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Affordable Housing Economic Viability Assessment Update

Prepared for
London Borough of Wandsworth

June 2013

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1 Executive Summary

- 1.1 Provision of an adequate supply of both rented and intermediate affordable housing is an important issue in the London Borough of Wandsworth. Affordable housing policy requirements are clearly based on need proven through the Council's Housing Market Assessment and other emerging planning documents. The Borough's requirements for the provision of social and community infrastructure via CIL are equally clear.
- 1.2 The need for affordable housing and funding for infrastructure need to be weighed against the need to provide competitive returns to developers and landowners.

Methodology

- 1.3 The study methodology compares the residual land values ('RLV') of a range of hypothetical developments to a range of benchmark land values. If a development incorporating a given level of affordable housing, in combination with CIL and other planning requirements generates a higher value than the benchmark land value, then it can be judged that the proposed level of CIL will be viable.
- 1.4 The study utilises the residual land value method of calculating the value of each development. This method is used by developers when determining how much to bid for land and involves calculating the value of the completed scheme and deducting development costs (construction, fees, finance and CIL) and developer's profit. The residual amount is the sum left after these costs have been deducted from the value of the development, and guides a developer in determining an appropriate offer price for the site. As part of the process of establishing appropriate appraisal inputs, a meeting was held with developers and registered providers ('RPs') to discuss the key assumptions.
- 1.5 The housing and commercial property markets are inherently cyclical and the Council is testing its affordable housing requirements at a time when values have fallen but have subsequently recovered to a higher level than the previous peak. Despite this recovery, there is some uncertainty as to the likely short term trajectory of house prices. Our appraisals take account of a range of values, which are typical of current values, but also allowing some headroom for future increases.

Key findings

- 1.6 Our key conclusions are that:
 - a. The Council has been operating its requirement of at least 33% affordable housing and the results of our analysis do not provide any indication that this requirement should be reduced.
 - b. The Council will need to continue to apply the affordable housing target sensitively, taking full account of individual site circumstances, including financial viability.
 - c. The effect of variations in tenure split, for example from 60-40% to 50-50% are relatively small when compared to other more significant financial variables.
 - d. In current market conditions, within the residential sales value bands found within the Borough (which generate high residual land values), there are some circumstances where achieving 40% affordable housing is possible on sites in low value existing uses. However, to some extent, cost

increases associated with higher sustainability standards could (at least in the short term) offset the benefits of higher sales values.

- e. Our appraisals indicate that the introduction of CIL at rates of £250 per square metre in 'Wider Wandsworth' and £265 and £575 in Nine Elms can be absorbed, alongside 33% affordable housing (and 15% in Nine Elms).
 - f. We have not taken account of any exceptional costs and, where these arise, they may override our conclusions. With almost all sites coming forward in the Borough having been previously developed in one form or another, exceptional costs are occasionally encountered.
 - g. Our appraisals assume that CIL is levied on the entire floorspace of each hypothetical development, i.e. no discount for existing floorspace. This is a cautious assumption, as the majority of sites in the Borough are previously developed and developments should therefore benefit from a reduction in CIL liability. This discount will have the effect of improving the viability of schemes, which arguably helps to balance out any exceptional costs and other policy requirements, such as replacement of existing office and other employment floorspace.
 - h. We are not of the view that an area-based policy differentiating affordable housing provision in different parts of the Borough (beyond the established differential rate in Nine Elms), is a practical proposition for the following reasons:
 - Units in developments are sold at a range of values, not only reflecting local market variations but also, the type and specification of units proposed. The value range across the Borough is quite wide but nevertheless, we remain of the view that any assumptions about outturn values on a local area base would be very susceptible to challenge and would require constant monitoring and review and thus be disruptive, uncertain and possibly counterproductive.
 - The potential variables on any such assumption about values and costs – identified throughout this report – have the capacity to undermine any standard approach not only at an area level, but also at a Borough wide level. Such possibilities are specifically recognised, for example, in the GLA's SPG on Affordable Housing (Section 7), where there is a recognition that financial circumstances may well arise which require a review of affordable housing requirements in individual cases. There is nothing in this analysis that suggests that the Council's circumstances are markedly different.
 - j. In areas where sales values are low, the most viable form of development is low density. The highest densities are only likely to work where sales values are highest (i.e. in the Nine Elms area).
 - k. Existing use value and alternate use value are one of the key variables that can impact on the provision of affordable housing. Our analysis indicates that in higher value parts of the Borough, demands for affordable housing may conflict with EUV.
 - l. While this Viability exercise provides benchmarks, they clearly must be treated with caution and certainly do not imply a fixed position on the part of the Council.
- 1.7 With regard to existing use values, it is clear that if B1 office rents and yields improve, there may be an increasing conflict (especially in mixed use schemes) to adjust the commercial / residential mix to minimise affordable housing content.

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- 1.8 The Council's affordable housing policy IS5 provides a sound basis for securing the maximum reasonable proportion of affordable housing from developments, while at the same time avoiding an adverse impact upon viability and residential land supply.
 - 1.9 At the current time, a majority of viability assessments of individual sites submitted with planning applications indicate that 33% affordable housing is not viable. There are several factors which affect the viability of individual schemes accounting for this. Firstly, it demonstrates the impact of exceptional costs coming into play. Secondly, the funding system for affordable housing is in a state of flux, resulting in a degree of uncertainty as to values that developers might receive from RPs for affordable units. Thirdly, it signals too much reliance on historic prices paid for land and the need for land values to adjust to reflect current policy requirements¹. Clearly this is a process that occurs over a number of years and this readjustment is still in progress.

¹ See observations from Mayoral CIL Examiner's report on reductions in land value being required to accommodate policy requirements. This suggests that land values should flex to meet policy requirements, rather than policy requirements flexing to meet landowner aspirations.

2 Introduction

Wandsworth Council ('the Council') is currently undertaking a limited review of its Local Plan (formerly Local Development Framework) As part of this review, the Council has commissioned BNP Paribas Real Estate to undertake an update of the Affordable Housing Economic Viability study, previously published in 2009. The aims of this update study are summarised as follows:

- Re-assess the viability of development and the Council's affordable housing targets in the light of changes to market conditions since the 2009 study was undertaken;
- Consider the viability of development in the context of the requirements of the National Planning Policy Framework (2012);
- Take account of the requirements of the guidance on '*Viability Testing Local Plans*' published by the Local Housing Delivery Group in 2012;
- Reflect the changes to affordable housing tenures introduced following the Comprehensive Spending Review in 2010;
- Take account of the significant changes to the availability of grant funding since 2010; and
- Reflect the adoption in April 2012 of the Mayor of London's Community Infrastructure Levy ('CIL') and the adoption in November 2012 of Wandsworth Council's CIL.

The methodology adopted in this study involves running a series of residual valuations, which are compared to a range of current use values, which are typical of values of sites that come forward for development. Residual valuations require a range of inputs to be accurately forecast, so the results should be treated with a degree of caution. Individual site characteristics (which are unique), mean that blanket requirements and conclusions must always be tempered by a level of flexibility in the application of policy requirements.

National Policy Context

The National Planning Policy Framework

- 2.1 Since the Council adopted its Core Strategy, the old suite of planning policy statements and planning policy guidance has been replaced by a single document – the National Planning Policy Framework ('NPPF').
- 2.2 The NPPF provides more in-depth guidance on viability of development than Planning Policy Statement 3, which limited its attention to requiring local planning authorities to test the viability of their affordable housing targets. Paragraph 173 of the NPPF requires that local planning authorities give careful attention "*to viability and costs in plan-making and decision-taking*". The NPPF requires that "*the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened*". After taking account of policy requirements, land values should be sufficient to "*provide competitive returns to a willing landowner and willing developer*".
- 2.3 The meaning of a "*competitive return*" has been the subject of considerable debate over the past year. For the purposes of testing the viability of a

planning policy requirement, the Local Housing Delivery Group² has concluded that the current use value of a site (or a credible alternative use value) plus an appropriate uplift, represents a competitive return to a landowner. Some members of the RICS consider that a competitive return is determined by market value³, although there is no consensus around this view.

The Community Infrastructure Levy

- 2.4 Wandsworth has significant infrastructure investment requirements to accommodate new development. On 1 November 2012, the Council adopted its CIL Charging Schedule and all developments granted planning permission after this date will be liable. The purpose of CIL is to raise funding for infrastructure that will support the development of the area. The CIL regulations state that in setting a charge, local authorities must aim to strike “*what appears to the Charging Authority to be an appropriate balance*” between funding infrastructure on the one hand and the potentially adverse impact upon the viability of development on the other. Statutory Guidance states that authorities should undertake a broad test of viability taking a strategic view across their area. Regulation 14 recognises that the introduction of CIL may put some potential development sites at risk. It is for charging authorities to decide on the appropriate balance for their area and ‘how much’ potential development they are willing to put at risk. CIL should not put at serious risk the overall development of the area. The regulations also state that local authorities should take account of other sources of available funding for infrastructure when setting CIL rates.
- 2.5 The regulations allow a number of reliefs and exemptions from CIL. Firstly, affordable housing and buildings with other charitable uses (if controlled by a charity) are subject to relief. Secondly, local authorities may, if they choose, elect to offer an exemption on proven viability grounds. The exemption would be available for 12 months, after which time viability of the scheme concerned would need to be reviewed. To be eligible for exemption, regulation 55 states that the Applicant must enter into a Section 106 agreement (and the costs of complying with the agreement must exceed the amount of CIL that would have been payable); and that the Authority must be satisfied that granting relief would not constitute state aid.
- 2.6 The CIL regulations enable local authorities to set differential rates (including zero rates) for different zones within which development would take place and also for different types of development.
- 2.7 The 2010 regulations set out clear timescales for payment of CIL, which varied according to the size of the payment, which by implication is linked to the size of the scheme. The 2011 amendments to the regulations allow local authorities to set their own timescales for the payment of CIL if they choose to do so. The Council has adopted its own instalments policy, which splits the liability on an individual scheme, depending on size.

Local Policy context

- 2.8 The study takes account the Mayor of London’s CIL, Wandsworth CIL and other relevant requirements in the Council’s adopted Core Strategy, Development Management Policies Document (‘DMPD’), Site Specific Allocations Document (‘SSAD’), and the Draft Planning Obligations Supplementary Planning Document. The most pertinent policies for this study are IS5 ‘*Achieving a mix of housing, including affordable housing*’,

² Viability Testing Local Plans: Advice for planning practitioners, June 2012

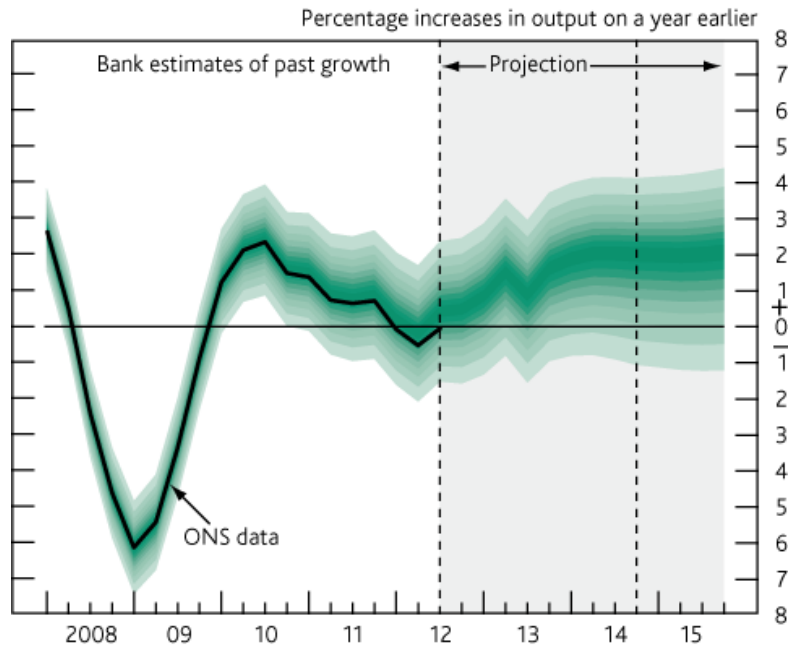
³ RICS Guidance Note: Financial Viability in Planning, August 2012

DMH3 '*Unit mix in new housing*' and DMH8 '*Implementation of affordable housing*'. In addition, the Area Spatial Strategy in the SSAD

- 2.9 The SSAD includes a requirement for a minimum of 15% affordable housing in the Wandsworth part of the Vauxhall Nine Elms Opportunity Area ('VNEBOA'). In contrast, policy IS5 (d) requires a minimum of 33% affordable housing in the rest of the Borough, subject to viability. This reduced minimum requirement reflects the considerable requirement for developments in the area to fund new infrastructure to support growth, including the Northern Line Extension to Battersea Power Station. Nine Elms, reflecting the significant contributions which need to be made towards funding the infrastructure necessary to support the development of that area. This requirement is reflected in the higher CIL rate for the riverside part of the VNEBOA of £575 per square metre and £265 per square metre in the remainder of the VNEBOA.
- 2.10 Where schemes provide less than 50% affordable housing, the Council requires applicants to submit economic viability assessments which take into account individual site costs, the availability of public subsidy and other scheme requirements. DMPD Policy DMH8 sets out additional circumstances where Policy IS5 would apply in respect of affordable housing, and signposting that off-site contributions may be sought, and signposting the forthcoming Planning Obligations Supplementary Planning Document ('SPD').
- 2.11 The Draft Planning Obligations SPD, which is currently out for consultation, includes further details on the application of the affordable housing requirements to be included in S106 Agreements, including potential viability reviews on larger schemes.

