

**For: Elmbridge Borough Council
Small Sites Affordable Housing Provision
Policy CS21 Supporting Viability Report**

Final Report v3

November 2018

DSP18572

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1 Introduction & Policy Context

1.1.1. The Elmbridge Borough Council (EBC) adopted Local Plan consists of its Core Strategy (July 2011) covering the period to 2026 and the Development Management Plan (April 2015). The implementation of the Core Strategy is supplemented by additional guidance in the form of Supplementary Planning Documents (SPD). In February 2013 the Council also adopted a Community Infrastructure Levy Charging Schedule to raise funds towards infrastructure, supported by a CIL Viability Study provided by Dixon Searle Partnership (DSP) in 2012.

1.1.2. The adopted Core Strategy provides the Council's approach to affordable housing (AH) provision in the Borough as set out in Policy CS21. The policy seeks provision of AH on all development where there is a net increase in residential units as set out below:-

'The Council will require provision of affordable housing in accordance with the following where viable:

- *40% of the gross number of dwellings on sites of 15 dwellings or more;*
- *30% of the gross number of dwellings on sites of 6-14 dwellings ;*
- *20% of the gross number of dwellings on sites of 5 dwellings;*
- *A financial contribution equivalent to the cost of 20% of the gross number of dwellings on sites of 1-4 dwellings.'*

1.1.3. The policy goes on to state that *'on-site provision will be expected for sites of 5 or more dwellings'* and *'only in exceptional circumstances will an alternative to on-site provision be appropriate'*.

1.1.4. In July 2018, the Government published the revised National Planning Policy Framework (NPPF) and accompanying updated Planning Practice Guidance (PPG) on Viability. The publication of the revised NPPF follows on from and builds on the Written Ministerial Statement (WMS) published in November 2014 together with subsequent changes to the PPG in May 2016, which introduced a form of national default threshold for the provision of AH from sites at 10+ dwellings (or 1,000+ sq. m development) except for in designated rural areas.

1.1.5. Although the revised NPPF reconfirms a potential conflict with the Council's approach to continuing the provision of AH or AH financial contributions from small sites, the

great majority of housing permitted and delivered in the Borough continues to be through small sites i.e. providing fewer than 10 dwellings. For example, between August 2011 and July 2018, the Council's information shows that 94% of planning applications granted permission were for developments of this scale – for 1,286 dwellings, being approximately 46% of the total number (source: EBC).

- 1.1.6. Since November 2014, with its adopted policy in place and severe issues of local housing affordability for those who cannot access the market (amongst the worst in the Country) EBC has continued to request AH provision/contributions as set out in adopted Policy CS21. Although the revised NPPF is clear on the Government's approach to planning obligations on small sites, there has been much discussion and concern raised by those Councils where the majority of their planning-led AH provision is secured through a pro-active housing enabling strategy allied also to these types of sites (i.e. developments of up to 10 dwellings).
- 1.1.7. Paragraph 2 of the NPPF (2018) states: *'Planning law requires that applications for planning permission be determined in accordance with the development plan, unless material considerations indicate otherwise. The NPPF must be taken into account in preparing the development plan and is a material consideration in planning decisions.'* On this basis, the Council considers that there remains a balance to take into account in the context of local affordable housing needs and new housing supply. Overall its continued approach to applying CS21 to small sites has been accepted more often than not. This is both through day to day development management work with planning applicants and, overall, on balance, as has been upheld regularly through the planning appeals process.
- 1.1.8. EBC is in the process of reviewing the adopted Local Plan for the Borough, which, at this stage, is expected to be examined in 2020 with adoption to follow in early 2021. An initial consultation stage (Regulation 18) has been undertaken, with the further consideration of feedback, additional evidence gathering and review of the development strategy currently in progress we understand.
- 1.1.9. As an element of evidence informing and supporting the Local Plan review, EBC has commissioned DSP to carry out a viability assessment to determine the impact on development viability of including the various relevant policy requirements of the emerging Plan - including up to date review of and recommendations on AH targets, other policies and preliminary advice on any changes to the adopted Community

Infrastructure Levy (CIL) Charging Schedule. This work is currently in progress informed by and also feeding into EBC's Local Plan preparations.

