%
	6	37.2%	34.5%	31.1%
	7	40.3%	37.8%	34.7%
80 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	9.8%	5.4%	0.3%
	3	19.8%	16.1%	11.7%
	4	26.6%	23.4%	19.6%
	5	31.5%	28.7%	25.3%
	6	35.3%	32.7%	29.6%
	7	38.3%	35.9%	33.1%

Source: Adams Integra, September 2009

Graph 36a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing
Across all Value Points 60% General Needs Rent/40% Intermediate Tenure Mix
Code for Sustainable Homes Level 4
Planning Infrastructure Level £20,000

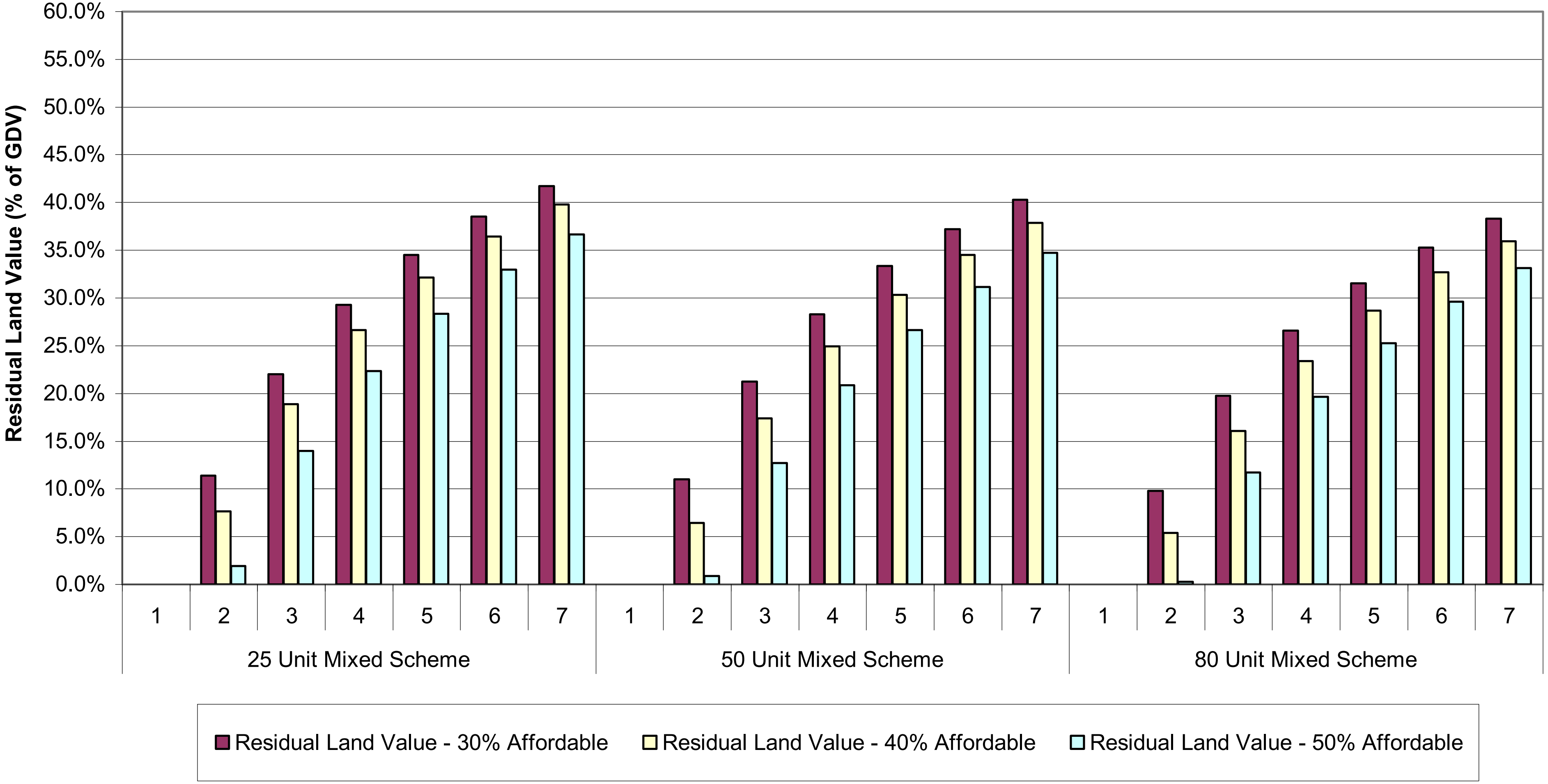

Table 36b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 60% General Needs Rent/40% Intermediate Tenure Mix - Code for Sustainable Homes Level 4 Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£0	£0	£0
	2	0.33	£1,677,977	£1,055,764	£239,219
	3	0.33	£3,958,593	£3,157,658	£2,111,212
	4	0.33	£6,215,261	£5,246,488	£3,966,431
	5	0.33	£8,414,450	£7,258,680	£5,730,642
	6	0.33	£10,604,060	£9,261,292	£7,480,485
	7	0.33	£12,786,485	£11,256,720	£9,223,142
50 Unit Mixed Scheme	1	0.67	£0	£0	£0
	2	0.67	£1,642,653	£881,259	£111,582
	3	0.67	£3,881,986	£2,909,767	£1,922,111
	4	0.67	£6,097,522	£4,903,146	£3,690,643
	5	0.67	£8,269,996	£6,835,332	£5,379,851
	6	0.67	£10,435,671	£8,760,719	£7,062,261
	7	0.67	£12,597,947	£10,682,707	£8,741,270
80 Unit Mixed Scheme	1	1.07	£0	£0	£0
	2	1.07	£1,464,819	£739,755	£34,102
	3	1.07	£3,612,589	£2,686,764	£1,783,669
	4	1.07	£5,739,262	£4,605,872	£3,499,213
	5	1.07	£7,818,299	£6,458,969	£5,135,816
	6	1.07	£9,893,252	£8,304,581	£6,764,253
	7	1.07	£11,966,164	£10,148,150	£8,388,607

Source: Adams Integra, September 2009

Appendix IIn

Table 37: Summary of Residual Land Value (£) Appraisals for All Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix Code for Sustainable Homes Level 4 Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£23,048	£0	£0
	2	£788,260	£579,338	£305,974
	3	£1,554,394	£1,290,085	£934,800
	4	£2,312,624	£1,992,929	£1,558,877
	5	£3,051,887	£2,670,483	£2,151,341
	6	£3,791,150	£3,348,037	£2,740,644
	7	£4,530,413	£4,025,590	£3,327,575
50 Unit Mixed Scheme	1	£13,440	£0	£0
	2	£1,523,885	£1,033,855	£515,181
	3	£3,034,867	£2,416,583	£1,754,854
	4	£4,530,665	£3,776,534	£2,964,157
	5	£5,996,093	£5,093,967	£4,118,795
	6	£7,458,484	£6,411,400	£5,273,433
	7	£8,918,597	£7,728,833	£6,428,071
80 Unit Mixed Scheme	1	£0	£0	£0
	2	£2,228,777	£1,478,444	£728,111
	3	£4,549,551	£3,598,239	£2,646,927
	4	£6,848,480	£5,688,908	£4,529,336
	5	£9,094,981	£7,709,674	£6,324,366
	6	£11,341,483	£9,730,439	£8,119,396
	7	£13,587,984	£11,751,205	£9,914,426

Source: Adams Integra, September 2009

**Graph 37: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
Code for Sustainable Homes Level 4
Planning Infrastructure Level £10,000**

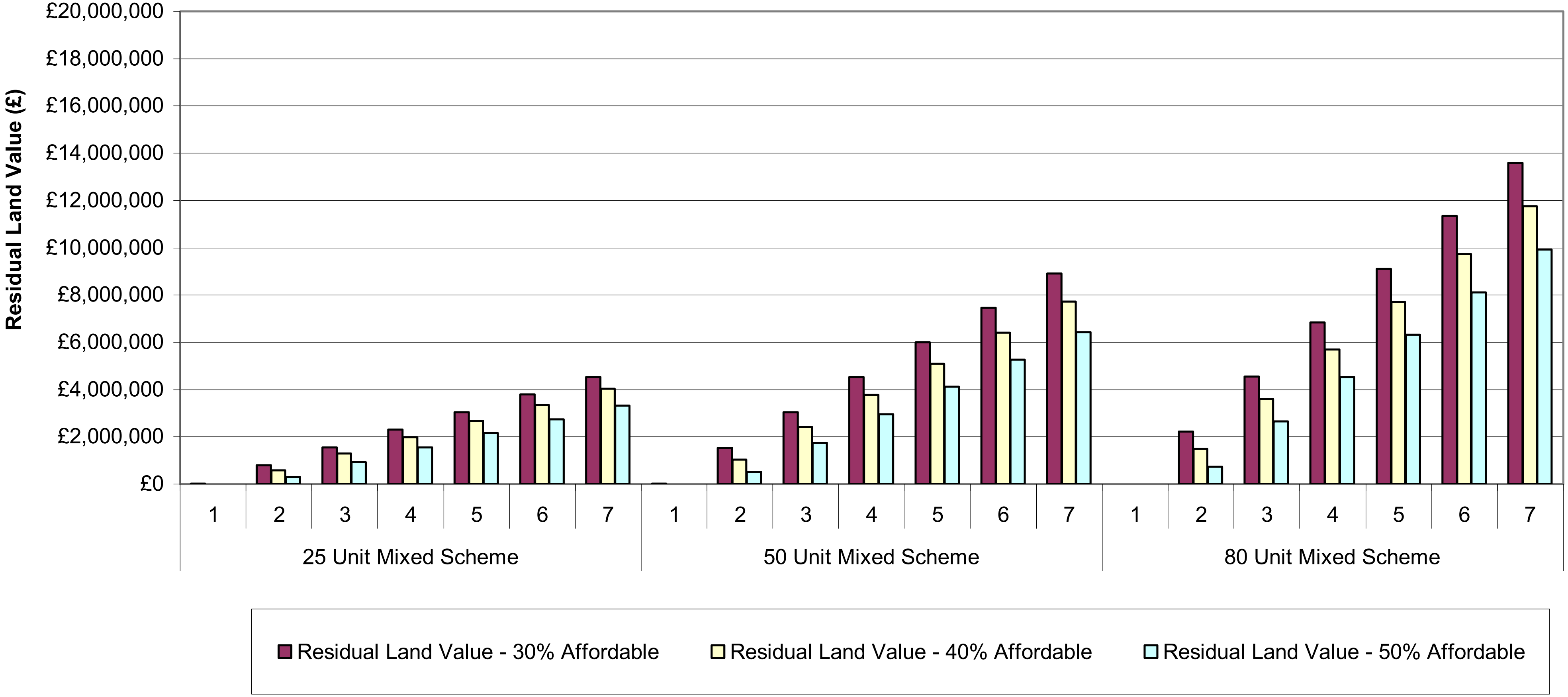

Table 37a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points 50% General Needs Rent/50% Intermediate Tenure Mix Code for Sustainable Homes Level 4 Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.6%	0.0%	0.0%
	2	16.1%	12.7%	7.4%
	3	26.0%	23.2%	18.6%
	4	32.7%	30.4%	26.4%
	5	37.6%	35.5%	32.0%
	6	41.3%	39.4%	36.2%
	7	44.3%	42.6%	39.6%
50 Unit Mixed Scheme	1	0.2%	0.0%	0.0%
	2	15.2%	11.2%	6.1%
	3	24.7%	21.4%	17.2%
	4	31.3%	28.4%	24.8%
	5	36.0%	33.5%	30.1%
	6	39.6%	37.3%	34.3%
	7	42.4%	40.4%	37.7%
80 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	13.9%	10.0%	5.4%
	3	23.2%	20.0%	16.1%
	4	29.5%	26.8%	23.5%
	5	34.1%	31.7%	28.7%
	6	37.6%	35.4%	32.8%
	7	40.4%	38.4%	36.0%

Source: Adams Integra, September 2009

Graph 37a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing Across all Value Points 50% General Needs Rent/50% Intermediate Tenure Mix Code for Sustainable Homes Level 4 Planning Infrastructure Level £10,000

