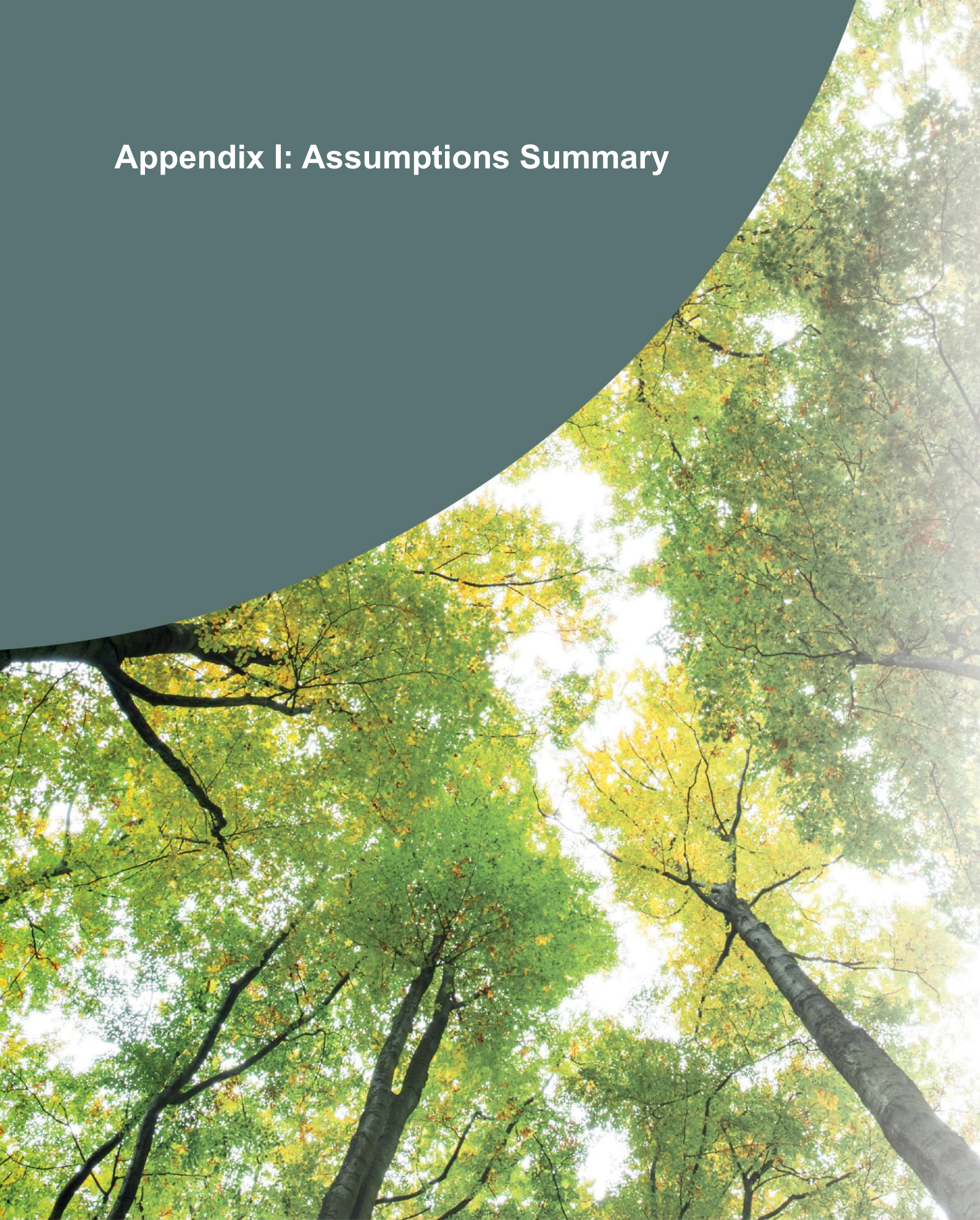


Appendix I: Assumptions Summary



Chiltern DC and South Bucks DC - Appendix I - Viability Assessment - Residential Assumptions (Sheet 1 of 2)

