Wealden District Council

Community Infrastructure Levy Viability Testing

Final Report January 2013
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APPENDICES

Appendix 1 – Development Appraisals
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1 INTRODUCTION

1.1 Wealden District Council (WDC) is planning to introduce a Community Infrastructure Levy (CIL), and has appointed Roger Tym & Partners to assess development viability in the District and recommend CIL charging rates accordingly. This report provides our analysis and recommendations.

1.2 Part of the Wealden District Council area falls within the boundaries of the South Downs National Park (SDNP). The area within the South Downs National Park will not be liable for CIL Charges set by Wealden District Council. The South Downs National Park Authority will be responsible for the set-up and running of any CIL Charge within its boundary.

1.3 Following this Introduction:

- In Chapter 2 we introduce the Community Infrastructure Levy and set out the legal requirements that a CIL charging schedule must comply with.
- Chapter 3 examines the planning and development context, in order to ensure that CIL supports development in the District as proposed in the Core Strategy.
- Chapters 4 and 5 set out the method and assumptions used in our viability assessments.
- Chapters 6-11 provide these assessments for different land uses and recommend CIL charges accordingly.
- Finally, Chapter 12 summarises our recommendations and shows the proposed CIL charging schedule.
2 LEGAL REQUIREMENTS

Introduction

2.1 The Community Infrastructure Levy (CIL) is a new planning charge that local authorities in England and Wales can choose to charge on new developments in their area. The objective of the charge is to help pay for infrastructure that is needed as a result of development. CIL is levied on the gross internal area (GIA) of the net additional floorspace of liable development. Local authorities who wish to charge the levy must produce a draft charging schedule setting out CIL rates for their areas, which are to be expressed as pounds (£) per square metre. Before it is approved by the Council, the draft schedule has to be approved by an independent examiner.

2.2 The requirements that a CIL charging schedule has to meet are set out in:
- The Planning Act 2008, as amended by the Localism Act 2011
- The CIL Regulations 2010\(^1\), as amended in 2011\(^2\)
- The CIL Guidance, which is statutory guidance, i.e. it has the force of law\(^3\).

2.3 To help charging authorities meet these requirements, the government has also produced non-statutory information documents, comprising:
- CIL overview documents\(^4\) and
- Documents on CIL relief\(^5\).

2.4 Below, we summarise the key points from these various documents.

Finding the balance

2.5 Regulation 14 of the 2010 CIL regulations requires that a charging authority ‘aim to strike what appears to the charging authority to be an appropriate balance between

a) The desirability of funding from CIL (in whole or in part) the… cost of infrastructure required to support the development of its area… and

b) the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area’.

2.6 By itself, this statement is not easy to interpret. The statutory guidance explains its meaning. This explanation is important and worth quoting at length:

‘By providing additional infrastructure to support development of an area, CIL is expected to have a positive economic effect on development across an area in the

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In deciding the rate(s) of CIL for inclusion in its draft charging schedule, a key consideration for authorities is the balance between securing additional investment for infrastructure to support development and the potential economic effect of imposing CIL on development across their area. The CIL regulations place this balance of considerations at the centre of the charge-setting process. In view of the wide variation in local charging circumstances, 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 through the imposition of CIL. The amount will vary. For example, some charging authorities may place a high premium on funding infrastructure if they see this as important to future economic growth in their area, or if they consider that they have flexibility to identify alternative development sites, or that some sites can be redesigned to make them viable. These charging authorities may be comfortable in putting a higher percentage of potential development at risk, as they expect an overall benefit.

In their background evidence on economic viability to the CIL examination, charging authorities should explain briefly why they consider that their proposed CIL rate (or rates) will not put the overall development across their area at serious risk. ²

2.7 In other words, the ‘appropriate balance’ is the level of CIL which maximises the quantum of development in the area. If the CIL charging rate is above this appropriate level, there will be less development than there could be, because CIL will make too many potential developments unviable. Conversely, if the charging rates are below the appropriate level, development will also be less than it could be, because it will be constrained by insufficient infrastructure.

2.8 The statutory Guidance sets the development of the area firmly in the context of the Local Plan. In guiding examiners the Guidance is clear that:

“In considering whether the overall development of the area has been put at serious risk, the examiner will want to consider the implications for the priorities that the authority has identified in its Development Plan……”

2.9 This appropriate balance must therefore be a matter of judgment as much as rigorous calculation. It is not surprising, therefore, that charging authorities are allowed considerable discretion in this matter. This point is stressed repeatedly in Government publications. For example, the statutory guidance says:

‘It is for charging authorities to decide what CIL rate, in their view, sets an appropriate balance between the need to fund infrastructure and the potential implications for the economic viability of development…

‘The legislation… only requires a charging authority to use appropriate available evidence to ‘inform the draft charging schedule’. A charging authority’s proposed CIL rate (or rates) should appear reasonable given the available evidence, but there

² DCLG (March 2010) CIL Charge Setting and charging schedule Procedures (5)
is no requirement for a proposed rate to exactly mirror the evidence… there is room for some pragmatism.’

2.10 The guidance adds that charging authorities should ‘take a strategic view across their area and should not focus on the potential implications of setting a CIL for individual development sites within a charging authority’s area. Regulation 14 recognises that the introduction of CIL may put some potential development sites at risk’.

2.11 This reinforces an earlier message: the levy may put some schemes at risk by rendering some schemes unviable. But that is allowable, as long as CIL strikes a sensible overall balance, and does not put the overall development of the area at risk.

**Keeping clear of the ceiling**

2.12 The guidance advises that CIL rates should not be set at the very margin of viability, partly in order that they may remain robust over time as circumstances change:

> ‘Charging authorities should avoid setting a charge right up to the margin of economic viability across the vast majority of sites in their area… In setting a CIL rate, [they] will need to bear in mind that economic circumstances and land values could change significantly during the lifetime of the charging schedule.’

2.13 We would add two further reasons for a cautious approach to rate-setting, which stops short of the margin of viability:

i. Whilst our viability assessments relate to typical, or average, schemes, in real life values and costs vary widely between individual schemes and over time;

ii. Perceptions of risk vary between places and types of development, depending on the strength of the market. Where risks are perceived to be high, developers will expect a higher profit than the standard assumed in viability assessments;

iii. A charge that aims to extract the absolute maximum would be strenuously opposed by landowners and developers, which would make CIL difficult to implement and put the overall development of the area at serious risk.

**Varying the charge**

2.14 CIL Regulation 13 allows the charging authority to introduce charge variations by geographical zone within its area, by use of buildings, or both. As part of this, some rates may be set at zero. But variations must reflect differences in viability; they cannot be based on policy boundaries. Nor should differential rates be set by reference to the costs of infrastructure.

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7 DCLG CIL Charge Setting and charging schedule Procedures March 2010 (10)

8 DCLG (March 2010) CIL Charge Setting and charging schedule Procedures (8)

9 DCLG (March 2010) CIL Charge Setting and charging schedule Procedures (10)
2.15 The guidance also points out that there are benefits in keeping a single rate, because that is simpler, and charging authorities should avoid ‘undue complexity’.\(^{10}\) Moreover 'it would not be appropriate to seek to draw zones on the basis of individual sites'\(^{11}\) or in ways that 'impact disproportionately on a particular sector, or small group of developers',\(^{12}\) otherwise the CIL may fall foul of State Aid rules.

**Supporting evidence**

2.16 The legislation requires a charging authority to use 'appropriate available evidence'\(^{13}\) to inform their charging schedules. The statutory guidance enlarges on this, explaining that the available data 'is unlikely to be fully comprehensive or exhaustive'.\(^{14}\)

2.17 These statements are important, because they indicate that the evidence supporting CIL charging rates should be proportionate. One implication of this is that this testing does not focus on analysing types of development that will not have significant impacts, either on total CIL receipts or on the overall development of the area. This suggests that the viability calculations may leave aside geographical areas or land uses which are expected to see little or no development over the plan period.

**Chargeable floorspace**

2.18 CIL will be payable on 'most buildings that people normally use'.\(^{15}\) It will be levied on the net additional floorspace created by any given development scheme.\(^{16}\) Any new build that replaces existing floorspace that has been in recent use on the same site will be exempt from CIL, even if the new floorspace belongs to a higher-value use than the old.

**What the examiner will be looking for**

2.19 According to statutory guidance, ‘the independent examiner should check that:

- The charging authority has complied with the required procedures
- The charging authority’s draft charging schedule is supported by background documents containing appropriate available evidence
- The proposed rate or rates are informed by and consistent with, the evidence on economic viability across the charging authority’s area; and
- Evidence has been provided that shows the proposed rate would not put at serious risk the overall development of the area.’\(^{17}\)

\(^{10}\) DCLG (March 2010) *CIL Charge Setting and charging schedule Procedures* (12)

\(^{11}\) DCLG (March 2010) *CIL Charge Setting and charging schedule Procedures* (13)

\(^{12}\) DCLG (March 2010) *CIL Charge Setting and charging schedule Procedures* (13)

\(^{13}\) Section 212 (4)(b) quoted in DCLG (March 2010) *CIL Charge Setting and charging schedule Procedures* (9)

\(^{14}\) Section 212 (4)(b) quoted in DCLG (March 2010) *CIL Charge Setting and charging schedule Procedures* (9)

\(^{15}\) DCLG (Nov 2010) *Community Infrastructure Levy – An Overview* (para 37)

\(^{16}\) DCLG (Nov 2010) *Community Infrastructure Levy – An Overview* (para 38)

\(^{17}\) DCLG (March 2010) *CIL Charge Setting and charging schedule Procedures* (5)
Summary

2.20 To meet legal requirements and satisfy the independent examiner, a CIL charging schedule should:

‘Aim to strike what appears to the charging authority to be an appropriate balance between the need to fund infrastructure and the impact of CIL’; and

‘Not put at serious risk the overall development of the area’.

2.21 As explained in statutory guidance, this means that the net effect of the levy on total development across the area should be positive. CIL may reduce development by making certain schemes unviable. Conversely, it may increase development by funding infrastructure that would not otherwise be provided, which in turn supports development that otherwise would not happen. The law requires that, in the judgment of the local authority, the net outcome of these two impacts should be positive. This judgment is at the core of the charge-setting process.

2.22 Legislation and guidance also set out that:

- Authorities should avoid setting charges up to the margin of viability for the bulk of sites;
- CIL charging rates may vary across geographical zones and building uses (and only these two factors). But there are restrictions on this differential charging. It must be justified by differences in development viability, not by policy or by varying infrastructure costs; it should not introduce undue complexity; and it should have regard to State aid rules.
- Charging rates should be informed by ‘appropriate available evidence’, which need not be ‘fully comprehensive or exhaustive’; and
- While charging rates should be consistent with the evidence, they are not required to ‘mirror’ the evidence18. In this and other ways, charging authorities have a large measure of discretion in setting charging rates.

2.23 In our analysis and recommendations below, we aim both to meet these legal and statutory guidance requirements and to maximise achievement of the Council’s own priorities, using the discretion that the legislation and guidance allow.

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18 Planning Act 2008 (Section 212 (4) (b))
3  PLANNING AND DEVELOPMENT CONTEXT

Introduction

3.1 We need to ensure that the CIL supports development in general, and delivery of the Council’s priorities. In this chapter therefore we first review recent patterns of development and then the objectives and proposals of the District’s Local Plan.

3.2 At the end of this chapter, we look at the implications of this analysis for the charging schedule.

History

Recent development in Wealden

3.3 One guide to the likely pattern of future development is to look at development in the recent past.

3.4 The Figure 3.1 below, based on Wealden’s Annual Monitoring Reports, analyses the mix of development from 2009/10 to 2010/11. It shows that by far the largest volume of new floorspace built over the last two years was residential (C3). From 2009/10 to 2010/11, ten times more residential floorspace has been created than any other development category.

3.5 The most recent Annual Monitoring Report (2010/11) trajectory shows annual housing completions of 709 in 2010/11. For the first half of the 2011/12 monitoring year (1 April 2011 – 30 September 2011) completions were 306. This appears to indicate housing completions to be on track to reach the figure of 562 which was projected for the year as a whole in the previous AMR.\(^{19}\)

3.6 The AMR reports that there are high levels of completions on windfall sites, and of the 709 total completions in 2010/11, 358 (or around half) were on windfall sites.\(^{20}\)

3.7 After residential, the second largest volume of new floorspace was B uses. The smallest volume of floorspace built in this period is A2 (financial and professional services). A1 (retail) has fractionally lost space over this time period.

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\(^{19}\) Wealden DC (Dec 2011) Annual Monitoring Report 2010-11 (23)

\(^{20}\) Wealden DC (Dec 2011) Annual Monitoring Report 2010-11 (23)
Size of applications

3.8 We have mapped data from Wealden DC in Figure 3.2. This shows that, between 2008 and 2012, the majority of housing applications were for less than 50 units. There was a large application in Hailsham for a site of 460 units, and a number of other applications predominantly in and around the main Wealden towns of Crowborough and Uckfield.
Figure 3.2 Major housing applications (1st Jan 2008 to present)

Changing patterns of development

*Development is expected to move from predominantly windfall sites onto greenfield LDF-allocated sites from around 2015/16*

3.9 While the majority of these housing completions in more recent years were windfall completions, this pattern is now beginning to change. The latest AMR states that:
‘Completions are now coming forward from sites allocated in the Non-Statutory Local Plan, with development having now started on many of these sites…development of many of these allocated sites was delayed due to the housing market recession which started in early 2008 and that development is now coming forward. This high level of annual completions is projected to continue over the next few years as sites with outstanding planning consent (and resolutions to approve) are built out.’

3.10 From 2015/16, it is projected that completions will come forward from sites which are allocated in the LDF. Figure 3.3 (taken from the 2010/11 Annual Monitoring Report) shows WDC’s projections of this shift.

**Figure 3.3 Past and future housing trajectory (period up to 2010/11 shows actual completions; not including any projection for completions on new windfall sites)**

![Figure 3.3 Past and future housing trajectory](image)

Source: WDC AMR 2010/11

**Future development and the Core Strategy**

3.11 The Wealden Core Strategy was considered for adoption and approved by Wealden District Full Council on 28th November 2012. The document will be considered for adoption by the South downs National Park Authority on 19th February 2013.

3.12 The Inspector proposed in his main modifications that the length of the Core Strategy be reduced from 2030 to 2027 and that the Strategic Development Area at Heathfield be removed from the strategy. This document takes into account these modifications.
3.13 The Core Strategy’s vision is that by 2027 Wealden will have successfully accommodated development to meet future needs while protecting and enhancing its essential character and high quality tourism.