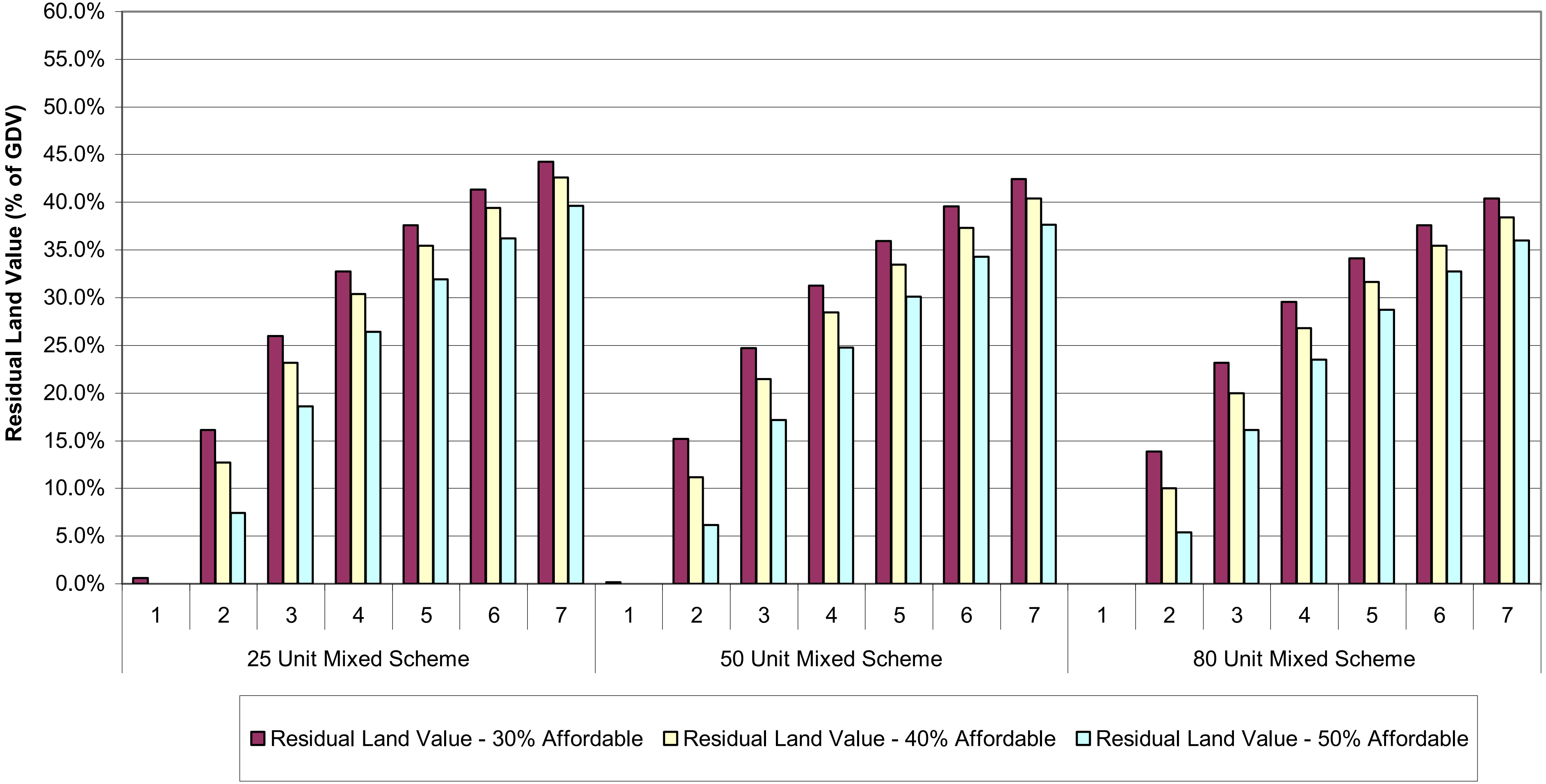

Table 37b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix - Code for Sustainable Homes Level 4 Planning Infrastructure Level £10,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£69,844	£0	£0
	2	0.33	£2,388,667	£1,755,570	£927,195
	3	0.33	£4,710,284	£3,909,349	£2,832,727
	4	0.33	£7,007,952	£6,039,179	£4,723,869
	5	0.33	£9,248,142	£8,092,372	£6,519,215
	6	0.33	£11,488,333	£10,145,565	£8,304,981
	7	0.33	£13,728,523	£12,198,758	£10,083,562
50 Unit Mixed Scheme	1	0.67	£20,059	£0	£0
	2	0.67	£2,274,455	£1,543,067	£768,927
	3	0.67	£4,529,652	£3,606,840	£2,619,185
	4	0.67	£6,762,186	£5,636,617	£4,424,115
	5	0.67	£8,949,392	£7,602,936	£6,147,455
	6	0.67	£11,132,065	£9,569,254	£7,870,795
	7	0.67	£13,311,339	£11,535,572	£9,594,135
80 Unit Mixed Scheme	1	1.07	£0	£0	£0
	2	1.07	£2,082,969	£1,381,723	£680,477
	3	1.07	£4,251,916	£3,362,840	£2,473,764
	4	1.07	£6,400,448	£5,316,736	£4,233,025
	5	1.07	£8,499,982	£7,205,302	£5,910,623
	6	1.07	£10,599,516	£9,093,868	£7,588,220
	7	1.07	£12,699,051	£10,982,434	£9,265,818

Source: Adams Integra, September 2009

Table 38: Summary of Residual Land Value (£) Appraisals for All Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix Code for Sustainable Homes Level 4 Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£0	£0	£0
	2	£681,460	£477,460	£202,146
	3	£1,447,594	£1,183,285	£828,000
	4	£2,205,824	£1,886,129	£1,452,077
	5	£2,945,087	£2,563,683	£2,044,541
	6	£3,684,350	£3,241,237	£2,633,844
	7	£4,423,613	£3,918,790	£3,220,775
50 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,318,685	£828,655	£313,210
	3	£2,829,667	£2,211,383	£1,549,654
	4	£4,325,465	£3,571,334	£2,758,957
	5	£5,790,893	£4,888,767	£3,913,595
	6	£7,253,284	£6,206,200	£5,068,233
	7	£8,713,397	£7,523,633	£6,222,871
80 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,913,897	£1,163,564	£417,535
	3	£4,234,671	£3,283,359	£2,332,047
	4	£6,533,600	£5,374,028	£4,214,456
	5	£8,780,101	£7,394,794	£6,009,486
	6	£11,026,603	£9,415,559	£7,804,516
	7	£13,273,104	£11,436,325	£9,599,546

Source: Adams Integra, September 2009

Graph 38: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
Code for Sustainable Homes Level 4
Planning Infrastructure Level £15,000

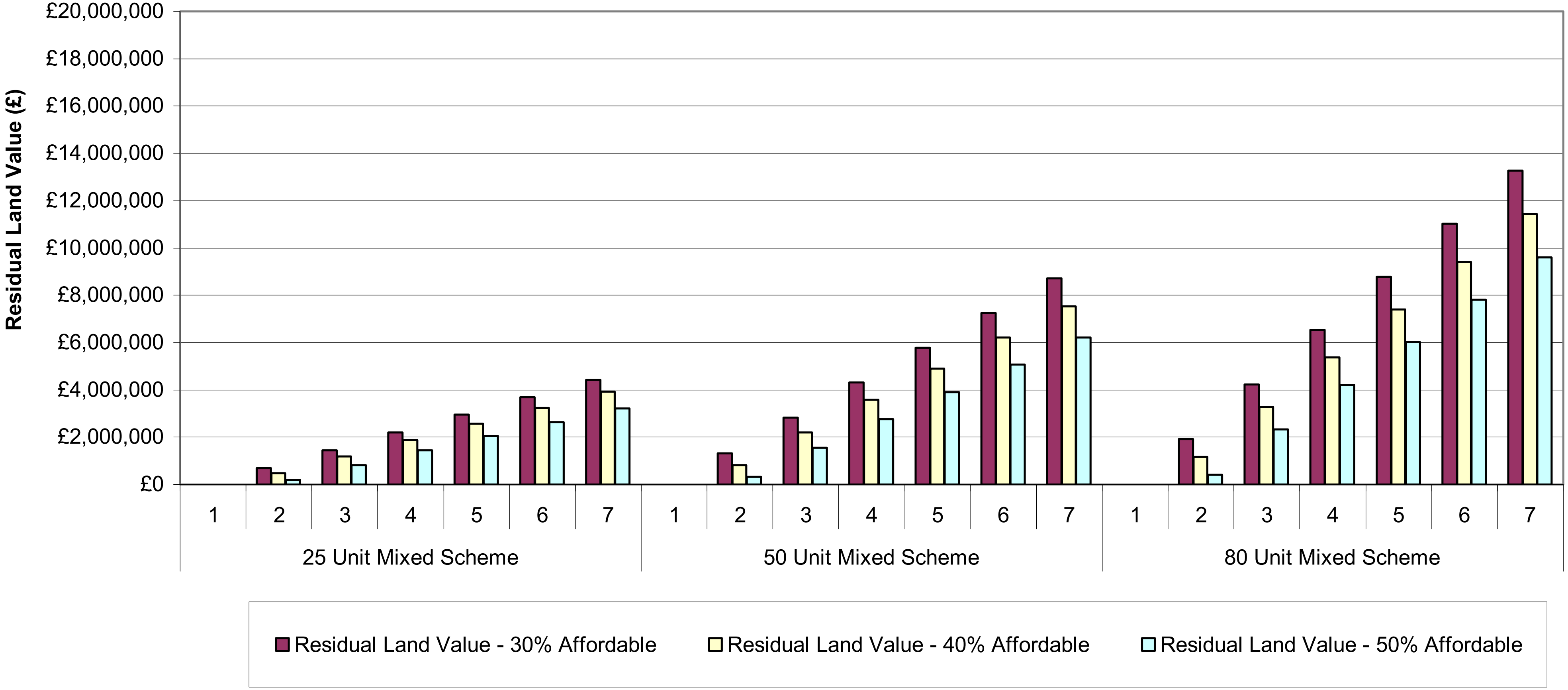

Table 38a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points 50% General Needs Rent/50% Intermediate Tenure Mix Code for Sustainable Homes Level 4 Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	13.9%	10.5%	4.9%
	3	24.2%	21.2%	16.5%
	4	31.2%	28.7%	24.6%
	5	36.3%	34.1%	30.4%
	6	40.2%	38.2%	34.8%
	7	43.2%	41.5%	38.4%
50 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	13.1%	9.0%	3.7%
	3	23.0%	19.6%	15.2%
	4	29.8%	26.9%	23.0%
	5	34.7%	32.1%	28.6%
	6	38.5%	36.1%	33.0%
	7	41.4%	39.3%	36.5%
80 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	11.9%	7.9%	3.1%
	3	21.6%	18.2%	14.2%
	4	28.2%	25.3%	21.9%
	5	32.9%	30.4%	27.3%
	6	36.6%	34.3%	31.5%
	7	39.5%	37.4%	34.9%

Source: Adams Integra, September 2009

Graph 38a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing Across all Value Points 50% General Needs Rent/50% Intermediate Tenure Mix Code for Sustainable Homes Level 4 Planning Infrastructure Level £15,000

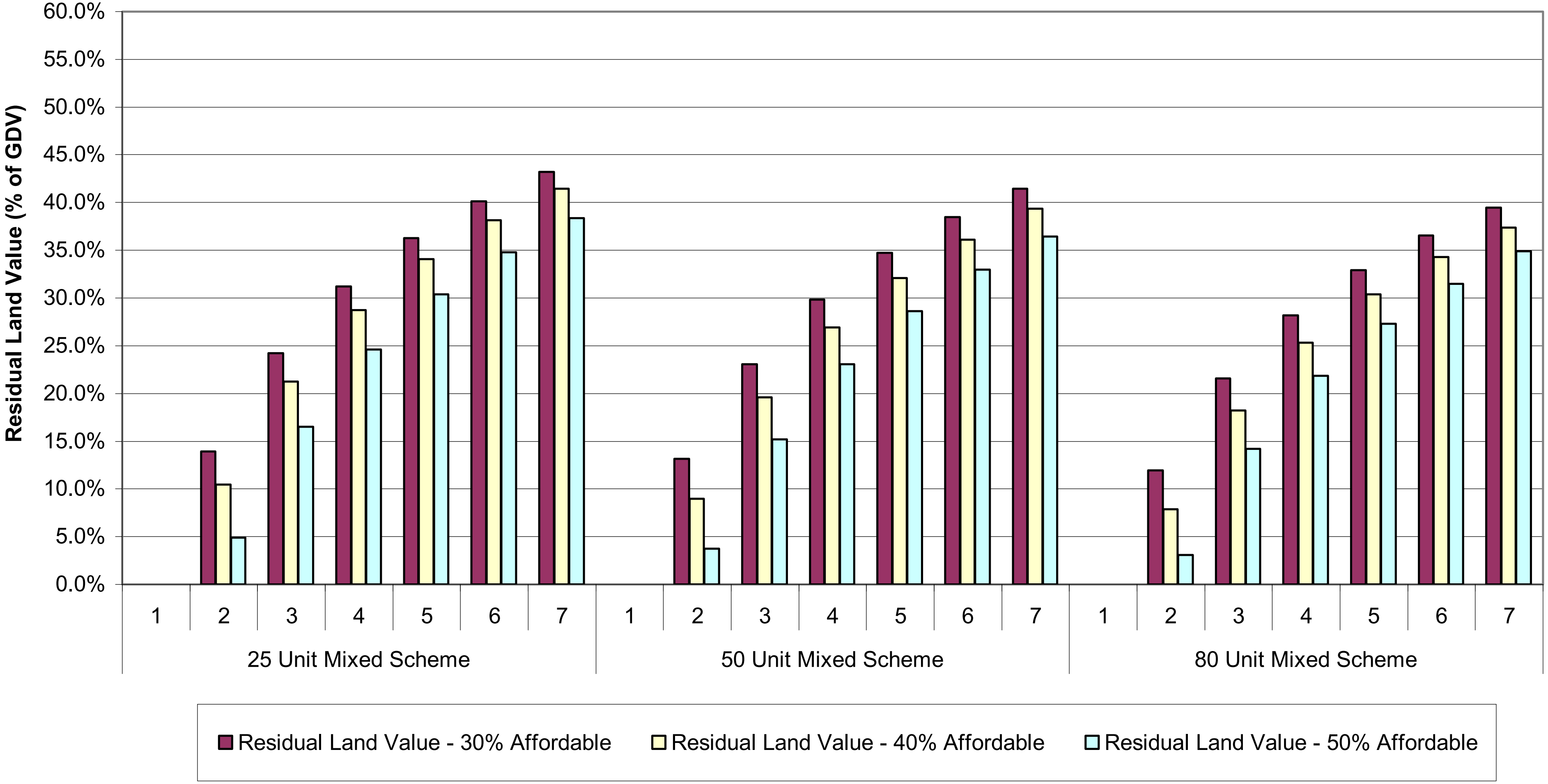

Table 38b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix - Code for Sustainable Homes Level 4 Planning Infrastructure Level £15,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£0	£0	£0
	2	0.33	£2,065,031	£1,446,849	£612,562
	3	0.33	£4,386,648	£3,585,713	£2,509,091
	4	0.33	£6,684,316	£5,715,543	£4,400,233
	5	0.33	£8,924,506	£7,768,736	£6,195,578
	6	0.33	£11,164,696	£9,821,929	£7,981,344
	7	0.33	£13,404,886	£11,875,122	£9,759,925
50 Unit Mixed Scheme	1	0.67	£0	£0	£0
	2	0.67	£1,968,186	£1,236,799	£467,478
	3	0.67	£4,223,383	£3,300,572	£2,312,916
	4	0.67	£6,455,917	£5,330,349	£4,117,846
	5	0.67	£8,643,123	£7,296,667	£5,841,186
	6	0.67	£10,825,796	£9,262,985	£7,564,526
	7	0.67	£13,005,070	£11,229,304	£9,287,866
80 Unit Mixed Scheme	1	1.07	£0	£0	£0
	2	1.07	£1,788,689	£1,087,443	£390,220
	3	1.07	£3,957,636	£3,068,560	£2,179,484
	4	1.07	£6,106,168	£5,022,456	£3,938,744
	5	1.07	£8,205,702	£6,911,022	£5,616,342
	6	1.07	£10,305,236	£8,799,588	£7,293,940
	7	1.07	£12,404,770	£10,688,154	£8,971,538

Source: Adams Integra, September 2009

**Table 39: Summary of Residual Land Value (£) Appraisals for All Value Points -
50% General Needs Rent/50% Intermediate Tenure Mix
Code for Sustainable Homes Level 4
Planning Infrastructure Level £20,000**

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	£0	£0	£0
	2	£574,660	£369,548	£92,937
	3	£1,340,794	£1,076,485	£721,200
	4	£2,099,024	£1,779,329	£1,345,277
	5	£2,838,287	£2,456,883	£1,937,741
	6	£3,577,550	£3,134,437	£2,527,044
	7	£4,316,813	£3,811,990	£3,113,975
50 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,113,485	£623,455	£109,147
	3	£2,624,467	£2,006,183	£1,344,454
	4	£4,120,265	£3,366,134	£2,553,757
	5	£5,585,693	£4,683,567	£3,708,395
	6	£7,048,084	£6,001,000	£4,863,033
	7	£8,508,197	£7,318,433	£6,017,671
80 Unit Mixed Scheme	1	£0	£0	£0
	2	£1,599,017	£848,684	£102,449
	3	£3,919,791	£2,968,479	£2,017,167
	4	£6,218,720	£5,059,148	£3,899,576
	5	£8,465,221	£7,079,914	£5,694,606
	6	£10,711,723	£9,100,679	£7,489,636
	7	£12,958,224	£11,121,445	£9,284,666