- 1.1.10. In the meantime, in order to both clarify the policy CS21 AH policy position and support its continued application in light of the above context, EBC has prepared a Statement which will set out the Council's position and how it intends to take decisions on small sites as regards planning-led contributions towards meeting AH needs pending the adoption of the new Local Plan. As a point of clarification the Statement does not introduce new policy.
- 1.1.11. As part of the Local Plan viability assessment work underway, during this intervening period EBC has requested DSP to prepare this separate short report providing our view of the appropriateness (from a viability perspective) of the continued application of the existing Policy CS21 on a case by case basis. This is based on DSP's ongoing work, and also on our experience of conducting audit style planning application stage reviews in a range of cases where it is claimed that the AH policy cannot be met and a viability submission is received by the Council. Although only a part of the picture, since in many instances the policy positions are met, the experience has been that a majority of cases reviewed have also been able to support a level of AH contribution or provision; rather than none (and this is the case on sites providing 1+ new dwelling). The policy continues to be applied practically, but robustly, as required.
- 1.1.12. To support the next stage of the Local Plan preparations, a range of further information and evidence will be published by the Council alongside a Reg. 18 consultation document (Preferred Strategic Approach and Policies) including the above mentioned comprehensive viability assessment work. Associated with and informed by that, the Council's policies on AH and potentially a range of other matters will again be reviewed, considered and the application of those updated as appropriate alongside the further development and settling of the new Local Plan content.

2 Methodology & approach to current stage review

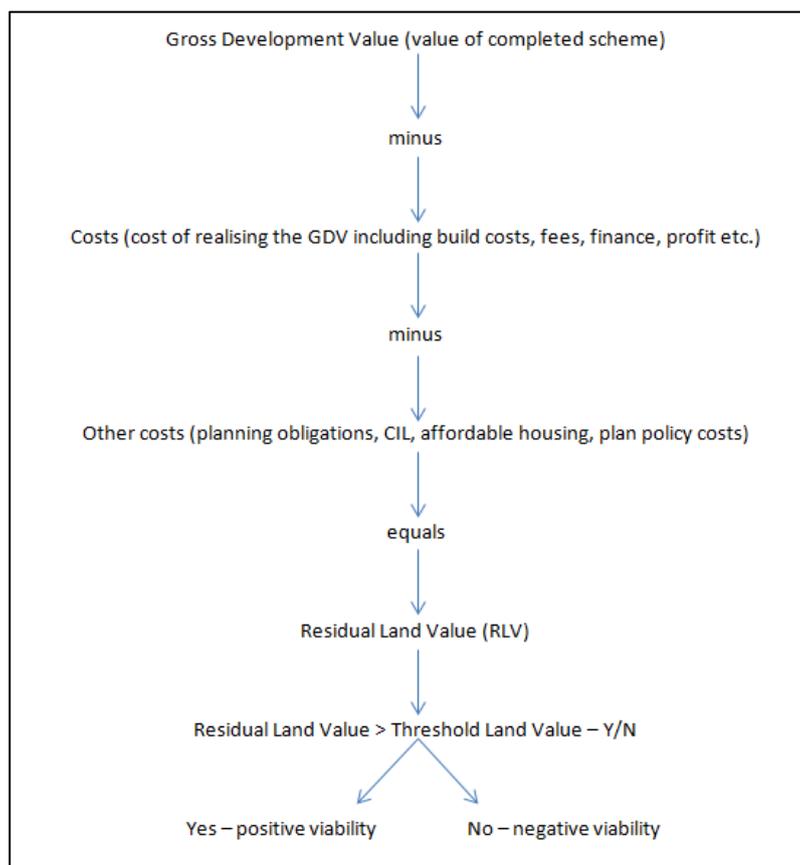
- 2.1.1 DSP is in the process of viability testing the emerging EBC Local Plan, in order to determine the impact on development viability when the various relevant emerging policy requirements (including recommendations on AH targets and CIL) are applied in full. The emerging Local Plan is expected to be adopted in 2021 but considering the latest national policy context set out above, EBC has prepared a Statement setting out their position in support of the continued application of the existing Policy CS21.
- 2.1.2 DSP's ongoing involvement with the Local Plan review has prompted EBC to commission a separate short report from a viability perspective of the appropriateness of requesting AH contributions from small sites of less than 10 units.