3.14 The Core Strategy identifies the settlements of Hailsham/Hellingly, Polegate/Willingdon/Stone Cross and Uckfield as the main foci for development, and to varying, but lesser degrees Crowborough, land adjacent to Tunbridge Wells in the parish of Frant and a number of rural villages and settlements.

**Development central to the delivery of the Core Strategy**

3.15 A review of the Core Strategy suggests that a number of development types are going to be critical to the delivery of the Core Strategy. These types of development will deliver the overwhelming majority of development in Wealden over the plan period. Below, we show what these uses are.

**Residential development**

3.16 Policy WCS1 in the Core Strategy proposes that the CS and later development plan documents allocate land for at least 4,525 additional dwelling units in the period 2010-2027. Policy WCS2 shows that this development will be distributed as follows:

- Hailsham and Hellingly: 1,300 units. Around 600 of these homes will be in an extension to the urban area to the east of Hailsham on land to the north of Vicarage Lane. Around 700 homes will be in an extension to the urban area north of Hailsham towards Hellingly.
- Uckfield: 1,000 units. Land will be allocated for housing as part of the comprehensive redevelopment of land to the south west of the town.
- Polegate and Willingdon: 700 units. These dwellings will be located on land South of Polegate and East of Willingdon.
- Stone Cross and Westham: 650 units. 220 of these are to be located in an extension to the urban area of Stone Cross to the east and south east; and around 430 in an extension to the urban area of Stone Cross to the north, but with a certain degree of flexibility between the areas.
- Crowborough: 300 units. Around 140 homes are to be located in the urban area, including land in the town centre at Pine Grove and Jarvis Brook; around 160 units will be located in the extension to the urban area to the south east of Crowborough.
- Land adjacent to Tunbridge Wells boundary (within Frant Parish): 120 units.
- Rural villages: 455 units. Smaller development sites are located across the district.

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21 Wealden DC, 2011, *Core Strategy* (22)
22 Wealden DC, 2011, *Core Strategy* (22)
23 Wealden DC, *Core Strategy* (25)
24 Wealden DC, *Core Strategy* (26, 36, 40, 45, 48, 50)
Employment development

3.17 The Core Strategy says that Polegate and Willingdon/Stone Cross, Uckfield, and Hailsham and Hellingly are likely to be the main focus for new employment floorspace. Around 38,190 sq m of B1, B2 and B8 net floorspace (new allocations) is planned for these areas.\(^{25}\)

- In Uckfield, 12,560 sq m of net employment floorspace (new allocations) will be provided as part of the extension to the urban area to the west of New Town. Development of offices and commercial premises will also be encouraged around the town centre.\(^ {26}\)
- In the Hailsham and Hellingly area, 8,650 sq m of employment floorspace will be provided in an extension to the urban area north of Hailsham. In Hailsham, the provision of office space and commercial premises will also be encouraged around the town centre.\(^ {27}\)
- In the Polegate and Willingdon/Stone Cross area, 8,600 sq m of employment floorspace will be provided on the land South of Polegate and East of Willingdon with 8,290 sq m provided on the land south of Dittons Road.\(^ {28}\)
- In Heathfield, the Core Strategy proposes small-scale new employment development around the town centre as well as improving and intensifying the use of existing employment areas and, where appropriate, expanding them.\(^ {29}\)
- In Crowborough, no large amounts of employment floorspace are planned, but the provision of office space and commercial premises will be encouraged in the town centre.\(^ {30}\)

Retail development

3.18 Uckfield, and Hailsham and Hellingly are identified in the Core Strategy as the main focus for new retail development (class A1: comparison and convenience).\(^ {31}\)

- In Uckfield, 10,707 sq m of additional retail floorspace will be provided as part of a comprehensive scheme of improvements, which will increase the attractiveness of Uckfield and help create a vibrant and inclusive town centre.\(^ {32}\)
- In the Hailsham and Hellingly area, 300 sq m of retail floorspace will be provided in an extension to the urban area north of Hailsham towards Hellingly. An additional 5,930 sq m of floorspace will be delivered as part of a comprehensive redevelopment scheme in Hailsham town centre.\(^ {33}\)

\(^{25}\) Wealden DC, Core Strategy (28)
\(^{26}\) Wealden DC, Core Strategy (36-37)
\(^{27}\) Wealden DC, Core Strategy (40-41)
\(^{28}\) Wealden DC, Core Strategy (45)
\(^{29}\) Wealden DC, Core Strategy (50)
\(^{30}\) Wealden DC, Core Strategy (48)
\(^{31}\) Wealden DC, Core Strategy (28)
\(^{32}\) Wealden DC, Core Strategy (36-37)
\(^{33}\) Wealden DC, Core Strategy (41)
3.19 In Wealden’s other settlements, no large-scale retail development is planned, but there are likely to be small amounts of new space. In Polegate the improvement of the choice of shops will be encouraged and in Crowborough an increase or improvement in the retail floorspace offer of the town centre will be supported. Increase or improvement in the retail floorspace offer will also be encouraged in Heathfield town centre.\textsuperscript{34}

*Education, health and community facilities*

3.20 The Core Strategy states that education provision will be provided in the Uckfield area as part of the extension to the urban area to the west of New Town, and in the extension to the urban area north of Hailsham towards Hellingly.\textsuperscript{35} In Crowborough, the Council will support improvements to the range and diversity of social and community facilities including the provision of a new multi-purpose community building in the town centre which is currently under construction\textsuperscript{36}

*Other types of development*

3.21 The Core Strategy states that tourist opportunities will be encouraged in Crowborough by supporting additional visitor accommodation, interpretation facilities and other attractions and helping establish the farmers’ market as a central feature of the towns offer.\textsuperscript{37}

3.22 The Council are also proposing to improve the range and quality of the leisure and cultural facilities in the District which will involve the development of some new floorspace. This new development is to be focused at Hailsham, the land south of Polegate and East of Willingdon and Crowborough.

*Implications*

3.23 We have shown above that the great majority of floorspace proposed in the Core Strategy is in four categories:

- Residential
- Employment
- Retail
- Education, health and other community facilities

3.24 We focus our viability assessments on these types of development, aiming to ensure that they remain broadly viable after the CIL charge is levied. To satisfy the independent examiner, we do not need to prove that each and every proposed development in these categories will remain viable after CIL is levied. But we do need to demonstrate that the bulk of development will remain viable.

\textsuperscript{34} Wealden DC, *Core Strategy* (48, 50)
\textsuperscript{35} Wealden DC, *Core Strategy* (37, 40)
\textsuperscript{36} Wealden DC, *Core Strategy* (47)
\textsuperscript{37} Wealden DC, *Core Strategy* (48)
3.25 In spatial terms, a key priority of the Core Strategy is the development of the urban extensions. In our analysis and recommendations, we aim to ensure that CIL will not put at risk the main elements of this development.
4 VIABILITY ASSESSMENT METHOD

Development appraisal

4.1 Viability assessment is at the core of the charge-setting process. The purpose of the assessment is to identify charging rates at which the bulk of the development proposed in the development plan is financially viable, in order to ensure that the CIL does not put at risk the overall development planned for the area.

4.2 Our viability assessments are based on development appraisals of hypothetical schemes, using the residual valuation method. This approach is in line with accepted practice and as recommended by RICS guidance and the Harman report. Residual valuation is applied to different land uses and where relevant to different parts of the Borough, aiming to show typical values for each. It is based on the following formula:

**Value of completed development scheme**

Less development costs - including build costs, fees, finance costs etc

Less developer's return (profit) — the minimum profit acceptable in the market to undertake the scheme

Less policy costs — building in (for example) Section 106 costs but at this stage excluding CIL

Equals residual land value

— which in a well-functioning market should equal the value of the site with planning permission

Figure 4.1 Method diagram

4.3 For each of the hypothetical schemes tested, we use this formula to estimate typical residual land values, which is what the site should be worth once it has full planning

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39 Local Housing Delivery Group Chaired by Sir John Harman (2012) *Viability Testing Local Plans*
permission. The residual value calculation requires a wide range of inputs, or assumptions, including the costs of development, the required developer’s return.

4.4 The arithmetic of residual appraisal is straightforward (we use the popular ARGUS Developer software for the bulk of our appraisals). However, the inputs to the calculation are hard to determine for a specific site (as demonstrated by the complexity of many S106 negotiations). The difficulties grow when we are required to make calculations that represent a typical or average site – which is what we need to do for CIL purposes. Therefore our viability assessments are necessarily broad approximations, subject to a margin of uncertainty.

4.5 Detailed individual appraisals are at Appendix 1.

The summary tables

4.6 Having estimated the residual value, we compare this residual value with the ‘benchmark land value’ or ‘land cost’, which is the minimum land value the landowner will accept to release his or her land for the development specified.

4.7 This process of comparison takes place in what we call the “summary table”. These summary tables can be found in the relevant sections. The first example in this report is found at Table 6.6.

4.8 Benchmark values will vary to reflect the landowner’s judgements, which might include the contextual nature of development, the site density achievable, the approach to the delivery of affordable housing (in the context of residential development) and so on. There are a wide range of permutations here. In order to make progress, we have to assume a central value, even though there could be a margin of error in practice. These values are discussed further in section 5.

- If the residual land value shown by the Argus appraisals is below the benchmark value, the development is not financially viable, even without CIL. That means that unless the circumstances change it will not happen.

- If the residual value and the benchmark values are equal, the development is just viable, but there is no surplus value available for CIL.

- If the residual land value shown by the Argus appraisals is above the benchmark value, the development is viable. The excess of residual over benchmark value measures the maximum amount that may be potentially captured by CIL. The summary table then converts this amount available for CIL into a per square metre charge in the column at the far right.

4.9 It is important to bear in mind that these calculations are no more than approximations, surrounded by margins of uncertainty but are based on best available evidence and judgement. In drawing the implications for CIL, we take account of this uncertainty and use professional judgment to interpret the figures. We explain below.
### Recommending a CIL charge

4.10 The summary table discussed above may indicate that CIL charges of (say) up to £250 per sq m may be capable of being sustained in the area. However, we are likely to recommend that the charge is set well under this point. The principal reasons for this are that:

- Markets fluctuate over time. There must be sufficient latitude for fluctuations to happen without rendering the CIL Charge unviable; and
- Individual site costs and values vary. Developments should remain viable after CIL Charge is paid in the bulk of cases.

4.11 It is conceivable that a simple, arithmetical approach could be used to take us from the ‘overage’ that the summary table suggests is available for CIL, to a recommended CIL Charge. For example, it would be possible to set a CIL at 50% of the overage indicated in the viability testing, and to mechanically apply this deflator across the study.

4.12 However, we have intentionally avoided this approach, because the viability tests necessarily cannot take account of developers’ market understanding of risk, or of institutional investors’ willingness to invest. These are important components of the judgement on a sensible level of CIL charge, but they cannot emerge arithmetically from the viability model. Instead, we use our market judgement in arriving at a sensible charge.
5 VIABILITY ASSESSMENT ASSUMPTIONS

5.1 In this chapter we discuss the main assumptions used in our development appraisals. A number of these assumptions require detailed explanation and are discussed in the next section. Other assumptions will be set out briefly in Table 5.1 below.

Benchmark land values

5.2 Our estimates of benchmark values are based on market comparables. We have examined a wide variety of land transactions in Wealden over the past five years, using two main sources:

- Consultations with local property agents
- For the residential sector, the values reported in viability studies submitted to the Council as part of recent S106 negotiations.

5.3 Our consultees are listed at Appendix 3 below. The actual comparables we have used were provided in confidence and cannot be made public.

5.4 Throughout, we have only looked at new-build schemes rather than conversions, because CIL is levied on net additional floorspace. The economics of conversion schemes are very different.

5.5 It is important to appreciate that assumptions on benchmark land values can only be broad approximations, subject to a wide margin of uncertainty. We take account of this uncertainty in drawing conclusions and recommendations from our analysis.

Residential benchmark values

5.6 We have examined a cross section of residential land comparables across Wealden district. These comparable recent transactions generally relate to urban, brownfield sites, which were fully serviced with roads and major utilities to the site boundary. In future, however, much of the new housing in Wealden will be in greenfield urban extensions, on formerly agricultural land. These sites are likely to be unserviced, so they will need infrastructure and perhaps ground improvements. Market mechanisms should ensure the cost of these investments is reflected in the price that developers pay for the land. Therefore our assessments remain valid for greenfield sites, although the land price evidence they use relates to brownfield sites.

5.7 In collecting evidence on residential land values, we aimed to distinguish between small sites, providing fewer than 5 units, and larger sites. One would expect small sites to be worth more, because they are not required to make affordable housing contributions, provided that their site area is 0.2 ha or less; whereas on larger sites 35% of the units provided are expected to be affordable (Policy WCS8). The evidence confirms this, suggesting benchmark land values as follows:

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40 Wealden District Council (2012) Core Strategy (60)
- For sites providing fewer than five units, between £1,450,000 and £2,650,000 per ha, depending on location; and
- For sites of 5 units and above, between £900,000 and £1,650,000 per ha, depending on location.

**Offices**

5.8 Employment land has fewer transactions in Wealden district (for both office and industrial development). Based on discussions with various agents in the area, we estimate that a serviced development plot suitable for office or industrial development would have a value of between £430,000 - £440,000 per ha, depending on location.

5.9 This level is substantially less than in previous years, but reflects the base level at which landowners would be willing to dispose of land in a standard functioning market and not in a forced situation.

5.10 Based on these discussions we have adopted a value of **£430,000 per ha.**

**Industrial**

5.11 We have adopted a value of **£430,000 per ha across all of Wealden.** This is assumed to be the benchmark value for a fully serviced industrial site, ready to accept development immediately. We have adopted an approach compatible with a RICS Red Book type approach which assumes a willing buyer and seller.

5.12 Employment land has relatively few transactions in Wealden district (for both office and industrial development) and we have based our figures on discussions with local agents. The price reflects a value which a potential occupier would pay for a site, given that land available for sale and which is suitable for industrial development is in short supply.

5.13 In order to compare our assumptions with the current market we analysed a site in Dittons Road, Polegate. This was a 9.5 acre site which is part of Strategic Development Area 5 in the Core Strategy. The site sold at auction in January 2012 at a price equivalent to £74,000/ha. Clearly, these values are not comparable with the values we have assumed above. The discrepancy between this land price figure and the benchmark land price figure we are assuming is explained by the fact that the Dittons Road site was a forced sale, and the site is not fully serviced. After understanding the specific particulars of the Dittons Road site by speaking to agents, we believe that the benchmark value quoted is a realistic minimum level at which we would expect landowner to be selling this type of fully serviced site.

