

Nuneaton and Bedworth Borough Council

Appendix I

Development Assumptions



CIL Viability Assessment

September 2020

DSP20701

**Nuneaton & Bedworth Borough Council - Appendix I - CIL Viability Assessment - Residential Assumptions
(Sheet 1 of 3)**

Scheme Size appraised	Type	Site Type	Density	Net Land area (ha)	Gross Land area (ha)	Build Period
3	Houses	PDL	30	0.10	0.10	6
10	Houses	Greenfield / PDL	40	0.25	0.29	12
11	Houses	Greenfield / PDL	40	0.28	0.32	12
15	Houses	Greenfield / PDL	40	0.38	0.43	12
15	Flats	PDL	100	0.15	0.15	12
30	Mixed	Greenfield	50	0.60	0.69	18
30	Flats (Sheltered)	PDL	125	0.24	0.24	18
60	Flats (Extra Care)	PDL	125	0.48	0.48	18
100	Mixed	Greenfield	50	2.00	2.60	24

Notes:

The above scenarios tested at 0% AH on sites 1-10, two affordable units on sites of 11-14 and 25% AH on-site provision on scenarios of 15+ units. The appraisals have been completed in each case to the point at which a negative result is returned - we consider there to be no merit in extending testing beyond the points where there is a negative residual land value. Affordable Housing tenure split assumed at 74% Affordable Rented and 26% Intermediate (SHMA 2015). 10% Low Cost / Affordable Home Ownership (AHO) of total overall requirements. The above assumes fully applied policy position - actual percentage will necessarily vary due to policy requirement.

Unit Sizes - Affordable and Private Market

Unit Sizes (sq.)*		
1-bed flat	50	*Note: Retirement/sheltered typology: 1-beds @ 55 sq. m; 2-beds @ 75 sq. m (Note 25% communal area content within retirement/sheltered
2-bed flat	61	
2-bed house	79	*Note: Extra care typology: 60 units typology 1-beds @ GIA 58.5 sq. m; 2-beds @ 76 sq. m (excluding communal areas - 35% communal area content).
3-bed house	93	
4-bed house	106	

*based on range set out in the Nationally Described Space Standard (NDSS).

Dwelling mix principles*

Type	Market Housing	Affordable Housing
1-beds	8%	40-45%
2-beds	25%	25-30%
3-beds	51%	20-25%
4-beds	16%	5-10%

*based on SHMA 2013 and Policy H2 of the Borough Plan

Note: All subject to 'best fit scenario'.

DSP Value Levels

Market Value	VL1	VL2	VL3	VL4	VL5	VL6	VL7	VL8	VL9	VL10	VL11
1-bed flat	£120,000	£125,000	£130,000	£135,000	£140,000	£145,000	£150,000	£160,000	£170,000	£190,000	£210,000
2-bed flat	£146,400	£152,500	£158,600	£164,700	£170,800	£176,900	£183,000	£195,200	£207,400	£231,800	£256,200
2-bed house	£189,600	£197,500	£205,400	£213,300	£221,200	£229,100	£237,000	£252,800	£268,600	£300,200	£331,800
3-bed house	£223,200	£232,500	£241,800	£251,100	£260,400	£269,700	£279,000	£297,600	£316,200	£353,400	£390,600
4-bed house	£254,400	£265,000	£275,600	£286,200	£296,800	£307,400	£318,000	£339,200	£360,400	£402,800	£445,200
Value Level £/m2	£2,400	£2,500	£2,600	£2,700	£2,800	£2,900	£3,000	£3,200	£3,400	£3,800	£4,200

Retirement (Sheltered and Extra Care) tested at £3,800, £4,200 and £4,400/sq. m.

Ward	Value Range
Abbey	VL1-2
Arbury	VL3-6
Attleborough	VL1-2
Bar Pool	VL2-3
Bede	VL2-3
Bulkington	VL3-6
Camp Hill	VL2-3
Exhall	VL2-3
Galley Common	VL3-6
Heath	VL3-6
Kingswood	VL2-3
Poplar	VL3-7
Slough	VL3-6
St Nicolas	VL3-6
Weddington	VL3-6
Wem Brook	VL1-2
Whitestone	VL6-8

VL1	£2,000	Lower end new build range	Abbey, Wem Brook, Attleborough	Bar Pool, Bede, Camp Hill, Exhall, Kingswood,	Poplar
VL2	£2,400				
VL3	£2,500				
VL4	£2,600	Typical new build range	Arbury, Bulkington, Galley Common, Heath, Slough, St Nicolas, Weddington	Whitestone	
VL5	£2,700				
VL6	£2,800				
VL7	£3,200	Higher end new build range			
VL8	£3,600				
VL9	£4,000				