Residual Valuation Principles

- 2.1.3 In carrying out the LPVS we are in the process of running a number of development appraisals across a range of residential development site types and sizes, including testing the viability of the provision of AH both above and, crucially for EBC, below the NPPF threshold of 10 units. These development appraisals have been run using the well-recognised principles of residual valuation, as used in all DSP viability studies.
- 2.1.4 Residual valuation, as the term suggests, provides a "residual" value from the gross development value (GDV) – i.e. from the estimated total sale value on completion of a scheme, after all other costs are taken into account. The diagram below (Figure 1) shows the basic principles behind residual valuation, in simplified form:

See Figure 1 on the following page.

Figure 1: Simplified Residual Land Valuation Principles



2.1.5 Having allowed for the costs of acquisition, development, finance, profit and sale, the resulting figure indicates the sum that is potentially available to pay for the land – i.e. the residual land value (RLV).

2.1.6 In order to guide on a range of likely viability outcomes the assessment process also requires a benchmark against which to compare the resulting residual value. The RICS¹ and Harman² report both refer to benchmark land value (BLV) or equivalent principles being involved in considering the strength of appraisal RLV outputs – as per Figure 1 above. Our work (both on strategic projects and DM stage i.e. site-specific viability) has for some time reflected the move towards a clearer “EUV plus” (existing use value plus) based approach to the all-important consideration of land values – for the assessment ‘benchmark land values’.

2.1.7 This is consistent with the revised NPPF and PPG on viability, with the NPPF no longer referring to competitive returns to a willing land owner and willing developer. The

¹ RICS: Financial Viability in Planning (2012)

² Local Housing Delivery Group – “Viability Testing Local Plans” (June 2012)

emphasis has moved away from an approach that may have been more market value influenced. The latest PPG section on viability (fully updated on 24th July 2018) makes it clear that benchmark land value (BLV) should be based on Existing Use Value (EUV) and states:

‘To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements. This approach is often called ‘existing use value plus (EUV+)’. (PPG Viability para. 013)

The ‘Viability section goes on to state: *‘In plan making, the land owner premium should be tested and balanced against emerging policies. In decision making, the cost implications of all relevant policy requirements, including planning obligations, and where relevant, any Community Infrastructure Levy (CIL) charge should be taken into account.’ (PPG Viability para. 014)*

‘Where viability assessment is used to inform decision making under no circumstances will the price paid for land be relevant justification for failing to accord with the relevant policies in the plan.....’ (PPG Viability para. 014)

2.1.8 The range of assumptions (values and costs) that have been used within the RLV appraisals process here is set out within in Appendix I to this report. Similarly, the assessment process that is ongoing is being informed by the review of appropriate available evidence; proportionate to the need to make an overview from that. This approach reflects the expectations of the guidance, the assessment principles and process remaining unaltered following the July update.

2.1.9 The ability of a scheme to produce a residual land value in excess of some form of comparative land value (existing use value plus a premium to incentivise release of land for development depending on the circumstances) is a key factor in determining potential or likely development viability. Where the result of an appraisal meets or reaches a higher value than the BLV this indicates a positive viability scenario for this

purpose. If all planning obligations and policy costs are already included within the appraisal then any surplus over the BLV acts as an additional buffer.

Scheme Development Scenarios & Assumptions

2.1.10 Supplementing the Council's and DSP's experience in practice in the Borough, using the principles outlined above, we have reviewed the preliminary appraisal results forming part of the ongoing wider assessment to consider the continued appropriateness, or otherwise of the application of Policy CS21 on a selection of the small site developments - using typologies. The appraisals assume the full policy "ask" applied. See Figure 2 below.