**Retail**

5.14 We have examined the convenience and comparison retail sectors separately and concluded that land values for convenience retailing are higher than comparison retailing, although comparable evidence is scarce for both sectors. We have adopted the following values;

- Comparison retail at **£865,000 per ha** in Crowborough and Uckfield and **£1,600,000 per ha** outside of the main retail zone (assuming edge of centre sites of sufficient scale to accommodate a car park and being appropriate for retail ‘shed’ type development). We
have arrived at these values following discussion with local agents. However, there is a lack of transactional evidence to directly support these values, so we have triangulated our evidence from local agents with information on local rent and yields together with evidence from outside the District in arriving at these values. The assessment of the centres was based on rental and yield information in Uckfield, Heathfield and Hailsham. We have triangulated our evidence from local agents with information on local rent and yields together with evidence from outside the District (from together with information provided by agents on sites in Eastbourne & Hastings) to arrive at these figures.

- **Convenience**: £2,470,000 per ha across all of Wealden. We have used a residual method to identify a benchmark land value and compared this against other existing uses in the District, taking note of the broad values in Wealden town centres and then the rest of the District. This land value is in line with the most comparable transaction by Lidl to acquire land at Ropemaker Park in Hailsham for a new supermarket. We were informed by local agents that the supermarket paid just over £3,000,000 per ha on an unconditional basis.

**S106 contributions on residential development**

5.15 In order to assess development viability, we need to make assumptions about the broader policy costs faced by development. S106 is one of these policy costs, and so these costs need to be allowed for in our viability calculations.

5.16 Section 106 will continue to exist after CIL begins to be charged. However, the use of S106 will be scaled back. Under recent CIL Regulations (which also cover Section 106), Section 106 is now expected to be very tightly targeted at mitigating the impacts of individual developments.

5.17 In general, we expect that Section 106 agreements, together with Section 278 highways agreements and planning conditions, will still be used to secure the following elements:

- **Site-specific mitigation.** These might be local improvements/infrastructure necessary to enable the grant of planning permission such as access roads, on-site open space, archaeology, and some off-site requirements directly related to support individual sites.

- **Development-specific infrastructure on large-scale major development sites (of around 200-300 or more dwellings).** In these instances, developers frequently prefer the use of S106 agreements, because they provide comfort that key infrastructure (which is frequently essential to sales) will be delivered.

- **Affordable housing.** Under the current Regulations, Section 106 agreements will also continue to be used to secure affordable housing. However, the Government recently published a consultation document asking whether it should allow local authorities to deliver affordable housing through CIL, or through a combination of Section 106 and CIL. Wealden district will need to keep the outcome of this consultation under close review, and make any necessary alterations to the CIL charging schedule. We have assumed for the purposes of this exercise that affordable housing will be paid for through S106.
5.18 To investigate how much might be allowed for S106 in Wealden, we have looked through the typical types of activities which used S106 funding, and indicated whether we would ordinarily expect to pay for a type of impact mitigation through S106 or through CIL. This analysis is provided at Appendix 2.

5.19 From discussion with the client team we understand that S106 and S278 contributions will typically be used for:

- Site-specific transport improvements, such as connections from a development to the wider transport network;
- Some open space and playspace. Frequently these are secured as part of the condition on the planning permission, but there may be infrequent instances when these demands form part of a S106 agreement;
- Affordable housing, which is separately allowed for in our viability testing; and
- Air quality and noise amelioration.

5.20 Based on the above, and in agreement with the client team, our appraisals allow £1,700 per housing unit for S106 and S278 contributions, excluding affordable housing.

5.21 This estimate is made for the sole purpose of the CIL viability assessment. It does not commit Wealden district to allocating CIL receipts or S106 receipts to any infrastructure theme or stakeholder.

**S106 contributions on non-residential development**

5.22 Because S106 payments are now very precisely determined by the impacts of a specific development, it is very difficult to be specific about what, if anything, might be required under S106. Wealden does not have a S106 policy which can be applied to non-residential development. Generally speaking, therefore, we have not allowed for S106 payments on non-residential development.

5.23 However, in the case of convenience retail development, our viability assessments have allowed for some modest S106 payments (on the basis that CIL will now pick up area-wide strategic infrastructure requirements). Our viability assessments we have allowed for

- £5,000 S106 payment for each smaller in-town convenience development.
- £10,000 S106 payment for each larger out-of-town convenience development.

**Other assumptions**

5.24 The other assumptions underlying our development appraisals are in Table 5.1 below. Inevitably, these assumptions are broad estimates. We have aimed to model typical new build schemes, as opposed to high-specification or particularly complex schemes that require particular construction techniques or materials.
### Table 5.1 Viability testing assumptions

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Source</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td>Property values are derived from different sources, depending on land use. For housing, <strong>Land Registry</strong> data forms a basis for analysis. This provides a full record of all individual transactions. This data is then supplemented following conversations with agents and house builders’ sales representatives, which allows us to form a view on new build sales values. Values used are as follows.</td>
</tr>
<tr>
<td><strong>Sales value of completed scheme</strong></td>
<td>Land Registry, CoStar and EGI</td>
<td>For non-residential uses, we used the <strong>CoStar</strong> and <strong>EGi</strong> databases, supplemented by discussions with local property agents.</td>
</tr>
<tr>
<td>Zone</td>
<td>Location</td>
<td>Average prices per sq m</td>
</tr>
<tr>
<td>Higher band</td>
<td>See Table 6.2</td>
<td>£2,970</td>
</tr>
<tr>
<td>Middle band</td>
<td>See Table 6.2</td>
<td>£2,800</td>
</tr>
<tr>
<td>Lower band</td>
<td>See Table 6.2</td>
<td>£2,475</td>
</tr>
<tr>
<td><strong>Affordable housing transfer values</strong></td>
<td>HCA policy</td>
<td>In all our residential appraisals we have assumed that affordable rented properties are approximately 50% of capital market value. We have also appraised intermediate housing at 70% of capital market value. Social rented properties (without grant) have been assessed at 35% of market value. These transfer rates have been established after discussions with the HCA and two local RSL’s.</td>
</tr>
<tr>
<td><strong>Densities</strong></td>
<td>Core</td>
<td>The Wealden Core Strategy states that the Strategic Sites and...</td>
</tr>
</tbody>
</table>
Wealden CIL Viability Assessment

Assumption | Source | Notes
---|---|---
Strategy | | Delivery and Site Allocations DPDs will produce further guidance on housing densities. In advance of this guidance, we have assumed average densities as follows:

- 35 dwellings per hectare (houses)

In making these assumptions, we have erred on the side of assuming lower densities. This is not in order to endorse a particular interpretation of the density policy. Instead, we are a) following our local market knowledge of typical site densities delivered, and are b) following CIL guidance, and have made prudent assumptions in CIL appraisal work. In the words of the Statutory Guidance, it is essential to show that the CIL Charges set do not ‘set a charge right up to the margin of economic viability.’

This evidence base needs to demonstrate that CIL charges at stated levels will not render the main components of development across the District unviable. Developments at higher densities than those assumed above will tend to be more viable.

Construction costs

<table>
<thead>
<tr>
<th>Construction</th>
<th>Source</th>
<th>Notes</th>
</tr>
</thead>
</table>
| BCIS Quarterly Review of Building Prices Issue No 123 Oct 2011 | | BCIS is published by RICS on a quarterly basis. BCIS offers a range of prices dependent on the final specification. Build costs used are derived from recent (Oct 11) data of actual prices in the marketplace. As early as 2009, the market across the UK was building at round Code for Sustainable Homes Level 3 to 4 for private and Level 4 for social housing. Wealden district will detail requirements in the Delivery and Site Allocations DPD.

The following costs have been used in this study and are considered to cover realistic costs for Code Level 4:

- **Build costs houses £915 per sq m**

Costs may alter in future. In particular, there may be national policy change regarding Code for Sustainable Homes building standards. The final effect of these changes on viability is difficult to foresee. While we have reviewed current Government research on cost impacts of CSH, we note that past forecasts of price changes (such as that predicted in the original Cyril Sweete work) have never affected costs to the extent forecast. When these future requirements come into force, they will impact on both development costs and land values. We have not incorporated these possible impacts into our calculations, because CIL should deal with current market conditions, not forecasts of potential future change. Our approach to

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44 Wealden District Council (2012) Core Strategy (59)
45 DCLG (March 2010) CIL Charge Setting and charging schedule Procedures (10)
46 In 2009, the NHBC stated that Code 3 and 4 was the level most commonly specified in new building. See NHBC (2009, revised Jan 2010) The Code for Sustainable Homes Simply Explained
47 Wealden DC (2012) Core Strategy (68)
incorporating these (and other) potential but unknown costs is to set a wide margin for error that will cover variations in factors such as build costs, site conditions, and timing. All major non-domestic development which does not qualify for assessment under Code for Sustainable Homes will to be built to a minimum of BREEAM (Building Research Establishment Assessment Method) Excellent standard.

**Floorspace size assumptions**  
The Wealden Core Strategy states that the Strategic Sites and Delivery and Site Allocations DPDs will produce further guidance on housing mix and design.\(^5^0\) In advance of this guidance, we have assumed average floorspaces of

- 90 sq m (houses)

Floorspace assumptions for non-residential uses are detailed in the specific scenarios for that use explained in each chapter.

**Contingency**  
Contingency is an expression of risk relating to a specific scheme and will vary from site to site. We have adopted a generic average of 5% though in practice it will vary.

**Road/site works/external works**  
On-site preparation for internal access roads and other external works. This will vary from site to site, but we have assumed a figure of £625k/ha, pro rata

In line with Wealden Core Strategy Policy WCS8\(^5^1\) we have tested schemes at the following level.

- Sites of 1-4 houses: 0% affordable housing (assuming sites are less than 0.2ha)
- Sites of 5 or more houses: 35% affordable housing (80:20 social rent: intermediate rent)

We have also tested an alternative affordable housing policy. This assumes the following split on windfall sites of 20 units and above.

- Sites of more than 20 houses or flats: 35% affordable housing, comprised of 40:40:20 social rent: affordable rent: intermediate rent

See text above this table in paragraph 5.15 onwards.

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\(^5^0\) Wealden District Council (2012) *Core Strategy* (59)  
\(^5^1\) Wealden District Council (2012) *Core Strategy* (60)
### Fees

<table>
<thead>
<tr>
<th>Service</th>
<th>Industry Standard</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architect</td>
<td>Industry standard</td>
<td>We assumed <strong>8% of development costs</strong> based on accepted industry standards.</td>
</tr>
<tr>
<td>Marketing</td>
<td>Industry standard</td>
<td>We assume <strong>£1,000 per residential unit</strong> based on accepted industry standards. For non-residential appraisals, we have assumed 10% of the first year’s annual rental. This is supplemented with appropriate legal and marketing costs based on the quantum of development.</td>
</tr>
<tr>
<td>Sales agent</td>
<td>Industry standard</td>
<td><strong>1% of Gross Development Value</strong> on the market sale property for residential and commercial properties.</td>
</tr>
<tr>
<td>Sales legal</td>
<td>Industry standard</td>
<td>Approximately <strong>£500-600 per unit for residential and £5,000-£20,000 per transaction on commercial</strong> properties depending on the size and nature of the product.</td>
</tr>
</tbody>
</table>

### Finance

<table>
<thead>
<tr>
<th>Finance</th>
<th>Industry standard</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>Industry standard</td>
<td>Residential: Finance costs assume an <strong>interest rate of 7%</strong>. We assume that all dwellings are sold within 12 weeks of practical completion.</td>
</tr>
<tr>
<td>Commercial</td>
<td>DCLG[^DCLG]</td>
<td>Commercial: Our finance charges for commercial projects are also <strong>at 7%</strong>. To take account of unoccupied property rates on commercial property during void periods. Rates are set by HM Treasury at <strong>48.5 pence in the pound</strong>.</td>
</tr>
</tbody>
</table>

### Profit

<table>
<thead>
<tr>
<th>Industry standard</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>This has been assessed at <strong>20% on costs</strong>. This is based on our knowledge of comparable schemes and on knowledge of institutions lending criteria. It represents a developer’s minimum return on a speculative project. In practice this may vary with pre-let commercial projects being able to proceed with a reduced profit (reflecting the lower risk) and more speculative projects in uncertain markets requiring a higher profit margin. For non-residential appraisals, we also have assumed a 20% profit as a minimum return.</td>
<td></td>
</tr>
</tbody>
</table>

Source: RTP; various

[^DCLG]: http://www.communities.gov.uk/localgovernment/localgovernmentfinance/businessrates/
6 RESIDENTIAL

Charging zones

6.1 As we showed in Chapter 2 above, CIL Regulations (Regulation 13) allow the charging authority to introduce charge variations by geographical zone within its area, by land use, or both. All differences in rates need to be justified by reference to the economic viability of development. Setting up a CIL which levies different amounts on development in different places increases the complexity of evidence required, and may be contested at examination. However, it will be worthwhile if the additional complexity generates significant additional revenues for the delivery of infrastructure and therefore growth.

Principles

6.2 Identifying different charging zones for CIL has inherent difficulties. One reason for this is that house prices are an imperfect indicator; we are not necessarily comparing like with like. Even within a given type of dwelling, such as terraced houses, there will be variations in, say, quality or size which will impact on price.

6.3 Another problem is that even a split that is correct ‘on average’ may produce anomalies when applied to individual houses – especially around the zone boundaries. Even between areas with very different average prices, the prices of similar houses in different areas may considerably overlap.

6.4 A further problem with setting charging area boundaries is that they depend on how the boundaries are defined, as well as the reality of actual house prices. Boundaries drawn in a different place might alter the average price of an area within the boundary, even with no change in individual house prices.

6.5 To avoid these statistical and boundary problems, it is our view that a robust set of differential charging zones should ideally meet two conditions:

i The zones should be separated by substantial and clear-cut price differences.

ii They should also be separated by substantial and clear-cut geographical boundaries – for example with zones defined as individual settlements or groups of settlements, as urban or rural parts of the authority. We certainly should avoid any charging boundaries which might bisect a strategic site or development area.

6.6 We have held to these principles in devising zone boundaries in Wealden.

Method

6.7 Setting zones requires us to marshal the ‘appropriate available evidence’ available from a range of sources in order to advise on the best way forward. We took the following steps.

- Our first step was to look at home prices. Sales prices of homes are a good proxy for viability. We downloaded Land Registry data to do this. These are only a first step and generate a range of options or hypotheses.

- Secondly, we talked to agents, developers and members of the District Council. Together with Land Registry data, this allowed us to generate a main hypothesis.
Thirdly, we tested this main hypothesis through formal development appraisals.