Source: Adams Integra, September 2009

Graph 39: Summary of Residual Land Values at 0%, 30%, 40% & 50% Affordable Housing Across All Value Points
50% General Needs Rent/50% Intermediate Tenure Mix
Code for Sustainable Homes Level 4
Planning Infrastructure Level £20,000

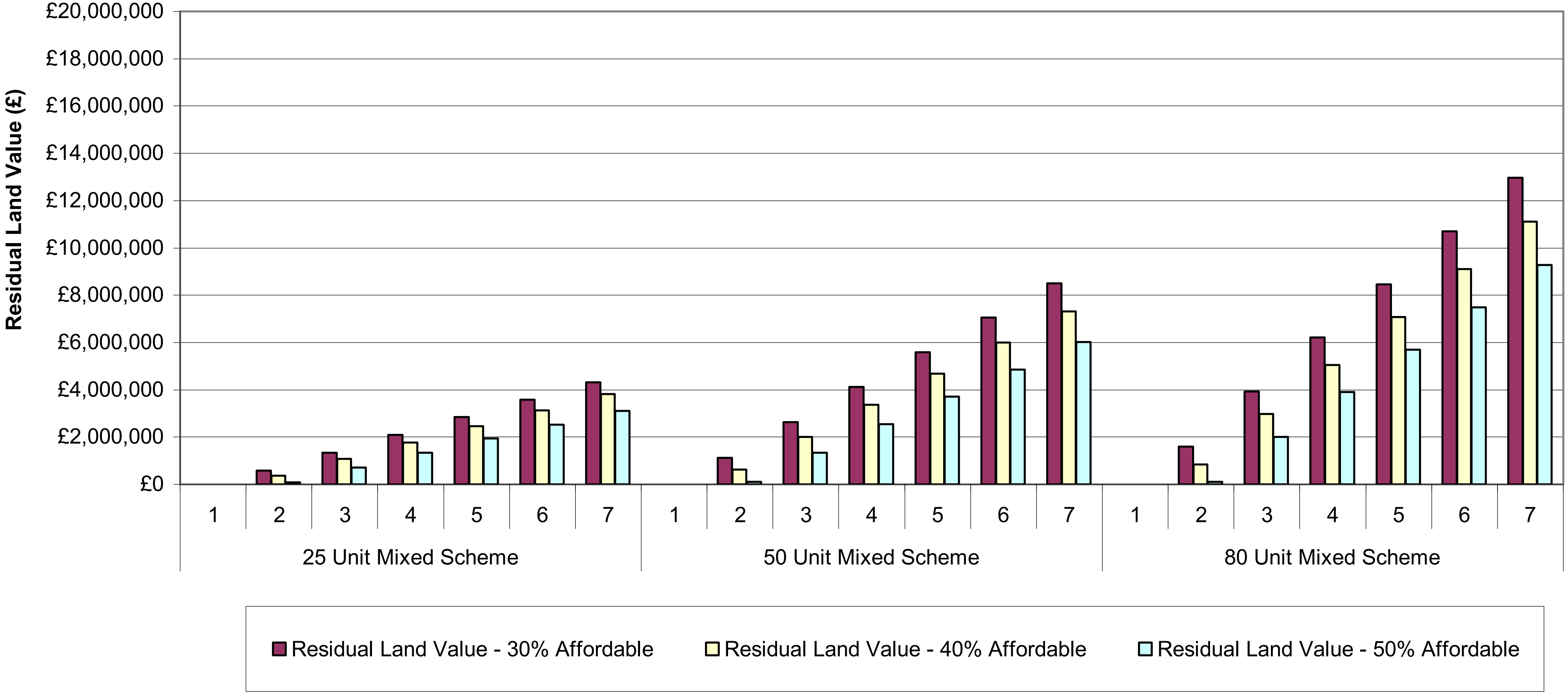

Table 39a: Summary of Residual Land Value (as % of GDV) Appraisals for All Value Points 50% General Needs Rent/50% Intermediate Tenure Mix Code for Sustainable Homes Level 4 Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	11.7%	8.1%	2.2%
	3	22.4%	19.3%	14.4%
	4	29.7%	27.1%	22.8%
	5	35.0%	32.6%	28.8%
	6	39.0%	36.9%	33.4%
	7	42.2%	40.3%	37.1%
50 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	11.1%	6.8%	1.3%
	3	21.4%	17.8%	13.2%
	4	28.4%	25.4%	21.3%
	5	33.5%	30.8%	27.1%
	6	37.4%	34.9%	31.6%
	7	40.5%	38.3%	35.3%
80 Unit Mixed Scheme	1	0.0%	0.0%	0.0%
	2	10.0%	5.7%	0.8%
	3	20.0%	16.5%	12.3%
	4	26.8%	23.8%	20.2%
	5	31.7%	29.1%	25.9%
	6	35.5%	33.1%	30.2%
	7	38.5%	36.4%	33.7%

Source: Adams Integra, September 2009

Graph 39a: Summary of Residual Land Values (as % of GDV) at 0%, 30%, 40 & 50% Affordable Housing
Across all Value Points 50% General Needs Rent/50% Intermediate Tenure Mix
Code for Sustainable Homes Level 4
Planning Infrastructure Level £20,000

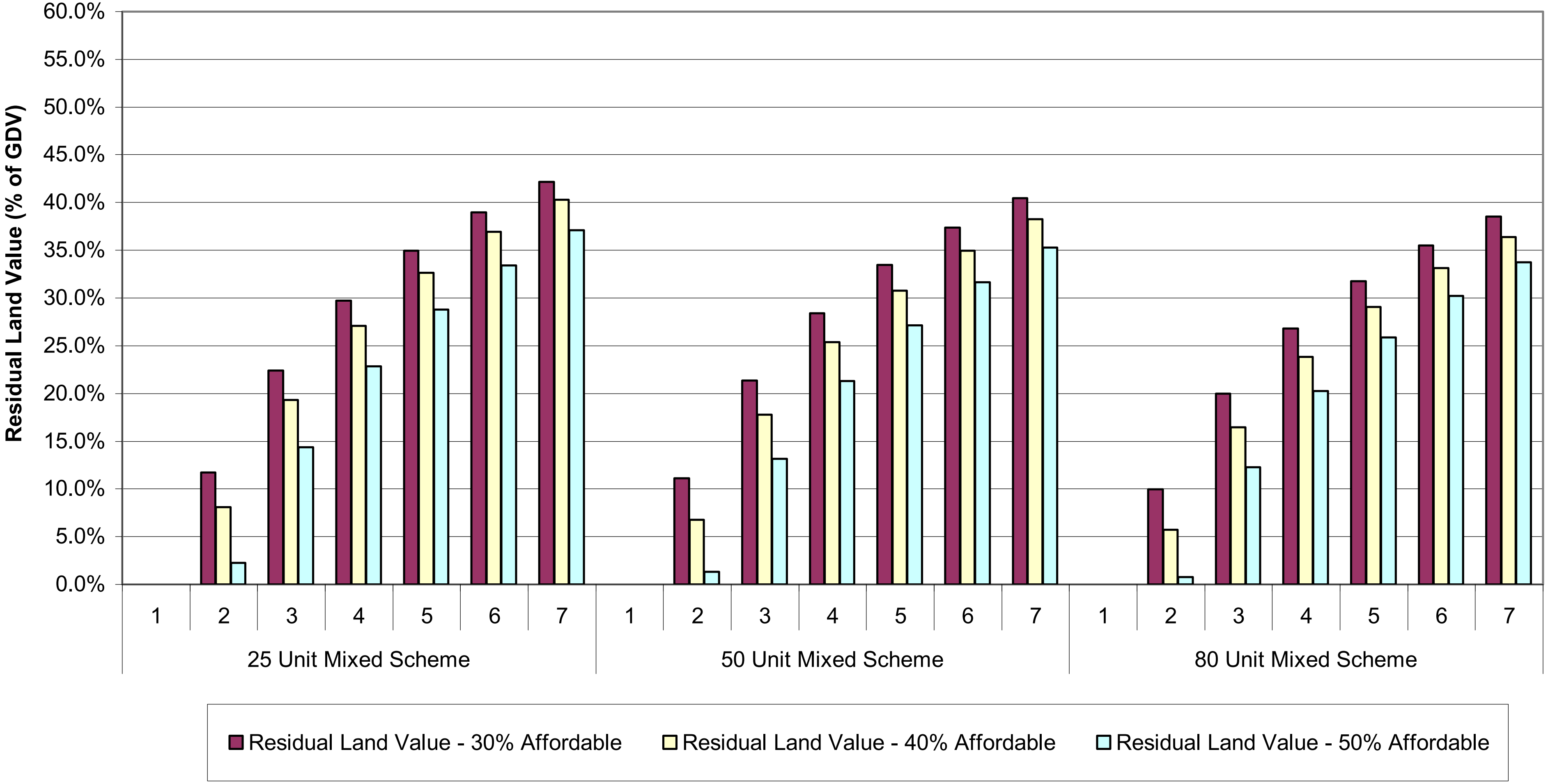

Table 39b: Summary of Residual Land Value (£ per Ha) Appraisals for All Value Points - 50% General Needs Rent/50% Intermediate Tenure Mix - Code for Sustainable Homes Level 4 Planning Infrastructure Level £20,000

Development Scenario / Threshold	Value Point	Site Size	Residual Land Value - 30% Affordable	Residual Land Value - 40% Affordable	Residual Land Value - 50% Affordable
25 Unit Mixed Scheme	1	0.33	£0	£0	£0
	2	0.33	£1,741,394	£1,119,842	£281,629
	3	0.33	£4,063,011	£3,262,076	£2,185,455
	4	0.33	£6,360,680	£5,391,906	£4,076,596
	5	0.33	£8,600,870	£7,445,100	£5,871,942
	6	0.33	£10,841,060	£9,498,293	£7,657,708
	7	0.33	£13,081,250	£11,551,486	£9,436,289
50 Unit Mixed Scheme	1	0.67	£0	£0	£0
	2	0.67	£1,661,917	£930,530	£162,906
	3	0.67	£3,917,115	£2,994,303	£2,006,648
	4	0.67	£6,149,649	£5,024,080	£3,811,578
	5	0.67	£8,336,855	£6,990,398	£5,534,918
	6	0.67	£10,519,528	£8,956,717	£7,258,258
	7	0.67	£12,698,801	£10,923,035	£8,981,598
80 Unit Mixed Scheme	1	1.07	£0	£0	£0
	2	1.07	£1,494,408	£793,162	£95,746
	3	1.07	£3,663,356	£2,774,279	£1,885,203
	4	1.07	£5,811,887	£4,728,176	£3,644,464
	5	1.07	£7,911,422	£6,616,742	£5,322,062
	6	1.07	£10,010,956	£8,505,308	£6,999,660
	7	1.07	£12,110,490	£10,393,874	£8,677,258

Source: Adams Integra, September 2009

Appendix IIo

Appendix IIo: London Borough of Merton Financial Contributions in lieu of on-site provision - Value Points 1 to 7: 0%, 10%, 20% and 30% Equivalent Affordable Housing Provision

Value Point 1

Scheme Size	Mix	0% Affordable Equivalent			10% Affordable Equivalent				20% Affordable Equivalent				30% Affordable Equivalent			
		RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)
1 Unit	1 x 3-bed Unit	£34,421	£1,721,041	16.2%	£9,433	£25,237	£1,261,866	11.9%	£18,866	£16,054	£802,692	7.6%	£28,299	£6,870	£343,517	3.2%
2 Units	2 x 3-bed Units	£68,842	£1,721,041	16.2%	£18,866	£50,475	£1,261,866	11.9%	£37,732	£32,108	£802,692	7.6%	£56,597	£13,741	£343,517	3.2%
3 Units	3 x 3-bed Units	£103,262	£1,721,041	16.2%	£28,299	£75,712	£1,261,866	11.9%	£56,597	£48,162	£802,692	7.6%	£84,896	£20,611	£343,517	3.2%
4 Units	4 x 3-bed Units	£137,683	£1,721,041	16.2%	£37,732	£100,949	£1,261,866	11.9%	£75,463	£64,215	£802,692	7.6%	£113,195	£27,481	£343,517	3.2%
5 Units	4 x 3-bed Units; 1 x 4-bed Unit	£173,138	£1,731,383	15.7%	£48,829	£125,336	£1,253,364	11.4%	£97,658	£77,534	£775,345	7.0%	£146,487	£29,733	£297,326	2.7%
9 Units	6 x 3-bed Units; 3 x 2-bed Units	£267,039	£1,483,551	14.5%	£81,567	£193,493	£1,074,960	10.5%	£163,133	£115,596	£642,202	6.3%	£244,700	£35,745	£198,585	1.9%

Value Point 2

Scheme Size	Mix	0% Affordable Equivalent			10% Affordable Equivalent				20% Affordable Equivalent				30% Affordable Equivalent			
		RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)
1 Unit	1 x 3-bed Unit	£82,186	£4,109,276	29.8%	£12,263	£70,247	£3,512,348	25.4%	£24,525	£58,308	£2,915,421	21.1%	£36,788	£46,370	£2,318,494	16.8%
2 Units	2 x 3-bed Units	£164,371	£4,109,276	29.8%	£24,525	£140,494	£3,512,348	25.4%	£49,051	£116,617	£2,915,421	21.1%	£73,576	£92,740	£2,318,494	16.8%
3 Units	3 x 3-bed Units	£244,091	£4,068,183	29.5%	£36,788	£208,633	£3,477,225	25.2%	£73,576	£174,925	£2,915,421	21.1%	£110,365	£139,110	£2,318,494	16.8%
4 Units	4 x 3-bed Units	£318,880	£3,985,997	28.9%	£49,051	£272,558	£3,406,978	24.7%	£98,102	£230,901	£2,886,267	20.9%	£147,153	£183,625	£2,295,309	16.6%
5 Units	4 x 3-bed Units; 1 x 4-bed Unit	£403,242	£4,032,417	28.2%	£63,478	£342,963	£3,429,635	24.0%	£126,955	£282,685	£2,826,853	19.8%	£190,433	£226,993	£2,269,928	15.9%
9 Units	6 x 3-bed Units; 3 x 2-bed Units	£653,288	£3,629,377	27.3%	£106,037	£553,634	£3,075,744	23.2%	£212,073	£458,709	£2,548,383	19.2%	£318,110	£358,017	£1,988,983	15.0%