Figure 2: Small site scenarios appraised for current continued policy application purposes

Scheme Size Appraised	Type	Density (dph)	Site type	Net Land Area (ha)	Policy CS21 Application AH%
1	House	30	Garden Land	0.03	20% AH Financial Contribution
2	House (Large) A	30	Garden Land / Residential Intensification	0.07	
5	Houses	30	Garden Land / Residential Intensification	0.16	20% AH On-site*
5	Flats (Large)	75	PDI Various / Residential Intensification	0.07	
5	Flats (Conversion)	75	Existing Building	0.07	
6	Flats (Conversion)	75	Existing Building	0.08	30% AH On-site*

(* - in practice, experience is that in-lieu provision of a financial contribution may be accepted)

2.1.11 Each of the above scheme types has been tested over a range of value levels (VLs) representing varying residential values as seen across Elmbridge by location/scheme type, whilst also allowing us to consider the impact on development viability of changing market conditions over time. These VLs covered typical residential market values (average prices across a scheme) over the range £4,750 to £7,250/sq. m overall

and have been based on extensive property market research in the Borough combined with DSP's experience of working locally for many years.

2.1.12 In terms of cost assumptions, these are also outlined in Appendix I and will not be repeated again here. There will always be a range of data and opinions on, and methods of describing, build and associated costs. In our view, we have made reasonable assumptions which lie within the range of figures we generally see for typical development schemes (rather than necessarily high specification or particularly complex schemes which might require particular construction techniques or materials). As with many aspects there is no single appropriate figure for an appraisal input in reality, so judgements on these assumptions (as with others) are necessary - in practice this will be highly site specific.

2.1.13 Although there is potential to see increased costs in some cases, it is just as likely that we could also see cases where base costs, externals costs or other elements may be lower than those assumed. In accordance with considering balance and the prospect of scheme specifics varying in practice, we aim to pitch assumptions which are appropriate and realistic through not looking as favourably as possible (for viability) at all assumptions areas. All individual cases involving the review of viability will continue to be considered by the Council specifically, but on the basis of a market norm approach rather than through considering the actual individual nature of (benefits or dis-benefits associated with) any particular applicant.

Review of residential results on small sites

2.1.14 As outlined above, as part of DSP's ongoing involvement in the viability testing of the Council's emerging Local Plan, we have begun to review the viability impact of Policy CS21 on sites of less than 10 dwellings. However, it must be noted that this work is still in progress and not likely to be finalised and in the public domain until next year. The preliminary results described below have only been considered for the purposes of this report to support of EBC's decision to continue requesting AH contributions on small sites.

2.1.15 As has been noted, DSP has wider experience of working on reviewing planning application stage viability for EBC over a number of years (as well as in the wider Surrey area, regionally and nationally), where applicants submit information to demonstrate

any view they may hold that policies cannot be met, and this experience has also therefore informed the consideration of viability for this review.

2.1.16 As described above, it is appropriate for the RLVs (appraisal outputs) from the scenarios reviewed, to be compared or ‘viability tested’ against indicate BLVs to inform views on the likelihood of the RLV being sufficient to secure the release of the site from its existing use to support development.

2.1.17 Purely for the high-level nature of the assessment work carried out to date, and not for any other purpose, on an “EUV plus” basis (existing use value plus any appropriate premium) our considerations have been based on the following benchmarks / tests (indicatively representing site or exiting premises values potentially needing to be met).