Economic and housing market context

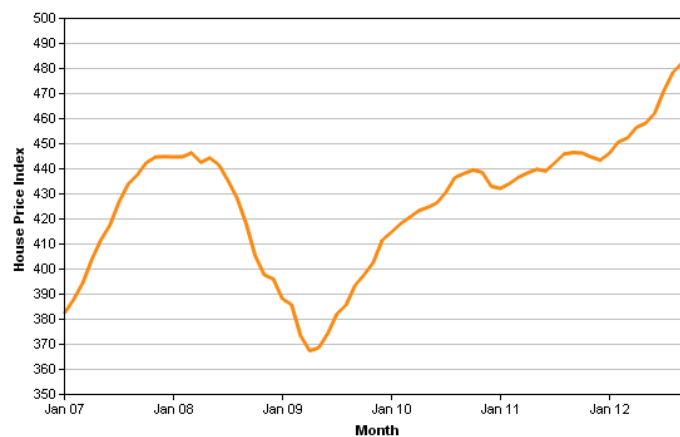
- 2.12 The historic highs achieved in the UK housing market by mid 2007 followed a prolonged period of real house price growth. However, a period of 'readjustment' began in the second half of 2007, triggered initially by rising interest rates and the emergence of the US sub prime lending problems in the last quarter of 2007. The subsequent reduction in inter-bank lending led to a general "credit crunch" including a tightening of mortgage availability. The real crisis of confidence, however, followed the collapse of Lehman Brothers in September 2008, which forced the government and the Bank of England to intervene in the market to relieve a liquidity crisis.
- 2.13 The combination of successive shocks to consumer confidence and the difficulties in obtaining finance led to a sharp reduction in transactions and a significant correction in house prices in the UK, which fell to a level some 21% lower than at their peak in August 2007 according to the Halifax House Price Index. Consequently, residential land values fell by some 50% from peak levels. One element of government intervention involved successive interest rate cuts and as the cost of servicing many people's mortgages is linked to the base rate, this financial burden has progressively eased for those still in employment. This, together with a return to economic growth early 2010 (see November 2012 Bank of England GDP fan chart below, showing the range of the Bank's predictions for GDP growth to 2015) has meant that consumer confidence has started to improve to some extent.



Source: Bank of England

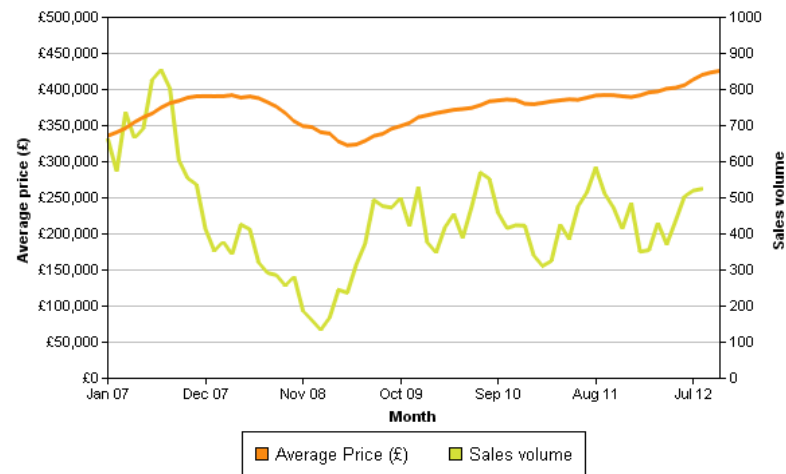
- 2.14 Throughout the first half of 2010 there were some tentative indications that improved consumer confidence was feeding through into more positive interest from potential house purchasers. Against the background of a much reduced supply of new housing, this would lead one to expect some recovery in prices. However it is evident that this brief resurgence has abated, with the Halifax House Price Indices showing a fall of 0.6% in the year to March 2012. The Halifax attributes at least some of the recent recovery in sales values to first time buyers seeking to purchase prior to the reintroduction of Stamp Duty from 1 April 2012.
- 2.15 The balance of opinion is that house prices will remain flat in the short term, with continuing high levels of unemployment likely to result in increased repossessions and increased supply of homes into the market. At the same time, demand is expected to remain subdued, due to the continuing difficulties consumers face in securing mortgages. However, central London markets (including substantial parts of Wandsworth) are likely to benefit from continuing overseas investment, with prices increasing strongly since 2009.

Figure 2.15.1: House prices in Wandsworth



Source: Land Registry

Figure 2.15.2: Sales volumes in Wandsworth



Source: Land Registry

- 2.16 According to Land Registry data, residential sales values in Wandsworth have recovered since the lowest point in the cycle in March 2009. Prices increased by 32% between April 2009 and October 2012. In October 2012, sales values were 8.6% higher than the previous (March 2008) peak value.
- 2.17 The future trajectory of house prices is currently uncertain, although Savills' current prediction is that values are expected to increase over the next five years. Medium term predictions are that properties in mainstream London markets will grow over the period between 2012 to 2017⁴. Savills predict that values in mainstream London markets (i.e. non-prime) will fall by 0.5% in 2012, but increase by 1.5% in 2013, 4% in 2014, 4.5% in 2015, 5% in 2016 and 4.5% in 2017. This equates to cumulative growth of 21% between 2012-2017 inclusive, compared to a UK average of 11.5% cumulative growth over the same period. Savills predict that values in outer-prime London markets will increase by 3.5% in 2012, not change in 2013, increase by 3.5% in 2014, 6.5% in 2015, 5.5% in 2016 and 5% in 2017 (cumulative growth over the period of 22.1%).

Development context

- 2.18 Developments in Wandsworth range from small in-fill sites to major developments and estate regeneration schemes. The VNEBOA will see significant redevelopment of industrial and commercial sites to provide at least 16,000 new residential units and replacement commercial, retail and leisure floorspace. There are significant variations in residential sales values between different parts of the Council's area, with areas to the north of the borough with the highest values (particularly along the River Thames) and the lowest values found in the South.

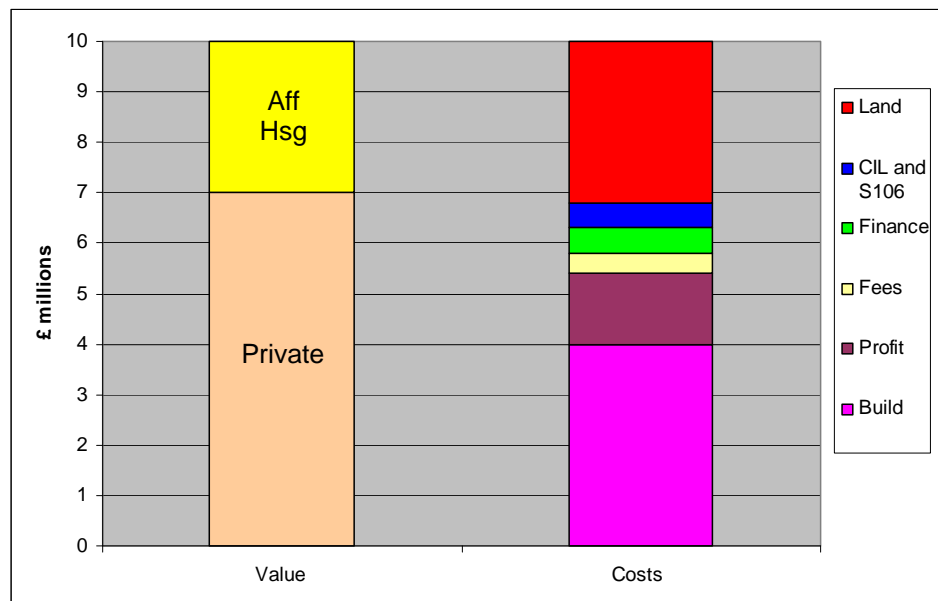
⁴ Savills Research: Residential Property Focus, November 2012

3 Methodology and appraisal inputs

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

Approach to testing development viability

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



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

- 3.4 Problems with key appraisal variables can be summarised as follows:

- Development costs are subject to national and local monitoring and can be reasonably accurately assessed in 'normal' circumstances. In boroughs like Wandsworth, many sites will be previously developed. These sites can sometimes encounter 'exceptional' costs such as decontamination. Such costs can be very difficult to anticipate before detailed site surveys are undertaken;
- Development value and costs will also be significantly affected by assumptions about the nature and type of affordable housing provision and other Planning Obligations. In addition, on major projects, assumptions

about development phasing; and infrastructure required to facilitate each phase of the development will affect residual values. Where the delivery of the obligations are deferred, the less the real cost to the applicant (and the greater the scope for increased affordable housing and other planning obligations)⁵. This is because the interest cost is reduced if the costs are incurred later in the development cashflow. Following the introduction of CIL, Section 106 payments will be scaled back and largely replaced by CIL payments. The Council has adopted a CIL instalments policy which applies to each phase (reserved matters) application on major developments; and

- While Developer's Profit has to be assumed in any appraisal, its level is closely correlated with risk. The greater the risk, the higher the profit level required by lenders. While profit levels were typically up to around 15% of completed development value at the peak of the market in 2007, banks now require schemes to show a higher profit to reflect the current risk. Typically developers and banks are targeting 20% profit on scheme value.
- 3.5 Ultimately, the landowner will make a decision on implementing a project on the basis of return and the potential for market change, and whether alternative developments might yield a higher value. The landowner's 'bottom line' will be achieving a residual land value that sufficiently exceeds 'existing use value'⁶ or another appropriate benchmark to make development worthwhile. The margin above existing use value may be considerably different on individual sites, where there might be particular reasons why the premium to the landowner should be lower or higher than other sites.
- 3.6 Clearly, however, landowners have expectations of the value of their land which often exceed the value of the current use. Affordable housing, CIL and other planning requirements will all impact on the residual land value. Ultimately, if landowners' expectations are not met, they will not voluntarily sell their land and (unless a Local Authority is prepared to use its compulsory purchase powers) some may simply hold on to their sites, in the hope that policy may change at some future point with reduced requirements. It is within the scope of those expectations that developers have to formulate their offers for sites. The task of formulating an offer for a site is complicated further still during buoyant land markets, where developers have to compete with other developers to secure a site, often speculating on increases in value.

Viability benchmark

- 3.7 The NPPF and the CIL Regulations give discretion to authorities as to what methodology to use when assessing viability. The Local Housing Delivery Group published guidance in June 2012⁷ which provides guidance on testing viability of Local Plan policies. The guidance notes that "*consideration of an appropriate Threshold Land Value [or viability benchmark] needs to take account of the fact that future plan policy requirements will have an impact on land values and landowner expectations. Therefore, using a market value approach as the starting point carries the risk of building-in assumptions of current policy costs rather than helping to inform the potential for future policy*".
- 3.8 In light of the weaknesses in the market value approach, the Local Housing

⁵ Our appraisals assume that Section 106 payments are paid in month 1 (i.e. no deferment and therefore represent a worst case scenario.

⁶ For the purposes of this report, existing use value is defined as the value of the site in its existing use, assuming that it remains in that use. We are not referring to the RICS Valuation Standards definition of 'Existing Use Value'.

⁷ Viability Testing Local Plans: Advice for planning practitioners, Local Housing Delivery Group, Chaired by Sir John Harman, June 2012

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

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

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

- 3.10 In his concluding remark, the Examiner points out that

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

4 Appraisal inputs⁸

Residential sales values

- 4.1 Residential values in the area reflect national trends in recent years but do of course vary between different sub-markets. We have considered comparable evidence of transacted properties in the area and also properties on the market to establish an appropriate range of values to apply to our hypothetical development scenarios (see Appendix 1). This exercise indicates that developments in the borough will attract average sales values ranging from circa £3,434 per square metre (£319 per square foot) to £10,764 per square metre (£1,000 per square foot). Anecdotal evidence indicates that higher values outside this range are being achieved for some units on sites in the very north of the borough. The range of sales values used in this study and the previous assessment are summarised in Table 4.1.1. Values have increased by approximately 30% since the 2009 study was undertaken.

Table 4.1.1: Sales values range (per square metre)

Study	Range of values lowest	Range of values highest
2009 Affordable Housing Economic Viability Assessment	£3,391	£7,320
2012 Affordable Housing Economic Viability Assessment Update	£3,434	£10,764

- 4.2 As noted earlier in the report, Savills predict that sales values will increase over the medium term. Whilst this predicted growth cannot be guaranteed, we have expanded the range of sales values tested so that the Council can determine the viability of its affordable housing targets following growth in values. In the context of recent trends - prices increased by 32% in Wandsworth between April 2009 and October 2012 – testing with higher values is considered to be appropriate.

Affordable housing tenure and values

- 4.3 The Council's Core Strategy policy IS5 requires that developments comprised of 10 or more units should provide 33% affordable, or more if viable, with a tenure mix of 70% rented housing and 30% intermediate. However, the London Plan 2011 requires a 60%/40% split, which mirrors evidence in the Council's Strategic Housing Market Assessment, which is due to be published in 2013.
- 4.4 The Council has adopted affordability criteria for both affordable rented and intermediate housing⁹. This requires that affordable housing be accessible to households on a range of incomes.
- 4.5 The Council's criteria require that different unit types should be affordable to varying maximum household incomes, assuming that no more than 45% of net income is spent on total housing costs (with net income considered to equate to 74% of gross incomes). The maximum incomes are summarised

⁸ A meeting was held with locally active developers and registered providers on 15 October 2012 to agree the appraisal inputs.

⁹ Wandsworth Council Affordable Rent and Tenancy Statement June 2011

in Table 4.5.1.

Table 4.5.1: Affordability criteria for affordable rented housing

Number of beds	Maximum household income (gross)	Net income as % of gross	Total housing costs as a % of net income
1 bed	£27,600	74%	45%
2 beds	£29,700	74%	45%
3 beds	£33,000	74%	45%
4 beds	£35,000	74%	45%

- 4.6 The Council has estimated that this structure would allow the following weekly rents to be charged, inclusive of service charge¹⁰:
- 1 bed - £190 (£166 net)
 - 2 bed - £205 (£171 net)
 - 3 bed – £218 (£177 net)
 - 4 bed - £230 (£181 net)
- 4.7 An RP charging rents at these levels would be able to acquire the completed units from a developer for an average of £1,453 per square metre (or £135 per square foot), based on the unit mix shown in Table 4.11.1 below.
- 4.8 The Council's affordability criteria also address the affordability of intermediate housing. The Council requires that two thirds of units should be affordable to households in receipt of incomes of no more than £38,000 per annum and the remaining third affordable to households in receipt of incomes of no more than £64,300 per annum for one and two bed properties and £77,200 per annum for three beds and above.
- 4.9 Our estimate is that an RP would be able to acquire completed shared ownership units for an average of £2,562 per square metre (or £238 per square foot) while complying with the affordability criteria.
- 4.10 The CLG/HCA '2011-2015 Affordable Homes Programme – Framework' (February 2011) document clearly states that RPs will not receive grant funding for any affordable housing provided through planning obligations. However, some RPs do receive grant funding on occasion as part of their delivery contract with the Homes and Communities Agency. We have re-run a sensitivity analysis which tests the impact of grant funding of £30,000 per rented unit and £15,000 per shared ownership unit, reflecting an average level RPs have received.

Unit mix and sizes

- 4.11 Policy DMH3 sets out the Council's preferred mix for the affordable housing within developments. This policy does not apply to private housing. Table 4.11.1 below sets out the mix we have assumed for modelling purposes, with the affordable mix in compliance with Policy DMH3.

¹⁰ Service charge assumed to be levied at £25 per square metre of unit floorspace, based on average to be charged on mixed use scheme with varying building heights and types.