| Scheme Size Appraised | Type | Site type | Density | Net Land Area (ha) | Build Period (Months) |
|-----------------------|-------------------|----------------|---------|--------------------|-----------------------|
| 3 | Houses | PDL | 30 | 0.10 | 6 |
| 5 | Houses | PDL/Greenfield | 30 | 0.17 | 6 |
| 8 | Flats | PDL | 75 | 0.1 | 6 |
| 10 | Houses | PDL/Greenfield | 35 | 0.3 | 9 |
| 11 | Houses | PDL/Greenfield | 35 | 0.3 | 9 |
| 15 | Flats | PDL | 75 | 0.2 | 12 |
| 15 | Houses | PDL/Greenfield | 35 | 0.4 | 12 |
| 30 | Flats | PDL | 100 | 0.3 | 18 |
| 30 | Flats (Sheltered) | PDL | 125 | 0.2 | 18 |
| 30 | Mixed | Greenfield | 40 | 0.8 | 18 |
| 100 | Mixed | Greenfield | 40 | 2.5 | 24 |

Notes: The above Scenarios have been tested at 0%, 20% and 40% on-site AH on 11+ units. In addition 20% AH financial contributions have been tested on site's of 3 - 10 units (<11) based on existing HEDNA Update Addendum (2017). Affordable Housing tenure split assumed as 80% affordable rented and 20% intermediate based on the HEDNA Update Addendum (2017).

*Fully applied policy position. Actual percentage will vary due to policy requirement.

**Sensitivity testing to also be carried out for LCHO 10%, M4 Access testing for both M4(2) and M4(3) at varying % basis - see full Table results list at the beginning of Appendix IIa.

*** tested at varying densities

| Unit Sizes (sq. m)* | Affordable | Private | |
|---------------------|------------|---------|---|
| 1-bed flat | 50 | 50 | *Retirement/sheltered 1-beds @ 55 sq. m |
| 2-bed flat | 70 | 70 | *Retirement/sheltered 2-beds @ 75 sq. m |
| 2-bed house | 79 | 79 | |
| 3-bed house | 93 | 100 | |
| 4-bed house | 112 | 130 | *Large Houses @ 250sq.m (3 Houses only) |

*based on nationally described space standards

Dwelling mix principles - for building up assumptions based on the HEDNA Addendum September 2017

Market Housing: 1% 1-beds, 4% 2-beds (Flats), 5% 2-beds, 50% 3-beds, 40% 4-beds (Houses)

Affordable Housing - AR: 10% 1-bed, 20% 2-bed (Flats), 20% 2-beds, 40% 3-beds, 10% 4-beds (Houses)

Affordable Housing - SO: 5% 1-bed, 40% 2-bed (Flats), 55% 2-beds (Houses)

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

Value Levels - Chiltern DC

| Market Value (MV) Private units | VL1 | VL2 | VL3 | VL4 | VL5 | VL6 | VL7 | VL8 | VL9 | VL10 |
|------------------------------------|-------------------------------|----------|----------|----------|----------|---------------------------------|----------|----------|-----------------------------|----------|
| Relevance of VLS | Chiltern Overall Range | | | | | | | | | |
| | | | | | | Average New Builds Range | | | Upper End New Builds | |
| 1-bed flat | £200,000 | £212,500 | £225,000 | £237,500 | £250,000 | £262,500 | £275,000 | £287,500 | £300,000 | £312,500 |
| 2-bed flat | £280,000 | £297,500 | £315,000 | £332,500 | £350,000 | £367,500 | £385,000 | £402,500 | £420,000 | £437,500 |
| 2-bed house | £316,000 | £335,750 | £355,500 | £375,250 | £395,000 | £414,750 | £434,500 | £454,250 | £474,000 | £493,750 |
| 3-bed house | £400,000 | £425,000 | £450,000 | £475,000 | £500,000 | £525,000 | £550,000 | £575,000 | £600,000 | £625,000 |
| 4-bed house | £520,000 | £552,500 | £585,000 | £617,500 | £650,000 | £682,500 | £715,000 | £747,500 | £780,000 | £812,500 |
| MV (£ / m ²) | £4,000 | £4,250 | £4,500 | £4,750 | £5,000 | £5,250 | £5,500 | £5,750 | £6,000 | £6,250 |