- i. **Greenfield – enhancement** (premium/uplift) to existing agricultural / amenity land value – range £250,000 to maximum £500,000/Ha dependent on circumstances and based on upwards of a 10x multiplier (being the uplift/premium) of existing land use values of approximately £20-25,000/Ha for farmland; potentially a higher EUV basis for small quantities of greenfield/paddock land or similar. It should be noted that in some cases, and perhaps especially for any larger greenfield sites, a lower EUV+ level could be appropriate – potentially at £100,000/Ha.
- ii. **Garden land** @ approx. £8/sq. ft. i.e. £86/sq. m = approx. £860,000/Ha plus premium max. 20% = £1,032,000 so assumed £1m/Ha. Schemes likely on such sites – 1 and 2 dwellings. We acknowledge from experience that some schemes (usually where providing 2 or more dwellings) will involve the intensification of use of the site of an existing dwelling.
- iii. Where the development involves an **existing residential property** (or properties) to be purchased, then the viability test (appropriate benchmark land value) is likely to be higher and viability may not be supported in the same way. DSP has seen this, for example, in some cases, involving one very expensive existing property bought as a proposed site for just two new dwellings for example. It is likely in such

cases that the potential value (EUV) of a range of existing dwelling types needs to be considered, again involving a site-specific level view and response – but nonetheless in our experience not ruling out a supportable (viable) AH contribution scenario.

- iv. **Sites formerly in community or similar use** e.g. club premises, old educational or health / care facilities, redundant halls or sports buildings, public or related services premises, car parking land, etc. In order to accommodate up to approximately 15 dwellings (a guide indication only), it should be possible to secure land or existing premises suitable for redevelopment, for a sum in the order of £1-1.5m (£RLV), on an EUV plus basis, indicative “per plot” value approximately £100-150,000. In the case of the conversion/extension based test scenarios, at this stage a BLV equivalent to £100,000 per potential dwelling (“plot”), subject to planning, has been considered – as a proxy for EUV+.
- v. **Previously developed land (PDL)** based development proposals could also involve a range of former industrial or commercial sites or premises, offering scope for redevelopment but with land value expectations still needing to be realistic and underpinned by the EUV plus approach. We consider that an RLV reaching or exceeding approximately £3m/Ha provides a good indication of reasonable viability prospects on this basis – land used for or still potentially suitable for industrial, storage, workshops, garages, builders’ yards, redundant retail, showrooms and a range of other commercial uses.
- vi. **Some PDL scenarios will justify a higher land value** – at £5m+/Ha equivalent, “EUV plus” and based on particular circumstances. An example could be high density former commercial uses, such as office blocks (and particularly where those may have the benefit of a Prior Approval consent for residential use on a conversion basis). Existing residential property will often create high looking land values on this basis, but in practice those will usually need to be based on the property type, size and location and existing use value of residential property in the usual way, to which a premium (uplift) of up to 20% might be applied.

- 2.1.18 It should be noted that in practice, the level of premium (uplift to EUV i.e. incentive to sell for development) levels will vary and may appropriately be low or not relevant where a building or site has reached the end of its economic life for the existing use and there is little or no market for that. In any event, the key is that land value will need to be assessed with reference to the above principles, and will need to be realistic. Reference to the range of MHCLG *'Land Value Estimates for Policy Appraisal'* May 2017 (issued May 2018) suggests a similar range of potentially relevant indications overall – considered broadly consistent with the above.
- 2.1.19 The RLV £/Ha results summary tables included within section 3 below use this range of BLVs to indicate potential viability. In each case the 'VL' (value level) represents the assumed market dwellings sale value (expressed in £/sq. m).
- 2.1.20 Although appropriately these are high-level tests and not intended to in any way substitute site-specific review where necessary, or show any specific cut-offs or similar, on this basis the tables below have been coloured to broadly indicate results that show:
- In green – good viability potential – scenarios likely to be viable and with AH policy and others costs factored in;
 - In orange – likely marginal / potentially non-viable with policies fully applied;
 - In red – clearly non-viable indications (with policies fully applied).
- 2.1.21 We reiterate that these are necessarily indications rather than presenting fixed positions that will necessarily apply to a wide range of potential scenarios in practice.
- 2.1.22 The same applies to a range of the assumptions used – these have been selected for the purpose and will not necessarily be applicable from site to site. A case in point is the assumed developer's profit level, which we see typically to vary between and not exceed 15-20% GDV (market sales) or approximately 20% based on cost. A fixed 20% GDV profit view will generally not be appropriate in practice. Applicants undergoing the viability review process will be expected to demonstrate viable schemes including the maximum achievable AH contribution level based on the EBC policy, and this will mean considering an appropriate view and related flexibility on appraisal assumptions generally.