Table 4.11.1: Unit mix

Tenure	1 bed	2 bed	3 bed	4 bed
Affordable Rent	15%	45%	30%	10%
Intermediate	35%	45%	17%	3%
Private	20%	45%	30%	5%

- 4.12 The Council's Draft Housing SPD notes the minimum dwelling space standards which are incorporated into the London Plan (2011). We have adopted the following space standards in our appraisals. Some of the dwelling sizes are slightly larger than the minimum to allow for slightly larger wheelchair units.

Table 4.12.1: Minimum and assumed unit sizes

Unit type	Essential GIA (Sqm)	Assumed unit size (Sqm)
1 bed / 2 person	50	52
2 bed / 4 person	70	75
3 bed / 5 person	86	90
4 bed / 6 person	99	105

Build costs

- 4.13 We have sourced build costs from the RICS Building Cost Information Service (BCIS), which is based on tenders for actual schemes. However, adjustments to the base costs are necessary to reflect the specification of development in the borough. The range of base build costs (which differs with density) is provided in Table 4.13.1.

Table 4.13.1: Base build costs (£s per sqm)

Density	Base build cost per sqm
100 uph	1,058
150 uph	1,058
200 uph	1,407
250 uph	1,507
300 uph	1,707
350 uph	1,907
450 uph	2,107
625 uph	2,207

- 4.14 BCIS makes no allowance for external works (pavements, fences etc). We have incorporated an additional 15% of base costs to address these costs.
- 4.15 An additional £6,000 per unit is included as an allowance across all housing tenures for meeting Code for Sustainable Homes level 4. This assumption is based on the 2010 CLG Study 'Code for Sustainable Homes: A cost review'

(2010).

- 4.16 Our appraisals incorporate the upper end of the DCLG research on the costs of meeting Lifetime Homes standards (£1,702 per unit).
- 4.17 The costs of making units wheelchair accessible is broadly neutral and is more of a design and unit size issue. The 10% wheelchair requirement will be accommodated within schemes by varying unit sizes to accommodate the additional floorspace required for turning circles.
- 4.18 Finally, we have made an additional allowance for the necessary adjustment between net and gross areas of the building. The net floor area is the space within flats, excluding common areas, including stair and lift cores. The gross area of the building *includes* the common areas. Depending on the height of the building, the ratio of net floor area to gross floor area will typically range between 85% to 77.5%. Car parking has been accounted for separately from the residential floor area, both in terms of build costs and CIL liability.
- 4.19 The impact of the adjustments to base build costs outlined above is summarised in Table 4.19.1.

Table 4.19.1: Build costs incorporating adjustments

Density	Base cost £s per sqm	CSH level 4 £s per sqm	Lifetime Homes £s per sqm	External works (% of base costs)	Total build costs (per gross sq m)
100 uph	1,058	81	23	15%	£ 1,321
150 uph	1,058	81	23	15%	£ 1,321
200 uph	1,407	81	23	15%	£ 1,722
250 uph	1,507	81	23	15%	£ 1,837
300 uph	1,707	81	23	15%	£ 2,067
350 uph	1,907	81	23	15%	£ 2,297
450 uph	2,107	81	23	15%	£ 2,527
625 uph	2,207	81	23	15%	£ 2,642

- 4.20 Finally, we have reflected a net to gross adjustment for each development type, as shown in Table 4.20.1.

Table 4.20.1: Net and gross build costs

Density	Net to gross assumption	Total build cost (net)	Total build costs (net) psf
100 uph	85.00%	£1,554	£144
150 uph	85.00%	£1,554	£144
200 uph	82.50%	£2,087	£194
250 uph	82.50%	£2,227	£207
300 uph	80.00%	£2,584	£240
350 uph	80.00%	£2,871	£267
450 uph	77.50%	£3,261	£303
625 uph	77.50%	£3,409	£317

Car parking

- 4.21 The Council's Development Management Policies Document (Adopted Version February 2012) requires that developments that include car parking should distribute spaces proportionately between market and affordable housing, unless an alternative split is justified by relative demand.
- 4.22 The *maximum* provision for schemes of 4 or more units is 1.5 to 2 spaces per unit in a development. Car free development is accepted in areas with high levels of public transport accessibility.
- 4.23 Where car parking spaces are provided to residents of affordable housing, the Council expects the developer to provide these at nil cost to the RP and the occupier. This clearly has potential for an impact on scheme viability as a proportion of the spaces have to be built and generate no sales revenue.
- 4.24 We have considered the level of car parking provided in a range of schemes recently in the Borough to establish appropriate levels for testing purposes. This indicates a range between 0.4 spaces to 1 unit (on higher density schemes) and 0.75 spaces to 1 unit (on lower density schemes). Costs range from £3,600 for surface parking to £41,000 for basement parking. CIL is applied to all car parking (with the exception of surface parking), assuming 17 square metres per space (12 square metres for the space itself and an additional 5 square metres per space for circulation).
- 4.25 Revenue from car parking is assumed at different values, depending upon the type of provision, which in turn we have assumed in linked to density. Lower density schemes are more likely to provide surface car parking, which will attract a lower sales value than secure basement car parking. Denser schemes are also likely to have a lower overall provision in relation to the number of residential units, which will result in a scarcity factor and higher values. Our appraisals assume revenue for car parking ranging from £10,000 to a surface parking space in a low density scheme to £30,000 per space for a secure basement parking space in a high density scheme.

Professional fees

- 4.26 In addition to base build costs, schemes will incur professional fees, covering design, valuation, highways consultants and so on. Our appraisals incorporate a 12% allowance, which is at the higher end of the range for most schemes.

Development finance

- 4.27 Our appraisals assume that development finance can be secured at a rate of 7%, inclusive of arrangement and exit fees, reflective of current funding conditions.

Marketing costs

- 4.28 Our appraisals incorporate an allowance of 4% for marketing costs, which we consider to be an appropriate allowance, albeit at the higher end of the range.

Mayoral CIL

- 4.29 Mayoral CIL will be payable on most residential developments that receive planning consent after 1 April 2012. Wandsworth falls within Zone 1, where

a CIL of £50 per square metre will be levied. The Mayoral CIL takes precedence over borough requirements, including affordable housing. The Council had regard to the Mayoral CIL when setting its own CIL. Our appraisals take into account Mayoral CIL.

Wandsworth CIL

- 4.30 Wandsworth CIL is applied to the appraisals at the following rates:
- VNEB Zone A (Riverside) £575 per square metre;
 - VNEB Zone B (Non-riverside) £265 per square metre;
 - Wider Wandsworth: £250 per square metre;
 - Roehampton regeneration area¹¹: Nil
- 4.31 The CIL Regulations specify that if any part of an existing building is in lawful use for sixth months within the twelve months prior to the time at which planning permission first permits development, all of the existing floorspace will be deducted when determining the amount of chargeable floorspace. This will be the case for some development sites in Wandsworth. However, because some existing buildings will not qualify, our modelling assumes that CIL is levied on the entire development. Given that most development sites in the Borough are previously developed, this is a cautious assumption. The reduction in CIL liability for existing floorspace is likely to change landowner and developer behaviour, such that buildings are kept occupied. The lower CIL liability than assumed in our appraisals would assist in offsetting any exceptional costs that might arise on individual sites.

Section 106 costs

- 4.32 CIL will replace the bulk of items that were historically collected through Section 106. However, there will continue to be some items that will be secured through Section 106, such as highways reinstatement works. The Council has estimated that a £1,500 per unit allowance should address such items.

Development and sales periods

- 4.33 Development and sales periods vary between type of scheme. However, our sales periods are based on an assumption of a sales rate of 6 units per month, with an element of off-plan sales reflected in the timing of receipts. This is reflective of current market conditions, whereas in improved markets, a sales rate of up to 8 units per month might be expected. We also note that some schemes in the Borough have achieved a high level of sales of plan, in some cases well in advance of completion of construction.

Developer's profit

- 4.34 Developer's profit is closely correlated with the perceived risk of residential development. The greater the risk, the greater the required profit level, which helps to mitigate against the risk, but also to ensure that the potential rewards are sufficiently attractive for a bank and other equity providers to fund a scheme. Prior to 2007, profit levels were at around 13-15% of scheme value. However, following the impact of the credit crunch and the collapse in interbank lending and the various government bailouts of the banking sector, profit margins have increased. It is important to emphasise

¹¹ All potential private housing sites are located outside the Roehampton Regeneration Area and are therefore within the "Wider Wandsworth" area for CIL purposes.

that the level of minimum profit is not necessarily determined by developers (although they will have their own view and the Boards of the major housebuilders will set targets for minimum profit).

- 4.35 The views of the banks which fund development are more important; if the banks decline an application by a developer to borrow to fund a development, it is very unlikely to proceed, as developers rarely carry sufficient cash to fund it themselves. Consequently, future movements in profit levels will largely be determined by the attitudes of the banks towards development proposals.
- 4.36 The near collapse of the global banking system in the final quarter of 2008 is resulting in a much tighter regulatory system, with UK banks having to take a much more cautious approach to all lending. In this context, and against the backdrop of the current sovereign debt crisis in the Eurozone, the banks may not allow profit levels to decrease much lower than their current level of 20% of private housing value.
- 4.37 Our assumed return on the affordable housing GDV is 6%. A lower return on the affordable housing is appropriate as there is very limited sales risk on these units for the developer; there is almost always a pre-sale of the units to an RP prior to commencement. Any risk associated with take up of intermediate housing is borne by the acquiring RP, not by the developer. A reduced profit level on the affordable housing reflects the GLA 'Development Control Toolkit' guidance and Homes and Communities Agency's guidelines in its Economic Appraisal Tool.

Exceptional costs

- 4.38 Exceptional costs can be an issue for development viability on previously developed land. Exceptional costs relate to works that are 'atypical', such as abnormal ground conditions requiring piling or remediation of sites in former industrial use and that are over and above standard build costs. However, for the purposes of this exercise, it is not possible to provide a reliable estimate of what exceptional costs would be, in the absence of detailed site investigation. Our analysis therefore excludes exceptional costs, as to apply a blanket allowance would generate misleading results. An 'average' level of costs for dealing with abnormal ground conditions and other similar 'abnormal' costs is already reflected in BCIS data, as such costs are frequently encountered on sites that form the basis of the BCIS data sample.

Benchmark land values

- 4.39 Benchmark land values, based on the existing use value or alternative use value of sites are key considerations in the assessment of development economics for testing planning policies. Clearly, there is a point where the Residual Land Value (what the landowner receives from a developer) that results from a scheme may be less than the land's existing use value. Existing use values can vary significantly, depending on the demand for the type of building relative to other areas. Similarly, subject to planning permission, the potential development site may be capable of being used in different ways – as a hotel rather than residential for example; or at least a different mix of uses. Existing use value or alternative use value are effectively the 'bottom line' in a financial sense and therefore a key factor in this study.
- 4.40 The existing use value for each site is determined by the existing building and local market rents for the relevant property type. We have had regard to the Valuation Office Agency 'rateable value' for a range of sites, which is based on the rent that would be paid per square metre, multiplied by the total

floorspace. We have also had regard to actual existing use values of sites that have been brought forward for development. We have applied a Landowner's premium of 20% to each existing use value, to reflect the need to offer the landowner a return. In practice, the return above existing use value would vary between sites, depending on the condition of the building, its occupancy status and whether there is demand for the type of space. For a policy testing study using hypothetical scenarios, it is not possible to reflect individual site circumstances, hence the need for a blanket assumption.

- 4.41 In practice, there is a range of existing uses of sites that are brought forward for development. We have identified the following types of existing uses that are typical of sites that are redeveloped in the Borough. A sample of sites results in average values per hectare shown with each existing use.
- Offices (£15.62 million per ha)
 - Industrial and warehousing (£11.62 million per ha)
 - Car parking (£6 million per ha)
 - Community uses/backlands (£4 million per ha)
- 4.42 Ultimately, the product of the benchmarking exercise must be a guide (but no more) as to how much affordable housing can be delivered before the value generated by residential development falls below EUV. For each of the four EUVs, our calculations assume that the landowner has made a judgement that the current use does not yield an optimum use of the site, for example, it has many fewer stories than neighbouring buildings; or there is a general lack of demand for the space, which results in low rentals, high yields and high vacancies. We would not expect a building which makes optimum use of a site and that is attracting a high rent to come forward for residential development, as residential value is unlikely to exceed existing use value in these circumstances.
- 4.43 EUVs are clearly sensitive to location (as are residential sales values) so the four EUV typologies above provide an indication only of likely values of sites across the Borough. Furthermore, in addition to the existing site uses used in our analysis, there will be other existing uses where the economic context for the delivery of affordable housing may vary from our four EUV typologies above. However, it should not be automatically assumed that low value existing use values make the delivery of target levels of affordable housing possible – some low value sites may require decontamination, for example, the cost of which may offset any savings on land purchase costs. We have also had experience of community centre sites coming forward for mixed use development where the re-provision costs of the community facility have affected the extent to which affordable housing can be provided, This could apply in Wandsworth where policies require replacement community facilities to be provided unless they can be proven to be surplus to requirements.

5 Appraisal outputs

- 5.1 Before examining the illustrated outcomes, it is important to recap on the variables which may change the outputs – positively and negatively. They are shown in Table 5.1.

Table 5.1: Positive and negative impacts on appraisal outcomes

Positive impacts	Negative impacts
Net land value contribution from affordable housing (generally lower density schemes with low build costs)	Net loss on affordable housing requiring cross subsidy from private housing
Increase in Affordable Rent and intermediate tenures may deliver a better receipt than social rented housing	Public subsidy not available and/or high percentage of social rented housing
Low and/or deferred Planning Obligations	High and/or up-front Planning Obligations
Low existing use value	High Existing/Alternative Use Value
Availability of gap funding	Contamination or remediation costs
Offsetting of existing buildings against CIL liability	Market uncertainty
	Other planning policy requirements

- 5.2 With these factors in mind, the tables in the following section summarise the key outputs of our development appraisals.

Presentation of data

- 5.3 The tables are constructed to provide the maximum amount of data in the same place to provide easy comparison. Each table shows a range of sales values (on the left hand side) and a range of densities (along the top row). For each density, we show the build costs. The appraisal outputs are compared with four different Existing Use Values, as outlined in paragraph 4.36 (offices; industrial/distribution/storage; car parking; and community uses/ backlands).
- 5.4 Each cell in the first table of each set of data shows the residual land value of a hypothetical scheme (of a given density and at the relevant sales value). This residual value is then compared to each of the four different existing use values. Residual values are very sensitive to small changes in appraisal variables. Consequently, our test of viability allows for a 20% margin above EUV. In these sections of the tables, green symbols show where the residual land value of each hypothetical scheme exceeds EUV by a margin of at least 20%. Red symbols show where the residual value of each scheme does not provide for a 20% margin above EUV and is considered to be unviable.
- 5.5 On the far right hand side of each table, we provide an indication of the range of sales values currently found within Wandsworth. The value bands have been drawn more widely than the values currently being achieved in those areas, reflecting potential for future movement. We also indicate where the range would lie following a 10% and 20% increase in sales values (with all other variables remaining unchanged).