6.8 We explain this process below.

**House prices**

6.9 In advising on charging zones, our first step was to look at residential sales prices. In Figure 6.1 below, we looked at the average sales prices of detached houses over a two year period. Average prices are shown for each Census Standard Table (ST) ward. Aside from the highest and lowest bands (which are tailored to actual values), average prices are broken in eight equal bands of £55,000 each.

6.10 We have presented this data on a map because it allows us to understand the broad contours of residential prices in the Wealden area. Sales prices are a reasonable, though imperfect, proxy for development viability, so the map provides us with a broad idea of which areas would tend to have more viable housing developments, other things being equal.

6.11 It is worth noting that new homes are typically more expensive than second hand homes, but the prices we have mapped include both second hand and new homes. We used data on both new and second hand homes because, firstly, datasets on sales values for new homes only would be very much smaller (and so more unstable), and secondly, because at this stage it is the differentials between areas that we are seeking to identify, not the absolute price levels. There were therefore good reasons to look at both new and second hand data, and no compelling reasons to avoid it.

6.12 The map shows that:

- Areas in the south and east of the District tend to have lower prices compared to those areas in the north and west. One possible reason for this is that North Wealden is within commuting distance of high-paid jobs in places such as Tunbridge Wells, Gatwick and London. (Research for the Council has also suggested that houses in rural North Wealden tend to be larger and more of them are detached.)

- The towns of Crowborough, Uckfield, Hailsham, Polegate and Heathfield tend to have lower prices than less densely populated rural areas and villages.

6.13 Some of the more sparsely populated areas such as Alfriston have relatively few house sales, so the averages in those areas are more prone to distortion by a few transactions.

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53 ST wards are used because very precise boundary mapping exists which shows ward boundaries, and is not subject to the degree of change that electoral wards or postcode boundaries are subject to.
54 Note that the map we have produced here is sophisticated, in that shows the results after eliminating the outlier values which skew the average. We have removed these outlier values using an accepted Interquartile Range test.
55 Wealden District Council (2007) *Wealden Housing Market Assessment* (1)
56 Wealden District Council (2007) *Wealden Housing Market Assessment* (2)
6.14 Table 6.1 is based on the same data as the map but shows actual averages by ward, rather than fitting the data into bands. This data is particularly helpful in allowing us to explore the
breadth of the differences in price levels by area. The very highest average prices are found in the Hartfield ST ward, while the lowest average prices are in Polegate North.

6.15 The price differentials by area in Wealden are wider than some areas, but narrower than in others.

6.16 Table 6.1 shows that (on detached house prices) the average price in the highest value ward (£579,000) is around 3.5 times more expensive than the lowest price band (£166,000). This is a wider spread than in some other areas where we have looked at CIL Charges. Looking at terrace house prices in Waltham Forest in London, for example, the highest average ward house price (£297,000) is only around 1.4 times more expensive than the lowest average ward house price (£218,000). However, Wealden’s geographical price differentials are narrower than in some other areas we have tested. Most polarised was the London Borough of Merton, where average semi-detached house prices near Wimbledon Common were around seven times higher than those in the least wealthy areas of the borough.
### Table 6.1 Average house prices by ST ward (Nov 2009 - Nov 2011)

<table>
<thead>
<tr>
<th>Key</th>
<th>ST Ward Name</th>
<th>Ward Avg Price</th>
<th>Number of sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Alfriston</td>
<td>£457,313</td>
<td>39</td>
</tr>
<tr>
<td>2</td>
<td>Buxted and Maresfield</td>
<td>£457,070</td>
<td>162</td>
</tr>
<tr>
<td>3</td>
<td>Chiddingly and East Hoathly</td>
<td>£396,533</td>
<td>85</td>
</tr>
<tr>
<td>4</td>
<td>Cross in Hand/Five Ashes</td>
<td>£412,433</td>
<td>53</td>
</tr>
<tr>
<td>5</td>
<td>Crowborough East</td>
<td>£235,429</td>
<td>154</td>
</tr>
<tr>
<td>6</td>
<td>Crowborough Jarvis Brook</td>
<td>£198,367</td>
<td>49</td>
</tr>
<tr>
<td>7</td>
<td>Crowborough North</td>
<td>£276,650</td>
<td>234</td>
</tr>
<tr>
<td>8</td>
<td>Crowborough St. Johns</td>
<td>£439,462</td>
<td>70</td>
</tr>
<tr>
<td>9</td>
<td>Crowborough West</td>
<td>£318,371</td>
<td>146</td>
</tr>
<tr>
<td>10</td>
<td>Danehill/Fletching/Nutley</td>
<td>£432,415</td>
<td>140</td>
</tr>
<tr>
<td>11</td>
<td>East Dean</td>
<td>£445,101</td>
<td>85</td>
</tr>
<tr>
<td>12</td>
<td>Forest Row</td>
<td>£391,506</td>
<td>129</td>
</tr>
<tr>
<td>13</td>
<td>Framfield</td>
<td>£433,635</td>
<td>75</td>
</tr>
<tr>
<td>14</td>
<td>Frant/Withyham</td>
<td>£457,573</td>
<td>128</td>
</tr>
<tr>
<td>15</td>
<td>Hailsham Central and North</td>
<td>£190,145</td>
<td>248</td>
</tr>
<tr>
<td>16</td>
<td>Hailsham East</td>
<td>£140,464</td>
<td>36</td>
</tr>
<tr>
<td>17</td>
<td>Hailsham South and West</td>
<td>£195,298</td>
<td>234</td>
</tr>
<tr>
<td>18</td>
<td>Hartfield</td>
<td>£579,069</td>
<td>54</td>
</tr>
<tr>
<td>19</td>
<td>Heathfield East</td>
<td>£423,353</td>
<td>51</td>
</tr>
<tr>
<td>20</td>
<td>Heathfield North and Central</td>
<td>£234,339</td>
<td>306</td>
</tr>
<tr>
<td>21</td>
<td>Hellingly</td>
<td>£236,097</td>
<td>268</td>
</tr>
<tr>
<td>22</td>
<td>Herstmonceux</td>
<td>£331,749</td>
<td>69</td>
</tr>
<tr>
<td>23</td>
<td>Horam</td>
<td>£279,881</td>
<td>70</td>
</tr>
<tr>
<td>24</td>
<td>Mayfield</td>
<td>£452,786</td>
<td>91</td>
</tr>
<tr>
<td>25</td>
<td>Ninfield and Hooe with Wartling</td>
<td>£320,169</td>
<td>62</td>
</tr>
<tr>
<td>26</td>
<td>Pevensey and Westham</td>
<td>£215,579</td>
<td>346</td>
</tr>
<tr>
<td>27</td>
<td>Polegate North</td>
<td>£166,302</td>
<td>219</td>
</tr>
<tr>
<td>28</td>
<td>Polegate South</td>
<td>£194,037</td>
<td>103</td>
</tr>
<tr>
<td>29</td>
<td>Rotherfield</td>
<td>£404,349</td>
<td>68</td>
</tr>
<tr>
<td>30</td>
<td>Uckfield Central</td>
<td>£268,906</td>
<td>139</td>
</tr>
<tr>
<td>31</td>
<td>Uckfield New Town</td>
<td>£186,533</td>
<td>96</td>
</tr>
<tr>
<td>32</td>
<td>Uckfield North</td>
<td>£195,068</td>
<td>192</td>
</tr>
<tr>
<td>33</td>
<td>Uckfield Ridgewood</td>
<td>£261,280</td>
<td>160</td>
</tr>
<tr>
<td>34</td>
<td>Wadhurst</td>
<td>£438,152</td>
<td>159</td>
</tr>
<tr>
<td>35</td>
<td>Willingdon</td>
<td>£221,203</td>
<td>235</td>
</tr>
</tbody>
</table>

Source: Land Registry, RTP

6.17 On balance, this spread of prices suggested that it might be worthwhile to create more than one charging band. However, it is also important to analyse how development is distributed before coming to a decision. If all development was going in a single price area, making geographical distinctions in the charging schedule would not be necessary.
6.18 Understanding the patterns of development is therefore the next stage in our analysis. If we overlay a rough approximation of the likely housing development areas (see Figure 6.2) we can better understand whether it is worthwhile creating separate charging bands for residential development in different areas.

**Figure 6.2 Core Strategy Strategic Development Areas**
6.19 The maps suggest that:

- A large proportion of Wealden’s housing development will come in the lower-priced areas of the District in the south. The Polegate, Willingdon and Stone Cross area sees development of 1350 units; North and East Hailsham sees 1,300 units.
- In Uckfield an extension of 1,000 units is proposed, and Crowborough 300 units.
- Looking at the higher priced areas of the District (which, as we have shown, are typically rural areas to the north and west of the District), development planned will take place on a larger number of smaller sites. 455 dwellings are planned in the rural areas, and, assuming previous rates of windfall carry through to the period 2017 to 2027, then 2000 dwellings might be delivered outside the five main towns and Stone Cross.

6.20 At this stage in the analysis, there appeared to be arguments in favour of setting a two-band charge across Wealden. This would put the towns of Uckfield and Crowborough together with Hailsham and Polegate and the southern hinterland in one band (shown on Figure 6.1 in green), with all other areas in another, higher band.

6.21 We tested this initial hypothesis by undertaking consultation and further interrogation of the data.

**Consultation and new build values**

6.22 We talked to a range of sources on residential markets, including local agents and local housebuilders active in the Wealden area. We also discussed residential markets with Wealden WDC officers: they were able to relate the experience of their very recent Core Strategy examination, which heard a number of witnesses discussing housing viability around the district.

6.23 The consultation explored a number of issues. One point tested with interviewees was around the relative strengths of the different markets across Wealden.

6.24 The general sentiment was that

- Rural areas were very strong, particularly in the north of the district;
- Hailsham, Polegate and the south was towards the lower end of viability and demand, with Uckfield being in this quite broad category.
- Comparing the main settlements, the Crowborough residential market was distinct, and relatively buoyant.

6.25 This finding suggested that a three band solution may be more appropriate. In this view, Crowborough would be seen as a separate charging zone in its own right. Crowborough would, in effect, occupy a new ‘mid’ charging band, sitting between the higher band for the rural areas, and the lower band for the remaining areas covering Uckfield, Polegate and Hailsham.

6.26 We returned to the data to further explore the merits of a three band charging structure. We grouped the Land Registry ST ward data together to explore the town average prices. The data suggested that Hailsham and Polegate prices were relatively similar (Hailsham was around 8% more expensive than Polegate) but that there were then significant price
rises between the towns: Uckfield was 21% more expensive than Hailsham, and
Crowborough 26% more expensive than Uckfield.

Table 6.2 Average home prices in Crowborough, Uckfield, Hailsham and Polegate

<table>
<thead>
<tr>
<th>Area</th>
<th>Wards included</th>
<th>Average home price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crowborough ST wards average</td>
<td>Crowborough Jarvis Brook, North, St.Johns, West</td>
<td>£287,836</td>
</tr>
<tr>
<td>Uckfield ST wards average</td>
<td>Uckfield Central, New Town, North, Ridgewood</td>
<td>£229,204</td>
</tr>
<tr>
<td>Hailsham ST wards average</td>
<td>Hailsham Central and North, East, South and West</td>
<td>£189,020</td>
</tr>
<tr>
<td>Polegate ST wards average</td>
<td>Polegate North, South</td>
<td>£175,174</td>
</tr>
</tbody>
</table>

Source: RTP, Land Registry

6.27 This distinction was further explored with reference to a sample of new build detached developments in Crowborough and Uckfield. This data tended to suggest that Crowborough developments did tend to occupy a distinct place in the market, while Uckfield, Hailsham and Polegate values were more similar.

Figure 6.3 Sales values of detached houses, 2012

Source: Rightmove; WDC; RTP

6.28 After further analysis of the sales values and regarding the preferred CIL structure a three tier system was preferred given the nature of the housing market across Wealden.

6.29 At this stage, then, our hypothesis was that a three band CIL charging structure should be created.

6.30 The final step was to test this hypothesis using development appraisals.
Development appraisals

6.31 The above process only generates a broad hypothesis. In order to finalise the zones, as well as set the charges for each zone, we have to test the hypothesis through development appraisals.

6.32 Development appraisals are necessary to set a CIL, because the data used so far is only a proxy for viability testing, rather than a viability test in itself. Only development appraisals can properly combine the receipts and costs of development to arrive at an overall picture of viability. To explain:

- First, development appraisals use sales prices which relate to the last six months only, and relate to new dwellings specifically. To arrive at these prices we consulted with developers and agents who have been selling new housing over the last six months. By contrast, Land Registry prices presented cover the last two years and second-hand as well as new houses.

- Secondly, the results of the development appraisal (which shows the price that a developer can afford to pay for land) can be compared with prevailing benchmark land values (in effect, what the landowner will accept in order to sell the land). As we show below in Table 6.6 and Table 6.7, benchmark values vary between areas. Benchmark values have an important bearing on the amount of CIL assumed to be available.

6.33 The appraisals confirmed that three zone approach was robust. We discuss the findings of the appraisals in further detail in paragraph onwards.