Affordable Housing Revenue Assumptions

Unit	Market Size (sq..)	Affordable Rent	
		LHA Cap	Average AH Transfer Price (LHA Cap)
1BF	50	£112.77	£92,382
2BF	61	£132.33	£108,407
2BH	79	£132.33	£108,407
3BH	93	£155.34	£127,255
4BH	106	£201.37	£164,966

Shared Ownership value assumes an average of 70% of market value

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Development /Policy Costs	Cost £	Notes / variances
RESIDENTIAL BUILDING, MARKETING & S106 COSTS		
		BCIS (5yr period) figures¹
Build Costs Mixed Developments - generally (£/sq. m) ¹	£1,133	
Build Costs Estate Housing - generally (£/sq. m) ¹	£1,120	
Build Costs Flats - generally (£/sq. m) ¹	£1,275	
Build Costs (Supported Housing - Generally) (£/sq. m) ¹	£1,612	30 Flats Sheltered and 60 Flats Extra Care only
External Works	10% (Flats) 15% (Houses)	Added to build costs. Reduced allowance for sheltered / extra care development at 7.5%
Site Works and Infrastructure	£300,000/net developable ha	Additional cost allowances for larger/strategic site typologies.
Contingencies (% of build cost)	5%	
Professional & Other Fees (% of build costs)	8-10%	
Sustainable Design / Construction Standards (% of build cost) ²	2%	
Adopted CIL rate(s) for testing	Tested at £0 - £200/sq. m at £20/sq./ m intervals	
Water Efficiency Standards	110 Litres per person per day	
Building Reg M4(2) - Accessible and adaptable dwellings compliance	£1,646 (Flats) £2,447 (Houses)	per unit (applicable units only) - 35% of units (Policy BE3)
S106 Allowance (per unit)	£1,000	per unit
S106 Allowance (per unit) - strategic site testing	n/a	s106 amounts as per DAC Report ²
Marketing & Sales Costs (%of GDV)	3%	
Legal Fees on sale (£ per unit)	£750	
DEVELOPER'S RETURN FOR RISK AND PROFIT		
Open Market Housing Profit (% of GDV)	15% - 20%	17.5% as base
Affordable Housing Profit (% of GDV)	6.0%	
FINANCE & ACQUISITION COSTS		
Agents Fees (% of site value)	1.50%	
Legal Fees (% of site value)	0.75%	
Stamp Duty Land Tax (% of site value)	0% to 5%	HMRC scale
Finance Rate - Build (%)	6.5%	
Finance Rate - Land (%)	6.5%	

¹ Build cost taken as "Median" figure from BCIS for that build type unless otherwise stated - e.g. flats ; houses storey heights etc. and then rounded. Median figure gives a better figure than the Mean as it is not so influenced by rogue figures that can distort the mean on small sample sizes. The BCIS figure for Nuneaton has been used and averaged across the area. Externals added separately at 10-15%. Site works added separately.

² NBBC Community Infrastructure Levy Draft Charging Schedule Preliminary Report, DAC (March 2020) DSP 2020

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Site	Indicative Capacity (approx. no. of dwellings)	Assumed Gross Site Area (ha)	Estimated Net Site Area (ha)	Indicative Residential Market Value (£/sq. m.)	Housing Trajectory - Timings/phasing <i>Based on NBBC Housing Trajectory (April 2020)</i>	DSP Additional Assumptions / Comments / Site Specific Costs <i>Main cost assumptions - Sheet 2</i>
HSG2 Arbury	1640	85.82	56.64	Sensitivity Tested from a £2,700/sq. m. base level AH revenue assumed at 55% of MV (blended)	150/dwellings pa (assumes 4 outlets) = 10.9yrs (131 months) for whole development less 6 months lead-in and 12 months offset from construction = 113 months (construction & sales)	• s106 Contributions as provided within the DAC report = £6,579,625
HSG4 Woodlands	689	38.07	25.13		60/dwellings pa (assumes 3 outlets) = 11.5yrs (138 months) for whole development less 6 months lead-in and 12 months offset from construction = 120 months (construction & sales)	• s106 Contributions as provided within the DAC report = £7,238,210
HSG5 Hospital Lane	398	22.93	15.13		50/dwellings pa (assumes 3 outlets) = 8yrs (96 months) for whole development less 6 months lead-in and 12 months offset from construction = 78 months (construction & sales)	• s106 Contributions as provided within the DAC report = £2,620,876
HSG7 Land East of Bulkington	196	10.25	6.77		50/dwellings pa (assumes 2 outlets) = 3.9yrs (47 months) for whole development less 6 months lead-in and 12 months offset from construction = 29 months (construction & sales)	• s106 Contributions as provided within the DAC report = £2,857,768
HSG8 Land West of Bulkington	495	25.13	16.59		50/dwellings pa (assumes 3 outlets) = 9.9yrs (119 months) for whole development less 6 months lead-in and 12 months offset from construction = 101 months (construction & sales)	• s106 Contributions as provided within the DAC report = £3,916,788
HSG10 Attleborough Fields	360	15.3	10.1		60/dwellings pa (assumes 3 outlets) = 6yrs (72 months) for whole development less 6 months lead-in and 12 months offset from construction = 54 months (construction & sales)	• s106 Contributions as provided within the DAC report = £3,165,080