- 5.6 The full set of data tables are attached as Appendix 2 and 3, which also show the residual land values from which the symbols are derived. The data tables show the following variables:
- Affordable housing¹²: 25%, 33% and 40% (Wider Wandsworth and Roehampton)
 - Affordable housing in VNEBOA 15%, 20% and 10%;
 - A rented/intermediate housing split of:
 - 60% rent; 40% intermediate;
 - 50% rent; 50% intermediate;
 - Profit of 20% and 17%;
 - Code for Sustainable Homes 4 on all tenures;
 - 10% wheelchair accessible units across all tenures (addressed through provision of slightly larger unit sizes than the minimum London Plan standards);
 - No grant funding (base scenario) and £30,000 per unit for affordable rented housing and £15,000 per intermediate unit as a sensitivity;
 - Each of the above with developer profit levels of 17% and 20% on private housing GDV, with 6% of affordable housing GDV.
- 5.7 For each affordable housing percentage, there are 36 separate tables. Each table is comprised of 112 residual valuations, which are then analysed against four EUVs, providing a total of 448 individual assessments per page. The dataset for each affordable housing percentage therefore comprises some 16,000 separate calculations; and the entire dataset comprises 48,000 individual calculations. This is a lower number than the 2010 study (which comprises of 75,000 individual calculations) as we are not testing a 'with grant' scenario in this update study.
- 5.8 An annotated version of the data output is provided on the following page.
- 5.9 We provide some examples of the results in the following sections to illustrate the layout of the tables. The full set of results can be found at Appendix 2 and 3. Examples 1 to 6 on the following pages illustrate a range of scenarios.

¹² These scenarios were discussed at a meeting with locally active developers.

Guide to appraisal outputs

5.10 The appraisal outputs contain a series of tables, showing different scenarios (eg level of affordable housing, tenure mix, developer profit levels and planning obligations), as shown on the Index page. At the top of each page, we show the residual values from a series of hypothetical schemes, which are then compared to four different existing use values. The first table below shows the layout of the residual values:

Each cell shows the residual land value of a hypothetical scheme. For example, the cell we point to here is a 150 unit per ha scheme, with average sales values of £6,458 per sqm and build costs of £1,554 per sqm. The residual value is £15,324,069.

MODEL Density - units/ha ->	Density of scheme (units per hectare)								Sales value (per sq m)
	100 uph	150 uph	200 uph	250 uph	300 uph	350 uph	450 uph	625 uph	
Build costs ->	£1554 per sqm								
Sales value per sm									£3409 per sqm
£3,444	1,134,230	1,480,158	- 8,053,637	- 13,313,180	- 24,888,773	- 38,014,969	- 64,822,453	- 100,879,131	£3,444
£4,198	3,472,025	4,960,252	- 3,329,812	- 7,444,798	- 17,846,715	- 29,853,671	- 54,497,382	- 86,573,267	£4,198
£4,951	5,809,820	8,431,953	1,327,186	- 1,602,615	- 10,804,656	- 21,692,374	- 44,172,312	- 72,267,402	£4,951
£5,705	8,139,410	11,878,011	5,908,945	4,121,884	- 3,775,924	- 13,531,077	- 33,847,241	- 57,961,537	£5,705
£6,458	10,458,043	15,324,069	10,439,435	9,773,640	3,119,922	- 5,385,842	- 23,522,170	- 43,655,671	£6,458
£7,212	12,776,677	18,770,126	14,943,890	15,385,988	9,941,196	2,608,244	- 13,197,100	- 29,349,806	£7,212
£7,965	15,095,309	22,216,185	19,427,663	20,952,720	16,693,819	10,516,780	- 2,986,431	- 15,070,743	£7,965
£8,719	17,413,942	25,651,873	23,904,331	26,510,247	23,408,217	18,341,678	7,105,763	- 1,122,883	£8,719
£9,472	19,732,575	29,080,755	28,351,057	32,027,407	30,088,296	26,120,648	17,117,114	12,663,331	£9,472
£10,226	22,051,208	32,509,638	32,797,782	37,544,566	36,763,162	33,858,722	27,024,393	26,351,393	£10,226
£10,979	24,369,840	35,938,520	37,244,507	43,061,726	43,383,753	41,579,602	36,897,831	39,891,270	£10,979
£11,733	26,688,474	39,367,403	41,689,803	48,544,625	50,004,344	49,244,662	46,697,248	53,401,192	£11,733
£12,486	29,007,107	42,796,285	46,109,331	54,023,296	56,624,935	56,909,721	56,496,665	66,796,024	£12,486
£13,240	31,325,740	46,225,167	50,528,858	59,501,967	63,236,991	64,574,781	66,224,953	80,190,856	£13,240

5.11 These results are then compared to a series of existing use values, using a system of symbols. Green symbols show where the residual land value is 20% greater than the existing use value (and is therefore considered viable) and red symbols show where the residual value is less than 20% above existing use value. As an example, a development with sales value of £6,458 per square metre would be viable for schemes with densities of 100, 150, 200 and 250 units per ha:

Each cell in the table follows an identical pattern to the table on the previous page. The arrow points to a scheme of 150 units per ha, with average sales values of £6,458 per sqm and build costs of £1,554 per sqm. The residual value of that scheme (£15.3 million) is significantly higher than the EUV (£2.09 million). This scheme is judged as 'viable', as the residual exceeds the EUV by more than 20%.

Here, the arrow points to a scheme of 250 units per ha, with sales values of £5,705 per sqm and build costs of £2,227 per sqm. The residual value of the scheme is £4.1 million, which is lower than EUV of £6 million. This scheme is assessed as 'unviable' and represented by a red symbol.

Existing use value

RLVs less existing use value

£6,000,000 per hectare
£2,429,150 per acre

Car Parking sites etc

Density - units/ha ->	100 uph	150 uph	200 uph	250 uph	300 uph	350 uph	450 uph	625 uph	Sales value £per sq m
Build costs ->	£1554 per sqm	£1554 per sqm	£2087 per sqm	£2227 per sqm	£2584 per sqm	£2871 per sqm	£3261 per sqm	£3409 per sqm	
Sales value £per sq m									
£3,444	☹	☹	☹	☹	☹	☹	☹	☹	£3,444
£4,198	☹	☹	☹	☹	☹	☹	☹	☹	£4,198
£4,951	☹	😊	☹	☹	☹	☹	☹	☹	£4,951
£5,705	😊	😊	☹	☹	☹	☹	☹	☹	£5,705
£6,458	😊	😊	😊	😊	☹	☹	☹	☹	£6,458
£7,212	😊	😊	😊	😊	😊	☹	☹	☹	£7,212
£7,965	😊	😊	😊	😊	😊	😊	☹	☹	£7,965
£8,719	😊	😊	😊	😊	😊	😊	☹	☹	£8,719
£9,472	😊	😊	😊	😊	😊	😊	😊	😊	£9,472
£10,226	😊	😊	😊	😊	😊	😊	😊	😊	£10,226
£10,979	😊	😊	😊	😊	😊	😊	😊	😊	£10,979
£11,733	😊	😊	😊	😊	😊	😊	😊	😊	£11,733
£12,486	😊	😊	😊	😊	😊	😊	😊	😊	£12,486
£13,240	😊	😊	😊	😊	😊	😊	😊	😊	£13,240

6 Results

- 6.1 This section needs to be read in conjunction with appendices 1 and 2 (with the few examples shown in the following section). In these tables, the residual land values are calculated for different sales values and densities of development, and then compared with four benchmark land values/existing use values. The tables show the outputs of the following appraisals:

Wider Wandsworth (including private-led development in Roehampton)

- Sales Values – ranging from £3,444 to £13,240 per square metre;
- Densities – ranging from 100 units to 625 units per hectare;
- Affordable housing percentages – 25%, 33% and 40%;
- Affordable housing tenure – 60% affordable rent and 40% shared ownership; and 50% affordable rent and 50% intermediate;
- Grant levels: nil and £30,000 per affordable rented unit and £15,000 per shared ownership unit;
- Profit levels of 20% and 17% on private housing GDV;
- Wandsworth CIL of £250 per square metre and Mayoral CIL of £50 per square metre;
- Build costs are assumed to increase with density, reflecting the cost of constructing taller buildings, but also reflecting changes in gross to net ratios and consequent loss of efficiency on denser sites compared to less dense sites.

Vauxhall Nine Elms Battersea Opportunity Area

We have run a separate set of appraisals in VNEBOA to reflect the higher Wandsworth CIL rates and the Council's lower affordable housing requirements. Development in the area is also generally of higher density than in the rest of the Borough and values are considerably higher. The VNEBOA appraisals therefore focus on the higher portion of the density range and the higher end of the range of sales values, as follows:

- Sales Values – ranging from £7,535 to £15,393 per square metre;
- Densities – ranging from 350 units to 675 units per hectare;
- Affordable housing percentages – 15%, 10% and 20%;
- Affordable housing tenure – 60% affordable rent and 40% intermediate; and 50% affordable rent and 50% intermediate;
- Grant of nil and £30,000 per unit for affordable rent and £15,000 per unit for shared ownership;
- Profit levels of 20% and 17% on private housing GDV;
- Wandsworth CIL of £575 per square metre in 'Nine Elms Residential Area A' and £265 per square metre in 'Nine Elms Residential Area B' plus Mayoral CIL of £50 per square metre;
- Build costs are assumed to increase with density, reflecting the cost of constructing taller buildings, but also reflecting changes in gross to net ratios and consequent loss of efficiency on denser sites compared to less dense sites.

Wider Wandsworth schemes

- 6.2 The results indicate that in normal market conditions, the delivery of 33% affordable housing (as targeted by Policy IS5) in combination with Wandsworth CIL of £250 per square metre and Mayoral CIL of £50 per square metre) is likely to be deliverable in many development circumstances in the Borough especially when residential sales value are at or above £5,700 per square metre (as is the case in large parts of the Borough). Clearly, site specific circumstances may over-ride this conclusion but over the life of the plan period, market values are likely to grow in real terms.
- 6.3 The appraisals incorporating 40% affordable housing indicate that in higher value areas, lower density developments would be viable. This might justify an increase in the target in some areas, although this might result in a two tier target, which might be too complex to administer.
- 6.4 It is also important to note that the results are sensitive to changing profit levels. It is very unlikely that profit requirements will increase above the 20% we have modelled as the base position. However, over the life of the plan period, profits could fall back slightly. Our appraisals with 17% profit show an improvement in residual values, although this is unlikely to be sufficient to warrant a significant change in the affordable housing target.
- 6.5 It should also be noted that the existing use value of high value sites is invariably greater than residential land values with the full affordable housing policy applied. This is to be expected, but will be less of an issue in comparison to Boroughs within or bordering Central London where office sites, for example, with very high EUVs are rarely redeveloped for residential use.
- 6.6 There are three further important points to note:
- Residual land values need to exceed Existing Use Value to be considered viable, plus a landowner margin to incentivise release of the site for development. There may be site specific circumstances where these thresholds may be higher or lower.
 - That exceptional development costs are no more than modest sums in comparison to total build costs. Extensive decontamination could require significant expenditure, which would have a considerable impact on the residual land value.
 - The results indicate that the impact of the affordable housing tenure mix upon the results is relatively modest compared to other variables. This is largely because the Council's affordability criteria prevents large value differences between affordable rent and shared ownership. While there is a value difference between affordable rent and shared ownership, varying the tenure split from 60%-40% and 50%-50% is less significant than other appraisal inputs¹³ (e.g. the overall affordable housing percentage, movements in private sales values and build costs).
- 6.7 We have included three of the results tables in the following pages (tables 6.7.1, 6.7.2 and 6.7.3). These show the appraisal results for 25%, 33% and 40% affordable housing, assuming a 20% profit and no grant. We would suggest that these results are most closely reflective of the current viability position.

¹³ For example, a scheme of 250 dph with sales values of £6,458 per sqm (£600 per sq ft) and 25% affordable housing (tenure split 60% rent and 40% intermediate) generates a RLV of £12,707,990. With a tenure split of 50% / 50%, the RLV increases to £13,178,336. The increase in RLV would enable the scheme to provide 26.35% affordable housing. Conversely, a 70% rent to 30% intermediate tenure split would reduce the RLV to £12,237,844, so the overall percentage would need to fall to 23.78% affordable housing.