CIL charging bands

6.34 Pulling together the ‘appropriate available evidence’, then, suggested that Wealden adopt a three band charging schedule. We have mapped the boundaries of the Charging Zones at Figure 6.4, and provided a supporting table categorising the wards by band at Table 6.3.
Figure 6.4 Charging zone boundaries
### Table 6.3 House prices by charging band

<table>
<thead>
<tr>
<th>Band</th>
<th>Key</th>
<th>ST Ward Name</th>
<th>Ward Avg Price</th>
<th>Number of sales</th>
<th>CIL Charging Band average price</th>
<th>In National Park?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher CIL band Average £438,695</td>
<td>1</td>
<td>Alfriston</td>
<td>£457,313</td>
<td>39</td>
<td>£438,695</td>
<td>Yes - partially</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>Buxted and Maresfield</td>
<td>£457,070</td>
<td>162</td>
<td>£438,695</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Chiddingly and East Hoathly</td>
<td>£396,533</td>
<td>85</td>
<td>£438,695</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>Cross in Hand/Five Ashes</td>
<td>£412,433</td>
<td>53</td>
<td>£438,695</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>Danehill/Fletching/Nutley</td>
<td>£432,415</td>
<td>140</td>
<td>£438,695</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>11</td>
<td>East Dean</td>
<td>£445,101</td>
<td>85</td>
<td>£438,695</td>
<td>Yes - partially</td>
</tr>
<tr>
<td></td>
<td>12</td>
<td>Forest Row</td>
<td>£391,506</td>
<td>129</td>
<td>£438,695</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>13</td>
<td>Framfield</td>
<td>£433,635</td>
<td>75</td>
<td>£438,695</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>14</td>
<td>Frant/Withyham</td>
<td>£457,573</td>
<td>128</td>
<td>£438,695</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>18</td>
<td>Hartfield</td>
<td>£579,069</td>
<td>54</td>
<td>£438,695</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>19</td>
<td>Heathfield East</td>
<td>£423,353</td>
<td>51</td>
<td>£438,695</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>24</td>
<td>Mayfield</td>
<td>£452,786</td>
<td>91</td>
<td>£438,695</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>29</td>
<td>Rotherfield</td>
<td>£404,349</td>
<td>68</td>
<td>£438,695</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>34</td>
<td>Wadhurst</td>
<td>£438,152</td>
<td>159</td>
<td>£438,695</td>
<td>No</td>
</tr>
<tr>
<td>Mid CIL band Average price £287,836</td>
<td>5</td>
<td>Crowborough East</td>
<td>£235,429</td>
<td>154</td>
<td>£287,836</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>Crowborough Jarvis Brook</td>
<td>£198,367</td>
<td>49</td>
<td>£287,836</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>7</td>
<td>Crowborough North</td>
<td>£276,650</td>
<td>234</td>
<td>£287,836</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>Crowborough St. Johns</td>
<td>£439,462</td>
<td>70</td>
<td>£287,836</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>9</td>
<td>Crowborough West</td>
<td>£318,371</td>
<td>146</td>
<td>£287,836</td>
<td>No</td>
</tr>
<tr>
<td>Lower CIL band Average price £220,176</td>
<td>15</td>
<td>Hailsham Central and North</td>
<td>£190,145</td>
<td>248</td>
<td>£220,176</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>16</td>
<td>Hailsham East</td>
<td>£140,464</td>
<td>36</td>
<td>£220,176</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>17</td>
<td>Hailsham South and West</td>
<td>£195,298</td>
<td>234</td>
<td>£220,176</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>20</td>
<td>Heathfield North and Central</td>
<td>£234,339</td>
<td>306</td>
<td>£220,176</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>21</td>
<td>Hellingly</td>
<td>£236,097</td>
<td>268</td>
<td>£220,176</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>22</td>
<td>Herstmonceux</td>
<td>£331,749</td>
<td>69</td>
<td>£220,176</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>23</td>
<td>Horam</td>
<td>£279,881</td>
<td>70</td>
<td>£220,176</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>25</td>
<td>Ninfield and Hoce with Wartling</td>
<td>£320,169</td>
<td>62</td>
<td>£220,176</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>26</td>
<td>Pevensey and Westham</td>
<td>£215,579</td>
<td>346</td>
<td>£220,176</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>27</td>
<td>Polegate North</td>
<td>£166,302</td>
<td>219</td>
<td>£220,176</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>28</td>
<td>Polegate South</td>
<td>£194,037</td>
<td>103</td>
<td>£220,176</td>
<td>Yes - partially</td>
</tr>
<tr>
<td></td>
<td>30</td>
<td>Uckfield Central</td>
<td>£268,906</td>
<td>139</td>
<td>£220,176</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>31</td>
<td>Uckfield New Town</td>
<td>£186,533</td>
<td>96</td>
<td>£220,176</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>32</td>
<td>Uckfield North</td>
<td>£195,068</td>
<td>192</td>
<td>£220,176</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>33</td>
<td>Uckfield Ridgewood</td>
<td>£261,280</td>
<td>160</td>
<td>£220,176</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>35</td>
<td>Willingdon</td>
<td>£221,203</td>
<td>235</td>
<td>£220,176</td>
<td>Yes - partially</td>
</tr>
</tbody>
</table>

Source: Land Registry, RTP
Viability appraisal

6.35 In this section, we use development appraisals to advise on the possible levels at which CIL may be levied, ensuring that the bulk of development remains viable.

Affordable housing assumptions

6.36 As mentioned earlier, we were asked to test viability using two different affordable housing policy assumptions. Both assumed 35% affordable housing, but used different tenure assumptions.

- The first scenario uses Wealden’s affordable housing policy contained within the Core Strategy (WCS 8) which states that the presumption is that around 80% of the total number of affordable homes provided will be for social rented accommodation with the remainder being for intermediate accommodation.
- The second scenario takes into account the flexibility within affordable housing policy WCS8, which allows a variance in affordable housing policy for sites contained within future site allocations development plan documents and builds in assumptions about the Government’s new approach to ‘affordable rents’.

Table 6.4 Affordable housing - current policy

<table>
<thead>
<tr>
<th>Units</th>
<th>Affordable Housing Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>0% affordable – no cash contribution (assuming site less than 0.2 ha)</td>
</tr>
<tr>
<td>5</td>
<td>35% affordable (80% social rent, 20% intermediate)</td>
</tr>
<tr>
<td>50</td>
<td>35% affordable (80% social rent, 20% intermediate)</td>
</tr>
<tr>
<td>100</td>
<td>35% affordable (80% social rent, 20% intermediate)</td>
</tr>
</tbody>
</table>

Table 6.5 Affordable housing - alternative policy

<table>
<thead>
<tr>
<th>Units</th>
<th>Affordable Housing Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>0% affordable - no cash contribution (assuming site less than 0.2 ha)</td>
</tr>
<tr>
<td>5</td>
<td>35% affordable (80% social rent, 20% intermediate)</td>
</tr>
<tr>
<td>50</td>
<td>35% affordable (40% social rent, 40% affordable rent, 20% intermediate)</td>
</tr>
<tr>
<td>100</td>
<td>35% affordable (40% social rent, 40% affordable rent, 20% intermediate)</td>
</tr>
</tbody>
</table>

Scenarios tested

6.37 For both of the above affordable housing scenarios, we have produced indicative development appraisals of hypothetical schemes, comprising:

- 4 units (houses)
- 5 units (houses)
- 50 units (houses)
- 100 units (houses)

57 Wealden District Council (2011) Core Strategy Submission Document (60)
6.38 This mix of schemes was selected in discussion with the client group, making use of their local knowledge, to create a representative but focused profile of residential likely to come forward in the District for the foreseeable future. Specifically, the choices of schemes to model were arrived at as follows.

- The 4 and 5 unit schemes were chosen to show the effects of affordable housing policy: an affordable housing contribution is not required on schemes of 1-4 units, whereas it is required on schemes of 5 units and over.
- The schemes of 50 and 100 houses were chosen because in current market conditions developers struggle to finance individual schemes phases larger than this. The larger urban extensions, therefore, are likely to will be delivered in sub-schemes of roughly this size.

Findings

6.39 Table 6.6 and Table 6.7 summarise the residential development appraisals, based on the two alternative affordable policies described above. (Individual detailed appraisals are at Appendix 1 below.)

6.40 Our objective in these summary tables is to show, for each notional development scenario, how much money might be theoretically available for a CIL charge. The tables calculate the betterment, or overage produced by each scheme – which is the difference between the residual land value of the scheme and its benchmark land value, assuming at this stage that no district-level CIL is payable. This overage equals the maximum level of CIL per square metre that the scheme may be able to carry, while still remaining viable. Given the uncertainties surrounding viability appraisal, it is of course an approximate number, surrounded by a wide margin of uncertainty. We take account of this uncertainty in our recommendations.

6.41 Reading the tables from left to right, successive columns are as follows:

- Scenario – defines the scheme
- Number and type of units (in this case, all houses and no flats)
- Net site area
- Floorspace gross chargeable – the accommodation within the scheme liable to CIL, equal to the floorspace of market housing (affordable housing is not liable).
- Residual value - £ per hectare. The residual value is produced by an indicative appraisal using Argus software. The method and assumptions used in this appraisal are described in the report. Briefly, the residual site value is the difference between the value of the completed development and the cost of that development, and developer’s profit.
- Residual value per sq m – the residual land value of the site, divided by the chargeable floorspace.
- Benchmark land value – the estimated minimum a developer would typically need to pay to secure a site of this kind, expressed in £ per ha
- Benchmark land value per sq m - the benchmark land value of the site, divided by its chargeable floorspace
- Overage per ha – the difference between the Residual land value and the benchmark land value. As noted earlier, this overage is an estimate of the CIL ‘ceiling’ – the maximum CIL that could be charged consistent with the development being financially viable, expressed per ha.
- Overage per sq m gross chargeable. Calculated by deducting the benchmark land value per sq m from the residual value per gross chargeable sq m to produce the overage per sq m. Again, this ‘overage’ is an estimate of the CIL ‘ceiling’, this time expressed as a rate per sq m. Given the uncertainties surrounding viability appraisal, it is of course an approximate indicator, which should be used cautiously.

6.42 The theoretical maximum CIL charge per square metre for each development is therefore shown in the far right column of the summary table below. As we explain below, though, we do not recommend that this theoretical maximum be directly translated into a CIL Charge.
### Table 6.6 Summary viability assessment, residential development based on current affordable housing policy

<table>
<thead>
<tr>
<th>Ref</th>
<th>Scenario</th>
<th>Nº of dwellings</th>
<th>Site area (Ha)</th>
<th>Floorspace (Gross chargeable sq m)</th>
<th>Per ha</th>
<th>Per sq m</th>
<th>Benchmark land value (Per ha)</th>
<th>Overage (CIL ceiling)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Houses - 0% affordable (Lower)</td>
<td>4</td>
<td>0.11</td>
<td>360</td>
<td>£2,642,000</td>
<td>£807</td>
<td>£1,450,000</td>
<td>£443</td>
</tr>
<tr>
<td>2</td>
<td>Houses - 0% affordable (Middle)</td>
<td>4</td>
<td>0.11</td>
<td>360</td>
<td>£3,062,454</td>
<td>£936</td>
<td>£1,900,000</td>
<td>£581</td>
</tr>
<tr>
<td>3</td>
<td>Houses - 0% affordable (Higher)</td>
<td>4</td>
<td>0.11</td>
<td>360</td>
<td>£3,824,715</td>
<td>£1,169</td>
<td>£2,560,000</td>
<td>£782</td>
</tr>
<tr>
<td>4</td>
<td>Houses 35% affordable (Lower)</td>
<td>5</td>
<td>0.14</td>
<td>270</td>
<td>£1,255,519</td>
<td>£651</td>
<td>£900,000</td>
<td>£467</td>
</tr>
<tr>
<td>5</td>
<td>Houses 35% affordable (Middle)</td>
<td>5</td>
<td>0.14</td>
<td>270</td>
<td>£1,840,490</td>
<td>£954</td>
<td>£1,400,000</td>
<td>£726</td>
</tr>
<tr>
<td>6</td>
<td>Houses 35% affordable (Higher)</td>
<td>5</td>
<td>0.14</td>
<td>270</td>
<td>£2,128,312</td>
<td>£1,104</td>
<td>£1,650,000</td>
<td>£856</td>
</tr>
<tr>
<td>7</td>
<td>Houses 35% affordable (Lower)</td>
<td>50</td>
<td>1.43</td>
<td>2,970</td>
<td>£1,154,588</td>
<td>£556</td>
<td>£900,000</td>
<td>£433</td>
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<tr>
<td>8</td>
<td>Houses 35% affordable (Middle)</td>
<td>50</td>
<td>1.43</td>
<td>2,970</td>
<td>£1,720,112</td>
<td>£828</td>
<td>£1,400,000</td>
<td>£674</td>
</tr>
<tr>
<td>9</td>
<td>Houses 35% affordable (Higher)</td>
<td>50</td>
<td>1.43</td>
<td>2,970</td>
<td>£2,012,767</td>
<td>£969</td>
<td>£1,650,000</td>
<td>£794</td>
</tr>
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<td>10</td>
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<tr>
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<td>2.86</td>
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<td>£832</td>
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<tr>
<td>12</td>
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<td>5,850</td>
<td>£1,979,109</td>
<td>£968</td>
<td>£1,650,000</td>
<td>£807</td>
</tr>
</tbody>
</table>

### Table 6.7 Summary viability assessment, residential development, based on alternative affordable housing policy

<table>
<thead>
<tr>
<th>Ref</th>
<th>Scenario</th>
<th>Nº of dwellings</th>
<th>Site area (Ha)</th>
<th>Floorspace (Gross chargeable sq m)</th>
<th>Per ha</th>
<th>Per sq m</th>
<th>Benchmark land value (Per ha)</th>
<th>Overage (CIL ceiling)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Houses - 0% affordable (Lower)</td>
<td>4</td>
<td>0.11</td>
<td>360</td>
<td>£2,642,000</td>
<td>£807</td>
<td>£1,450,000</td>
<td>£443</td>
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<tr>
<td>2</td>
<td>Houses - 0% affordable (Middle)</td>
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<td>360</td>
<td>£3,062,454</td>
<td>£936</td>
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<tr>
<td>3</td>
<td>Houses - 0% affordable (Higher)</td>
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<td>0.11</td>
<td>360</td>
<td>£3,824,715</td>
<td>£1,169</td>
<td>£2,560,000</td>
<td>£782</td>
</tr>
<tr>
<td>4</td>
<td>Houses 35% affordable (Lower)</td>
<td>5</td>
<td>0.14</td>
<td>270</td>
<td>£1,255,519</td>
<td>£651</td>
<td>£900,000</td>
<td>£467</td>
</tr>
<tr>
<td>5</td>
<td>Houses 35% affordable (Middle)</td>
<td>5</td>
<td>0.14</td>
<td>270</td>
<td>£1,840,490</td>
<td>£954</td>
<td>£1,400,000</td>
<td>£726</td>
</tr>
<tr>
<td>6</td>
<td>Houses 35% affordable (Higher)</td>
<td>5</td>
<td>0.14</td>
<td>270</td>
<td>£2,128,312</td>
<td>£1,104</td>
<td>£1,650,000</td>
<td>£856</td>
</tr>
<tr>
<td>7</td>
<td>Houses 35% affordable (Lower)</td>
<td>50</td>
<td>1.43</td>
<td>2,970</td>
<td>£1,154,588</td>
<td>£556</td>
<td>£900,000</td>
<td>£433</td>
</tr>
<tr>
<td>8</td>
<td>Houses 35% affordable (Middle)</td>
<td>50</td>
<td>1.43</td>
<td>2,970</td>
<td>£1,720,112</td>
<td>£828</td>
<td>£1,400,000</td>
<td>£674</td>
</tr>
<tr>
<td>9</td>
<td>Houses 35% affordable (Higher)</td>
<td>50</td>
<td>1.43</td>
<td>2,970</td>
<td>£2,012,767</td>
<td>£969</td>
<td>£1,650,000</td>
<td>£794</td>
</tr>
<tr>
<td>10</td>
<td>Houses 35% affordable (Lower)</td>
<td>100</td>
<td>2.86</td>
<td>5,850</td>
<td>£1,138,434</td>
<td>£557</td>
<td>£900,000</td>
<td>£440</td>
</tr>
<tr>
<td>11</td>
<td>Houses 35% affordable (Middle)</td>
<td>100</td>
<td>2.86</td>
<td>5,850</td>
<td>£1,701,848</td>
<td>£832</td>
<td>£1,400,000</td>
<td>£684</td>
</tr>
<tr>
<td>12</td>
<td>Houses 35% affordable (Higher)</td>
<td>100</td>
<td>2.86</td>
<td>5,850</td>
<td>£1,979,109</td>
<td>£968</td>
<td>£1,650,000</td>
<td>£807</td>
</tr>
</tbody>
</table>

Source: RTP
The charging schedule

Assuming current affordable housing policy

6.43 As discussed earlier, both Government guidance and common sense indicate that charges should be below the maximum, or ceiling, which is estimated in the last column of Table 6.6. We wish to ensure that all development scenarios remain viable in each charging band. We have therefore recommended that the charge be set below the indicated CIL charging ceiling on the least viable development in each band.