Value Point 3

Scheme Size	Mix	0% Affordable Equivalent			10% Affordable Equivalent				20% Affordable Equivalent				30% Affordable Equivalent			
		RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)
1 Unit	1 x 3-bed Unit	£129,950	£6,497,510	38.2%	£15,093	£115,257	£5,762,830	33.9%	£30,185	£100,563	£5,028,151	29.6%	£45,278	£85,869	£4,293,471	25.3%
2 Units	2 x 3-bed Units	£252,103	£6,302,585	37.1%	£30,185	£228,208	£5,705,202	33.6%	£60,370	£199,115	£4,977,869	29.3%	£90,556	£171,739	£4,293,471	25.3%
3 Units	3 x 3-bed Units	£378,155	£6,302,585	37.1%	£45,278	£335,397	£5,589,946	32.9%	£90,556	£292,638	£4,877,306	28.7%	£135,833	£249,880	£4,164,667	24.5%
4 Units	4 x 3-bed Units	£499,009	£6,237,609	36.7%	£60,370	£447,196	£5,589,946	32.9%	£120,741	£390,185	£4,877,306	28.7%	£181,111	£333,173	£4,164,667	24.5%
5 Units	4 x 3-bed Units; 1 x 4-bed Unit	£631,956	£6,319,563	35.9%	£78,126	£558,533	£5,585,326	31.7%	£156,253	£485,109	£4,851,088	27.6%	£234,379	£415,973	£4,159,735	23.6%
9 Units	6 x 3-bed Units; 3 x 2-bed Units	£1,042,290	£5,790,498	35.5%	£130,507	£919,639	£5,109,103	31.3%	£261,013	£796,988	£4,427,709	27.1%	£391,520	£674,337	£3,746,314	22.9%

Value Point 4

Scheme Size	Mix	0% Affordable Equivalent			10% Affordable Equivalent				20% Affordable Equivalent				30% Affordable Equivalent			
		RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)
1 Unit	1 x 3-bed Unit	£175,938	£8,796,887	43.6%	£17,922	£160,266	£8,013,312	39.7%	£35,845	£142,818	£7,140,881	35.4%	£53,767	£125,369	£6,268,449	31.1%
2 Units	2 x 3-bed Units	£344,767	£8,619,172	42.7%	£35,845	£310,917	£7,772,913	38.5%	£71,690	£277,066	£6,926,654	34.3%	£107,535	£243,216	£6,080,395	30.1%
3 Units	3 x 3-bed Units	£511,819	£8,530,314	42.3%	£53,767	£466,375	£7,772,913	38.5%	£107,535	£415,599	£6,926,654	34.3%	£161,302	£364,824	£6,080,395	30.1%
4 Units	4 x 3-bed Units	£682,425	£8,530,314	42.3%	£71,690	£615,422	£7,692,780	38.1%	£143,380	£548,420	£6,855,245	34.0%	£215,070	£481,417	£6,017,711	29.8%
5 Units	4 x 3-bed Units; 1 x 4-bed Unit	£864,828	£8,648,281	41.4%	£92,775	£777,637	£7,776,374	37.2%	£185,550	£690,447	£6,904,467	33.0%	£278,325	£603,256	£6,032,560	28.9%
9 Units	6 x 3-bed Units; 3 x 2-bed Units	£1,431,291	£7,951,618	41.0%	£154,977	£1,285,643	£7,142,462	36.8%	£309,953	£1,139,995	£6,333,306	32.7%	£464,930	£994,347	£5,524,150	28.5%

Value Point 5

Scheme Size	Mix	0% Affordable Equivalent			10% Affordable Equivalent				20% Affordable Equivalent				30% Affordable Equivalent			
		RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)
1 Unit	1 x 3-bed Unit	£223,225	£11,161,239	47.7%	£20,752	£203,223	£10,161,156	43.5%	£41,505	£183,221	£9,161,074	39.2%	£62,257	£164,869	£8,243,426	35.3%
2 Units	2 x 3-bed Units	£437,430	£10,935,759	46.8%	£41,505	£398,235	£9,955,881	42.6%	£83,009	£359,040	£8,976,002	38.4%	£124,514	£319,845	£7,996,123	34.2%
3 Units	3 x 3-bed Units	£649,381	£10,823,019	46.3%	£62,257	£591,195	£9,853,243	42.2%	£124,514	£533,008	£8,883,466	38.0%	£186,771	£479,767	£7,996,123	34.2%
4 Units	4 x 3-bed Units	£865,842	£10,823,019	46.3%	£83,009	£788,259	£9,853,243	42.2%	£166,019	£710,677	£8,883,466	38.0%	£249,028	£633,095	£7,913,689	33.9%
5 Units	4 x 3-bed Units; 1 x 4-bed Unit	£1,097,700	£10,976,998	45.4%	£107,424	£996,742	£9,967,422	41.2%	£214,848	£895,785	£8,957,846	37.0%	£322,271	£794,827	£7,948,269	32.8%
9 Units	6 x 3-bed Units; 3 x 2-bed Units	£1,820,293	£10,112,739	45.0%	£179,447	£1,651,648	£9,175,821	40.9%	£358,893	£1,483,003	£8,238,904	36.7%	£538,340	£1,314,358	£7,301,986	32.5%

Value Point 6

Scheme Size	Mix	0% Affordable Equivalent			10% Affordable Equivalent				20% Affordable Equivalent				30% Affordable Equivalent			
		RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)
1 Unit	1 x 3-bed Unit	£265,047	£13,252,347	49.9%	£23,582	£242,777	£12,138,848	45.7%	£47,164	£225,054	£11,252,676	42.4%	£70,747	£202,324	£10,116,219	38.1%
2 Units	2 x 3-bed Units	£524,629	£13,115,724	49.4%	£47,164	£480,548	£12,013,705	45.2%	£94,329	£441,014	£11,025,349	41.5%	£141,493	£396,474	£9,911,851	37.3%
3 Units	3 x 3-bed Units	£786,943	£13,115,724	49.4%	£70,747	£720,822	£12,013,705	45.2%	£141,493	£654,701	£10,911,686	41.1%	£212,240	£588,580	£9,809,667	36.9%
4 Units	4 x 3-bed Units	£1,049,258	£13,115,724	49.4%	£94,329	£961,096	£12,013,705	45.2%	£188,658	£872,935	£10,911,686	41.1%	£282,986	£784,773	£9,809,667	36.9%
5 Units	4 x 3-bed Units; 1 x 4-bed Unit	£1,330,572	£13,305,716	48.4%	£122,073	£1,215,847	£12,158,470	44.2%	£244,145	£1,101,122	£11,011,224	40.0%	£366,218	£986,398	£9,863,978	35.9%
9 Units	6 x 3-bed Units; 3 x 2-bed Units	£2,209,295	£12,273,859	48.1%	£203,917	£2,017,652	£11,209,180	43.9%	£407,833	£1,826,010	£10,144,501	39.7%	£611,750	£1,634,368	£9,079,822	35.6%

Value Point 7

Scheme Size	Mix	0% Affordable Equivalent			10% Affordable Equivalent				20% Affordable Equivalent				30% Affordable Equivalent			
		RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)	Commuted Payment	RLV (£)	RLV (per Ha)	RLV (% of GDV)
1 Unit	1 x 3-bed Unit	£311,379	£15,568,934	52.3%	£26,412	£286,436	£14,321,816	48.1%	£52,824	£261,494	£13,074,697	43.9%	£79,236	£241,429	£12,071,446	40.6%
2 Units	2 x 3-bed Units	£616,337	£15,408,429	51.8%	£52,824	£566,967	£14,174,168	47.6%	£105,648	£517,596	£12,939,906	43.5%	£158,472	£473,103	£11,827,579	39.8%
3 Units	3 x 3-bed Units	£924,506	£15,408,429	51.8%	£79,236	£850,450	£14,174,168	47.6%	£158,472	£776,394	£12,939,906	43.5%	£237,708	£702,339	£11,705,645	39.3%
4 Units	4 x 3-bed Units	£1,232,674	£15,408,429	51.8%	£105,648	£1,133,933	£14,174,168	47.6%	£211,296	£1,035,193	£12,939,906	43.5%	£316,945	£936,452	£11,705,645	39.3%
5 Units	4 x 3-bed Units; 1 x 4-bed Unit	£1,563,443	£15,634,433	50.8%	£136,721	£1,434,952	£14,349,518	46.6%	£273,442	£1,306,460	£13,064,603	42.4%	£410,164	£1,177,969	£11,779,687	38.2%
9 Units	6 x 3-bed Units; 3 x 2-bed Units	£2,598,296	£14,434,980	50.5%	£228,387	£2,383,657	£13,242,539	46.3%	£456,773	£2,169,018	£12,050,099	42.2%	£685,160	£1,954,379	£10,857,658	38.0%

Value Point	1-Bed Flats	Commuted Payment (Per Unit)	2-Bed Flats	Commuted Payment (Per Unit)	2-Bed Houses	Commuted Payment (Per Unit)	3-Bed Houses	Commuted Payment (Per Unit)	4-Bed Houses	Commuted Payment (Per Unit)
1	£125,000	£55,488	£167,500	£74,353	£187,500	£83,231	£212,500	£94,329	£250,000	£110,975
2	£162,500	£72,134	£217,750	£96,659	£243,750	£108,201	£276,250	£122,627	£325,000	£144,268
3	£200,000	£88,780	£268,000	£118,965	£300,000	£133,170	£340,000	£150,926	£400,000	£177,560
4	£237,500	£105,426	£318,250	£141,271	£356,250	£158,139	£403,750	£179,225	£475,000	£210,853
5	£275,000	£122,073	£368,500	£163,577	£412,500	£183,109	£467,500	£207,523	£550,000	£244,145
6	£312,500	£138,719	£418,750	£185,883	£468,750	£208,078	£531,250	£235,822	£625,000	£277,438
7	£350,000	£155,365	£469,000	£208,189	£525,000	£233,048	£595,000	£264,121	£700,000	£310,730

Commuted payment calculated by:
1. Taking average residual land value as percentage of GDV from all appraisals with zero affordable housing = 38.6%
2. Multiplying this figure by the open market unit value
3. Adding 15% on-costs
4. Multiplying this figure by the equivalent affordable housing percentage.

Example: 4 Unit Housing Scheme of 4 x 3-bed houses
3-bed houses at £340,000 x 0.386 = £131,240
£131,240 +15% = £150,926
4 x 3-bed houses x 20% = 0.8 houses x £150,926 = £120,741
Financial Contribution = £120,741

Average Residual Land Value as Percentage of GDV on Sites of 0% Affordable Housing - London Borough of Merton Viability Study

	Value Point 1	Value Point 2	Value Point 3	Value Point 4	Value Point 5	Value Point 6	Value Point 7
1 Unit	**16.2%**	**29.8%**	**38.2%**	**43.6%**	**47.7%**	**49.9%**	**52.3%**
2 Units	**16.2%**	**29.8%**	**37.1%**	**42.7%**	**46.8%**	**49.4%**	**51.8%**
3 Units	**16.2%**	**29.5%**	**37.1%**	**42.3%**	**46.3%**	**49.4%**	**51.8%**
4 Units	**16.2%**	**28.9%**	**36.7%**	**42.3%**	**46.3%**	**49.4%**	**51.8%**
5 Units	**15.7%**	**28.2%**	**35.9%**	**41.4%**	**45.4%**	**48.4%**	**50.8%**
9 Units	**14.5%**	**27.3%**	**35.5%**	**41.0%**	**45.0%**	**48.1%**	**50.5%**
Average	**15.8%**	**28.9%**	**36.7%**	**42.2%**	**46.3%**	**49.1%**	**51.5%**
Overall Average				**38.6%**			

Unit / Value Point	Value Point 1	Value Point 2	Value Point 3	Value Point 4	Value Point 5	Value Point 6	Value Point 7
1-Bed Flat	£125,000	£162,500	£200,000	£237,500	£275,000	£312,500	£350,000
2-Bed Flat	£167,500	£217,750	£268,000	£318,250	£368,500	£418,750	£469,000
2-Bed House	£187,500	£243,750	£300,000	£356,250	£412,500	£468,750	£525,000
3-Bed House	£212,500	£276,250	£340,000	£403,750	£467,500	£531,250	£595,000
4-Bed House	£250,000	£325,000	£400,000	£475,000	£550,000	£625,000	£700,000

Appendix III

Appendix III

Supplementary Property Prices Report for **London Borough of Merton**

Viability Study 2009/10 - Background

Introduction

Adams Integra was asked to prepare an affordable housing viability assessment on behalf of London Borough of Merton. This meant undertaking an informed assessment of economic viability, as impacted by a range of potential affordable housing requirements (alongside other obligations).

To underpin the viability study, and as a key part of our methodology, research was required to determine the level of new build housing values within the Borough. As context for the viability study work, we needed to understand the level and range of values encountered, and likely to be seen as we move ahead, so as to make judgements as to the figures most appropriate to use in our appraisal modelling. We use a Values Points methodology. That looks at how viability varies as the key driver of the new build property values vary – either by location or with time (as potentially influenced by varying market conditions).

It is the new build values that are of key relevance to the viability study, given that such schemes are the supply source of the planning-led affordable housing being considered.

In addition to new build pricing and for general background purposes, desktop research was also undertaken to enable us to consider the state of the overall housing market in the Borough including existing (i.e. overall/re-sale market) values. The context of the national and regional pictures is also outlined.

The initial desktop research involved looking at an overview of values in different locations across the Borough using property websites (for example, RightMove). Adams Integra's interpretation of the data is shown below, indicating the variation in values across the area. This process enabled us to develop a wider understanding of the local market, and to verify and supplement the new build property values research. It is acknowledged that much of this information is marketing price based. We acknowledge this, but combined with taking soundings from local agents and others, and making allowances in arriving at the range of values we apply, we consider this to give us a more up-to-date and dynamic picture than we get through relying on historic data which often does not clearly reflect property types and sizes, or latest knowledge and experience of market conditions. The key lies in selecting an appropriate range of values at which to study viability.

Wider market overview information has also been included, as drawn from market reports provided by the organisations such as the RICS and Land Registry.

The study process meant fixing assumptions in August 2009, so those were necessarily supported by such information as was available up to that date. Market reporting is included as available at that point, and that is set out first – see below. However, Adams Integra has been aware of market conditions throughout the study period. On closing the study, therefore, we have provided updated general market information and comment as well.

As this part of the work was kept open while the study proceeded, this Appendix may contain some incomplete information where details were not available or not received during that time. This is not an exhaustive piece of property market research, but aimed to sweep up information as was readily available.

Housing Market Reporting

In this section the italic text is attributed to a range of sources – as stated in each case. Accompanying notes or comments by Adams Integra are not in italics.
Emphasis using **Bold** text is by Adams Integra.

Royal Institution of Chartered Surveyors (RICS)

The Royal Institution of Chartered Surveyors (RICS) published a Housing Market Survey for August 2009; its monthly update. The headline they ran with read *'Prices rise despite an increase in new instructions'*.