Table 6.7.1: 25% affordable housing (60% affordable rent, 40% shared ownership), 20% profit, nil grant

RLVs less existing use value **£11,620,000 per hectare**
£4,704,453 per acre **Industrial/Storage/Distribution**

Density - units/ha ->	100 uph	150 uph	200 uph	250 uph	300 uph	350 uph	450 uph	625 uph	Sales value per sq m
Build costs ->	£1554 per sqm	£1554 per sqm	£2087 per sqm	£2227 per sqm	£2584 per sqm	£2871 per sqm	£3261 per sqm	£3409 per sqm	
£3,444	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£3,444
£4,198	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£4,198
£4,951	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£4,951
£5,705	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£5,705
£6,458	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£6,458
£7,212	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,212
£7,965	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,965
£8,719	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£8,719
£9,472	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£9,472
£10,226	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£10,226
£10,979	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£10,979
£11,733	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£11,733
£12,486	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£12,486
£13,240	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£13,240

RLVs less existing use value **£6,000,000 per hectare**
£2,429,150 per acre **Car Parking sites etc**

Density - units/ha ->	100 uph	150 uph	200 uph	250 uph	300 uph	350 uph	450 uph	625 uph	Sales value per sq m
Build costs ->	£1554 per sqm	£1554 per sqm	£2087 per sqm	£2227 per sqm	£2584 per sqm	£2871 per sqm	£3261 per sqm	£3409 per sqm	
£3,444	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£3,444
£4,198	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£4,198
£4,951	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£4,951
£5,705	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£5,705
£6,458	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£6,458
£7,212	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,212
£7,965	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,965
£8,719	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£8,719
£9,472	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£9,472
£10,226	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£10,226
£10,979	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£10,979
£11,733	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£11,733
£12,486	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£12,486
£13,240	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£13,240

RLVs less existing use value **£4,000,000 per hectare**
£1,619,433 per acre **Community sites/backlands**

Density - units/ha ->	100 uph	150 uph	200 uph	250 uph	300 uph	350 uph	450 uph	625 uph	Sales value per sq m
Build costs ->	£1554 per sqm	£1554 per sqm	£2087 per sqm	£2227 per sqm	£2584 per sqm	£2871 per sqm	£3261 per sqm	£3409 per sqm	
£3,444	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£3,444
£4,198	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£4,198
£4,951	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£4,951
£5,705	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£5,705
£6,458	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£6,458
£7,212	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,212
£7,965	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,965
£8,719	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£8,719
£9,472	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£9,472
£10,226	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£10,226
£10,979	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£10,979
£11,733	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£11,733
£12,486	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£12,486
£13,240	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£13,240

Table 6.7.2: 33% affordable housing (60% affordable rent, 40% shared ownership), 20% profit, nil grant

RLVs less existing use value		£11,620,000 per hectare £4,704,453 per acre							Industrial/Storage/Distribution	
Density - units/ha ->		100 uph	150 uph	200 uph	250 uph	300 uph	350 uph	450 uph	625 uph	
Build costs ->		£1554 per sqm	£1554 per sqm	£2087 per sqm	£2227 per sqm	£2584 per sqm	£2871 per sqm	£3261 per sqm	£3409 per sqm	
Sales value per sq m										Sales value per sq m
£3,444		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£3,444
£4,198		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£4,198
£4,951		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£4,951
£5,705		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£5,705
£6,458		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£6,458
£7,212		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,212
£7,965		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,965
£8,719		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£8,719
£9,472		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£9,472
£10,226		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£10,226
£10,979		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£10,979
£11,733		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£11,733
£12,486		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£12,486
£13,240		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£13,240

RLVs less existing use value		£6,000,000 per hectare £2,429,150 per acre							Car Parking sites etc	
Density - units/ha ->		100 uph	150 uph	200 uph	250 uph	300 uph	350 uph	450 uph	625 uph	
Build costs ->		£1554 per sqm	£1554 per sqm	£2087 per sqm	£2227 per sqm	£2584 per sqm	£2871 per sqm	£3261 per sqm	£3409 per sqm	
Sales value per sq m										Sales value per sq m
£3,444		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£3,444
£4,198		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£4,198
£4,951		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£4,951
£5,705		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£5,705
£6,458		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£6,458
£7,212		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,212
£7,965		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,965
£8,719		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£8,719
£9,472		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£9,472
£10,226		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£10,226
£10,979		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£10,979
£11,733		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£11,733
£12,486		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£12,486
£13,240		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£13,240

RLVs less existing use value		£4,000,000 per hectare £1,619,433 per acre							Community sites/backlands	
Density - units/ha ->		100 uph	150 uph	200 uph	250 uph	300 uph	350 uph	450 uph	625 uph	
Build costs ->		£1554 per sqm	£1554 per sqm	£2087 per sqm	£2227 per sqm	£2584 per sqm	£2871 per sqm	£3261 per sqm	£3409 per sqm	
Sales value per sq m										Sales value per sq m
£3,444		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£3,444
£4,198		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£4,198
£4,951		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£4,951
£5,705		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£5,705
£6,458		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£6,458
£7,212		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,212
£7,965		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,965
£8,719		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£8,719
£9,472		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£9,472
£10,226		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£10,226
£10,979		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£10,979
£11,733		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£11,733
£12,486		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£12,486
£13,240		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£13,240

Table 6.7.3: 40% affordable housing (60% affordable rent, 40% shared ownership), 20% profit, nil grant

RLVs less existing use value		£11,620,000 per hectare £4,704,453 per acre								Industrial/Storage/Distribution
Density - units/ha ->		100 uph	150 uph	200 uph	250 uph	300 uph	350 uph	450 uph	625 uph	
Build costs ->		£1554 per sqm	£1554 per sqm	£2087 per sqm	£2227 per sqm	£2584 per sqm	£2871 per sqm	£3261 per sqm	£3409 per sqm	
Sales value per sq m										Sales value per sq m
£3,444		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£3,444
£4,198		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£4,198
£4,951		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£4,951
£5,705		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£5,705
£6,458		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£6,458
£7,212		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,212
£7,965		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,965
£8,719		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£8,719
£9,472		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£9,472
£10,226		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£10,226
£10,979		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£10,979
£11,733		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£11,733
£12,486		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£12,486
£13,240		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£13,240

RLVs less existing use value		£6,000,000 per hectare £2,429,150 per acre								Car Parking sites etc
Density - units/ha ->		100 uph	150 uph	200 uph	250 uph	300 uph	350 uph	450 uph	625 uph	
Build costs ->		£1554 per sqm	£1554 per sqm	£2087 per sqm	£2227 per sqm	£2584 per sqm	£2871 per sqm	£3261 per sqm	£3409 per sqm	
Sales value per sq m										Sales value per sq m
£3,444		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£3,444
£4,198		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£4,198
£4,951		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£4,951
£5,705		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£5,705
£6,458		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£6,458
£7,212		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,212
£7,965		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,965
£8,719		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£8,719
£9,472		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£9,472
£10,226		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£10,226
£10,979		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£10,979
£11,733		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£11,733
£12,486		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£12,486
£13,240		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£13,240

RLVs less existing use value		£4,000,000 per hectare £1,619,433 per acre								Community sites/backlands
Density - units/ha ->		100 uph	150 uph	200 uph	250 uph	300 uph	350 uph	450 uph	625 uph	
Build costs ->		£1554 per sqm	£1554 per sqm	£2087 per sqm	£2227 per sqm	£2584 per sqm	£2871 per sqm	£3261 per sqm	£3409 per sqm	
Sales value per sq m										Sales value per sq m
£3,444		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£3,444
£4,198		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£4,198
£4,951		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£4,951
£5,705		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£5,705
£6,458		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£6,458
£7,212		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,212
£7,965		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,965
£8,719		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£8,719
£9,472		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£9,472
£10,226		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£10,226
£10,979		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£10,979
£11,733		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£11,733
£12,486		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£12,486
£13,240		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£13,240

Nine Elms schemes

- 6.8 Development in Nine Elms is predominantly high density with high sales values, commensurate with the location and the amenities that will be available once key developments are in place. Higher density development incurs higher build costs, so this affects the viability of developments. The Council has also adopted a higher CIL rate of £575 per square metre in the highest value part of Nine Elms (the area immediately adjacent to the River Thames). Away from the River, the Council levies a CIL of £265 per square metre. In both cases, Mayoral CIL adds an additional £50 per square metre to the total liability.
- 6.9 In recognition of the higher CIL requirement in Nine Elms, the SSAD sets a 15% affordable housing target in this area. Our appraisals in Nine Elms therefore test 15% affordable housing, with a lower percentage (10%) and higher percentage (20%).
- 6.10 Sales values of schemes that have already secured consent in the area vary widely, but early indications are that riverside sites are achieving values of at least £1,000 per square foot (£10,764 per square metre). Away from the River, values predicted by applicants are lower (starting at £750 per square foot, or £8,073 per square metre). The results of our appraisals indicate that the delivery of 15% affordable housing (as required in the SSAD) in combination with Wandsworth CIL of £265 and £575 per square metre and Mayoral CIL of £50 per square metre) is likely to be deliverable in many development circumstances in the Nine Elms area. At the lower end of the sales value range, schemes may not be capable of meeting the 15% affordable housing requirement in full, although the existing use of the site is a key factor.
- 6.11 Our appraisals indicate that the higher CIL tariff of £575 per square metre will not adversely impact on the ability of sites to provide at least 15% affordable housing. This is because these sites will achieve high values, likely to be in excess of £1,000 per square foot (or £10,764 per square metre). At these values, both affordable housing and CIL can be delivered, even on sites in current office use (the highest existing use value).
- 6.12 As with the situation in the wider Wandsworth area, site specific circumstances may over-ride these conclusion but over the life of the plan period, market values are likely to grow in real terms. The Nine Elms area is likely to attract significant interest from overseas buyers and this will also benefit viability through high levels of sales off plan.
- 6.13 The appraisals incorporating 20% affordable housing indicate that an increase in the Council's requirement would adversely impact on scheme viability at the lower end of the sales value range.
- 6.14 In common with the wider Wandsworth area, the results are sensitive to changing profit levels. Nine Elms is considered to be an attractive development proposition, as indicated by the on-going planning and development activity in the area. This would suggest that developers have a high degree of confidence in their ability to sell residential units within a timescale that ensures they achieve reasonable returns. In this context, funders view on risk may result in lower profit levels in the medium term, so our results that incorporate 17% profit may become more pertinent. These appraisals show an improvement in residual values, although this is unlikely to be sufficient to warrant a significant change in the affordable housing target.

- 6.15 In Nine Elms, sales values reach levels that generate residual values that could exceed the higher existing use values. This is a very different situation in comparison to the wider Wandsworth area, where residential values are not as high. In Nine Elms, residential development is likely to be the most attractive and valuable use of sites, even after accommodating affordable housing requirements and CIL.
- 6.16 We have included three of the results tables in the following pages (tables 6.16.1, 6.16.2 and 6.16.3). These show the appraisal results for 10%, 15% and 20% affordable housing, assuming a 20% profit, CIL of £265 per square metre plus Mayoral CIL of £50 per square metre, and no grant funding. Tables 6.16.4, 6.16.5 and 6.16.6 show the appraisal results with the same assumptions as the previous tables, but incorporating the higher CIL of £575 per square metre plus Mayoral CIL of £50 per square metre.
- 6.17 We would suggest that these results are most closely reflective of the current viability position.

Table 6.16.1: 10% affordable housing (60% affordable rent, 40% shared ownership), 20% profit, nil grant, CIL of £265 per square metre plus Mayoral CIL of £50 per square metre

RLVs less existing use value		£25,620,000 per hectare £10,372,470 per acre							Office	
Density - units/ha ->		350 uph	400 uph	450 uph	500 uph	550 uph	600 uph	650 uph	675 uph	
Build costs ->		£2674 per sqm	£2949 per sqm	£3025 per sqm	£3100 per sqm	£3175 per sqm	£3251 per sqm	£3326 per sqm	£3409 per sqm	
Sales value £per sq m										Sales value £per sq m
£7,535		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,535
£8,127		⊕	⊕	⊗	⊗	⊗	⊗	⊗	⊗	£8,127
£8,719		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊗	£8,719
£9,311		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£9,311
£9,903		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£9,903
£10,495		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£10,495
£11,087		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£11,087
£11,679		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£11,679
£12,271		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£12,271
£12,863		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£12,863
£13,455		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£13,455
£14,047		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£14,047
£14,747		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£14,747
£15,393		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£15,393

RLVs less existing use value		£15,260,000 per hectare £6,178,138 per acre							Industrial/Storage/Distribution	
Density - units/ha ->		350 uph	400 uph	450 uph	500 uph	550 uph	600 uph	650 uph	675 uph	
Build costs ->		£2674 per sqm	£2949 per sqm	£3025 per sqm	£3100 per sqm	£3175 per sqm	£3251 per sqm	£3326 per sqm	£3409 per sqm	
Sales value per sq m										Sales value per sq m
£7,535		⊕	⊕	⊗	⊗	⊗	⊗	⊗	⊗	£7,535
£8,127		⊕	⊕	⊕	⊕	⊕	⊕	⊗	⊗	£8,127
£8,719		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£8,719
£9,311		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£9,311
£9,903		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£9,903
£10,495		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£10,495
£11,087		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£11,087
£11,679		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£11,679
£12,271		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£12,271
£12,863		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£12,863
£13,455		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£13,455
£14,047		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£14,047
£14,747		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£14,747
£15,393		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£15,393

RLVs less existing use value		£8,000,000 per hectare £3,238,866 per acre							Car Parking sites etc	
Density - units/ha ->		350 uph	400 uph	450 uph	500 uph	550 uph	600 uph	650 uph	675 uph	
Build costs ->		£2674 per sqm	£2949 per sqm	£3025 per sqm	£3100 per sqm	£3175 per sqm	£3251 per sqm	£3326 per sqm	£3409 per sqm	
Sales value £per sq m										Sales value £per sq m
£7,535		⊕	⊕	⊕	⊕	⊕	⊗	⊗	⊗	£7,535
£8,127		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊗	£8,127
£8,719		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£8,719
£9,311		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£9,311
£9,903		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£9,903
£10,495		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£10,495
£11,087		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£11,087
£11,679		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£11,679
£12,271		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£12,271
£12,863		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£12,863
£13,455		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£13,455
£14,047		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£14,047
£14,747		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£14,747
£15,393		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£15,393

Table 6.16.2: 15% affordable housing (60% affordable rent, 40% shared ownership), 20% profit, nil grant, CIL of £265 per square metre plus Mayoral CIL of £50 per square metre

RLVs less existing use value		£25,620,000 per hectare £10,372,470 per acre							Office	
Density - units/ha ->		350 uph	400 uph	450 uph	500 uph	550 uph	600 uph	650 uph	675 uph	
Build costs ->		£2674 per sqm	£2949 per sqm	£3025 per sqm	£3100 per sqm	£3175 per sqm	£3251 per sqm	£3326 per sqm	£3409 per sqm	
Sales value £per sq m									Sales value £per sq m	
£7,535		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,535
£8,127		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£8,127
£8,719		⊙	⊙	⊙	⊗	⊙	⊗	⊗	⊗	£8,719
£9,311		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£9,311
£9,903		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£9,903
£10,495		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£10,495
£11,087		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,087
£11,679		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,679
£12,271		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,271
£12,863		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,863
£13,455		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£13,455
£14,047		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,047
£14,747		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,747
£15,393		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£15,393

RLVs less existing use value		£15,260,000 per hectare £6,178,138 per acre							Industrial/Storage/Distribution	
Density - units/ha ->		350 uph	400 uph	450 uph	500 uph	550 uph	600 uph	650 uph	675 uph	
Build costs ->		£2674 per sqm	£2949 per sqm	£3025 per sqm	£3100 per sqm	£3175 per sqm	£3251 per sqm	£3326 per sqm	£3409 per sqm	
Sales value per sq m									Sales value per sq m	
£7,535		⊙	⊙	⊗	⊗	⊗	⊗	⊗	⊗	£7,535
£8,127		⊙	⊙	⊙	⊗	⊙	⊗	⊗	⊗	£8,127
£8,719		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊗	£8,719
£9,311		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£9,311
£9,903		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£9,903
£10,495		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£10,495
£11,087		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,087
£11,679		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,679
£12,271		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,271
£12,863		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,863
£13,455		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£13,455
£14,047		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,047
£14,747		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,747
£15,393		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£15,393