6.44 The main reason for avoiding the maximum rate is that our estimates are surrounded by uncertainty. As noted earlier, while our appraisals relate to typical, or average, developments at the present time, in real life viability will vary widely across individual schemes and over time.

6.45 If charging rates were equal to the ceiling, there would be a high probability, or risk, that a large proportion of development would be rendered unviable by the charge.

6.46 The greater the gap between the ceiling and the charge, the smaller will be that risk. How great a risk is acceptable, is of course a matter of judgment. We have used our own professional judgment to arrive at our recommendations.

6.47 Assuming that the Council implements its current affordable housing policy, we recommend the following charges for the lower, medium and higher value zones for residential development.

<table>
<thead>
<tr>
<th>Development</th>
<th>CIL Charge (£ per sq m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential (high band)</td>
<td>£140</td>
</tr>
<tr>
<td>Residential (mid band)</td>
<td>£110</td>
</tr>
<tr>
<td>Residential (lower band)</td>
<td>£85</td>
</tr>
</tbody>
</table>

Source: RTP

Assuming alternative affordable housing policy

6.48 If the Council were to implement the alternative affordable housing policy, we would recommend the charging rates in Table 6.9 below. Like the rates at Table 6.8, and for the same reasons, these recommended rates are below the ceiling values estimated earlier.
Table 6.9 Recommended charging rates – alternative affordable housing policy

<table>
<thead>
<tr>
<th>Development</th>
<th>CIL Charge (£ per sq m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential (high band)</td>
<td>£180</td>
</tr>
<tr>
<td>Residential (mid band)</td>
<td>£150</td>
</tr>
<tr>
<td>Residential (lower band)</td>
<td>£110</td>
</tr>
</tbody>
</table>

Source: RTP

Comparison with earlier residential S106 contributions

6.49 Table 6.10 analyses WDC data to find the average S106 take per dwelling, and average levels of affordable housing obtained since 2005. The data provided incorporates the results of renegotiations on S106 levels which have in some cases taken place since the recession.

6.50 We should be wary of making direct comparisons between S106 and CIL receipts. For example, markets have changed since the bulk of these agreements were made; affordable housing grant policy has changed; and we are assuming in our CIL calculations that £1,700 will be available through site-specific S106 agreement. Each of these factors has a bearing on the levels of CIL available, and so affects a comparison with historical levels of S106 levied.

6.51 However, if we assume an average house size of 90 sq m, the lower rates of £85 / sq m will create CIL receipts of £7,650 per unit, which the table shows are broadly comparable with the average receipts historically obtained through Section 106. Overall receipts to the Council are likely to rise, given that CIL will apply to all residential developments, whether large or small.

6.52 The table shows that excluding the 100% social rented schemes, around 23% affordable housing was obtained through the S106 agreements undertaken. This is less than that assumed in our appraisals, which worked from the Core Strategy policy of 35% affordable housing and used various tenures.

Table 6.10 Residential S106 receipts (2005 onwards, incorporating subsequent renegotiations)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average affordable housing (excluding 100% social housing schemes)</td>
<td>23%</td>
</tr>
<tr>
<td>Average total £ per dwelling including affordable housing (based on all schemes including 100% social housing schemes)</td>
<td>£7,284</td>
</tr>
<tr>
<td>Average total £ per dwelling including affordable housing (excluding 100% social housing schemes)</td>
<td>£7,832</td>
</tr>
</tbody>
</table>
7 OFFICES

Market overview

7.1 The Employment Land Review found that the office markets in Wealden are predominantly reliant on local companies. There has been little inward investment due to relatively poor infrastructure and communications.\(^{58}\)

7.2 The study reports that there have been very few major office developments in North Wealden since the 1980s. Of the total office stock, it is estimated that only around 2% was completed since 2000. In South Wealden and Eastbourne the study estimated that only 3% of office stock was completed since 2000.\(^{59}\)

7.3 The office market in Wealden services small local firms, which is reflected in the low level of overall transactions and the small size of the majority of units taken. The study, found that the majority of buildings larger than 930 sq m occupied from 2003-2008 have been taken by public sector organisations.

7.4 The ELR found that rental levels in both north and south Wealden were not at the levels which would make speculative office development viable.\(^{60}\) Office markets have deteriorated over the past 5 years. Discussions with agents in Wealden indicate that there is a lack of demand from office occupiers throughout the size range. Property owners’ duty to pay business rates on empty property has driven down values on existing stock. This is apparent not only in Wealden but throughout Sussex. As an example, office space in Polegate is at £64 per sq m, and agents report that there are still no occupiers coming forward. The picture is similar in neighbouring areas. One agent quoted an example of a new scheme near Hastings. This accommodation has been completed for nearly 3 years and is still vacant.

Viability analysis

Scenarios tested

7.5 We have produced indicative development appraisals of hypothetical schemes, comprising a 929 sq m scheme, typical 2-3 storey business park style scheme.

Findings

7.6 We have included a detailed appraisal as an appendix.

The charging schedule

7.7 We conclude that, based on our research, office development is not viable. We therefore recommend that a CIL Charge should not be set for office floorspace.

\(^{58}\) Roger Tym & Partners & Cluttons for Wealden DC (2008) Employment Land Review (43,44)

\(^{59}\) Ibid (44)

\(^{60}\) Ibid (49,50)
7.8 Table 7.1 summarises the development appraisals for each area, at this stage assuming that no CIL is chargeable (for an explanation of the table format, see paragraph 6.41). The appraisals themselves are at Appendix 1 below.

7.9 We have produced an outline development appraisal based on current values, yields and development costs and concluded that the speculative office development produces a negative land value. The development therefore does not generate an overage that could be captured by CIL.

7.10 Viability is unlikely to be achieved in the short to medium term. We believe that some development may occur on traditional employment sites but this will be linked to specific user requirements, or through mixed use developments which incorporate office accommodation alongside other more viable uses such as residential or retail.

7.11 We have included a detailed appraisal as an appendix.

7.12 We conclude that, based on our research, office development is not viable. We therefore recommend that a CIL Charge should not be set for office floorspace.
### Table 7.1 Summary viability assessment, office development

<table>
<thead>
<tr>
<th>Ref</th>
<th>Zone</th>
<th>Site area</th>
<th>Floorspace sq m</th>
<th>Residual land value</th>
<th>Benchmark land value</th>
<th>Overage (CIL Ceiling)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Ha Gross (GA)</td>
<td>Net (NIA) Per ha</td>
<td>Per sq m (GIA) Per ha</td>
</tr>
<tr>
<td>9</td>
<td>Wealden</td>
<td>0.40</td>
<td>929</td>
<td>929</td>
<td>£2,074,883</td>
<td>-£893</td>
</tr>
</tbody>
</table>

Source: RTP
8 INDUSTRIAL AND WAREHOUSING

8.1 We have appraised industrial and warehouse space as a single use, covering use classes B1c (light industrial), B2 (general industrial) and B8 (warehousing and distribution). Most of the new space developed is likely to consist of small units, largely occupied by services and light industry rather than traditional manufacturing.

Market overview

8.2 Industrial/warehousing space in Wealden is concentrated in Uckfield (Bellbrook Industrial Estate and Ridgewood Industrial Estate). There is also a concentration in Hailsham, including the Diplocks Way and Station Road Industrial Estates, and to the west of Polegate where Chaucer Industrial Estate and Westham (Mountney Bridge and Potts Marsh Industrial Estates) are located. There are also smaller concentrations in the main centres of Crowborough (Farningham Road and Millbrook Industrial Estates), Heathfield (Station Road and Ghyll Road Industrial Estates), Wadhurst (Durgates Industrial Estate and Wadhurst Business Park) and Forest Row (Station Road Industrial Estate).

Viability analysis

8.3 Using the same approach as for housing, in this section we begin by assessing the viability of employment (B-class). We calculate the surplus land values, or overages, from which the levy may be paid.

8.4 Comparables are scarce, and there is little evidence of new build accommodation being brought forward in the current market.

8.5 However, we are aware of one historical scheme which is being developed out slowly in the area. This is the Chaucer Business Park in Polegate which is still under construction. This scheme is likely to have been planned and started during the pre-recessionary period of stronger demand, and must be finished if any value is to be realised by the developers. Now that schemes are coming to market during recession, demand is weak, meaning that there are lengthy delays in occupation.

Scenarios tested

8.6 We have produced indicative development appraisals of a hypothetical scheme, comprising a scheme of 3,500 sq m which could be potentially either let as a single unit or subdivided into smaller units.

Findings

8.7 The Employment Land Review written in 2008 suggested that it was generally considered necessary to achieve rents in excess of £7.50-£8.00 /sq ft for industrial space to make a development viable (assuming average costs). At the time of the Employment Land Review, rents in Wealden were generally below this, but rents in Uckfield suggested that
speculative industrial development was just becoming viable in the right locations. The market has declined since this peak and speculative industrial development is not viable.

8.8 The appraisal presented at Table 8.1 concludes that industrial/warehouse development in Wealden is generally not viable. There is therefore no potential for sustaining a CIL charge. (For an explanation of the table format, paragraph 6.41).

8.9 It is difficult for private sector developers to fund speculative space in this sector. The perceived higher risk of such developments and the relatively low returns will limit the potential for new development.

**The charging schedule**

8.10 We conclude that, based on our research, industrial / warehouse development is not viable. We therefore recommend that a CIL Charge should not be set for industrial / warehouse development.

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### Table 8.1 Summary viability assessment, industrial and warehousing development

<table>
<thead>
<tr>
<th>Ref</th>
<th>Zone</th>
<th>Nº of units</th>
<th>Site area</th>
<th>Floorspace</th>
<th>Residual land value</th>
<th>Benchmark land value</th>
<th>Overage (CIL Ceiling)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Ha</td>
<td>Total GIA sq m</td>
<td>Per ha</td>
<td>Per sq m</td>
<td>Per ha</td>
<td>Per sq m</td>
</tr>
<tr>
<td>10</td>
<td>Wealden</td>
<td>3.0</td>
<td>0.5</td>
<td>3,500</td>
<td>-£647,948</td>
<td>£430,000</td>
<td>-£1,077,948</td>
</tr>
</tbody>
</table>

Source: RTP
9 RETAIL

9.1 We have looked at both comparison and convenience retailing when developing our evidence and both in town and edge of town.

Defining retail categories

9.2 In this analysis of retail viability, we make an important distinction between convenience and comparison units. These distinctions are based on the definitions provided at Annex B of PPS4, which we have slightly reworded to fit the present context (the Annex B definition discussion applies to goods, but we wish to define the sales units in which those goods are sold).

9.3 In March 2012, PPS 4 was superseded by the National Planning Policy Framework (NPPF). The NPPF does not define different categories of retail goods. This does not cause difficulties for this study, because the definitions provided below do not rely on PPS4. We do not rely on PPS4 to support a particular policy stance, or use it to justify a particular definition. Instead, we use PPS4 as analytical support to help us clearly distinguish between particular types of retailing commonly observable in the marketplace, and to provide reassurance that these distinctions are not ours alone.

- A convenience unit is a shop or store selling mainly everyday essential items, including food, drinks, newspapers/magazines and confectionery.
- A comparison unit is a shop or store selling mainly goods which are not everyday essential items. Such items include clothing, footwear, household and recreational goods.

9.4 Some stores sell a mixture of convenience and comparison goods. In those instances, a store should be categorised as being having convenience or comparison status according to its main use (our definition above defines convenience and comparison units as shops or stores selling mainly these types of items). We have used this phrasing carefully, and in this have taken the lead from the way that PPS4 defines superstores.

9.5 Additional precision on the types of goods sold in convenience and comparison stores can be taken from Appendix A of the PPS4 companion document Practice guidance on need, impact and the sequential approach. It is worth noting that this document remains in use following the March 2012 introduction of the NPPF.

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63 DCLG (2009) Planning Policy Statement 4: Planning for Sustainable Economic Growth (27) Annex B provides the following definition. Superstores: Self-service stores selling mainly food, or food and non-food goods, usually with more than 2,500 square metres trading floorspace, with supporting car parking.

64 DCLG (2009) Practice guidance on need, impact and the sequential approach. Appendix A lists Convenience goods as follows: food and non-alcoholic beverages, Tobacco, Alcoholic beverages (off-trade), newspapers and periodicals, non-durable household goods. Appendix A lists Comparison goods as follows: Clothing materials & garments, Shoes & other footwear, Materials for maintenance & repair of dwellings, Furniture & furnishings; carpets & other floor coverings, Household textiles, Major household appliances, whether electric or not, Small electric household appliances, Tools & miscellaneous accessories, Glassware, tableware & household utensils, Medical goods & other pharmaceutical products,
9.6 The definitions provided above do not rely on PPS4, because we do not rely on PPS4 to support a particular policy stance, or use it to justify a particular definition. Rather, we use PPS4 as analytical support to help us clearly distinguish between particular types of retailing commonly observable in the marketplace, and to provide reassurance that these distinctions are not ours alone.

Market overview

Comparison retailing

9.7 Work by Deloitte on the future for retailing is pessimistic, suggesting that ‘reductions in store numbers of 30-40% are foreseeable over the next 3-5 years.’ The effects are seen to be increased vacancy rates, decreasing prime rents, and increasingly flexible rental terms, including shorter rental terms, lease free periods, shorter break clauses and monthly, as opposed to quarterly, rents. Other reports describe a similar picture.

9.8 Within the category of comparison retailing, it is possible to make a useful distinction between town centre high-street type retailing and edge of town centre shed-type retailing.