The survey reported that the net price balance had turned positive for the first time in two years and price expectations had improved markedly. It said: '*The seasonally adjusted net balance of surveyors reporting rising rather than falling prices over the last three months turned positive in August … That was the highest net balance since May* 2007*.'*

It went on to state: *'The latest survey provides further evidence that activity in the housing market continues to improve, although the pace of improvement may be slowing'.*

And*: 'There are further signs that the change in news flow on the housing market may be encouraging vendors back into the marketplace… the sales to stock ratio – a measure of market slack and a lead indicator of future prices – continues to edge upwards. It has now risen for eight consecutive months and stands at 27, its highest level since January 2008. The improvement in activity and sentiment also seems to have boosted price expectations. The net balance of surveyors expecting prices to increase rather than decrease over the next three months jumped to 17%, from 7% in July. The proportion of surveyors expecting sales to increase rather than decrease over the next three months was virtually unchanged at 29% in August'.*

Looking at the data from a regional perspective, prices rose fastest in London, the South East and South West with the price balance also positive in the North West and East Anglia. Sales activity was highest in the East and West Midlands.

The survey also includes surveyors' market comments. The following are examples (Note: Only one from Merton Borough):

Quinton Scott, Wimbledon, London. *'Good month for exchanges although instructions have looked thin on the ground this past month (as expected). We should see instructions increase but only if over-valuing does not occur'.*

Anthony Fieldhouse & Co, Greenford, Ealing. '*All estate agents I visit report lots of activity. Sales are being made, often at the asking price. Properties with realistic prices are selling quickly. There is no shortage of buyers. The problem now is one of supply.'*

Lloyds BG, London, All of London. '*New builds and flats remain the weak point but sales are still going ahead. Shortage of houses is fuelling price rises but if the supply increases I am not convinced demand will keep pace and this will alter buyer confidence*.

John D Wood & Co., Battersea, London. '*A combination of a lack of supply and increased enquiries from buyers has created the best market conditions that we have seen for over a year*'.

RICS Economics – August 2009 RICS Housing Market Survey

RICS Market Forecast (August 2009):

At the beginning of 2009, the RICS had expected house prices to fall back a further 10-15% during the year. That would have left prices at around 25-30% less (typically) than their autumn 2007 peak. This position has now been revised so that prices are likely to be slightly higher in Q4 of 2009 than they were in Q4 of 2008.

Reference to Land Registry information suggests that prices have risen recently in some areas (marginally), whilst they appear to have continued falling in others. Overall, it might be said that something of a levelling out had started to be seen since the early spring of 2009.

In Adams Integra's experience, this has been borne out through mixed messages (broadly more positive overall) picked up from Estate Agents, some house builders (who have begun to pick up a level of activity) and others - since around March 2009.

Lack of supply (quantity of homes on the market), coupled with a lower interest rate climate (subject to mortgage availability – see below) and a feeling that better value can be had, are thought to have contributed to the supporting of prices in recent months. A significant change in sentiment has been felt.

<u>However</u>, there remain fundamental weaknesses in the market which are not going to be resolved short-term. While prices could continue to edge up, it is thought more likely still (in some camps) that prices may fall further in 2010 – over the next 18 months. The downturn is of an unprecedented nature. This uncertain overview (little chance of quick return to boom times) is due to credit conditions remaining tight, transactions levels running at a historic low of around a third of the long run average (even though mortgage approvals have edged up) – underpinned by wider economic uncertainty with employment levels looking set to deteriorate further.

The implications for house building have been severe. Completions for 2009 look set to make around 75,000 – around half of even the 2008 level and less than a third of the 240,000 or so that Government figures have indicated are needed annually.

In essence the outlook remains clouded. A fairly flat, uncertain, inactive market looks more likely to continue through 2009 and 2010 than a quick return to a more buoyant position. Such forecasting is far from certain and can change quickly.

Principal Information Source: RICS Housing Market Forecast August 2009

Land Registry – House Price Index August 2009 (released 28 September 2009)

This stated:
'The data for August shows a fairly flat market with a monthly house price change of -0.1 per cent. The average property in England and Wales is now worth £155,968.

The annual rate of decline is continuing to slow with an annual movement of -9.4 per cent. This is up from a low of approximately -16 per cent experienced in February this year.

Property transactions averaged 41,911 sales per month in the months March to June 2009. In the same period a year earlier, the average was higher, at 60,997 sales per month'.

And went on to add:
'London experienced an annual house price movement of -6.2 per cent in August, which shows that house prices in the capital are falling at a slower rate than in England and Wales as a whole, where the annual change is -9.4 per cent… London's monthly house price change stands at 0.8 per cent, which is the fourth month in a row in which the movement has been above zero. This brings the average property price in the capital to £310,640'.

The index shows that **in London** prices fell by 6.2% (change of -6.2%) over the year. However, in terms of monthly change, **London** prices were noted to have increased by 0.8%.

In **Merton** the monthly price change reported was 0.2%, bringing the yearly change to minus 15.6% and the average price to £290,551.

Land Registry House Price Index August 2009

Housing Market Overview – Updated December 2009

Interest rates:

The Bank of England Base Rate remains at a historically low 0.5%. Despite this, finance for property (mortgages for purchase, and development finance) remains very constrained and is not generally available on favourable terms relative to this interest rates backdrop.

Mortgage approvals:

As at 19 November 2009, the Council of Mortgage Lender's mortgage 'Lending for house purchase and remortgage[1]' website page stated as a headline:

'Gross Mortgage Lending up 5% in October'

'October gross mortgage lending was an estimated £13.5 billion, a 5% rise from £12.9 billion in September but down 27% on £18.5 billion in October 2008, according to the Council of Mortgage Lenders. This is typical seasonal activity between September and October - the average monthly rise over the last decade has been 5%.

The annual comparison should start to improve a little in the coming months as underlying lending volumes dropped sharply in the latter part of 2008 and early 2009.

[1] http://www.cml.org.uk/cml/media/press/2468

The October outcome is in line with our updated forecast for gross lending of around £141 billion for 2009 as a whole. We expect some seasonal slowdown over the remainder of this year.

There has been a significant change in the type of lending taking place from the start of the year. House purchase activity has picked up significantly. In contrast, remortgaging has dropped to decade-low levels as many borrowers have little incentive to refinance when they move onto low reversion rates, and others find themselves unable to do so due to equity constraints.

The coming months are likely to be dominated by seasonal factors rather than underlying change.'

Source: Council of Mortgage lenders website – 19 November 2009: www.cml.org.uk

Latest trends reported (update – latest data trends - in outline)

Land Registry - House Price Index October 2009 (released 27 November 2009)

England & Wales -	Monthly change 0.6%; annual change -3.4%; average price £159,546
London -	Monthly change 1.4%; annual change -0.2%; average price £317,601
Merton -	Monthly change 0.1%; annual change -8.8%; average price £296,963

'The Land Registry data for October shows a positive monthly house price change of 0.6 per cent, which is the fifth month in a row in which the movement has been above 0 per cent. The annual change now stands at -3.4 per cent. This is the sixth month in a row in which the fall in annual change has eased. The average house price in England and Wales is now £159,546. Sales volumes averaged 52,608 per month from May to August 2009. In comparison to this, during the same months last year, the figure stood at 56,107'.

Land Registry - House Price Index December 2009 (released 29 January 2010)

England & Wales -	Monthly change 0.1%; annual change 2.5%; average price £161,783
London -	Monthly change 1.5%; annual change 6.1%; average price £324,352
Merton -	Monthly change 0.5%; annual change 0.3%; average price £307,093

'December's data shows the first positive annual house price change since May 2008. The figure now stands at 2.5 per cent. The monthly change is 0.1 per cent, which is the eight month in a row in which the monthly change has been above zero…….The number of sales per month has increased since last year, with an average of 58,000 transactions (per month) *between July 2009 and October 2009, compared to an average of 46,655 in the same period a year before.'*

Land Registry - House Price Index January 2010 (released 26 February 2010)

England & Wales -	Monthly change 2.1%; annual change 5.2%; average price £165,088
London -	Monthly change 3.9%; annual change 10.5%; average price £336,212
Merton -	Monthly change 0.5%; annual change 3.1%; average price £308,936

'The January data shows an annual house price movement of 5.2 per cent, which is the second month in a row in which the figure has been positive. While not all regions are recovering at the same rate, it is clear that overall prices are increasing. Monthly house price change is also positive this month at 2.1 per cent…….Transaction volumes averaged 57,722 per month from August to November 2009. In comparison to this, the figure was 42,523 during the same months the year before.'

Property market and prices in Merton Borough – August 2009

The tables below show the marketing (or, where available, subject to contract sale) price of various types of property within Merton Borough. The information was collected from www.rightmove.co.uk. It is likely that actual sales values were lower than the figures set out below, as is acknowledged in our study, however, this exercise served to add to our understanding of local value levels and patterns. We prefer to source information in this way, because it is not historic and relates to recognised property types, rather than just being generically categorised (as is, for example, land registry house price data).

For each location reviewed there are two tables. The first table shows the average price of each dwelling type. The second table shows the information in terms of average, minimum, 1st quartile, median (2nd quartile), 3rd quartile and maximum price. This is so that the range of values, as well as typical value levels, within the overall market can be better understood.

Bushey Mead

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£353,975	£479,950
Semi-Detached		-	£336,365	£349,950
Terraced		£253,990	£315,511	£354,950
Flats	£183,713	£213,975		
High Value Houses		£325,000	-	-
High Value Flats	-	-		

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£183,713	£174,950	£178,700	£179,975	£184,988	£199,950
2-Bed Flats	£213,975	£190,000	£196,238	£209,975	£233,738	£239,950
2-Bed Houses	£253,990	£235,000	£249,950	£255,000	£255,000	£275,000
3-Bed Houses	£327,512	£269,950	£309,950	£324,950	£350,000	£395,950
4-Bed Houses	£384,950	£349,950	£349,950	£354,950	£389,950	£479,950
High Value Houses	£325,000	£325,000	£325,000	£325,000	£325,000	£325,000
High Value Flats	-	-	-	-	-	-

August 2009, www.rightmove.co.uk

Colliers Wood

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£399,999	-
Semi-Detached		£255,000	£349,963	£535,990
Terraced		£314,428	£330,778	£391,970
Flats	£187,747	£236,089		
High Value Houses		-	-	-
High Value Flats	-	-		

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£187,747	£169,950	£171,500	£179,975	£196,200	£249,950
2-Bed Flats	£236,089	£152,000	£209,950	£239,950	£265,000	£310,000
2-Bed Houses	£308,485	£239,950	£266,250	£294,975	£350,000	£399,950
3-Bed Houses	£337,124	£255,000	£289,975	£329,950	£384,725	£429,950
4-Bed Houses	£463,980	£275,000	£402,450	£480,000	£534,963	£590,000
High Value Houses	-	-	-	-	-	-
High Value Flats	-	-	-	-	-	-

August 2009, www.rightmove.co.uk

Copse Hill

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	-	£469,950
Semi-Detached		-	£536,650	-
Terraced		-	-	-
Flats	-	-		
High Value Houses		-	-	£1,302,492
High Value Flats	-	-		

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	-	-	-	-	-	-
2-Bed Flats	-	-	-	-	-	-
2-Bed Houses	-	-	-	-	-	-
3-Bed Houses	£536,650	£410,000	£455,000	£500,000	£599,975	£699,950
4-Bed Houses	£469,950	£469,950	£469,950	£469,950	£469,950	£469,950
High Value Houses	£1,302,492	£945,000	£1,073,713	£1,322,500	£1,481,250	£1,700,000
High Value Flats	-	-	-	-	-	-

August 2009, www.rightmove.co.uk

Cottenham Park

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£562,500	£587,500
Semi-Detached		-	£443,317	£569,983
Terraced		-	£477,483	£525,000
Flats	£174,950	£318,308		
High Value Houses		-	-	£987,136
High Value Flats	315,000	-		

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£174,950	£174,950	£174,950	£174,950	£174,950	£174,950
2-Bed Flats	£318,308	£269,950	£279,963	£314,975	£357,488	£370,000
2-Bed Houses	-	-	-	-	-	-
3-Bed Houses	£485,925	£355,000	£435,613	£487,475	£556,250	£585,000
4-Bed Houses	£562,136	£465,000	£524,975	£585,000	£605,000	£625,000
High Value Houses	£987,136	£750,000	£857,475	£895,000	£1,137,500	£1,275,000
High Value Flats	£315,000	£315,000	£315,000	£315,000	£315,000	£315,000

August 2009, www.rightmove.co.uk

Merton Park

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£695,000	-
Semi-Detached		-	£455,160	£558,321
Terraced		£299,000	£426,404	£501,658
Flats	£190,500	£208,311		
High Value Houses		£439,500	-	£895,000
High Value Flats	-	-		

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£190,500	£145,500	£161,249	£165,000	£222,500	£285,000
2-Bed Flats	£208,311	£159,950	£175,000	£195,000	£210,000	£299,950
2-Bed Houses	£299,000	£299,000	£299,000	£299,000	£299,000	£299,000
3-Bed Houses	£449,735	£299,950	£381,200	£455,000	£499,950	£695,000
4-Bed Houses	£529,990	£395,000	£442,463	£542,500	£617,500	£665,000
High Value Houses	£667,250	£439,500	£553,375	£667,250	£781,125	£895,000
High Value Flats	-	-	-	-	-	-

August 2009, www.rightmove.co.uk

Mitcham (including Mitcham Junction, Mitcham Common, Phipps Bridge & Pollards Hill)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	-	-
Semi-Detached		£282,500	£239,046	£303,283
Terraced		£203,399	£229,030	£313,029
Flats	£154,574	£177,553		
High Value Houses		-	-	-
High Value Flats	-	-		

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£154,574	£109,995	£129,950	£139,950	£169,950	£235,000
2-Bed Flats	£177,553	£119,950	£159,950	£177,475	£189,963	£275,000
2-Bed Houses	£211,310	£169,950	£199,950	£202,950	£209,950	£282,500
3-Bed Houses	£230,353	£150,000	£219,950	£234,950	£240,000	£299,950
4-Bed Houses	£311,568	£215,000	£287,450	£295,000	£328,713	£508,000
High Value Houses	-	-	-	-	-	-
High Value Flats	-	-	-	-	-	-

August 2009, www.rightmove.co.uk

Morden (Morden Park, Lower Morden & St Helier)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	-	£440,000
Semi-Detached		£219,950	£318,897	£355,817
Terraced		£227,848	£271,252	£312,821
Flats	£147,503	£177,856		
High Value Houses		-	-	-
High Value Flats	-	-		

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£147,503	£70,000	£134,950	£150,000	£166,225	£179,950
2-Bed Flats	£177,856	£117,950	£169,995	£175,000	£189,950	£219,000
2-Bed Houses	£227,585	£185,000	£219,950	£226,500	£238,713	£275,000
3-Bed Houses	£282,687	£160,000	£249,950	£289,950	£319,975	£410,000
4-Bed Houses	£340,332	£279,950	£309,963	£317,475	£386,238	£440,000
High Value Houses	-	-	-	-	-	-
High Value Flats	-	-	-	-	-	-

August 2009, www.rightmove.co.uk

Motspur Park (also known as West Barnes)