RLVs less existing use value		£8,000,000 per hectare £3,238,866 per acre							Car Parking sites etc	
Density - units/ha ->		350 uph	400 uph	450 uph	500 uph	550 uph	600 uph	650 uph	675 uph	
Build costs ->		£2674 per sqm	£2949 per sqm	£3025 per sqm	£3100 per sqm	£3175 per sqm	£3251 per sqm	£3326 per sqm	£3409 per sqm	
Sales value £per sq m									Sales value £per sq m	
£7,535		⊙	⊙	⊙	⊗	⊗	⊗	⊗	⊗	£7,535
£8,127		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊗	£8,127
£8,719		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£8,719
£9,311		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£9,311
£9,903		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£9,903
£10,495		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£10,495
£11,087		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,087
£11,679		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,679
£12,271		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,271
£12,863		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,863
£13,455		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£13,455
£14,047		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,047
£14,747		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,747
£15,393		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£15,393

Table 6.16.3: 20% affordable housing (60% affordable rent, 40% shared ownership), 20% profit, nil grant, CIL of £265 per square metre plus Mayoral CIL of £50 per square metre

RLVs less existing use value		£25,620,000 per hectare £10,372,470 per acre							Office	
Density - units/ha ->		350 uph	400 uph	450 uph	500 uph	550 uph	600 uph	650 uph	675 uph	
Build costs ->		£2874 per sqm	£2949 per sqm	£3025 per sqm	£3100 per sqm	£3175 per sqm	£3251 per sqm	£3326 per sqm	£3409 per sqm	
Sales value £per sq m										Sales value £per sq m
£7,535		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,535
£8,127		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£8,127
£8,719		⊕	⊕	⊗	⊗	⊗	⊗	⊗	⊗	£8,719
£9,311		⊕	⊕	⊕	⊕	⊕	⊕	⊗	⊗	£9,311
£9,903		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£9,903
£10,495		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£10,495
£11,087		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£11,087
£11,679		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£11,679
£12,271		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£12,271
£12,863		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£12,863
£13,455		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£13,455
£14,047		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£14,047
£14,747		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£14,747
£15,393		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£15,393

RLVs less existing use value		£15,260,000 per hectare £6,178,138 per acre							Industrial/Storage/Distribution	
Density - units/ha ->		350 uph	400 uph	450 uph	500 uph	550 uph	600 uph	650 uph	675 uph	
Build costs ->		£2874 per sqm	£2949 per sqm	£3025 per sqm	£3100 per sqm	£3175 per sqm	£3251 per sqm	£3326 per sqm	£3409 per sqm	
Sales value per sq m										Sales value per sq m
£7,535		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,535
£8,127		⊕	⊕	⊗	⊗	⊗	⊗	⊗	⊗	£8,127
£8,719		⊕	⊕	⊕	⊕	⊕	⊕	⊗	⊗	£8,719
£9,311		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£9,311
£9,903		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£9,903
£10,495		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£10,495
£11,087		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£11,087
£11,679		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£11,679
£12,271		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£12,271
£12,863		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£12,863
£13,455		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£13,455
£14,047		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£14,047
£14,747		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£14,747
£15,393		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£15,393

RLVs less existing use value		£8,000,000 per hectare £3,238,866 per acre							Car Parking sites etc	
Density - units/ha ->		350 uph	400 uph	450 uph	500 uph	550 uph	600 uph	650 uph	675 uph	
Build costs ->		£2874 per sqm	£2949 per sqm	£3025 per sqm	£3100 per sqm	£3175 per sqm	£3251 per sqm	£3326 per sqm	£3409 per sqm	
Sales value £per sq m										Sales value £per sq m
£7,535		⊕	⊕	⊗	⊗	⊗	⊗	⊗	⊗	£7,535
£8,127		⊕	⊕	⊕	⊕	⊕	⊗	⊗	⊗	£8,127
£8,719		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊗	£8,719
£9,311		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£9,311
£9,903		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£9,903
£10,495		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£10,495
£11,087		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£11,087
£11,679		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£11,679
£12,271		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£12,271
£12,863		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£12,863
£13,455		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£13,455
£14,047		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£14,047
£14,747		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£14,747
£15,393		⊕	⊕	⊕	⊕	⊕	⊕	⊕	⊕	£15,393

Table 6.16.4: 10% affordable housing (60% affordable rent, 40% shared ownership), 20% profit, nil grant, CIL of £575 per square metre plus Mayoral CIL of £50 per square metre

RLVs less existing use value		£25,620,000 per hectare £10,372,470 per acre							Office	
Density - units/ha ->		350 uph	400 uph	450 uph	500 uph	550 uph	600 uph	650 uph	675 uph	
Build costs ->		£2874 per sqm	£2949 per sqm	£3025 per sqm	£3100 per sqm	£3175 per sqm	£3251 per sqm	£3326 per sqm	£3409 per sqm	
Sales value £per sq m										Sales value £per sq m
£7,535		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,535
£8,127		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£8,127
£8,719		⊙	⊙	⊗	⊗	⊗	⊗	⊗	⊗	£8,719
£9,311		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊗	£9,311
£9,903		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£9,903
£10,495		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£10,495
£11,087		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,087
£11,679		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,679
£12,271		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,271
£12,863		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,863
£13,455		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£13,455
£14,047		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,047
£14,747		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,747
£15,393		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£15,393

RLVs less existing use value		£15,260,000 per hectare £6,178,138 per acre							Industrial/Storage/Distribution	
Density - units/ha ->		350 uph	400 uph	450 uph	500 uph	550 uph	600 uph	650 uph	675 uph	
Build costs ->		£2874 per sqm	£2949 per sqm	£3025 per sqm	£3100 per sqm	£3175 per sqm	£3251 per sqm	£3326 per sqm	£3409 per sqm	
Sales value per sq m										Sales value per sq m
£7,535		⊙	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,535
£8,127		⊙	⊙	⊗	⊗	⊗	⊗	⊗	⊗	£8,127
£8,719		⊙	⊙	⊙	⊙	⊙	⊙	⊗	⊗	£8,719
£9,311		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£9,311
£9,903		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£9,903
£10,495		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£10,495
£11,087		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,087
£11,679		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,679
£12,271		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,271
£12,863		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,863
£13,455		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£13,455
£14,047		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,047
£14,747		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,747
£15,393		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£15,393

RLVs less existing use value		£8,000,000 per hectare £3,238,866 per acre							Car Parking sites etc	
Density - units/ha ->		350 uph	400 uph	450 uph	500 uph	550 uph	600 uph	650 uph	675 uph	
Build costs ->		£2874 per sqm	£2949 per sqm	£3025 per sqm	£3100 per sqm	£3175 per sqm	£3251 per sqm	£3326 per sqm	£3409 per sqm	
Sales value £per sq m										Sales value £per sq m
£7,535		⊙	⊙	⊗	⊗	⊗	⊗	⊗	⊗	£7,535
£8,127		⊙	⊙	⊙	⊙	⊙	⊗	⊗	⊗	£8,127
£8,719		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊗	£8,719
£9,311		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£9,311
£9,903		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£9,903
£10,495		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£10,495
£11,087		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,087
£11,679		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,679
£12,271		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,271
£12,863		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,863
£13,455		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£13,455
£14,047		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,047
£14,747		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,747
£15,393		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£15,393

Table 6.16.5: 15% affordable housing (60% affordable rent, 40% shared ownership), 20% profit, nil grant, CIL of £575 per square metre plus Mayoral CIL of £50 per square metre

RLVs less existing use value **£25,620,000 per hectare**
£10,372,470 per acre **Office**

Density - units/ha ->	350 uph	400 uph	450 uph	500 uph	550 uph	600 uph	650 uph	675 uph	
Build costs ->	£2874 per sqm	£2949 per sqm	£3025 per sqm	£3100 per sqm	£3175 per sqm	£3251 per sqm	£3326 per sqm	£3409 per sqm	
Sales value £per sq m									Sales value £per sq m
£7,535	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,535
£8,127	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£8,127
£8,719	⊙	⊙	⊗	⊗	⊗	⊗	⊗	⊗	£8,719
£9,311	⊙	⊙	⊙	⊗	⊙	⊗	⊗	⊗	£9,311
£9,903	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊗	£9,903
£10,495	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£10,495
£11,087	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,087
£11,679	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,679
£12,271	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,271
£12,863	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,863
£13,455	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£13,455
£14,047	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,047
£14,747	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,747
£15,393	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£15,393

RLVs less existing use value **£15,260,000 per hectare**
£6,178,138 per acre **Industrial/Storage/Distribution**

Density - units/ha ->	350 uph	400 uph	450 uph	500 uph	550 uph	600 uph	650 uph	675 uph	
Build costs ->	£2874 per sqm	£2949 per sqm	£3025 per sqm	£3100 per sqm	£3175 per sqm	£3251 per sqm	£3326 per sqm	£3409 per sqm	
Sales value per sq m									Sales value per sq m
£7,535	⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,535
£8,127	⊙	⊙	⊗	⊗	⊗	⊗	⊗	⊗	£8,127
£8,719	⊙	⊙	⊙	⊗	⊙	⊗	⊗	⊗	£8,719
£9,311	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊗	£9,311
£9,903	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£9,903
£10,495	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£10,495
£11,087	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,087
£11,679	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,679
£12,271	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,271
£12,863	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,863
£13,455	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£13,455
£14,047	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,047
£14,747	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,747
£15,393	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£15,393

RLVs less existing use value **£8,000,000 per hectare**
£3,238,866 per acre **Car Parking sites etc**

Density - units/ha ->	350 uph	400 uph	450 uph	500 uph	550 uph	600 uph	650 uph	675 uph	
Build costs ->	£2874 per sqm	£2949 per sqm	£3025 per sqm	£3100 per sqm	£3175 per sqm	£3251 per sqm	£3326 per sqm	£3409 per sqm	
Sales value £per sq m									Sales value £per sq m
£7,535	⊙	⊙	⊗	⊗	⊗	⊗	⊗	⊗	£7,535
£8,127	⊙	⊙	⊙	⊗	⊗	⊗	⊗	⊗	£8,127
£8,719	⊙	⊙	⊙	⊙	⊙	⊙	⊗	⊗	£8,719
£9,311	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£9,311
£9,903	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£9,903
£10,495	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£10,495
£11,087	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,087
£11,679	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,679
£12,271	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,271
£12,863	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,863
£13,455	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£13,455
£14,047	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,047
£14,747	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,747
£15,393	⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£15,393

Table 6.16.6: 20% affordable housing (60% affordable rent, 40% shared ownership), 20% profit, nil grant, CIL of £575 per square metre plus Mayoral CIL of £50 per square metre

RLVs less existing use value		£25,620,000 per hectare £10,372,470 per acre							Office	
Density - units/ha ->		350 uph	400 uph	450 uph	500 uph	550 uph	600 uph	650 uph	675 uph	
Build costs ->		£2874 per sqm	£2949 per sqm	£3025 per sqm	£3100 per sqm	£3175 per sqm	£3251 per sqm	£3326 per sqm	£3409 per sqm	
Sales value £per sq m									Sales value £per sq m	
£7,535		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,535
£8,127		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£8,127
£8,719		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£8,719
£9,311		⊙	⊙	⊗	⊗	⊗	⊗	⊗	⊗	£9,311
£9,903		⊙	⊙	⊙	⊙	⊙	⊙	⊗	⊗	£9,903
£10,495		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£10,495
£11,087		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,087
£11,679		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,679
£12,271		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,271
£12,863		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,863
£13,455		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£13,455
£14,047		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,047
£14,747		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,747
£15,393		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£15,393

RLVs less existing use value		£15,260,000 per hectare £6,178,138 per acre							Industrial/Storage/Distribution	
Density - units/ha ->		350 uph	400 uph	450 uph	500 uph	550 uph	600 uph	650 uph	675 uph	
Build costs ->		£2874 per sqm	£2949 per sqm	£3025 per sqm	£3100 per sqm	£3175 per sqm	£3251 per sqm	£3326 per sqm	£3409 per sqm	
Sales value per sq m									Sales value per sq m	
£7,535		⊗	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,535
£8,127		⊙	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£8,127
£8,719		⊙	⊙	⊙	⊗	⊗	⊗	⊗	⊗	£8,719
£9,311		⊙	⊙	⊙	⊙	⊙	⊙	⊗	⊗	£9,311
£9,903		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£9,903
£10,495		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£10,495
£11,087		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,087
£11,679		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,679
£12,271		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,271
£12,863		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,863
£13,455		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£13,455
£14,047		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,047
£14,747		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,747
£15,393		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£15,393

RLVs less existing use value		£8,000,000 per hectare £3,238,866 per acre							Car Parking sites etc	
Density - units/ha ->		350 uph	400 uph	450 uph	500 uph	550 uph	600 uph	650 uph	675 uph	
Build costs ->		£2874 per sqm	£2949 per sqm	£3025 per sqm	£3100 per sqm	£3175 per sqm	£3251 per sqm	£3326 per sqm	£3409 per sqm	
Sales value £per sq m									Sales value £per sq m	
£7,535		⊙	⊗	⊗	⊗	⊗	⊗	⊗	⊗	£7,535
£8,127		⊙	⊙	⊗	⊗	⊗	⊗	⊗	⊗	£8,127
£8,719		⊙	⊙	⊙	⊙	⊙	⊗	⊗	⊗	£8,719
£9,311		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊗	£9,311
£9,903		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£9,903
£10,495		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£10,495
£11,087		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,087
£11,679		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£11,679
£12,271		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,271
£12,863		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£12,863
£13,455		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£13,455
£14,047		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,047
£14,747		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£14,747
£15,393		⊙	⊙	⊙	⊙	⊙	⊙	⊙	⊙	£15,393

6.18 Varying the affordable housing unit mix

With very high sales values in the north of the Borough and relatively high values elsewhere, providing large family units is difficult, particularly in intermediate tenures.

Delivering large affordable housing units has a more significant impact on the viability of development than smaller units. This is because the amount of value 'forgone' when converting a private unit into an affordable unit increases as the unit size increases. The 'spread' of values between a one bed affordable unit and a four bed affordable unit is much smaller than the corresponding spread of values for market units. Table 6.18.1 shows the typical capital values for affordable rented units compared to the typical spread of capital values of corresponding private units. The Table also shows the value forgone for each unit (the private value that could otherwise have been achieved less the value of the unit as affordable).

Table 6.18.1: Spread of values for affordable and private units

Unit type	Unit size	Value of unit – affordable rent	Value of unit – private	Value forgone per unit
1 bed	50	£109,000	£275,000	£166,000
2 bed	70	£113,000	£370,000	£257,000
3 bed	86	£118,000	£440,000	£322,000
4 bed	102	£121,000	£500,000	£379,000

The cost to the scheme of providing larger units is evidently much greater than providing smaller units. A unit mix that is weighted more towards smaller units will therefore enable schemes to provide a higher affordable housing proportion in comparison to a mix that is weighted towards larger units.