Value Levels - Chiltern DC - Additional Testing (October 2018)

| Market Value (MV) Private units | VL11 | VL12 | VL13 | VL14 | VL15 | VL16 | VL17 | VL18 |
|------------------------------------|--|----------|----------|----------|----------|------------|------------|------------|
| Relevance of VLS | Chiltern Overall Range - Additional Sensitivity Testing | | | | | | | |
| 1-bed flat | £325,000 | £337,500 | £350,000 | £362,500 | £375,000 | £400,000 | £425,000 | £450,000 |
| 2-bed flat | £455,000 | £472,500 | £490,000 | £507,500 | £525,000 | £560,000 | £595,000 | £630,000 |
| 2-bed house | £513,500 | £533,250 | £553,000 | £572,750 | £592,500 | £632,000 | £671,500 | £711,000 |
| 3-bed house | £650,000 | £675,000 | £700,000 | £725,000 | £750,000 | £800,000 | £850,000 | £900,000 |
| 4-bed house | £845,000 | £877,500 | £910,000 | £942,500 | £975,000 | £1,040,000 | £1,105,000 | £1,170,000 |
| MV (£ / m ²) | £6,500 | £6,750 | £7,000 | £7,250 | £7,500 | £8,000 | £8,500 | £9,000 |

Value Levels - South Bucks DC

| Market Value (MV) Private units | VL1 | VL2 | VL3 | VL4 | VL5 | VL6 | VL7 | VL8 | VL9+ | VL10 |
|------------------------------------|----------------------------------|----------|----------|----------|---------------------------------|----------|----------|-----------------------------|----------|----------|
| Relevance of VLS | South Bucks Overall Range | | | | | | | | | |
| | | | | | Average New Builds Range | | | Upper End New Builds | | |
| 1-bed flat | £200,000 | £212,500 | £225,000 | £237,500 | £250,000 | £262,500 | £275,000 | £287,500 | £300,000 | £312,500 |
| 2-bed flat | £280,000 | £297,500 | £315,000 | £332,500 | £350,000 | £367,500 | £385,000 | £402,500 | £420,000 | £437,500 |
| 2-bed house | £316,000 | £335,750 | £355,500 | £375,250 | £395,000 | £414,750 | £434,500 | £454,250 | £474,000 | £493,750 |
| 3-bed house | £400,000 | £425,000 | £450,000 | £475,000 | £500,000 | £525,000 | £550,000 | £575,000 | £600,000 | £625,000 |
| 4-bed house | £520,000 | £552,500 | £585,000 | £617,500 | £650,000 | £682,500 | £715,000 | £747,500 | £780,000 | £812,500 |
| MV (£ / m ²) | £4,000 | £4,250 | £4,500 | £4,750 | £5,000 | £5,250 | £5,500 | £5,750 | £6,000 | £6,250 |

Note: Sheltered Housing tested at VL9 £6,000, VL10 £6,250, VL11 £6,500 and VL12 £6,750

Value Levels - South Bucks DC - Additional Testing (October 2018)

| Market Value (MV) Private units | VL11 | VL12 | VL13 | VL14 | VL15 | VL16 | VL17 | VL18 |
|------------------------------------|---|----------|----------|----------|----------|------------|------------|------------|
| Relevance of VLS | South Bucks Overall Range - Additional Sensitivity Testing | | | | | | | |
| 1-bed flat | £325,000 | £337,500 | £350,000 | £362,500 | £375,000 | £400,000 | £425,000 | £450,000 |
| 2-bed flat | £455,000 | £472,500 | £490,000 | £507,500 | £525,000 | £560,000 | £595,000 | £630,000 |
| 2-bed house | £513,500 | £533,250 | £553,000 | £572,750 | £592,500 | £632,000 | £671,500 | £711,000 |
| 3-bed house | £650,000 | £675,000 | £700,000 | £725,000 | £750,000 | £800,000 | £850,000 | £900,000 |
| 4-bed house | £845,000 | £877,500 | £910,000 | £942,500 | £975,000 | £1,040,000 | £1,105,000 | £1,170,000 |
| MV (£ / m ²) | £6,500 | £6,750 | £7,000 | £7,250 | £7,500 | £8,000 | £8,500 | £9,000 |