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£435,350	£468,738
Semi-Detached		-	£343,713	£392,473
Terraced		£261,667	£301,967	£377,475
Flats	£175,817	£207,189		
High Value Houses		£325,000	-	£875,000
High Value Flats	-	-		

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£175,817	£167,500	£173,725	£179,950	£179,975	£180,000
2-Bed Flats	£207,189	£189,950	£195,000	£199,950	£220,000	£239,950
2-Bed Houses	£261,667	£255,000	£255,000	£255,000	£265,000	£275,000
3-Bed Houses	£346,526	£249,950	£302,488	£327,450	£365,988	£499,950
4-Bed Houses	£426,856	£349,950	£386,238	£429,998	£457,488	£520,000
High Value Houses	£600,000	£325,000	£462,500	£600,000	£737,500	£875,000
High Value Flats	-	-	-	-	-	-

August 2009, www.rightmove.co.uk

Raynes Park

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£550,000	-
Semi-Detached		£285,000	£431,375	£562,475
Terraced		£337,812	£435,993	£512,890
Flats	£198,172	£250,777		
High Value Houses		-	-	£893,990
High Value Flats	262,500	-		

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£198,172	£145,000	£186,200	£197,475	£213,750	£249,950
2-Bed Flats	£250,777	£159,950	£209,950	£239,950	£284,950	£370,000
2-Bed Houses	£335,856	£229,950	£287,000	£335,000	£366,250	£535,000
3-Bed Houses	£439,976	£265,000	£365,000	£429,950	£525,000	£660,000
4-Bed Houses	£521,154	£375,000	£427,500	£514,950	£595,000	£695,000
High Value Houses	£893,990	£750,000	£750,000	£799,950	£895,000	£1,275,000
High Value Flats	£262,500	£255,000	£258,750	£262,500	£266,250	£270,000

August 2009, www.rightmove.co.uk

South Wimbledon

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	£399,999	-
Semi-Detached		£407,250	£502,475	£602,475
Terraced		£404,817	£419,972	£609,950
Flats	£220,673	£305,138		
High Value Houses		-	-	£860,000
High Value Flats	-	£485,000		

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£220,673	£149,950	£199,950	£214,975	£239,950	£299,000
2-Bed Flats	£305,138	£239,950	£270,000	£299,950	£325,000	£399,950
2-Bed Houses	£405,164	£310,000	£375,000	£409,975	£434,750	£499,950
3-Bed Houses	£432,058	£299,950	£347,450	£387,475	£516,213	£675,000
4-Bed Houses	£606,213	£559,950	£571,238	£602,475	£637,450	£659,950
High Value Houses	£860,000	£825,000	£842,500	£860,000	£877,500	£895,000
High Value Flats	£485,000	£425,000	£450,000	£475,000	£525,000	£550,000

August 2009, www.rightmove.co.uk

Wimbledon

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	-	-
Semi-Detached		£454,975	£547,890	£657,990
Terraced		£436,970	£531,223	£618,825
Flats	£264,094	£391,455		
High Value Houses		£622,500	£841,667	£966,167
High Value Flats	-	-		

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£264,094	£155,000	£220,000	£259,950	£285,000	£440,000
2-Bed Flats	£391,455	£249,950	£325,000	£379,950	£435,000	£650,000
2-Bed Houses	£442,114	£330,000	£434,975	£459,950	£467,475	£499,950
3-Bed Houses	£535,853	£419,500	£485,000	£522,000	£605,875	£695,000
4-Bed Houses	£631,880	£499,950	£604,750	£629,950	£685,000	£725,000
High Value Houses	£903,765	£550,000	£825,000	£935,000	£980,000	£1,195,000
High Value Flats	-	-	-	-	-	-

August 2009, www.rightmove.co.uk

Wimbledon Park

	1 Bed	2 Bed	3 Bed	4 Bed
Detached		-	-	-
Semi-Detached		-	-	£656,650
Terraced		£229,950	£467,669	£618,450
Flats	£248,300	£299,375		
High Value Houses		-	£899,950	£1,616,000
High Value Flats	-	£525,000		

	Overall Average	Minimum	1st Quartile	Median	3rd Quartile	Maximum
1-Bed Flat	£248,300	£224,950	£237,450	£249,950	£259,975	£269,999
2-Bed Flats	£299,375	£225,000	£267,500	£287,500	£327,500	£385,000
2-Bed Houses	£229,950	£229,950	£229,950	£229,950	£229,950	£229,950
3-Bed Houses	£467,669	£259,950	£375,000	£509,950	£525,000	£619,950
4-Bed Houses	£625,612	£525,000	£598,713	£600,000	£655,000	£725,000
High Value Houses	£1,496,658	£899,950	£1,485,000	£1,525,000	£1,625,000	£1,900,000
High Value Flats	£525,000	£525,000	£525,000	£525,000	£525,000	£525,000

August 2009, www.rightmove.co.uk

The following table collates the average prices of the different property types for each of the locations considered in the individual area based tables above. The figures exclude the separately listed high value properties (see below).

Average Asking Prices Analysis							
Rank	Settlement	1 Bed Flats	2 Bed Flats	2 Bed House	3 Bed House	4 Bed House	All Properties
1	Copse Hill	-	-	-	£536,650	£469,950	£519,975
2	Wimbledon Park	£248,300	£299,375	£229,950	£467,669	£625,612	£474,618
3	Cottenham Park	£174,950	£318,308	-	£485,925	£562,136	£450,325
4	Merton Park	£190,500	£208,311	£299,000	£449,735	£529,990	£409,332
5	Wimbledon	£264,094	£391,455	£442,114	£535,853	£631,880	£399,716
6	Raynes Park	£198,172	£250,777	£335,856	£439,976	£521,154	£349,565
7	Motspur Park	£175,817	£207,189	£261,667	£346,526	£426,856	£321,935
8	South Wimbledon	£220,673	£305,138	£405,164	£432,058	£606,213	£311,886
9	Bushey Mead	£183,713	£213,975	£253,990	£327,512	£384,950	£291,965
10	Colliers Wood	£187,747	£236,089	£308,485	£337,124	£463,980	£274,032
11	Morden	£147,503	£177,856	£227,585	£282,687	£340,332	£243,199
12	Mitcham	£154,574	£177,553	£211,310	£230,353	£311,568	£210,482
-	Overall	£202,399	£265,983	£300,413	£344,134	£488,013	£310,336

Average Asking Price Analysis (Overall)		
1 Bed Flat	-	£202,399
2 Bed Flat	-	£265,983
2 Bed House	Terraced	£296,777
	Semi-Detached	£345,863
	Detached	-
3 Bed House	Terraced	£324,602
	Semi-Detached	£375,378
	Detached	£470,042
4 Bed House	Terraced	£470,521
	Semi-Detached	£519,527
	Detached	£493,317

Average Asking Prices Analysis - High Value Properties				
Rank	**Settlement**	**Flats**	**Houses**	**All Properties**
1	**Wimbledon Park**	£525,000	£1,496,658	£1,357,850
2	**Copse Hill**	-	£1,302,492	£1,302,492
3	**Wimbledon**	-	£903,765	£903,765
4	**Cottenham Park**	£315,000	£987,136	£903,119
5	**Raynes Park**	£262,500	£893,990	£713,564
6	**Merton Park**	-	£667,250	£667,250
7	**Motspur Park**	-	£600,000	£600,000
8	**South Wimbledon**	£485,000	£860,000	£592,143
9	**Bushey Mead**	-	£325,000	£325,000
10	**Colliers Wood**	-	-	-
11	**Mitcham**	-	-	-
12	**Morden**	-	-	-
-	**Overall**	£421,111	£1,002,465	£910,672

Average Asking Price Analysis - High Value Properties		
1 Bed Flat	-	£280,000
2 Bed Flat	-	£491,667
2 Bed House	-	£466,900
3 Bed House	-	£856,238
4 Bed House	-	£1,086,124

New Build property in Merton Borough – August 2009

The new build pricing information was collated through on the ground (local area visits) and desktop research. The local research involved travelling throughout the area to view new developments as far as those were seen and, where on-site selling was occurring, speaking to those sales agents wherever possible. Where this was not possible and we felt further information was needed, we contacted house builders' sales staff by telephone or email, or reviewed their websites further, to supplement the information gathered where necessary.

In addition to speaking to on-site sales agents, Adams Integra also requested opinions from estate agents in the Borough with regard to the local market, together with any comments on new build schemes and sales values.

Information on new developments was also collected through desktop research using websites such as www.rightmove.co.uk, www.primelocation.com and www.smartnewhomes.com.

This review of new build pricing - of all advertised available properties at the time of the study research phase - enabled us to underpin our judgements on the various value levels (range of 'value points') to be assumed for the variety of dwelling types applied within our appraisal modelling.

New builds being marketed in Merton Borough – August 2009

Notes to accompany the following new builds information table:

The price information obtained (at column 5) was usually an asking (marketing) price. This, in our view, currently represents the likely market sale price level plus 10% (assuming approximately 10% gap between marketing and sale prices currently). This cannot be definitive.

That price level has been adjusted in columns 6, 7 and 8 to represent:

- Less 20% (estimated current market less 10%) – Column 6.
- Less 10% (estimated current sale price; i.e. approximately marketing price less 10%) – Column 7.
- Plus 10% (estimated current market plus 20%; i.e. approximately marketing price plus 10%) – Column 8.

In this way, we can consider how pricing might vary as the market does. We develop a scale of values which helps us to see how wide our range of Values Points could be.

In all cases the average prices expressed in £s in this particular table should be treated with caution – high values properties have not been excluded from these calculations (like they were for the overall resale dominated market data above).

We look at the £ per m2 pricing, which smoothes out distortions from property types and sizes more effectively, and becomes a key driver for considering the Values Points. When reviewing the table below, those £ per m2 figures and their range should be the focus.

1.Address	2.Description	3.Price	4.Size (m2)	5.Price per m2	6.Less 20%	7.Less 10%	8.Plus 10%	9.Developer/ Agent
Bushey Mead								
Houses								
College Gardens, New Malden, Surrey	3 bed semi detached chalet	£400,000	112.4	£3,559	£2,966	£3,235	£3,915	Parry & Drewett
Colliers Wood								
Houses								
Wilson Avenue, Mitcham, CR4	1 bed semi detached	£170,000						Streatham Accommodati on Bureau
Copse Hill/Cottenham Park								
Flats								
26 Cottenham Park Road	4 bed town house	£1,000,000	232.3	£4,306	£3,588	£3,914	£4,736	Lauristons
	4 bed town house	£1,250,000	284.0	£4,401	£3,668	£4,001	£4,842	
	4 bed town house	£1,100,000	255.5	£4,306	£3,588	£3,914	£4,736	
Houses								
Copse Hill, Wimbledon, London, SW20	5 bed detached	£1,595,000	248.0	£6,431	£5,360	£5,847	£7,075	Hamptons
	5 bed detached	£1,595,000	242.0	£6,591	£5,492	£5,992	£7,250	
Copse Hill, Wimbledon, London	3 x 4 bed town houses (from)	£1,250,000						Lauristons
Merton Park								
Flats								
Merton, SW19 (retirement flats)	1 bed flat (Homebuy price)	£90,000	66.1	£1,362	£1,135	£1,239	£1,499	Land & New Homes
Houses								
Kenley Road, Merton Park	3 bed semi detached (offers in the region of)	£359,950						Goodfellows, Land and New Homes
Mitcham								
Flats								
Graham Avenue, Mitcham	2 bed apartment	£199,950						Barnard Marcus
Chestnut Grove, Mitcham	2 bed apartment	£149,950						Barnard Marcus
	1 bed apartment	£129,950						
	1 bed apartment	£129,950						
Church Road, Mitcham, CR4	1 bed apartment	£142,250						Shared Horizons

Morden								
Flats								
Wandle Road, Morden, SM4 6EF	2 bed flat	£235,000	62.7	£3,747	£3,123	£3,407	£4,122	Lauristons
	2 bed flat	£225,000	48.7	£4,622	£3,852	£4,202	£5,084	
	2 bed flat	£235,000	56.9	£4,134	£3,445	£3,758	£4,547	
	2 bed flat	£215,000	62.7	£3,428	£2,857	£3,117	£3,771	
	2 bed flat	£225,000	49.2	£4,569	£3,808	£4,154	£5,026	
	2 bed flat	£235,000	59.9	£3,922	£3,268	£3,565	£4,314	
	1 bed flat	£165,000	39.2	£4,209	£3,508	£3,827	£4,630	
	1 bed flat	£150,000	40.3	£3,720	£3,100	£3,382	£4,092	
Houses								
Orion Mews, Woodville Road, Morden, SM4	3 bed end terrace (offers in the region of)	£359,950						Goodfellows, Land and New Homes
South Wimbledon								
Flats								
Haydons Road, Wimbledon, London, SW19	3 bed penthouse apartment	£475,000						SW19, Wimbledon
	2 bed flat	£365,000						
Broadway House / Chorus - Wimbledon, Wimbledon	2 bed flat	POA						Savills New Homes
	1 bed flat	POA						
Wimbledon								
Flats								
Plough Lane, London, SW19	2 bed apartment	£222,500						Thames Valley Housing Association
	1 bed apartment	£187,500						
	1 bed apartment	£202,500						
	2 bed apartment	£235,000						
	1 bed apartment	£180,000						L&Q
	Studio flat	£149,000	29.4	£5,075	£4,229	£4,614	£5,582	Hamptons
	Studio flat	£149,000	29.4	£5,075	£4,229	£4,614	£5,582	
	Studio flat	£149,000	29.4	£5,075	£4,229	£4,614	£5,582	