Providing large units as intermediate housing also causes significant difficulties for viability of schemes, particularly in high value areas. This is because the norms for shared ownership units (e.g. 25% minimum equity sales and 2.75% rent on the unsold equity) result in total housing costs that exceed levels that the Council regards as affordable. Consequently, the level of rent has to be reduced, very often to zero, which directly impacts on capital value and viability of the scheme. This also removes the incentive for the owner to 'staircase' (i.e. purchase more equity) as the rental payments would be very low or even zero. This will impact on the assumptions that RPs can make on future equity sales.

In light of these issues, the Council might therefore wish to consider whether varying the unit mix requirements to seek less larger units and more small and medium sized units.

6.19 RP investment programme

Local authorities are currently hampered in their negotiations on affordable housing by the lack of clarity on the overall package of investment that RPs have assembled in their contracts with the HCA. Individual RPs may have agreed with the HCA to invest significant amounts of Recycled Capital Grant Fund to purchase new stock. However, as this cannot be relied upon (and the circumstances in which it will happen are uncertain) it cannot be included in modelling to determine affordable housing percentages. This is a particular unknown which may effect the balance of affordable housing delivered in particular circumstances and at particular points in the investment cycle.

6.20 Commuted sums in lieu of on-site affordable housing

As noted in Section 6.18, there is a very high value 'forgone' when providing affordable housing in many parts of the Borough. This becomes more acute in the Borough's highest value areas, such as VNEBOA.

As an alternative to on-site affordable housing, which has a high cost of delivery (in terms of value forgone), the Council could secure some of the affordable housing contribution on some sites as a payment in lieu, rather than units on site. The payment could then be used to provide affordable housing on lower value sites, where the value forgone is much lower. The Council would then enjoy the benefit of a 'surplus' after the cost of providing the units which could be used to provide additional units or a programme of support for first time buyers.

This approach could be adopted for one affordable tenure or both, although we would suggest that affordable rent would probably be best provided off-site as these units generate lower values than shared ownership.

The downside to the approach suggested above is that it has the potential consequence of creating an exclusively private housing enclave across a large area. It may also result in more affordable housing being provided in lower value areas which may reinforce existing patterns of deprivation and worklessness (although this could be addressed to some degree through local lettings plans).

To resolve these issues, the councils might decide to accept payments in lieu on only a proportion of sites coming forward in high value areas to ensure at least some on-site delivery. Clearly this would be a matter for the Council to consider in respect to its current and future planning policies. The Council's current policy is that offsite provision or payments are only considered in exceptional circumstances and this position aligns with the London Mayor's position on such matters. However, it should be noted that where some level of additionality can be achieved through offsite delivery of affordable housing provision is made within the London Plan for consideration of such matters.

6.21 Use of commuted sums

If the Council were to collect commuted sums in lieu of affordable housing on some sites, this could be used to set up a programme of grant funding to assist in delivery in the Borough. This could be used for a number of alternative approaches to increasing affordable housing supply and could potentially provide a means to provide an increased level of certainty in terms of investment into affordable housing delivery. Such an approach could also provide a level of flexibility and optimise use of resources to meet identified local housing needs (e.g. through provision of equity loans or deposits to assist first time buyers; direct grants to RPs on schemes in lower value parts of the Borough; provision of gap funding for estate regeneration schemes).

6.22 Improving viability through increasing rent levels

The GLA recently stated¹⁴ that government policy is that affordable housing is no longer defined by affordability, but by eligibility; affordability is no longer considered to be a planning matter and must be addressed through the benefits system. Therefore, placing caps on rent levels in DPDs is seen by the GLA as reducing the resources potentially available to increase the supply of affordable housing. Several councils have argued that the forthcoming introduction of the

¹⁴ In submissions to LB Tower Hamlets Development Management DPD examination in public

Universal Credit¹⁵ will prevent many households from accessing sufficient levels of benefit to pay their rent, unless rents are capped. This would suggest that larger affordable housing units would have to be occupied by households who do not rely on benefits.

If issues associated with benefits could be resolved and rents were allowed to breach Local Housing Allowance levels, there is clearly potential for an improvement in viability if rents are allowed to increase towards 80% of market rents¹⁶ perhaps in some specific circumstances, for instance, to meet a wider range of demands identified through the SHMA. Across the Borough, average market rents are shown in Table 6.22.1, alongside the rents the Council generally allows for affordable rent units.

Table 6.22.1: Market rents and affordable rents (£s per week)

Unit type	Market rent	80% of market rent	Council's current maximum rents	Potential uplift in rent per week
1 bed	£338	£270	£190	£80
2 bed	£432	£346	£205	£141
3 bed	£625	£500	£218	£282
4 bed	£739	£591	£230	£361

To illustrate the impact the higher rents might have on the level of affordable housing, we have calculated the capital value of the gross rents, net of service charge at £25 per square metre and management, maintenance, voids and finance costs. These capital values are summarised in Table 6.22.2, alongside capital values generated by units rented at the Council's preferred maximum levels.

Table 6.22.2: Capital values of affordable rented units at 80% of market rents

Unit type	Capital value of unit with rents at 80% of market rent (£s per sq m)	Capital value of unit with rents at LBW levels (£s per sq m)	Uplift in capital value (£s per sq m)
1 bed (50 sqm)	£3,419	£2,185	£1,234
2 bed (70 sqm)	£3,291	£1,616	£1,675
3 bed (86 sqm)	£4,078	£1,370	£2,708
4 bed (102 sqm)	£4,136	£1,186	£2,950
Average value	£3,444	£1,453	£1,991

If a scheme comprised of a total of 10,000 square metres of residential floorspace could provide 25% affordable rented housing at the Council's rent levels, application of higher rents would clearly result in an increase. The increase in affordable housing would be determined by the uplift in capital values shown in Table 6.22.2. This uplift could be used to convert some of the private housing into affordable.

¹⁵ A cap on the total benefits that any one household can claim at £26,000 per annum, regardless of household size and composition

¹⁶ This would lead to an increase in the Housing Benefit bill, but this is borne by central government. However, if increases in the Housing Benefit bill become unsustainable, the government might seek to make reductions in rent levels. This is causing some uncertainty and a degree of nervousness among some RPs.

For illustrative purposes, we have assumed that the private housing has an average value of £6,000 per square metre, giving a private GDV of £45 million (i.e. 7,500 square metres at £6,000 per square metre). The affordable housing GDV at lower Wandsworth rents would be £5 million (i.e. 2,500 square metres at £1,991 per square metre). The total GDV of both tenures would be £50 million.

The capital value of the 2,500 square metres of affordable housing would increase to £8.61 million when higher rents are charged, giving a scheme GDV of £53.61 million. The £3.61 million additional value could be used to convert some of the 7,500 square metres of private housing into affordable, leaving the total scheme GDV unchanged at £50 million. This would result in a reduction in private housing from 7,500 square metres to 6,088 square metres and an increase in affordable housing from 2,500 to 3,912 square metres, or 61% private and 39% affordable (see Table 6.22.3 below).

Table 6.22.3: Increased affordable housing resulting from higher rents

1: Capital values at LBW rents

Tenure	Floor area	Value £s per sq m	GDV by tenure
Private	7,500	£6,000	£45,000,000
Affordable	2,500	£1,991	£5,000,000
Totals	10,000		£50,000,000

2. Capital values increased to 80% of market rents

Tenure	Floor area	Value £s per sq m	GDV by tenure
Private	7,500	£6,000	£45,000,000
Affordable	2,500	£3,444	£8,610,000
Totals	10,000		£53,610,000

3. Private floor area adjusted to achieve original £50 million GDV

Tenure	Floor area	Value £s per sq m	GDV by tenure
Private	6,088	£6,000	£36,525,822
Affordable	3,912	£3,444	£13,474,178
Totals	10,000		£50,000,000

The clear risk of adopting a policy position of higher rents is that they simply feed through into a higher land value. In the illustration above, this would mean that the £3.61 million increase in GDV might simply be paid to the landowner, so no increase in affordable housing would be possible. Other councils in London, including Tower Hamlets, have sought to address this issue by adopting a policy position with lower rents, but then being prepared to use higher rents at the Council's discretion where viability issues emerge. The theory is that this should stop developers from factoring the higher rents into their bids for land, preserving any additional value that could be realised from higher rents for increasing supply.

7 Conclusions

- 7.1 Provision of an adequate supply of both rented and intermediate affordable housing is an important issue in the London Borough of Wandsworth. Affordable housing policy requirements are clearly based on need proven through the Council's Strategic Housing Market Assessment and other emerging planning documents. The Borough's requirements for the provision of social and community infrastructure via CIL are equally clear.
- 7.2 The need for affordable housing and funding for infrastructure need to be weighed against the need to provide competitive returns to developers and landowners. This requirement is recognised in our assessment through adding a premium to existing use values of sites to incentivise the release of sites for development; and through a developer's profit. It is important to make a distinction between the price that developers chose to acquire sites for and the value of land; the two are rarely the same. For the purposes of assessing the viability of development, it is important to disregard a number of factors that might skew the results (including inter alia developers taking a view on being able to negotiate on planning requirements; over-optimistic pricing of units; assumptions about value engineering development etc).
- 7.3 By comparing the residual land values generated by our appraisals to 'typical' existing use values in the Borough, we can determine whether sites are likely to come forward for residential development, including a target for affordable housing, on-site Section 106 obligations and CIL.
- 7.4 Our key conclusions are that:
- It is important to consider the affordable housing target in its proper context – it is a strategic target for delivery from *all* sources of supply across the Borough, some of which will deliver 100% affordable housing. The Council has been operating its requirement of at least 33% affordable housing and the results of our analysis do not provide any indication that this requirement should be reduced. We therefore recommend that the Council retain its existing approach of seeking to maximise affordable housing delivery, up to 50% of units in a scheme, with a tenure mix of 60% rented and 40% shared ownership/intermediate housing.
 - The Council will need to continue to apply the affordable housing target sensitively, taking full account of individual site circumstances, including financial viability.
 - The effect of variations in tenure split, for example from 60-40% to 50-50% are relatively small when compared to other more significant financial variables.
 - In current market conditions, within the residential sales value bands found within the Borough (which generate high residual land values), there are some circumstances where achieving 40% affordable housing is possible on sites in low value existing uses. It is possible that further increases in sales values could result in individual sites achieving in excess of 33% and closer to 50% affordable housing. However, to some extent, cost increases associated with higher sustainability standards could (at least in the short term) offset the benefits of higher sales values.
 - Our appraisals indicate that the introduction of CIL at rates of £250 per square metre in 'Wider Wandsworth' and £265 and £575 in Nine Elms can be absorbed, alongside 33% affordable housing (and 15% in Nine Elms).
 - We have not taken account of any exceptional costs and, where these arise, they may override our conclusions. With almost all sites coming

forward in the Borough having been previously developed in one form or another, exceptional costs are occasionally encountered.

- We are not of the view that an area-based policy differentiating affordable housing provision in different parts of the Borough (beyond the established differential rate in Nine Elms), is a practical proposition for the following reasons:
 - Units in developments are sold at a range of values, not only reflecting local market variations but also, the type and specification of units proposed. The value range across the Borough is quite wide but nevertheless, we remain of the view that any assumptions about outturn values on a local area base would be very susceptible to challenge and would require constant monitoring and review and thus be disruptive, uncertain and possibly counterproductive.
 - The potential variables on any such assumption about values and costs – identified throughout this report – have the capacity to undermine any standard approach not only at an area level, but also at a Borough wide level. Such possibilities are specifically recognised, for example, in the GLA's SPG on Affordable Housing (Section 7), where there is a recognition that financial circumstances may well arise which require a review of affordable housing requirements in individual cases. There is nothing in this analysis that suggests that the Council's circumstances are markedly different.
 - Density is another key variable as demonstrated in this analysis. In areas where sales values are low, the most viable form of development is low density. The highest densities are only likely to work where sales values are highest (i.e. in the Nine Elms area).
 - Existing use value and alternate use value are one of the key variables that can impact on the provision of affordable housing. Our analysis indicates that in higher value parts of the Borough, demands for affordable housing may conflict with EUV.
 - While this Viability exercise provides benchmarks, they clearly must be treated with caution and certainly do not imply a fixed position on the part of the Council.
- 7.5 With regard to existing use values, it is clear that if B1 office rents and yields improve, there may be an increasing conflict (especially in mixed use schemes) to adjust the commercial / residential mix to minimise affordable housing content. In contrast, where low value commercial space is the subject of redevelopment proposals, there is less likelihood of a viability conflict. However, there will always be sites that attract higher existing use values; or that will be require exceptional costs to bring forward developments; both factors affecting the outturn level of affordable housing.
- 7.6 In certain exceptional circumstances, the Council may wish to consider accepting payments in lieu of on-site affordable housing. Our analysis indicates that this is likely to delivery additionality when secured from sites with high private sales values. The Council would need to balance the potentially greater affordable housing output against the need to ensure mixed and balanced communities.

- 7.7 The Council's affordable housing policy IS5 provides a sound basis for securing the maximum reasonable proportion of affordable housing from developments, while at the same time avoiding an adverse impact upon viability and residential land supply. Policy IS5 acknowledges that exceptional circumstances may arise and that some sites have high existing and alternative use values. Recognising these factors, the Policy outlines the Council's intention to seek a detailed and robust financial statement to demonstrate conclusively why planning policies cannot be met. Both in terms of policy and practice, these appraisals are tested by appropriately qualified advisors. Even then, there should be no presumption that such circumstances will be accepted, if other benefits do not outweigh the failure of a site to contribute towards affordable housing provision or meet other policy requirements.