Town centre high-street type retailing

9.9 With the exception of Central London, town centre (high street) comparison retailing in the UK is in a period of transition. The majority of comparison retail-led regeneration schemes have stalled due to a combination of weak consumer demand, constraints on investment capital and poor retail occupier performance. There have been a number of insolvencies, and the traditional high-street operators are frequently struggling, particularly in secondary retail locations such as those in Wealden’s town centres. Colliers retail market report (Autumn 2011) states that ‘Secondary retail locations will continue to suffer as a result of the growing consumer trend of fewer shopping trips and the focus on the large retail destinations and online. Furthermore, daily/weekly shopping that would once have taken place in the local town centre is increasingly shifting to supermarkets, which now provide a wide range of comparison goods and services alongside the traditional convenience offer. Put simply, many towns do not need the same number of shops that historical trends justified and, thus, unless this outdated retail stock is converted into another use, the vitality of these town centres will continue to diminish’.

9.10 Developers in the sector have therefore being going through a process of redesigning existing schemes in order to make them deliverable in the current economic climate and more appropriate to future consumer demand. This has often involved reducing the scale of potential developments and targeting better quality, financially stable retail operators.

Therapeutic appliances & equipment, Bicycles, Recording media, Games, toys & hobbies; sport & camping equipment; musical instruments, Gardens, plants & flowers, Pets & related products, Books & stationery, Audio-visual, photographic and information processing equipment, Appliances for personal care, Jewellery, watches & clocks, Other personal effects.

66 Ibid (9)
67 Financial Times December 29 2011 UK retail insolvencies expected to soar
9.11 Our feedback from local agents is that Wealden’s town centres are struggling as a retail destination because of competition from other centres and a low tone of rents in comparison to other locations. Market sentiment is that new build comparison retailing development is not viable.

*Edge-of-town warehouse operations and retail parks*

9.12 Wealden tends not to have major out of town developments. Instead, Wealden has historically seen edge-of-town small warehouse operations.

9.13 Nationally, this type of warehouse operation (and larger retail parks) is performing better than in-town retailing. This is reflected in historical performance. The Portas report states that ‘Shoppers have been flocking out of town. This shows up starkly in the statistics – in the last decade the amount of out-of-town retail floorspace has risen by 30% while that in-town has fallen by 14%.’

9.14 While the long term trend suggests that out-of-town (and online) shopping is doing considerably better than in-town retail. The sector has had difficulties, with the failure of retailers such as Focus DIY and Allied Carpets, but the market is gradually reabsorbing vacant space. Colliers research reports that across the retail warehouse sector as a whole, vacancy rates improved slowly from 5.8% to 3.5% from 2010 to 2011.

9.15 Much depends on the specifics of any scheme. Colliers report that when well located, high quality sites ‘come to the market competition is fierce’, but this is not a consistent picture. Colliers research states that ‘added value can usually only be achieved by the construction of new rentalised space or substantial sub-division, creating a number of new smaller units that attract much higher rents per square foot’.

*Convenience retail*

9.16 Convenience retailing operates in a very different market segment to comparison retailing.

9.17 The convenience retail sector continues to perform well, with operators seeking to continually expand market share by the development of new store formats and the securing of prime locations both in town and out of town. IGD (international food and grocery analysts) state that the UK convenience sector is projected to increase sales by 5.8% per year to £42.6bn in 2015. Local Data Company analysis shows that Tesco, Morrisons and Waitrose are all opening, or planning to open, new stores. Morrisons in particular has announced plans to open 300 ‘M Local’ convenience stores across the UK by 2015.

These levels of activity nationally suggest that there may be applications for permission for this type of retail in future.

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70 Colliers (2011) *Midsummer Retail Report* (30)
71 Colliers (2011) *Midsummer Retail Report* (30)
72 http://www.globalstorefocus.com/cgi-bin/newsletter.pl?edition=201101&this_page=5
73 Local Data Company newsletter ‘A Week On The High Street’ Monday 6th February - Friday 10th February 2012
9.18 Within convenience retail, viability is remarkably insensitive to precise location. Data from CBRE shows that grocery viability is similar in locations throughout the UK with a premium being paid for schemes in London. There is very little investment adjustment (around 1% on yield) between major supermarket developments based on the transactional evidence for leases of similar length and terms.

9.19 Leases to the main supermarket operators (often with fixed uplifts) command premiums with investment institutions.

**Charging zones**

9.20 The analysis above suggests that a separate charging zone for convenience retail is not necessary, given that viability is not sensitive to precise location. However, we looked at different types of schemes which would be appropriate for town centres, and in edge of centre locations.

9.21 The situation for comparison retail is more equivocal. Different locations determine the type of comparison retail development likely: for example, it is impossible to imagine a retail warehouse with car park being given permission and developed in the retail core area of (say) Uckfield.

9.22 We therefore investigated the difference in viability between in-town comparison retail in Wealden town centres and edge-of-town comparison retail. When investigating viability with interviewees, it was not necessary to precisely define the boundaries of town centres and edge of centre developments with reference to a map. This was implicit, given the type of development we were investigating.

9.23 As we show below, the results of our viability testing determined our recommendations on the way that Wealden DC structure the retail charge.

**Viability analysis**

**Scenarios modelled**

9.24 We have produced indicative development appraisals of hypothetical schemes, comprising:

- Comparison retailing:
  - A 465 sq m in-town high street scheme,
  - A 929 sq m edge of town/out of town centre retail park type scheme.

- Convenience retailing:
  - a larger edge of town/out of town centre grocery store of 4,000 sq m;
  - an in-town Metro-style grocery store of 465 sq m scheme.

9.25 Table 9.1, Table 9.2, Table 9.3, and Table 9.4 summarise the development appraisals for each area, at this stage assuming that no CIL is chargeable. The appraisals themselves are at Appendix 1 below.
**Comparison retailing**

**Modelling the in-town high street comparison retail scheme**

9.26 It is difficult to model the viability of town centre retail development, as values are usually more sensitive to location, footfall patterns and sizes of unit than office or residential development. These patterns can lead to large variations in values – even on the same street. Our response is therefore to adopt ‘overall’ rental values to understand the broad potential range of comparison retail viability across Wealden town centres.

9.27 We gained particular market feedback on viability in Uckfield, which local interviewees felt was one of the stronger, if not the strongest, high street retail area in Wealden. It follows, therefore, that if a scheme is not viable in Uckfield, it will not be viable at any other town centre site in Wealden.

9.28 The results of our viability assessment are summarised in the table below. The theoretical maximum CIL charge is shown on the far right column of the table. The assessment shows a negative theoretical charge, reflecting the fact that the development is not viable. For an explanation of the table format, see paragraph 6.41.

Table 9.1 Summary viability assessment, in-town comparison retail development

<table>
<thead>
<tr>
<th>Zone</th>
<th>Site area Ha</th>
<th>Floorspace Sq m</th>
<th>Residual land value Per ha</th>
<th>Residual land value Per sq m</th>
<th>Benchmark land value Per ha</th>
<th>Benchmark land value Per sq m</th>
<th>Overage Per ha</th>
<th>Overage Per sq m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wealden Town Centres</td>
<td>0.08</td>
<td>465</td>
<td>£462,438</td>
<td>£80</td>
<td>£865,000</td>
<td>£149</td>
<td>-£402,562</td>
<td>-£69</td>
</tr>
</tbody>
</table>

Source: RTP

**Modelling the edge-of-centre retail park scheme**

9.29 Our approach was to look at how an edge-of-centre retail park type scheme might work using a cost of land typical for Wealden. There is no requirement to undertake different scenarios based on different locations around Wealden, because

- Land is not the most significant cost of these developments, which reduces the influence of location on viability;
- The planning system controls the location of these developments to areas which typically have roughly comparable land prices, which again reduces the influence of location on viability; and
- Occupier covenant (i.e. the financial strength of the occupier company) is frequently the most important component of viability in these developments. This factor is not spatially determined.

9.30 The results of our viability assessment are summarised in the table below. The theoretical maximum CIL charge is shown on the far right column of the table. For an explanation of the table format, see paragraph 6.41.

Table 9.2 Summary viability assessment, edge-of-town retail park comparison development

<table>
<thead>
<tr>
<th>Zone</th>
<th>Site area Ha</th>
<th>Floorspace Sq m</th>
<th>Residual land value Per ha</th>
<th>Residual land value Per sq m</th>
<th>Benchmark land value Per ha</th>
<th>Benchmark land value Per sq m</th>
<th>Overage Per ha</th>
<th>Overage Per sq m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wealden Retail Parks</td>
<td>0.40</td>
<td>929</td>
<td>£1,894,245</td>
<td>£729</td>
<td>£1,600,000</td>
<td>£689</td>
<td>-£94,245</td>
<td>-£41</td>
</tr>
</tbody>
</table>

Source: RTP
Viability modelling suggests that this type of development is relatively marginal, but does exist. Statutory guidance reminds Charging Authorities not to charge to the limits of viability (see paragraph 2.12 of this report), but as we have shown above in paragraph 2.5, it is for the Charging Authority to 'find the balance' between obtaining funding for infrastructure and not unduly depressing development viability on the majority of sites.

**Convenience retailing**

We have undertaken viability testing on convenience retailing. In both scenarios tested, we have concluded that convenience retailing is viable across the whole of Wealden.

There is no requirement to undertake different scenarios based on different locations around Wealden. This is again because the most significant determinant of convenience retail viability is occupier covenant. Although there are some small regional variations on yields, they remain generally strong with investors focussing primarily on the strength of the operator covenant and security of income. We would therefore suggest the evidence base for convenience retail can be approached on a wider regional or even national basis when justifying CIL charging.

The tables below summarise our appraisals. The theoretical maximum CIL charge is shown on the far right column of the tables below. For an explanation of the table format, see paragraph 6.41.

**Table 9.3 Summary viability assessment, convenience retail development (edge of town, large store scheme)**

<table>
<thead>
<tr>
<th>Zone</th>
<th>Site area (Ha)</th>
<th>Floorspace (Sq m)</th>
<th>Residual land value (Per ha)</th>
<th>Benchmark land value (Per ha)</th>
<th>Overage (CIL Ceiling) (Per ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wealden Large</td>
<td>0.80</td>
<td>4,000</td>
<td>£3,237,082</td>
<td>£2,470,000</td>
<td>£154</td>
</tr>
</tbody>
</table>

Source: RTP

**Table 9.4 Summary viability assessment, convenience retail development (in-town Metro type scheme)**

<table>
<thead>
<tr>
<th>Zone</th>
<th>Site area (Ha)</th>
<th>Floorspace (Sq m)</th>
<th>Residual land value (Per ha)</th>
<th>Benchmark land value (Per ha)</th>
<th>Overage (CIL Ceiling) (Per ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wealden In town Metro style</td>
<td>0.10</td>
<td>455</td>
<td>£2,078,000</td>
<td>£2,470,000</td>
<td>£109</td>
</tr>
</tbody>
</table>

Source: RTP

**The charging schedule**

The viability testing indicates that the following CIL charges are capable of being sustained in the District.

- Convenience retailing: the edge of town scheme can afford £154 per sq m, and the in-town scheme can afford £109 per sq m.
- Comparison retailing: the in-town scheme is unviable and the edge of town scheme can afford £41 per sq m.

We recommend the following rates for convenience and comparison retailing:
Table 9.5  Recommended retail charging rates

<table>
<thead>
<tr>
<th>Development</th>
<th>CIL Charge (£ per sq m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail – wholly or mainly convenience</td>
<td>£100</td>
</tr>
<tr>
<td>Retail – wholly or mainly comparison</td>
<td>£20</td>
</tr>
</tbody>
</table>

Source: RTP

9.37 The precise charge chosen is at the discretion of the Council. In coming to their decision, the Council will need to bear in mind the requirements set out by statutory guidance and regulations. These are summarised in paragraph 2.5 to 2.13.

9.38 This charging structure may appear at first sight to be counter-intuitive: although viability testing indicates that edge of town comparison development is viable, it also shows that comparison retailing in Wealden town centres is not viable. We explain our approach below.

**Explaining our approach to comparison retail charging**

9.39 Our approach has been informed by the following factors

- Firstly, we have referred to the retail policies in the Emerging Core Strategy and the associated evidence base;
- Secondly, our approach is informed by the principle that we should do no further harm to comparison uses. (Our evidence shows that comparison uses in town centres are non-viable);
- Thirdly, our approach is informed by the principle that CIL should have positive effects by raising funding for infrastructure.

**Retail policies**

9.40 The text regarding retail uses in the Core Strategy is carefully worded. The Core Strategy does not commit the council to planning for large amounts of additional retail floorspace (either comparison or convenience).

- The 2008 Shopping Study ‘acknowledges that the level of commercial demand for further floorspace in most of Wealden’s centres is relatively weak’,\(^{74}\) and came to relatively tentative conclusions that there was some justification for the provision of a limited amount of additional floorspace in Hailsham and Uckfield, that ‘the scale of such need is of an order that could be met through incremental improvements and/or the extension of existing stores in town centres where this may be possible during the plan period’.\(^{75}\)
- The 2010 Shopping Study Update pointed out that commercial demand for new non-food retail remained weak across Wealden\(^{76}\), but housing growth in Hailsham and Uckfield might lead to additional convenience and comparison growth ‘in or around the

---

\(^{74}\) Chase & Partners (2008) *WDC Interim Shopping Study* (66)

\(^{75}\) Chase & Partners (2008) *WDC Interim Shopping Study* (67)

\(^{76}\) Chase & Partners (2010) *Shopping Study 2010 Update* (30)
town centre\textsuperscript{77}. Conclusions were relatively tentative, with the report in our view sensibly noting that ‘there are inherent difficulties in projecting potential expenditure growth and then drawing firm conclusions about floorspace needs over such extended timescales.’\textsuperscript{78}

- Building on this evidence, the Core Strategy reiterates the Wealden District Council Shopping Study’s (2008) recommendation to make provision for retail development in Wealden towns.\textsuperscript{79} We note that development, in this context, can include change of use, or re-provision of existing space. It does not exclusively refer to the provision of new space.

- The Core Strategy discusses ‘reviewing’ and ‘enhancing’ shopping provision, especially in Uckfield and Hailsham; and ‘enhancing provision in District, Service, and Local Service Centres where appropriate’.\textsuperscript{80}

9.41 Based on our understanding of policy and the evidence base, neither emerging policy nor the evidence base appears to provide settled plans for the provision of large amounts of new build comparison retail across Wealden’s town centres, although there is clearly the flexibility for the provision of such space should it be required over the plan period.

\textit{The positive effects of the recommended comparison retail charge}

9.42 Our comparison retail CIL charge is set at a rate that is appropriate for edge-of-centre type comparison developments. As we have shown above, these are the types of retail comparison developments which are viable enough to come forward in future in Wealden, and are thus of a type expected by the Council. Because these developments are likely to be viable, a CIL charge has been recommended in order that these developments may contribute to infrastructure provision.