Chorus, The Broadway, Wimbledon, SW19	2 bed flat	£440,000	81.0	£5,431	£4,526	£4,938	£5,975	Savills
	1 bed flat	£280,000	48.2	£5,807	£4,839	£5,279	£6,387	
	2 bed flat	£440,000	74.8	£5,884	£4,903	£5,349	£6,472	
	2 bed flat	£460,000	81.0	£5,678	£4,732	£5,162	£6,246	
	1 bed flat	£290,000	48.2	£6,014	£5,012	£5,467	£6,616	
	2 bed flat	£480,000	91.3	£5,256	£4,380	£4,778	£5,782	
	2 bed flat	£470,000	81.0	£5,802	£4,835	£5,274	£6,382	
	1 bed flat	£300,000	47.2	£6,356	£5,297	£5,778	£6,992	
	2 bed flat	£480,000	81.0	£5,925	£4,938	£5,387	£6,518	
	2 bed flat	£505,000	83.1	£6,081	£5,067	£5,528	£6,689	
	2 bed flat	£510,000	91.3	£5,585	£4,654	£5,077	£6,143	
	3 bed flat	£550,000	93.4	£5,891	£4,909	£5,355	£6,480	
	3 bed flat	£620,000	103.1	£6,012	£5,010	£5,466	£6,614	
Trafalgar House, Worple Road, Wimbledon, SW19	2 bed flat	£345,000	72.5	£4,761	£3,968	£4,328	£5,237	Hawes & Co
	2 bed flat	£387,500	71.5	£5,417	£4,514	£4,925	£5,959	
	2 bed flat	£370,000	70.0	£5,289	£4,407	£4,808	£5,818	
	2 bed flat		75.4					
	2 bed flat		72.5					
	2 bed flat	£418,000	71.5	£5,843	£4,869	£5,312	£6,427	
	2 bed flat		70.0					
	2 bed flat	£450,000	75.4	£5,965	£4,971	£5,423	£6,562	
	2 bed flat	£410,000	77.1	£5,317	£4,431	£4,834	£5,849	
	2 bed flat	£420,000	71.5	£5,871	£4,892	£5,337	£6,458	
	2 bed flat	£378,000	70.0	£5,403	£4,503	£4,912	£5,943	
	2 bed flat	£435,000	75.4	£5,766	£4,805	£5,242	£6,343	
	2 bed flat	£580,000	125.0	£4,642	£3,868	£4,220	£5,106	
	2 bed flat	£500,000	100.7	£4,965	£4,137	£4,513	£5,461	
Ashcombe House, 7A Elm Grove, Wimbledon, SW19 4HE	2 bed flat		85.4					a2dominion
	2 bed flat		81.0					
	2 bed flat	£285,000	81.9	£3,478	£2,898	£3,162	£3,826	
	1 bed flat	£230,000	52.9	£4,345	£3,620	£3,950	£4,779	
	2 bed flat	£302,500	76.1	£3,976	£3,313	£3,614	£4,373	
	2 bed flat	£265,000	76.1	£3,483	£2,902	£3,166	£3,831	
	1 bed flat	£220,000	52.9	£4,156	£3,463	£3,778	£4,571	
	1 bed flat	£232,500	52.9	£4,392	£3,660	£3,993	£4,831	
	2 bed flat	£305,000	76.1	£4,008	£3,340	£3,644	£4,409	
	2 bed flat	£297,500	76.1	£3,910	£3,258	£3,554	£4,301	
	1 bed flat	£220,000	53.0	£4,155	£3,462	£3,777	£4,570	
	1 bed flat		53.0					
	2 bed flat	£307,500	76.1	£4,041	£3,368	£3,674	£4,445	
	2 bed flat	£300,000	76.1	£3,943	£3,286	£3,584	£4,337	
	1 bed flat	£220,000	53.0	£4,155	£3,462	£3,777	£4,570	
	2 bed flat		87.9					
	1 bed flat		53.0					

Houses									
Arthur Road, London, SW19	5 bed semi detached	£2,450,000							Teelaroe
Queensmere Road, Wimbledon, London, SW19	5 bed terrace	£1,995,000	369.7	£5,396	£4,497	£4,906	£5,936		Hamptons
Wimbledon Park									
Flats									
Durnsford Road, Wimbledon, London	1 bed apartment	£179,950							Brinkley's Estate Agents
	1 bed apartment	£179,950							

Further local research – Estate Agent's and Developer's sales offices sourced information and comments

Updated new build scheme examples - from further research and enquiries - August 2009 (and see commentary section below):

Middleton Road, Morden					
Plots	**No. beds**	**Floor area**	**Price**	**per sq ft**	**per sq m**
1	1	500	£160,000	£320	£3,443.20
2	1	480	£160,000	£333	£3,586.67
3	2	650	£198,000	£305	£3,277.66
4	2		Res		
5	1	490	£158,000	£322	£3,469.55
6	1		Res		
7	1	460	£158,000	£343	£3,695.83
8	1	460	£163,000	£354	£3,812.78
9	1	504	£160,000	£317	£3,415.87
10	1		Res		
11	1	467	£158,000	£338	£3,640.43
12	1		Res		
13	2	700	£188,000	£269	£2,889.83
14	1	510	£153,000	£300	£3,228.00
15	1	450	£150,000	£333	£3,586.67
16	2		Res		
17	2	700	£210,000	£300	£3,228.00
18	1	504	£158,000	£313	£3,373.17
19	1		Res		
20	1		Res		
21	1		Res		
22	2	700	£188,000	£269	£2,889.83
23	1	510	£153,000	£300	£3,228.00
24	1	450	£150,000	£333	£3,586.67
25	2	626	£180,000	£288	£3,093.93

Estate Agents in Merton Borough were visited on 11 and 13 August 2009 and further telephone discussions with agents in Mitcham were carried out on 17 August.

<u>Savills, Wimbledon</u>

They are selling the Chorus development on the Broadway. Commented that the market is improving. 45% of their buyers are cash buyers at the moment. General level of prices for flats in the village is £500 per sq ft *(£5,380 per sq m)*. Comment that the last 40 sales at Chorus have been in the last 9 months. The market is a mix of local and international and they are achieving close to the asking prices.

<u>Hawes and Co, Wimbledon</u>

Commented that the market low point was Christmas 2008, by which time the market had dropped by about 20%. It has picked up a bit since then. With regard to likely hierarchies of values across the Borough, it was mentioned that the village is the most expensive part of the Borough, followed by Wimbledon town, which would be about 10% cheaper. Raynes Park follows (which is 10%

cheaper than Wimbledon town), followed by Morden and then Colliers Wood. Commented that the Trafalgar House development started selling in April 2008. At this time they were achieving £500-£530 per sq ft *(£5,380 to £5,700 per sq m)*. Now they are achieving around £500 per sq ft *(£5,380 per sq m)*.

Robert Holmes, Wimbledon Village

Deals primarily with more expensive houses in Wimbledon village. Commented that the prime market can be anything from £3.5m to £10m in the correct road. They have sold three £5m houses in the last 8 weeks. A good family house will be around 4,000 sq ft (370 sq m) and cost £3m (£8,000 per sq m).

Haart, Wimbledon

Nobody available but were marketing the a2dominion scheme at Elm Grove.

Spoke to a representative of Haart about the prices, to check that the units were for sale in the open market, with no restriction from a2dominion. They said that they were totally open market.

Lauristons, Wimbledon

Commented that the market is getting busier, but there is still a lack of stock (this comment applies to most of the agents). They say that the local hierarchy is as follows:

Wimbledon village
Wimbledon town
Raynes Park
Colliers Wood
Morden

They are involved with the new builds at Cottenham Park and at Wandle Road, Morden (see new builds table above).

Foxtons, Wimbledon

Stated that they have three one-bed and three two-bed flats available on the Plough Lane development that was completed in June this year. The prices are:

One-beds	500 sq ft	£180,000 (would sell for £170,000 (£340 per sq ft; £3,659 per sq m)
Two-beds	650 sq ft	£250,000 (would sell for £235,000 (£360 per sq ft; £3,890 per sq m)

Apparently developer sold their “tail-enders” for £165,000 and £235,000 respectively.

Andrews, Morden

Commented only that there were no new builds in the area. No further information provided.

Ellisons, Morden

Commented that the market is better than it was, but they are still only getting about £5,000 more per average unit than they were at the beginning of the year. The main stock is 3-bed units from the 1930s. These range from £220-£250,000 in St Helier to £320-£520,000 in Merton Park. Two-bed flats would be £175-£210,000. The 4-beds are mainly loft conversions. Also mentioned that there are no new builds.

Goodfellows, Morden

Nobody that could help on the day but phone call to MD in Cheam office provided details of a new build scheme in Morden (see above). Stated that they are achieving close to the asking prices, as this is the cheapest development in the area and there is so little new stock. Potential to get £5,000 and £7,000 off the price.

Ellisons, Raynes Park

Mentioned that there is no new build activity in the area. There are a few sites with planning permission, but they have been "mothballed" for the time being. He says that the local hierarchy of centres is:

Wimbledon village
Wimbledon town
Raynes Park
Colliers Wood
Morden

They have experienced a 20% fall in values to Christmas 2008, but it is now much busier.

Townends, Mitcham

Only commented that Mitcham is cheaper than either Morden or Colliers Wood but couldn't provide any more details.

Barnard Marcus, Mitcham

Mentioned that Horizon (RSL) had done some new build in Mitcham. A few sites waiting to start, but nothing private. Reiterated that Mitcham is cheaper than Colliers Wood or Mitcham.

Andrews, Mitcham

Commented that there hasn't been any new build on the market for a while, but he did provide some prices for flats and houses as if they were on the market in the town centre today, as follows:

1-bed flat	£140-£145,000
2-bed flat	£170-£175,000
2-bed house	£200,000
3-bed house (terrace)	£220,000

Mitcham is cheaper than other centres. It is seen as not being so convenient. Morden would be next followed by Colliers Wood (because of the tube).

Summary and Outcomes

The results of the values research led to the formation of 7 'Value Points'. We consider that, when viewed overall, these points cover the range within which most new build values are seen currently, and would be likely to be seen given foreseeable future market movements. As most areas have a variety of property values, the results of this research can be used independently of location where approximate sales values can be estimated – so that the variations within the overall range might be seen through scheme type and/or location and/or with time – i.e. with varying market conditions as those influence values as we move in to the LDF period.

The Value Points are based on our dwelling type and size assumptions, but can also be applied to other dwelling types/sizes through use of the overall range of per m² values. Intermediate points, between value points, can also be considered through viewing appraisal outcomes for the points either side.

Considering all the information our judgements resulted in the following range of Value Points being settled and used in the appraisals for this study:

Value Point / Property Type	1-Bed Flat (50m²)	2-Bed Flat (67m²)	3-Bed Flat (90m²)	2-Bed House (85m²)	3-Bed House (100m²)	4-Bed House (100m²)	£ per m² (Houses)
Value Point 1	£125,000	£167,500	£225,000	£187,500	£212,500	£250,000	£2,500
Value Point 2	£162,500	£217,750	£292,500	£243,750	£276,250	£325,000	£3,250
Value Point 3	£200,000	£268,000	£360,000	£300,000	£340,000	£400,000	£4,000
Value Point 4	£237,500	£318,250	£427,500	£356,250	£403,750	£475,000	£4,750
Value Point 5	£275,000	£368,500	£495,000	£412,500	£467,500	£550,000	£5,500
Value Point 6	£312,500	£418,750	£562,500	£468,750	£531,250	£625,000	£6,250
Value Point 7	£350,000	£469,000	£630,000	£525,000	£595,000	£700,000	£7,000

London Borough of Merton Council – Land Sales Information – Residential and Commercial (updated August 2009)

A number of agents were contacted with regard to land sales information (commercial and residential) with little helpful information available at the time of this research. A summary of comments made by those that could respond are shown below.

Those that were available and able to offer comments stated that there is very little land for commercial development available for sale. They did not provide any comment on price per acre/hectare guides, and re-iterated that it depends on location and use.

Altus Edwinn Hill, London

Commented that this firm does work in the Borough. Believes that residential land values are back to around 75% of where they were in 2007. Suggested that new flats in prime Wimbledon locations would be around £500 per sq ft (£5,380 per sq m). Mentioned that residential developers are back buying again. Difficulty with current commercial land values, since it would be difficult to find any buyer for a commercial site at the moment. However, with regard to pre-recession values it was mentioned that in the good times, a one acre site with permission for a 20,000 sq ft office building, would have been worth about £2 million (£4.9m per hectare). This would have compared to around £3 million for a residential site (£7.4m per hectare). Today, there is still a residential market, but no office market, so there remains a significant gap between the two land values during a recession. A "Majestic" (wine warehouse) type of use would be better, but they only need around 5,000 sq ft, so their contribution to land value is not great.

Bonsor Penningtons, Kingston

Commented that the commercial market is still not good and there is no market for petrol stations. Many of them have been sold for other roadside uses such as Majestic (wine warehouses), McDonalds, second-hand car sales and car washes. An example was provided of a petrol station site in Tolworth (close to the A3 towards Kingston). It was 0.5 acres and he sold it in July 2007 for £2.75m (it now has consent for a hotel). Today it would sell for about 25% less. This is clearly going the other way, i.e. hotel value seems to be more than residential, although the scale of this hotel is unknown and therefore what size residential development might have gone on the site, assuming residential was a permissible use.

PJ Rudland and Co, Kingston

Specialise in pubs. Provided a hypothetical example of a 5,000 sq ft pub under management that takes in £1million per annum, sitting on about a third of an acre. Of this, £200,000 would be profit before rent. The rent would be £80,000, leaving a net profit of £120,000. An investor would capitalise the rent at 10% to give a capital value of £800,000. He said that the land value would be about 25%, so in this case it would be £200,000. The land value per acre would therefore be about £600,000 (£1.5m per hectare).

The evidence here would indicate that, in circumstances where alternative uses might achieve a planning permission, commercial values would be about two-thirds of residential values when the market was strong. When the market is weak, as at present, then there is still likely to be a residential land value, even if there are no buyers for the alternative uses.

In summary, there was very limited information or other guides available as to current local land values to aid existing/alternative use value comparisons on a meaningful basis. Site specifics will be the key for comparisons.

Generally, the RICS commercial market survey for Second Quarter 2009 echoed the type of sentiment seen in the residential market reporting, regarding a very weak and uncertain market. While there are now some signs of more confidence than of late, current commercial market features include:

- *Falling tenant demand, though falling at a reducing rate*
- *High vacancy rates*
- *Falling rents in many sectors*
- *Investment deals falling further*
- *Rising inducements continuing to point to weaker occupier fundamentals*
- *But modest improvements in business confidence*
- *Some very good deals for tenants*

Source for potential further general commercial market information:
RICS Commercial Market Survey Second Quarter 2009.

The type of comparisons that may be made between various uses and values will continue to change. Commercial values have suffered very badly, with often more dramatic falls than seen in the residential market.

Acknowledgement:
Adams Integra would like to thank those companies and individuals who have taken the time to respond to us, help with our enquiries and provide information – greatly appreciated.

London Borough of Merton Council property values report - Appendix III - ends

Appendix IV

LONDON BOROUGH OF MERTON COUNCIL

AFFORDABLE HOUSING VIABILITY STUDY

GLOSSARY OF TERMS

(The scope of this glossary is restricted to terms used in the study)

A

Abnormal Development Costs - Costs that are not allowed for specifically within normal development costs. These can include costs associated with unusual ground conditions, contamination, etc.

Affordable Housing (also see Intermediate Affordable Housing and Social Rented Housing) - 'PPS3 – Housing' (November 2006) defines affordable housing as housing that includes social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.

Affordable Rented Housing/Homes - distinct from *Intermediate* or wider affordable housing provision, this is most often the priority need – see *Social Rented Housing.* Note that we also use the term *'General Needs Rented' ('GNR')* for appraisal summary information referring to this tenure type – we mean the same (as opposed to affordable rented homes that are to meet a special need).

B

Base Build Costs - for construction only (excluding fees, contingencies and extras) as explained in the study.

BH/BF - preceded by a number – abbreviations used to indicate how many bedrooms a dwelling has.