Affordable Housing Revenue Assumptions Chiltern LHA covering the majority of the Council areas

| Unit | Affordable Rent LHA (Average) Cap | Social Rent* |
|------|-----------------------------------|--------------|
| 1BF | £145.43 | £145.43 |
| 2BF | £187.92 | £187.92 |
| 2BH | £187.92 | £187.92 |
| 3BH | £236.34 | £236.34 |
| 4BH | £344.05 | £344.05 |

**based on information provided by CDC and SBDC*

| Unit | Market Size | Affordable Rent Average AH Transfer Price (LHA Cap) | Social Rent* |
|------|-------------|---|--------------|
| 1BF | 50 | £105,925 | £75,748 |
| 2BF | 70 | £136,871 | £77,205 |
| 2BH | 79 | £136,871 | £77,205 |
| 3BH | 100 | £172,134 | £89,587 |
| 4BH | 130 | £250,586 | £97,598 |

Dixon Searle Partnership (2018)

Chiltern DC and South Buck DC - Appendix I - Viability Assessment - Residential Assumptions (Sheet 2 of 2)

| Development / Policy Costs | Chiltern DC and South Bucks DC | October 2018 Sensitivity Test | Notes / variances |
|---|-------------------------------------|-------------------------------------|---|
| RESIDENTIAL BUILDING, MARKETING & S106 COSTS | | | |
| Build Costs Mixed Developments - generally (£/sq. m) ¹ | £1,499 | £1,499 | |
| Build Costs Estate Housing - generally (£/sq. m) ² | £1,538 | £1,538 | 1 - 10 units only. Increased by 14% based on FSB report. |
| Build Costs Estate Housing - generally (£/sq. m) ¹ | £1,398 | £1,398 | >11 units |
| Build Costs Flats - generally (£/sq. m) ¹ | £1,629 | £1,629 | |
| Build Costs Flats - generally (£/sq. m) ² | £1,551 | £1,551 | 1 - 10 units only. Reduced by -5% based on FSB report. |
| Build Costs (Sheltered Housing - Generally) (£/sq.m) ¹ | £1,740 | £1,740 | |
| External Works | 10% (Flats) 15% (Houses) | 10% (Flats) 15% (Houses) | added to build costs |
| Site Works | £300,000/net developable ha | £300,000/net developable ha | |
| Contingencies (% of build cost) | 5% | 5% | |
| Professional & Other Fees (% of build cost) | 10% | 8% | |
| Sustainable Design / Construction Standards (% of build cost) ³ | 2% | 2% | Latest data suggests allowances in the range of 1% to 1.5% to meet building regulations |
| Potential Building Regs M4 (2) Compliance (£ per unit) ⁴ | £1,646 (Flats) £2,447 (Houses) | £1,646 (Flats) £2,447 (Houses) | per unit (applicable units only) - tested at 80% base cost assumption included in all appraisal sets. Additional sensitivity testing carried out at 100% M4(2). |
| Potential Building Regs M4 (3) Compliance (£ per unit) ⁴ | £15,691 (Flats) £26,816 (Houses) | £15,691 (Flats) £26,816 (Houses) | per unit (applicable units only) - sensitivity tested only at varying range - 5%, 10% and 20% on the AH units only. |
| Potential CIL trial rates testing (£/m2) | at £25/m2 intervals up to £250/m2 | £150/m2 | Additional testing at £100/m2 intervals up to £500/m2 where viability scope exists |
| Water Efficiency Standards | 125litres per person per day | 125litres per person per day | based on the Housing Standards Review |
| Electric Vehicle Charging Points (Policy NE11) | £500 | n/a | per unit cost (major scale development only) - sensitivity test only |
| Residual s.106 /non-CIL costs (£ per unit) - small scale PDL / Greenfield sites | £3,000 | £3,000 | |
| Residual s.106 /non-CIL costs (£ per unit) - large scale strategic greenfield sites | n/a | n/a | s106 scope explored through running appraisals as s106 surplus residual above BLV. |
| Marketing & Sales Costs (%of GDV) | 3% | 3% | |
| Legal Fees on sale (£ per unit) | £750 | £750 | |
| DEVELOPER'S RETURN FOR RISK AND PROFIT | | | |
| Open Market Housing Profit (% of GDV) | 20% | 17.5% | |
| Affordable Housing Profit (% of GDV) | 6% | 6% | |
| FINANCE & ACQUISITION COSTS | | | |
| Agents Fees (% of site value) | 1.50% | 1.50% | |
| Legal Fees (% of site value) | 0.75% | 0.75% | |
| Stamp Duty Land Tax (% of site value) | 0% to 5% | 0% to 5% | HMRC scale |
| Finance Rate - Build (%) | 6.5% | 6.5% | |
| Finance Rate - Land (%) | 6.5% | 6.5% | |