2.1.23 In each table below the first RLV results column (left side) shows Set 1 (base results) including SAMM only (i.e. excluding residual s.106 & CIL). To the right, the Set 2 results are on the more usual basis of including cost assumptions relating to SAMM, residual s.106 allowance, Affordable Housing contributions and the EBC CIL.

3 Review findings - overview

1 dwelling (house)

- 3.1.1 This scenario envisages a relatively modest single new house (@ approx. 150 sq. m.) which is a form of development seen locally and often uses rear or side garden land or similar. We would expect a modest build on a relatively low cost site generating good sales values in the lower to mid VL range i.e. £5,000 - £6,000/sq. m.
- 3.1.2 The results suggest reasonable viability prospects, all exceeding the assumed garden land value level at circa £1m/Ha equivalent, as above. We consider this form of development to be viable overall based on applying the current policy target of a 20% AH equivalent financial contribution.

20% AH equivalent

Value Level £/m ²		Residual Land Value (£/Ha)	
		Set 1 (Base) including SAMM only (excluding s.106 & CIL)	Set 2 – including SAMM, s.106 & CIL
VL1	£4,750	£2,872,187	£2,275,912
VL2	£5,250	£4,096,054	£3,513,721
VL3	£5,500	£4,706,836	£4,124,502
VL4	£5,750	£5,317,617	£4,735,283
VL5	£6,000	£5,926,376	£5,346,065
VL6	£6,250	£6,515,225	£5,953,803
VL7	£6,750	£7,692,922	£7,131,500
VL8	£7,250	£8,870,619	£8,309,197

2 dwellings (large houses)

- 3.1.3 This scenario envisages a pair of houses at approximately 250 sq. m. which we would consider likely to attract mid-range values of around £6,000/sq. m. Again, where garden land is being used, these scenario types produce viable results across a range of estimated sales values levels (VLs) when including the current policy based AH contribution.
- 3.1.4 Experience shows that some of these schemes may involve the purchase of an existing residential property with grounds and consequently with a potentially relatively high existing use value. This form of generally relatively low level of existing use

intensification is of course also a site selection matter but, in those circumstances, such schemes can be more challenging in pure viability terms, consistent with what has been seen on some planning applications.

- 3.1.5 However, overall, we consider the existing policy basis of 20% equivalent AH financial contribution to be viable or potentially viable in most cases. In our experience of reviewing viability for EBC in relation to submitted planning applications, those applications where a viability case has been made have, more often than not, resulted in a meaningful AH financial contribution ultimately being to support EBC’s enabling strategy, albeit not necessarily always at a fully policy compliant level.

20% AH equivalent

Value Level £/m ²		Residual Land Value (£/Ha)	
		Set 1 (Base) including SAMM only (excluding s.106 & CIL)	Set 2 – including SAMM, s.106 & CIL
VL1	£4,750	£539,353	Negative RLV
VL2	£5,250	£2,597,409	£1,642,578
VL3	£5,500	£3,590,983	£2,660,547
VL4	£5,750	£4,572,398	£3,651,854
VL5	£6,000	£5,553,812	£4,633,269
VL6	£6,250	£6,535,226	£5,614,683
VL7	£6,750	£8,498,054	£7,577,511
VL8	£7,250	£10,460,883	£9,540,340

5 dwellings (houses)

- 3.1.6 This scenario envisages relatively modest, typical new build housing comprising 5 no. 3-beds at 100m² (assuming terraced or other relatively modest houses), which could attract a range of values representative of typical new builds in the EBC context. The table below shows that assuming garden land produces viable results across the range of value levels when including the current policy based AH contribution.