Appendix 1 - Sales values comparables

Source: EGI

Scheme Name	Completion Date	Unit Type (beds)	No Units In Sample	Min Price	Max Price	Avg Price (weighted)	Min Size (sq ft)	Max Size (sq ft)	Avg Size (sq ft) (weighted)	Min Asking Price (£ psf)	Max Asking Price (£ psf)	Avg Asking Price (£ psf) (weighted)	
SW11													
The Lismore (Fmr The Plough Ph), 89 St John's Hill, Strath Terrace, Strathblaine Road, London SW11 1SY	01/11/2011	2	10	£495,000	£685,000	£539,485	831	1,182	947	£524	£644	£570	
		3	4	£565,000	£799,950	£636,238	1,087	1,661	1,247	£482	£534	£510	
		Total:		14	£495,000	£799,950	£567,129	831	1,661	1,033	£482	£644	£549
Yvon House (Fmr South Bank Business Centre), 140 Battersea Park Road, London SW11 4NB	01/09/2008	1	4	£310,000	£395,000	£344,375	510	567	530	£590	£711	£649	
		2	25	£490,000	£725,000	£563,914	738	1,123	878	£577	£698	£642	
		3	10	£685,000	£1,600,000	£1,089,400	1,065	2,299	1,648	£565	£812	£661	
		4	1	£1,399,000	£1,399,000	£1,399,000	2,423	2,423	2,423	£577	£577	£577	
		Total:		40	£310,000	£1,600,000	£694,209	510	2,423	1,074	£565	£812	£646
Lumiere (Fmr Granada Cinema & Bingo Hall), 58 St John's Hill, Plough Road, London SW11 1SX	01/02/2010	1	26	£250,000	£375,000	£287,308	431	705	479	£489	£671	£600	
		2	18	£350,000	£725,000	£588,497	582	1,041	891	£559	£881	£660	
		Total:		44	£250,000	£725,000	£410,522	431	1,041	648	£489	£881	£634
93-97 Latchmere Road, London SW11 2DR	01/11/2012	1	2	£315,000	£325,000	£320,000	441	583	512	£557	£714	£625	
		2	1	£395,000	£395,000	£395,000	625	625	625	£632	£632	£632	
		3	1	£435,000	£435,000	£435,000	1,000	1,000	1,000	£435	£435	£435	
		Total:		4	£315,000	£435,000	£367,500	441	1,000	662	£435	£714	£555
Battersea Park View, 65 Wynter Street, London SW11 2TU	01/10/2011	2	4	£380,000	£400,000	£390,000	684	689	687	£556	£581	£568	
		3	1	£500,000	£500,000	£500,000	1,117	1,117	1,117	£448	£448	£448	
		4	4	£675,000	£715,000	£693,750	1,232	1,232	1,232	£548	£580	£563	
		Total:		9	£380,000	£715,000	£537,222	684	1,232	977	£448	£581	£550
Sesame Apartments (Fmr Caius House), Holman Road, Yelverton Road, London SW11 3SL	01/09/2013	1	9	£275,000	£305,000	£301,106	464	464	464	£593	£657	£649	
		2	47	£395,000	£799,950	£494,678	681	943	756	£549	£1,016	£654	
		Total:		56	£275,000	£799,950	£463,568	464	943	709	£549	£1,016	£654
6-28 Gwynne Road, London SW11 3UW	01/07/2012	1	16	£309,995	£341,600	£329,499	584	584	584	£531	£585	£564	
		2	72	£339,995	£442,400	£404,888	578	822	749	£493	£659	£540	
		Total:		88	£309,995	£442,400	£391,181	578	822	719	£493	£659	£544
317 Battersea Park Road, London SW11 4LT	01/04/2012	1	2	£310,000	£325,000	£317,500	538	570	554	£570	£576	£573	
		2	4	£385,000	£429,000	£399,750	800	852	826	£452	£504	£484	
		Total:		6	£310,000	£429,000	£372,333	538	852	735	£452	£576	£506

Source: EGI

Scheme Name	Completion Date	Unit Type (beds)	No Units In Sample	Min Price	Max Price	Avg Price (weighted)	Min Size (sq ft)	Max Size (sq ft)	Avg Size (sq ft) (weighted)	Min Asking Price (£ psf)	Max Asking Price (£ psf)	Avg Asking Price (£ psf) (weighted)
Shaftesbury Cottages (Fmr Community Clubrooms), 1-9 Wickersley Road, Eversleigh Road, London SW11 5QS	01/04/2012	2	5	£625,000	£625,000	£625,000	999	1,022	1,017	£612	£626	£614
		Total:		5	£625,000	£625,000	£625,000	999	1,022	1,017	£612	£626
Page Mews (Fmr Playground Area), Wycliffe Road, London SW11 5QR	01/05/2012	3	8	£1,150,000	£1,350,000	£1,175,000	1,710	1,901	1,734	£673	£710	£678
		4	1	£1,675,000	£1,675,000	£1,675,000	2,800	2,800	2,800	£598	£598	£598
		Total:		9	£1,150,000	£1,675,000	£1,230,556	1,710	2,800	1,852	£598	£710
The Apartments, 475- 491 Battersea Park Road, Latchmere Road, London SW11 4LR	01/05/2013	1	4	£325,000	£341,000	£334,500	494	543	527	£599	£686	£635
		2	6	£490,000	£540,000	£511,667	751	891	807	£595	£666	£634
		3	1	£675,000	£675,000	£675,000	1,044	1,044	1,044	£647	£647	£647
		Total:		11	£325,000	£675,000	£462,091	494	1,044	726	£595	£686
The Hill, 45 Lavender Hill, Taybridge Road, London SW11 5QW	01/10/2012	1	7	£325,000	£350,000	£334,286	517	624	560	£561	£648	£597
		Total:		7	£325,000	£350,000	£334,286	517	624	560	£561	£648
Totals by Unit for SW11		1	70	£250,000	£395,000	£311,178	431	705	518	£489	£714	£601
		2	192	£339,995	£799,950	£480,398	578	1,182	800	£452	£1,016	£601
		3	25	£435,000	£1,600,000	£977,958	1,000	2,299	1,540	£435	£812	£635
		4	6	£675,000	£1,675,000	£974,833	1,232	2,800	1,692	£548	£598	£576
Overall Total for SW11			293	£250,000	£1,675,000	£492,549	431	2,800	814	£435	£1,016	£605
SW12												
IPSUS 07, 4-6 Balham Hill, London SW12 9EA	01/11/2012	1	13	£330,000	£360,000	£344,615	493	663	550	£543	£669	£627
		2	15	£495,000	£585,000	£526,333	745	863	813	£604	£747	£647
		Total:		28	£330,000	£585,000	£441,964	493	863	691	£543	£747
Clavering Place (Fmr Linden Cottage), 37 Nightingale Lane, London SW12 8SY	01/07/2009	4	1	£2,150,000	£2,150,000	£2,150,000	3,374	3,374	3,374	£637	£637	£637
		5	7	£1,650,000	£2,150,000	£1,935,714	2,990	3,595	3,344	£552	£598	£579
		Total:		8	£1,650,000	£2,150,000	£1,962,500	2,990	3,595	3,348	£552	£637

Source: EGI

Scheme Name	Completion Date	Unit Type (beds)	No Units In Sample	Min Price	Max Price	Avg Price (weighted)	Min Size (sq ft)	Max Size (sq ft)	Avg Size (sq ft) (weighted)	Min Asking Price (£ psf)	Max Asking Price (£ psf)	Avg Asking Price (£ psf) (weighted)
2-4 Rossiter Road, London SW12 9RU	01/11/2012	2	2	£475,000	£499,950	£487,475	761	863	812	£579	£624	£600
		3	2	£600,000	£600,000	£600,000	1,339	1,360	1,350	£441	£448	£445
		5	2	£985,000	£985,000	£985,000	2,076	2,097	2,087	£470	£474	£472
		Total:	6	£475,000	£985,000	£690,825	761	2,097	1,416	£441	£624	£488
Totals by Unit for SW12		1	13	£330,000	£360,000	£344,615	493	663	550	£543	£669	£627
		2	17	£475,000	£585,000	£521,762	745	863	813	£579	£747	£642
		3	2	£600,000	£600,000	£600,000	1,339	1,360	1,350	£441	£448	£445
		4	1	£2,150,000	£2,150,000	£2,150,000	3,374	3,374	3,374	£637	£637	£637
		5	9	£985,000	£2,150,000	£1,724,444	2,076	3,595	3,065	£470	£598	£563
Overall Total for SW12			42	£330,000	£2,150,000	£767,142	493	3,595	1,301	£441	£747	£590
SW15												
Queen Mary's Place (Fmr Queen Mary's Uni' Hosp), 171 Roehampton Lane, London SW15 5PN	01/04/2013	1	5	£249,950	£349,950	£308,480	510	720	556	£485	£627	£555
		2	74	£334,950	£1,850,000	£532,082	621	2,488	898	£472	£862	£593
		3	15	£499,950	£700,000	£582,330	950	1,359	1,037	£458	£615	£562
		4	47	£499,950	£824,950	£715,676	1,084	1,822	1,522	£412	£544	£470
Total:	141	£249,950	£1,850,000	£590,696	510	2,488	1,109	£412	£862	£533		
Vantage (Former Tote House), 74 Upper Richmond Road, London SW15 2SU	01/09/2012	2	14	£595,000	£999,995	£685,714	962	1,297	1,051	£584	£883	£653
		Total:	14	£595,000	£999,995	£685,714	962	1,297	1,051	£584	£883	£653
Langham Square, 77-83 Upper Richmond Road, London SW15 2TT	01/03/2014	2	26	£460,000	£1,350,000	£650,192	656	1,474	806	£687	£1,110	£807
		Total:	26	£460,000	£1,350,000	£650,192	656	1,474	806	£687	£1,110	£807
Putney Square (Fmr South Thames College), 50 Putney Hill, London SW15 6QX	01/08/2011	1	23	£350,000	£413,500	£380,152	453	753	524	£492	£838	£725
		2	43	£425,000	£1,050,000	£554,837	676	1,136	762	£589	£1,105	£729
		3	2	£2,500,000	£2,600,000	£2,550,000	2,035	2,665	2,350	£938	£1,278	£1,085
		Total:	68	£350,000	£2,600,000	£554,434	453	2,665	728	£492	£1,278	£762
118 Putney Bridge Road, Deodar Road, London SW15 2NQ	01/12/2010	1	4	£365,000	£425,000	£385,000	559	656	602	£623	£653	£639
		2	8	£530,000	£710,000	£610,000	796	1,033	908	£639	£737	£672
		3	2	£860,000	£870,000	£865,000	1,237	1,323	1,280	£658	£695	£676
		Total:	14	£365,000	£870,000	£582,143	559	1,323	874	£623	£737	£666

Source: EGI

Scheme Name	Completion Date	Unit Type (beds)	No Units In Sample	Min Price	Max Price	Avg Price (weighted)	Min Size (sq ft)	Max Size (sq ft)	Avg Size (sq ft) (weighted)	Min Asking Price (£ psf)	Max Asking Price (£ psf)	Avg Asking Price (£ psf) (weighted)
Queensgate Mews, 257-259 Upper Richmond Road, London SW15 6SW	01/11/2012	4	7	£1,450,000	£1,995,000	£1,730,714	2,115	2,617	2,342	£686	£774	£739
		Total:	7	£1,450,000	£1,995,000	£1,730,714	2,115	2,617	2,342	£686	£774	£739
Burston House, 1 Burston Road, London SW15 6AR	01/05/2011	1	1	£350,000	£350,000	£350,000	493	493	493	£710	£710	£710
		2	5	£450,000	£535,000	£488,990	652	1,544	853	£324	£739	£573
		Total:	6	£350,000	£535,000	£465,825	493	1,544	793	£324	£739	£588
Emerald Square (Fmr Arton Wilson Hse), 85 Roehampton Lane, London SW15 5NY	01/06/2013	1	2	£305,000	£335,000	£320,000	528	562	545	£578	£596	£587
		2	7	£415,000	£465,000	£429,286	712	785	740	£565	£597	£580
		4	43	£725,000	£850,000	£803,256	1,477	1,846	1,656	£455	£538	£485
		Total:	52	£305,000	£850,000	£734,327	528	1,846	1,490	£455	£597	£493
88 West Hill, London SW15 2UJ	01/09/2012	1	2	£299,950	£299,950	£299,950	368	480	424	£625	£815	£707
		2	7	£475,000	£725,000	£617,843	648	1,194	955	£601	£733	£647
		Total:	9	£299,950	£725,000	£547,200	368	1,194	837	£601	£815	£654
Aubyn Square (Fmr Eastwood Nursery School), Aubyn Square, London SW15 5PW	01/10/2012	4	8	£545,000	£600,000	£568,750	1,450	1,450	1,450	£376	£414	£392
		Total:	8	£545,000	£600,000	£568,750	1,450	1,450	1,450	£376	£414	£392
Totals by Unit for SW15		1	37	£249,950	£425,000	£362,589	368	753	532	£485	£838	£682
		2	184	£334,950	£1,850,000	£567,347	621	2,488	860	£324	£1,110	£660
		3	19	£499,950	£2,600,000	£819,208	950	2,665	1,201	£458	£1,278	£682
		4	105	£499,950	£1,995,000	£808,017	1,084	2,617	1,626	£376	£774	£497
Overall Total for SW15			345	£249,950	£2,600,000	£632,505	368	2,665	1,077	£324	£1,278	£587
SW16												
Fmr Fotostop House, 159 Fallsbrook Road, London SW16 6DY	01/05/2011	1	2	£190,000	£190,000	£190,000	571	571	571	£333	£333	£333
		2	4	£240,000	£275,000	£256,250	657	974	764	£282	£365	£335
		3	2	£280,000	£290,000	£285,000	943	1,046	995	£277	£297	£287
		Total:	8	£190,000	£290,000	£246,875	571	1,046	774	£277	£365	£319
Totals by Unit for SW16		1	2	£190,000	£190,000	£190,000	571	571	571	£333	£333	£333
		2	4	£240,000	£275,000	£256,250	657	974	764	£282	£365	£335
		3	2	£280,000	£290,000	£285,000	943	1,046	995	£277	£297	£287
Overall Total for SW16			8	£190,000	£290,000	£246,875	571	1,046	774	£277	£365	£319

Source: EGI

Scheme Name	Completion Date	Unit Type (beds)	No Units In Sample	Min Price	Max Price	Avg Price (weighted)	Min Size (sq ft)	Max Size (sq ft)	Avg Size (sq ft) (weighted)	Min Asking Price (£ psf)	Max Asking Price (£ psf)	Avg Asking Price (£ psf) (weighted)
 No Private Units in Scheme											
SW17												
Harrington Mews, 131-133 Fountain Road, London SW17 0HH	01/11/2011	3	16	£395,000	£450,000	£425,938	918	1,069	1,021	£385	£436	£417
	4	2	£455,000	£455,000	£455,000	1,346	1,346	1,346	£338	£338	£338
	19	Total:	18	£395,000	£455,000	£429,167	918	1,346	1,057	£338	£436	£406
Totals by Unit for SW17		3	16	£395,000	£450,000	£425,938	918	1,069	1,021	£385	£436	£417
		4	2	£455,000	£455,000	£455,000	1,346	1,346	1,346	£338	£338	£338
Overall Total for SW17			18	£395,000	£455,000	£429,167	918	1,346	1,057	£338	£436	£406