C

Cascade Mechanism/Principle - A cascade is a mechanism which enables the form and/or quantum of affordable housing provision to be varied according to the availability of grant funding, thus ensuring that at least a base level of need-related accommodation is provided without compromising overall scheme viability. The approach aids delivery of both the market and affordable tenures by providing adaptability where needed, thus avoiding the need to renegotiate Section 106 agreements with the time delays and cost issues that process brings.

Code for Sustainable Homes ('CfSH', 'CSH' or 'Code') - CLG is proposing to gradually tighten building regulations to increase the energy efficiency of new homes and thus reduce their carbon impact. In parallel with these changes to the building regulations, the CfSH has been introduced as a tool to encourage house builders to create more sustainable dwellings, and to inform buyers/occupiers about the green credentials of new housing. CfSH compliance, to levels over those generally operated in the market, is also compulsory for all public (HCA) funded affordable housing development. The Code is intended to provide a route map, signalling the direction of change towards low carbon sustainable homes that will become mandatory under the building regulations. The Code, again in parallel with building regulations and other initiatives, also covers a wider range of sustainability requirements – beyond lower carbon.

Commuted Sum - See "Payment in lieu" below.

Core Strategy - The key *Development Plan Document* (*'DPD'*) through which a local authority sets out its strategic planning approach for its area. Accompanied by other DPDs, usually dealing with aspects such as site allocations or regeneration areas, and in some cases covering particular topics such as affordable housing (see below for other definitions).

D

Density ('Indicative Density') - Represents the intensity of use of a site by way of how many dwellings (or in some cases other measures such as habitable rooms) are provided on it. Usually described by reference to *'dwellings per hectare' (DPH).*

Developer Appraisal - An appraisal carried out by a developer to determine the approximate value of land in order that an offer can be made to a landowner. The appraisal(s) would normally look to determine an approximate *Residual Land Value* (RLV). Assuming a developer has already reached the initial conclusion that, in principle, a site is likely to be suitable and viable for development, an appraisal is then carried out to fine tune scheme feasibility and discover what sum they can afford to pay for the site. This would normally be subject to a range of caveats and clauses based on circumstances unknown to the developer at the time of making an offer. As an example, an offer could be subject to the granting of planning permission or subject to no abnormal conditions existing, etc.

Development Plan Document (DPD) - Spatial planning documents that are subject to independent examination, and together with the relevant Regional Spatial Strategy (*RSS*), will inform the planning policies for a local authority. They include a Core Strategy and also often cover site-specific allocations of land, area action plans and generic development control policies.

Developer Payment (Type) - The sums applied to the appraisals in terms of payment to the developer in return for completed affordable units. The form modelled is based on the Mortgage Funded by Rental Stream. The Mortgage Funded by Rental Stream subsidy only pays the developer a sum per unit that is equivalent to the RSL's ability to fund the units through capitalisation of the (affordable) net rental stream from those units. The rental flows for this are based on Homes and Communities Agency Target Rents, after e.g. management, maintenance costs and voids allowances. In this regard see also *Payment Table.* The study refers also to this payment as the "affordable housing unit transfer".

Developer's Profit - The developer's reward for risk taken in pursuing and running the project, required to secure project funding. This is the gross profit, before tax. It will usually cover an element of overheads, but varies. The profit element used in these appraisals is profit expressed as a percentage of Gross Development Value (the most commonly expressed way) although developers will sometimes use other methods, for example a certain return on capital employed (ROCE).

Development Cost - This is the cost associated with the development of a scheme and includes professional fees (engineering, design, project management), contingencies, sale agency fees, legal fees on unit sales and of course build costs (materials, labour, etc).

Development Plan ('Plan') - The statutory plan through which a local authority determines planning policy for its area over the life of the plan (*plan period*). While a local authority is moving towards their LDF *(see below),* which will become the new *development plan* basis*,* the previous (adopted) 'Local Plan' or 'Unitary Development Plan' remains the relevant development plan basis for the area.

Development Viability (or 'Viability') - The viability of the development (in this case a market-led housing scheme) – meaning its health in financial terms. A viable development would normally be one which proceeds (or at least there is no financial reason for it not to proceed) – it would show the correct relationship between GDV (see below) and Development Cost. There would be a sufficient gap between the GDV and Development Cost to support a sufficient return (developer's profit) for the risk taken by the developer in pursuing the scheme (and possibly in this connection to support funding requirements), and a sufficiently attractive land value for the landowner. An un-viable scheme is one where a poor relationship exists between GDV and Development Cost, so that insufficient profit rewards and/or land value can be generated.

Dwellings per Hectare ('DPH') – see *Density.*

E

F

Finance - Costs associated with financing the development cost. Varying views are taken on the length of the relevant construction projects as to how long these costs need to be carried for on each occasion.

Financial Contribution - see “Payment in lieu”.

G

Gross Internal Area (GIA) - Broadly speaking GIA is the whole enclosed area of a building within the external walls taking each floor into account and excluding the thickness of the external walls. GIA will include: Areas occupied by internal walls (whether structural or not) and partitions; service accommodation such as WCs, showers, changing rooms and the like; columns, piers, whether free standing or projecting inwards from an external wall, chimney breasts, lift wells, stairwells etc; lift rooms, plant rooms, tank rooms, fuel stores, whether or not above roof level; open-sided covered areas.

Gross Development Value (GDV) - The amount the developer ultimately receives on completion or sale of the scheme whether through open market sales alone or a combination of those and the receipt from a RSL for completed affordable housing units - before all costs are subtracted.

H

Homes and Communities Agency (HCA) - The Government’s Agency charged with delivering the national affordable housing (investment) programme (*‘NAHP’*) and the vehicle through which public funs in the form of Social Housing Grant (*‘SHG’*) are allocated, where available and where the HCA’s investment criteria are met, for affordable housing development. The HCA is relatively new – was formed from a merger of English Partnerships and relevant function areas of The Housing Corporation.

I

Intermediate Affordable Housing (*Intermediate Tenure)* - “PPS3 Housing” defines intermediate affordable housing as Housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale; and intermediate rent (property made available to rent, usually at no more than 80% of open market rental prices).

J

K

L

Land Costs - Costs associated with securing the land and bringing it forward – activities which precede the construction phase, and therefore costs which are usually borne for a longer period than the construction phase (a lead in period). They include financing the land acquisition and associated costs such as land surveys, planning application and sometimes infrastructure costs, land acquisition expenses and stamp duty land tax.

Land Residual as a percentage (%) of GDV - The amount left for land purchase expressed as a percentage of the Gross Development Value. A common guideline used in the development industry. Readers may be familiar with the rule of thumb that upwards of approximately one third of development value is comprised of land value. In practice this has always varied, but with increasing burdens on land value from a range of planning infrastructure requirements (including affordable housing) traditional views on where land values lie are having to be revised.

Local Development Framework (LDF) - A non-statutory term used to describe a folder of documents, which includes all the local planning authority's local development documents. An LDF is comprised of:

- Development Plan Documents (which form part of the statutory development plan)
- Supplementary Planning Documents

The local development framework will also comprise:

- The Statement of Community Involvement *('SCI)'*
- The Local Development Scheme *('LDS')*
- The Annual Monitoring Report *('AMR')*
- Any Local Development Orders or Simplified Planning Zones that may have been added

M

N

O

Open Market Value ('OMV') – the value of a property on the basis that it is offered for sale on the open market – the usual measure of value in this study context. Used here to build up the development scheme's *GDV* and also to distinguish between this level of value and the lower level of receipt usually associated with the affordable dwellings (see *Developer Payment*).

P

Payment in lieu - A financial payment made by a developer or landowners instead of providing the planning-led affordable housing requirement on the site of the market (private sale) housing scheme (*see also "Commuted Sum/Financial Contribution"*).

Payment Table - This is normally referred to where a local authority prescribes or guides as to the levels of receipt the developer will get for selling completed affordable housing units of set types and sizes to a Housing Association. In this context it normally relates to an approach which assumes nil grant and is based on what the Housing Association can afford to pay through finance raised (mortgage funded) against the rental or shared ownership income flow. See also *Developer Payment.* It is sometimes used in a looser context, for example in the setting out of financial contribution levels for payments in lieu of on-site affordable housing provision.

Percentage (%) Reduction in Residual Land Value (RLV) - The percentage by which the residual land value falls as a result of the impacts from the range of affordable housing policy options. This is expressed as the fall in residual land value compared to a site that previously required zero affordable housing or a site that was required to provide affordable housing previously, but at a lower percentage.

Planning Infrastructure - We refer to this because affordable housing is one of a set of requirements which usually need to be met by new housing developments, and are secured through obligations set out within *Section 106* agreements. The terms "planning obligations", "planning gain", "infrastructure" tend to be used to describe the same. Also covers a wide range of community requirements needed to support development – highways, education, open space, public art, and the like.

Planning-led Affordable Housing - Affordable housing required on new market (private sale) housing developments of certain types (which are set locally – see "Threshold" and "Proportion" below) as set out by "PPS3".

Planning Policy Statement 3: Housing ('PPS3') - National statement of the Government's planning policy on Housing – including the planning-led affordable housing we consider here.

Proportion (or percentage/%) of Affordable Housing - The percentage or proportion of affordable housing sought on site. The appraisals model a range of scenarios across the Value Points investigating the impact of a range of proportions of affordable housing on scheme viability, for example from 10% to 50%, depending on local circumstances. Each scenario usually also investigates the "no affordable housing" (0%) position as a benchmark.

Q

R

Recycled Capital Grant *('RCG')* - An internal fund within the accounts of an RSL used to recycle SHG in accordance with Homes and Communities Agency policies and procedures.

Renewable Energy/Renewal Energy Measures - Measures which are required for developments to ensure that a proportion (often expressed as a % target) of total energy needs of the scheme are supplied through renewable sources (for example solar, wind, ground heat, biomass, etc) rather than through conventional energy supply means. Usually in the context of this study we are referring to small scale *on-site* measures or equipment that will supply a proportion of the development's needs. Increasingly, there are also moves to investigate the potential for larger developments or groups of developments to benefit from similar principles but through group/combined/communal schemes usually involving significant plant installations.

Residual Valuation - The process by which *Residual Land Value ('RLV')* is estimated. So called because it starts with the *GDV* at the top of the calculation and deducts all *Development Costs* and *Developer's Profit* so as to indicate the amount left remaining (hence "residual") for land purchase – including land value.

Residual Land Value (RLV) - The amount left for land purchase once all development, finance and land costs have been deducted from the *GDV,* normally expressed in monetary terms (£). This acknowledges the sum subtracted for affordable housing and other infrastructure payments/requirements where applicable. It is relevant to calculate land value in this way as land value is a direct result of what *scheme type* specifically can be created on a site, the issues that have to be dealt with to create it and costs associated with those.

Registered Social Landlord (RSL) - A housing association or a not-for-profit company registered by the Homes and Communities Agency ('HCA') to provide social housing.

Regional Spatial Plan ('RSS') - The spatial plan for a region, promoted and managed by the relevant regional assembly, and in the case of London – the Mayor's 'London Plan'. It comprises higher level guidance which sub-regional and local authority level planning needs to take account of as a part of delivering strategic objectives for an area.

S

Saved Policies - former *development plan* (e.g. *Local Plan*) policies whose life has been extended pending the replacement plan (within the *LDF*) being in place. A formal direction is required in order for policies to be saved.

Scheme Type - The scheme (development project) types modelled in the appraisals consist of either entirely flatted or housing schemes or schemes with a mix of houses and flats. They are notional, rather than actual, scheme types consistent with the strategic overview the study needs to make.

Section 106 (*'s.106'*) - (of the Town and Country Planning Act 1990). The legally binding planning agreement which runs with the interest in the land and requires the landowner (noting that ultimately the developer usually becomes the landowner) through covenants to agree to meet the various planning obligations once they implement the planning permission to which the *s.106 agreement* relates. It usually sets out the principal affordable housing obligations, and is the usual tool by which planning-led affordable housing is secured by the Local Planning Authority. Section 106 of this Act refers to "agreements regulating development or use of land". These agreements often cover a range of planning obligations as well as affordable housing (see '*planning infrastructure'*). There is a related type of agreement borne out of the same requirements and legislation – whereby a developer unilaterally offers a similar set of obligations, often in appeal or similar set of circumstances where a quick route to confirming a commitment to a set of obligations may be needed (a *Unilateral Undertaking* – a term not used in this study).

Shared Ownership - Shared ownership is a way of buying a stake in a property where the purchaser cannot afford to buy it outright. They have sole occupancy rights.
Shared ownership properties are usually offered for sale by housing associations or RSLs (not-for-profit organisation). The purchaser buys a share of a property and pays rent to the housing association for the remainder. The monthly outgoings will include repayments on any mortgage taken out, plus rent on the part of the property retained by the housing association. Later, as the purchaser's financial circumstances change, they may be able to increase their share until they own the whole property (see *'stair-casing'* below).

Sliding Scale - Refers in this context to a set of affordable housing policies which require a lower *proportion* on the smallest sites, increased with site size – to graduate the requirements and therefore the viability impacts, particularly as such sites often fall within the thresholds for the first time.

Social Rented Housing - 'PPS3 – Housing' defines social rented housing as rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime. The proposals set out in the Three Year Review of Rent Restructuring (July 2004) were implemented as policy in April 2006. It may also include rented housing owned or managed by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency (HCA) as a condition of grant. Social rented housing is often referred to as '*Affordable Rented'.*

Stair-casing Receipt - Payment a RSL receives when a shared ownership leaseholder (shared owner) acquires additional equity (a further share of the freehold) in a dwelling.

Supplementary Planning Document (SPD) - Provides supplementary information in respect of the policies in Development Plan Documents, and their more detailed application. These do not form part of the development plan and are not subject to independent examination

T

Tenure/Tenure Type – the mode of occupation of a property – normally used in the context of varying *affordable housing* tenure types – in essence includes buying part or whole, and renting; although there are now many tenure models and variations which also include elements of buying and renting.

Tenure Mix - The tenure types of affordable housing provided on a site – refers to the balance between, for example, affordable rented accommodation and shared ownership or other *Intermediate* tenure.

Threshold - Affordable housing threshold i.e. the point (development scheme and/or site size) at which the local authority determines that affordable housing provision should be sought, or in this study context the potential points at which the local authority wishes to test viability with a view to considering and selecting future policy or policy options.

U

V

Valuation Office Agency (VOA) - The Valuation Office Agency (VOA) is an executive agency of HM Revenue & Customs (HMRC). Their main functions are to compile and maintain the business rating and council tax valuation lists for England and Wales; value property in England, Wales and Scotland for the purposes of taxes administered by the HM Revenue & Customs; provide statutory and non-statutory property valuation services in England, Wales and Scotland; give policy advice to Ministers on property valuation matters. The VOA publishes twice-yearly Property Market Reports that include data on residential and commercial property; and land values.

Value Point(s) (VPs) - Adams Integra's usual viability study methodology is to make judgments on a range of new build property values which represent typically found prices for ordinary new developments in the Borough at the time of the study research.

Viability - See *Development Viability.*

X

Y

Z