- 3.1.7 However, as above, as scheme of this type may well involve the purchase of an existing property or properties with grounds with (potentially) a relatively high existing use value leading in some cases possibly to a marginally more challenging viability picture, particularly at the lowest VLs 1-2.

3.1.8 For a scheme of this size, the current Policy seeks a single on-site AH unit which in our experience can prove challenging to deliver or bring into appropriate management. Nevertheless, this has not deterred the overall AH strategy, and in many cases a financial contribution can be agreed in lieu of on-site provision. This has been the Council's practical approach in a range of instances. On this basis combined with the preliminary positive results indicated at this stage (assuming the above typical values range), we consider the current approach outlined in Policy CS21 to overall not unduly impact on the viability and deliverability of this type and scale of development in the Borough.

20% AH equivalent

Value Level £/m ²		Residual Land Value (£/Ha)	
		Set 1 (Base) including SAMM only (excluding s.106 & CIL)	Set 2 – including SAMM, s.106 & CIL
VL1	£4,750	£2,570,100	£2,188,239
VL2	£5,250	£3,355,232	£2,973,370
VL3	£5,500	£3,747,797	£3,365,936
VL4	£5,750	£4,140,363	£3,758,501
VL5	£6,000	£4,511,971	£4,151,067
VL6	£6,250	£4,511,971	£4,151,067
VL7	£6,750	£4,880,167	£4,522,010
VL8	£7,250	£6,352,950	£5,994,794

5 dwellings (large flats)

3.1.9 For this type of development, we assume apartments at circa. 175sq. m, reflecting the nature of development that again may be seen on garden land and on existing residential property as well as on PDL (previously developed land i.e. brownfield sites) of a wider variety. A key aspect in this case is the site value expectations (based on EUV+) which may well be lower and in any event as in all cases need to be realistic. Nevertheless, as is often seen with apartment developments, high values are regularly needed to support generally higher high costs.

3.1.10 The combination of our preliminary appraisal results and our experience of site specific viability reviews as part of the planning application process echoes 3.1.7 above. Again, on this basis, we would consider the continued practical application of Policy CS21 to be appropriate in the circumstances.

20% AH / equivalent

Value Level £/m ²		Residual Land Value (£/Ha)	
		Set 1 (Base) including SAMM only (excluding s.106 & CIL)	Set 2 – including SAMM, s.106 & CIL
VL1	£4,750	£3,587,738	£1,635,777
VL2	£5,250	£7,022,687	£5,117,419
VL3	£5,500	£8,740,162	£6,834,893
VL4	£5,750	£10,457,637	£8,552,368
VL5	£6,000	£12,070,398	£10,269,843
VL6	£6,250	£13,681,255	£11,894,262
VL7	£6,750	£16,892,891	£15,115,976
VL8	£7,250	£20,029,311	£18,289,628

Flats from conversion – 5/6 units

3.1.11 As above, we consider that the findings for this type of development are also consistent with our experience in practice which shows the viability of some of these scenarios to be more challenging when combined with the current policy “ask”. Some schemes are pursued from more expensive existing sites/property e.g. office buildings or again existing residential, potentially commanding relatively high existing use values. On the other hand, as with other smaller schemes types (e.g. as above and others) we have also seen a range of developments accommodated on various lower values sites/premises, such as former workshops, community uses, larger apartments in poor repair proposed for subdivision, upper or rear parts of retail property, amenity/scrubland or car parking/storage land, etc.