Notes:

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

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

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

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

Chiltern DC and South Buck DC - Appendix I - Viability Assessment - Commercial Assumptions

| Use Class / Type | Example Scheme Type | GIA (m ²) | Site Coverage | Site Size (Ha) | Build Period (Months)* | Values Range - Annual Rents £ per sq m | | | Chiltern DC & South Bucks DC | | | Notes: |
|--|--|-----------------------|---------------|----------------|------------------------|--|------|------|------------------------------|----------------------------------|---|--|
| | | | | | | Low | Mid | High | Build Cost (£ per sq m)** | External works cost addition (%) | Total Build Cost (£/sq m excl fees etc) | |
| | | | | | | | | | | | | |
| Large Retail | Large Supermarket - out of town | 2500 | 35% | 0.71 | 18 | £250 | £285 | £320 | £1,633 | 15% | £1,878 | BCIS - Hypermarkets / Supermarkets - generally. |
| Large Retail | Retail warehouse | 1000 | 40% | 0.25 | 7 | £200 | £250 | £300 | £944 | 15% | £1,086 | BCIS - Retail warehouses - up to 1,000 sq m. |
| Town Centre Retail | Comparison shops (general/non shopping centre) | 300 | 75% | 0.04 | 6 | £150 | £250 | £350 | £1,207 | 50% | £1,811 | BCIS - Shops - Generally |
| Small Retail | Convenience Store - various locations | 300 | 60% | 0.05 | 6 | £150 | £185 | £220 | £1,207 | 15% | £1,388 | BCIS - Shops - Generally |
| Business - Offices - Town Centre | Office Building | 500 | 60% | 0.08 | 6 | £175 | £225 | £275 | £2,013 | 15% | £2,315 | BCIS - Offices - 3-5 Storey; airconditioned |
| Business - Offices - Out of town centre /Business Park | Office Building | 1000 | 40% | 0.25 | 12 | £175 | £225 | £275 | £1,911 | 15% | £2,198 | BCIS - Offices - 1-2 Storey; airconditioned |
| Business - Industrial / Warehousing | Smaller / Move-on type industrial unit including offices - industrial estate | 500 | 40% | 0.13 | 6 | £80 | £110 | £140 | £1,578 | 15% | £1,815 | BCIS - Advance factories / offices - mixed facilities (B1) - generally |
| Business - Industrial / Warehousing | Larger industrial / warehousing unit including offices - industrial estate | 2000 | 40% | 0.50 | 12 | £70 | £90 | £110 | £1,118 | 15% | £1,286 | BCIS - Advance factories / offices - mixed facilities (B1) - >2000 |
| Hotel (budget)*** | Hotel - edge of town centre / edge of town | 2100 | 50% | 0.42 | 18 | £170 | £210 | £250 | £2,235 | 15% | £2,570 | BCIS - Hotels |
| C2 - Residential Institution | Nursing Home | 1230 | 60% | 0.21 | 16 | £250 | £285 | £320 | £1,858 | 15% | £2,137 | BCIS - Care Homes for the Elderly |

Note: Average Location Factor assumed for Chiltern and South Bucks

| 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 £25/sq. m intervals | Trialled up to up to £250/sq. m (Provisional DSP judgement from experience) |
| Finance Costs | | |
| Finance rate p.a. (including over lead-in and letting / sales period) | 6.0% | |
| Arrangement / other fees (% of cost) | 0.0% | included within higher overall finance rate |
| Marketing Costs | | |
| Advertising Fees (% of annual income) | 1% | |
| Letting Fees (% of annual income) | 10% | |
| Purchaser's costs | 5.75% | |
| Developer Profit (% of GDV) | 20% | |
| Yields | Variable applicability sensitivity tested across range at 5.0% to 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 both Chiltern and South Buckinghamshire

*** equivalent to £3,000 - £5,000 per room per annum based on 6% yield

DSP (2018)