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Nuneaton & Bedworth Borough Council - Appendix I - CIL Viability Assessment - Commercial Assumptions Overview Sheet

Use Class / Type	Example Scheme Type	GIA (M2)	Site Coverage	Site Size (Ha)	Build Period	Value Range - Annual Rents £ per sq m			Build Cost (£ per sq)	External works	Total Build Cost	Notes:
						Low	Mid	High				
Large Retail	Large Supermarket - out of town	2500	35%	0.71	18	£200	£225	£250	£1,316	15%	£1,513	BCIS - Hypermarkets / Supermarkets - generally.
Large Retail	Retail Warehouse	1000	40%	0.25	7	£100	£140	£180	£748	15%	£860	BCIS - Retail warehouses - up to 1,000 sq. m.
Town Centre Retail	Comparison shops (general/non-shopping centre)	200	60%	0.03	6	£100	£150	£200	£1,004	50%	£1,506	BCIS - Shops - Generally.
Small Retail	Convenience Store - various locations	300	75%	0.04	6	£100	£125	£150	£1,004	15%	£1,155	BCIS - Shops - Generally.
Business - Offices - Town Centre	Office Building	500	200%	0.025	12	£125	£150	£175	£1,740	15%	£2,001	BCIS - Offices - 3-5 Storey; airconditioned.
Business - Offices - Out of town centre / Business Park	Office Building	1000	40%	0.25	12	£140	£160	£180	£1,603	15%	£1,843	BCIS - Offices - 1-2 Storey; airconditioned.
Business - Industrial / Warehousing	Smaller / Move-on type industrial unit including offices - industrial estate	500	40%	0.13	6	£60	£80	£100	£1,070	15%	£1,231	BCIS - Advance factories / offices - mixed facilities (B1) - generally.
Business - Industrial / Warehousing	Larger industrial / warehousing unit including offices - industrial estate	2000	40%	0.50	12	£55	£65	£75	£731	15%	£841	BCIS - Advance factories / offices - mixed facilities (B1) - >2000
B1, B2, B8 - Industrial / Warehousing	Storage & Distribution	5000	40%	1.25	18	£80	£90	£100	£731	15%	£841	
B8 - warehousing / distribution	Distribution unit	10000	50%	2.00	12	£50	£90	£100	£731	15%	£841	
Hotel (budget)	Hotel - edge of town centre / edge of town	2100	50%	0.42	18	£4,000	£5,000	£6,000	£1,871	15%	£2,152	BCIS - Hotels
C2 - Residential Institution	Nursing Home	1900	60%	0.32	16	£160	£180	£200	£1,603	15%	£1,843	BCIS - Care Homes for the Elderly - generally
Other / Sui Generis	Variable - considered on strength of values / costs relationship basis for a range of other development uses including community / clinics / fitness/ leisure / nurseries etc. / holiday lets	Value / costs relationship strength considered in report										

Development Costs	
BREAAM / other enhancements addition	
contingency (% of cost)	5%
Professional Fees (% of cost)	10%
Contingencies (% of cost)	5%
Planning / Building Regs etc / insurances (% of cost)	2.0%
Site survey / preparation costs / S106	Variable
Potential CIL - trial rates testing	at £20m ² intervals up to £200m ²
Finance Costs	
Finance rate p.a. (including over lead-in and letting / sales period)	6.5%
Arrangement / other fees (% of cost)	2.0%
Marketing Costs	
Advertising Fees (% of annual income)	1%
Letting Fees (% of annual income)	10%
Purchaser's costs	5.75%
Developer Profit (% of GDV)	15%
Yields	Variable applicability - sensitivity tested across range at 5.0% to 8.0%
Site Acquisition Costs	
Agents Fees (% of site value)	1.50%
Legal Fees (% of site value)	0.75%
Stamp Duty (% of value - HMRC scale)	0 to 5%

*BCIS Construction Duration Calculator

**BCIS Median - Location Factor for Nuneaton