3.1.12 Once again, the above themes continue.

See tables on following page

5 flats – 20% AH / equivalent

Value Level £/m ²		Residual Land Value (£)	
		Set 1 (Base) including SAMM only (excluding s.106 & CIL)	Set 2 - including, SAMM, s.106 & CIL
VL1	£4,750	£311,508	£256,943
VL2	£5,250	£403,551	£348,986
VL3	£5,500	£449,573	£395,007
VL4	£5,750	£495,594	£441,029
VL5	£6,000	£541,616	£487,051
VL6	£6,250	£587,637	£533,072
VL7	£6,750	£679,681	£625,115
VL8	£7,250	£771,724	£717,159
		Residual Land Value (£/Ha) equivalent	
VL1	£4,750	£4,063,147	£3,351,427
VL2	£5,250	£5,263,709	£4,551,990
VL3	£5,500	£5,863,991	£5,152,271
VL4	£5,750	£6,464,272	£5,752,553
VL5	£6,000	£7,064,554	£6,352,834
VL6	£6,250	£7,664,835	£6,953,116
VL7	£6,750	£8,865,398	£8,153,679
VL8	£7,250	£10,065,961	£9,354,242

6 flats – 30% AH / equivalent

Value Level £/m ²		Residual Land Value (£)	
		Set 1 (Base) including SAMM only (excluding s.106 & CIL)	Set 2 - including, SAMM, s.106 & CIL
VL1	£4,750	£332,204	£265,431
VL2	£5,250	£440,015	£373,241
VL3	£5,500	£493,921	£427,147
VL4	£5,750	£547,826	£481,052
VL5	£6,000	£601,732	£534,958
VL6	£6,250	£655,637	£588,863
VL7	£6,750	£763,448	£696,674
VL8	£7,250	£867,090	£804,461
		Residual Land Value (£/Ha) equivalent	
VL1	£4,750	£3,610,917	£2,885,114
VL2	£5,250	£4,782,775	£4,056,972
VL3	£5,500	£5,368,704	£4,642,901
VL4	£5,750	£5,954,633	£5,228,830
VL5	£6,000	£6,540,562	£5,814,759
VL6	£6,250	£7,126,490	£6,400,688
VL7	£6,750	£8,298,348	£7,572,546
VL8	£7,250	£9,424,892	£8,744,146

Overall

- 3.1.13 Following this review work and experience of Policy CS21 in practice, in the Elmbridge context our overview is such that Policy CS21 remains an appropriate basis from a viability viewpoint at this stage. The approach forms a vital part of the Council's overall affordable housing enabling strategy, without which there would be very limited scope in the Borough to secure planning-led contributions towards meeting the acute AH needs.
- 3.1.14 We understand that this will continue to be monitored and will be reviewed further in the context of a fuller view of viability associated with the emerging new Local Plan.

Notes and Limitations

The purpose of the assessment reported in this document is to inform EBC on-going work to provide interim viability assessment support for the continued application of the existing Policy CS21 as the new Local Plan is being prepared.

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of Dixon Searle Partnership (DSP) Ltd; we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

To the extent that the document is based on information supplied by others, Dixon Searle Partnership Ltd accepts no liability for any loss or damage suffered by the client or others who choose to rely on it.

In no way does this assessment provide formal valuation advice; it provides an overview not intended for other purposes nor to over-ride particular site considerations as Elmbridge Borough Council's policies continue to be applied practically from case to case.

It should be noted that every scheme is different and no review of this nature can reflect the variances seen in site specific cases. Specific assumptions and values applied for our test scenarios are unlikely to be appropriate for all developments. A degree of professional judgement is required. We are confident, however, that our assumptions are reasonable in terms of making this viability overview and further informing the Council's policies operation and development.

Small changes in assumptions can have a significant individual or cumulative effect on the residual land value (RLV) or other surplus / deficit output generated, therefore the indicative surpluses (or other outcomes) generated by the development appraisals for this review will not necessarily reflect site specific circumstances.

Accordingly, this assessment (as with similar studies of its type) is not intended to prescribe land values or other assumptions or otherwise substitute for the usual considerations and discussions that will continue to be needed as individual developments with varying characteristics come forward. This is also true in respect of the relatively long timescales involved in Local Plan development and implementation over which the economy and

development climate (national and more local influences and impacts) are very likely to vary. Nevertheless, the assumptions used within this study reflect the policy and direction of EBC as far as known at the time of carrying out this assessment and therefore take into account the cumulative cost effects of policies where those are relevant.

Final Report Ends (November 2018) DSP v3

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