\textit{Doing no harm to unviable comparison uses in town centres}

9.43 While setting a CIL Charge would appear to be appropriate for edge-of-town centre comparison retail, it would have the apparent problem of rendering in-town comparison retailing even more unviable than it is currently.

9.44 However, this problem is more apparent than real, firstly because of the policy position set out at para 9.40 above, which does not strongly encourage new build comparison developments, and secondly because the CIL charge is not likely to do any harm to the prospects of town centre comparison uses. This for the following reasons:

- As our evidence suggests, town centre comparison retail is unlikely to take place in foreseeable market conditions. This means that the CIL charge is highly unlikely to depress rates of town centre comparison retail development: CIL does no harm, because development is unlikely to happen in the short or medium term anyway. From...

\textsuperscript{77} Chase & Partners (2010) \textit{Shopping Study 2010 Update} (27)
\textsuperscript{78} Chase & Partners (2010) \textit{Shopping Study 2010 Update} (12)
\textsuperscript{79} WDC Core Strategy August 2011 (web version) (17)
\textsuperscript{80} WDC Core Strategy August 2011 (web version) (17)
this narrow perspective, we are therefore entirely compliant with the statutory guidance. We note that statutory guidance states that the examiner should only step in if a CIL rate puts ‘at serious risk the overall development of the area…in considering whether the Development Plan and its targets have been put at serious risk, the examiner should only be concerned with whether the proposed CIL rate will make a material or significant difference to the level of that risk. It may be that the Development Plan and its targets would be at serious risk in the absence of CIL.’

- The second, and more important, reason is that we are doing no harm to Wealden town centres. This is because typical town centre comparison retail developments will be exempt from CIL charge. The typical pattern of change in Wealden town centres is that one shop will cease trading, and vacant premises will be taken over by a new enterprise. That enterprise may refit the shop, or even extend it by demolishing an existing outbuilding and rebuilding into that space. Alternatively, there may be a change of use from (say) a bank to a retail unit. Skilful drafting of the CIL Regulations and statutory guidance means that CIL will do no harm to these typical patterns of change, as follows.
  - CIL Regulations state that CIL is not payable on non-residential developments which create less than 100 sq m of floorspace.
  - CIL can only be levied on the net additional floorspace created by any given development scheme. Floorspace which replaces existing floorspace on the same site will be exempt from CIL.
  - Changes of use which take place in the same floorspace are not subject to CIL Charge, even if the new use belongs to a higher-value use than the old.

9.45 Therefore, to be caught under CIL to any significant extent, comparison retail developments would have to be in new net additional floorspace. In Wealden’s town centres, the creation of such space is currently not a likely scenario.

9.46 For these reasons, then, we believe that our suggested approach strikes the right balance between, firstly, complying with published plans, by avoiding further potential significant negative effects of charging CIL on already non-viable town centre comparison developments; and secondly through raising money for infrastructure to support development from viable uses. It is thus compliant with the regulations and statutory guidance.

---

81 DCLG (March 2010) CIL Charge Setting and charging schedule Procedures (6)
82 DCLG (Nov 2010) Community Infrastructure Levy – An Overview (para 39)
83 DCLG (Nov 2010) Community Infrastructure Levy – An Overview (para 39)
10 EDUCATION, HEALTH AND COMMUNITY FACILITIES

10.1 We see this category as including, but not necessarily being limited to:
- Schools, including free schools;
- Community facilities, including community halls, community arts centres, and libraries;
- Medical facilities; and
- Emergency services facilities.

Viability analysis

10.2 A number of these facilities may be delivered in the District over the plan period and would potentially occupy net additional floorspace (thereby creating development which is liable for CIL).

10.3 We do not recommend that the Council proposes to levy a CIL charge on these uses, for the following reasons.
- Completed developments of these types are not commercial in nature. They do not have a commercial value in themselves. They therefore do not create a residual site value. In other words, considered from a commercial perspective, such developments are not viable.
- Non-state education projects such as private schools generally have charitable status. They will therefore be exempt from CIL. There is therefore no point breaking out a separate charge in the schedule.

10.4 There is the exception of primary care facilities that are predominantly occupied by GPs. There is a commercial market for properties of this sort. We have analysed the price paid for completed investments across the country by specialist investments in the field and concluded that, again, the sites used are usually sourced on a preferential basis and the land values generated are not significant in most cases. It is possible that privately-funded BUPA-type health provision might be developed, but this is likely to be de minimis.

10.5 Given that these facilities are commonly not commercially-driven developments, it is considered that there can be no evidence to justify a change from the CIL charge for such uses. Indeed, there is simply no evidence to suggest that ‘value capture’ could be achieved from such uses which usually require public funding to be delivered.

The charging schedule

10.6 We recommend that a CIL Charge should not be set for these types of developments.
11 THE STANDARD CHARGE

11.1 In the chapters above, we have outlined the key development types that will be central to the delivery of the Core Strategy. Where relevant, we have then undertaken viability testing of these principal types of development that will come forward in future, and have shown that CIL charges at the stated levels will not render the main components of development unviable. We have therefore undertaken the tests required by the CIL Regulations.

11.2 The question now is how to use this analysis to help set a charge for development of peripheral uses that are not central to the delivery of the Core Strategy.

Our approach to peripheral uses

11.3 These peripheral types of development might be as diverse as scrapyards, laundrettes, youth hostels and so on. We have not undertaken individual viability testing of this range of possible uses, for the following reasons.

1. These uses are not critical to the delivery of the Core Strategy, and historical evidence suggests that they have not been particularly important in the past.
2. Because limited amounts of net new floorspace will be delivered in these categories, it is likely that only small amounts of CIL would be raised.
3. Frequently (in the case of, say, taxi offices and laundrettes) these uses will be in units smaller than 100 sq m, or in units which have been subject to a change of use. In these cases, they would not be liable for CIL.
4. Any robust viability assessment of these (often quite specialist) uses would be required to look at the interaction between a) the category of development and b) the type of business taking place in the building. It is not possible to anticipate the combinations of development category and business types accurately. Even if these combinations of development category and business activities could be accurately forecast, a robust viability assessment would need industry specific valuation expertise, which even then would be relatively speculative.

11.4 Individual viability testing for peripheral uses is therefore neither particularly feasible, nor particularly helpful.

Recommendations

11.5 While we have not undertaken individual viability testing for these peripheral uses, we can use the work carried out in this report on the principal development types to indicate the level of values which might be achievable by sui generis uses and other development not specifically covered in our research.

11.6 Of the sui generis uses, for example,

- Laundrettes, nightclubs, taxi businesses and amusement centres are likely to be in the same type of premises as small comparison uses and covering similar purchase or rental costs. (We note that these types of development are not particularly prevalent in Wealden now, nor are likely to be in future, but we mention them here in order to cover
unforeseen future scenarios). Mindful that the lowest of the recommended charges for comparison retail is zero, a precautionary approach here would suggest that a zero charging rate is appropriate.

- Scrapyards and the selling and/or displaying of motor vehicles are likely to occupy the same sorts of premises and locations as many B2 uses. Our work on light industrial therefore provides a guide to a sensible level of CIL charge which would suggest no charge is appropriate.

11.7 Based on the scale of charges assessed for the various peripheral uses we have tested, we recommend that a CIL charge is not set for other peripheral uses. This will apply to all uses not specified separately.
12 THE CIL CHARGING SCHEDULE

Introduction
12.1 In this section, we make recommendations on the content of a Preliminary Draft charging schedule.

Summary
12.2 Table 12.1 below summarises the recommended charges. Current affordable housing policy is used.

Table 12.1 Recommended charging rates for Wealden District Council CIL (£ per sq m) (using current affordable housing policy)

<table>
<thead>
<tr>
<th>Development</th>
<th>CIL Charge (£ per sq m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential (higher band)</td>
<td>£140</td>
</tr>
<tr>
<td>Residential (mid band)</td>
<td>£110</td>
</tr>
<tr>
<td>Residential (lower band)</td>
<td>£85</td>
</tr>
<tr>
<td>Retail – wholly or mainly convenience</td>
<td>£100</td>
</tr>
<tr>
<td>Retail – wholly or mainly comparison</td>
<td>£20</td>
</tr>
<tr>
<td>Standard Charge (applies to all development not separately defined)</td>
<td>£0</td>
</tr>
</tbody>
</table>

Source: RTP

12.3 If the Council chooses to adopt an affordable housing policy in its Strategic Sites DPD that reflects Government policy on the provision of affordable rent, then the potential CIL charge a scheme can pay will change. The new ‘affordable rent’ housing is more viable than social rented properties, and therefore the charge could be increased. Based on the summary table of appraisals in Table 6.7, the residential CIL charges could altered as shown in Table 12.2.

Table 12.2 Recommended charges for Wealden District Council based on alternative affordable housing scenario (£ per sq m) (based on alternative affordable housing policy)

<table>
<thead>
<tr>
<th>Development</th>
<th>CIL Charge (£ per sq m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential (higher band)</td>
<td>£180</td>
</tr>
<tr>
<td>Residential (mid band)</td>
<td>£150</td>
</tr>
<tr>
<td>Residential (lower band)</td>
<td>£110</td>
</tr>
</tbody>
</table>
12.4 Under either affordable housing policy, the residential band is geographically differentiated. These boundaries are shown in Figure 12.3.

12.5 There is no geographical differentiation for any other charge.

**Moving to a preliminary draft charging schedule**

12.6 We showed in section 2 that, in the words of the statutory guidance,

> ‘there is no requirement for a proposed rate to exactly mirror the evidence… there is room for some pragmatism.’

12.7 There is some potential scope for further simplification of the charging schedule. Non-residential and non-retail uses might be packaged together into a Standard Charge. These changes will be at the Council’s discretion.

---

84 DCLG CIL Charge Setting and charging schedule Procedures March 2010 (10)
Figure 12.3 Residential charging zone boundaries
APPENDIX 1

Development appraisals
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Development Appraisal

Wealden Resi - 4 Unit (No AH / Lower Value)

Report Date: 20 June 2012
**APPRAISAL SUMMARY**

**Wealden Resi - 4 Unit (No AH / Lower Value)**

Summary Appraisal for Phase 1

### REVENUE

<table>
<thead>
<tr>
<th>Sales Valuation</th>
<th>Units</th>
<th>m²</th>
<th>Rate m²</th>
<th>Unit Price</th>
<th>Gross Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Housing</td>
<td>4</td>
<td>360.00</td>
<td>£2,475.00</td>
<td>£222,750</td>
<td>891,000</td>
</tr>
</tbody>
</table>

### NET REALISATION

- **891,000**

### OUTLAY

#### ACQUISITION COSTS

- Residualised Price (0.11 Ha £2,642,435.84 pHect): **290,668**
- Stamp Duty: 4.00% | **11,627**
- Agent Fee: 1.00% | **2,907**
- Legal Fee: 0.50% | **1,453**

#### CONSTRUCTION COSTS

<table>
<thead>
<tr>
<th>Construction</th>
<th>m²</th>
<th>Rate m²</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Housing</td>
<td>360.00</td>
<td>£915.00</td>
<td>329,400</td>
</tr>
<tr>
<td>Contingency</td>
<td>5.00%</td>
<td>16,470</td>
<td></td>
</tr>
<tr>
<td>Site preparation</td>
<td>0.11 ha</td>
<td>200,000.00 /ha</td>
<td>22,000</td>
</tr>
<tr>
<td>Section 106 payments</td>
<td>4.00 un</td>
<td>1,700.00 /un</td>
<td>6,800</td>
</tr>
</tbody>
</table>

#### PROFESSIONAL FEES

- Professional Fees: 8.00% | **26,352**

#### MARKETING & LETTING

| Marketing            | 4.00 un | 1,000.00 /un | 4,000 |

#### DISPOSAL FEES

- Sales Agent Fee: 1.00% | **8,910**
- Sales Legal Fee: 0.50% | **4,455**

#### FINANCE

- Debit Rate 7.000% Credit Rate 0.000% (Nominal)
- Land: **12,689**
# APPRAISAL SUMMARY

Wealden Resi - 4 Unit (No AH / Lower Value)

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>4,769</td>
</tr>
<tr>
<td>Total Finance Cost</td>
<td>17,458</td>
</tr>
<tr>
<td><strong>TOTAL COSTS</strong></td>
<td>742,500</td>
</tr>
<tr>
<td><strong>PRORT</strong></td>
<td>148,500</td>
</tr>
</tbody>
</table>

## Performance Measures

- Profit on Cost%: 20.00%
- Profit on GDV%: 16.67%
- Profit on NDV%: 16.67%
- IRR: 60.80%
- Profit Erosion (finance rate 7.000%) 2 yrs 8 mths
Licensed Copy

Development Appraisal

Wealden Resi - 4 Unit (No AH/Middle Values)

Report Date: 07 June 2012
### Summary Appraisal for Phase 1

#### REVENUE

<table>
<thead>
<tr>
<th>Sales Valuation</th>
<th>Units</th>
<th>m²</th>
<th>Rate m²</th>
<th>Unit Price</th>
<th>Gross Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Housing</td>
<td>4</td>
<td>360.00</td>
<td>£2,800.00</td>
<td>£252,000</td>
<td>1,008,000</td>
</tr>
</tbody>
</table>

**NET REALISATION**

1,008,000

#### OUTLAY

**ACQUISITION COSTS**

- Residualised Price (0.11 Ha £3,062,654.75 pHect): 336,892
- Stamp Duty: 13,476
- Agent Fee: 3,369
- Legal Fee: 1,684

**CONSTRUCTION COSTS**

- Private Housing: 329,400
- Contingency: 16,470
- Site preparation: 22,000
- Section 106 payments: 6,800

**PROFESSIONAL FEES**

- Professional Fees: 26,352

**MARKETING & LETTING**

- Marketing: 4,000

**DISPOSAL FEES**

- Sales Agent Fee: 10,080
- Sales Legal Fee: 5,040
<table>
<thead>
<tr>
<th>FINANCE</th>
<th>TOTAL COSTS</th>
<th>PROFIT</th>
<th>Performance Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debit Rate</td>
<td>Land</td>
<td>Total Finance Cost</td>
<td>Profit on Costs%</td>
</tr>
<tr>
<td>7.000%</td>
<td>Construction</td>
<td>840,000</td>
<td>20.00%</td>
</tr>
<tr>
<td>Credit Rate</td>
<td></td>
<td>64,437</td>
<td>Profit on GDV%</td>
</tr>
<tr>
<td>0.000%</td>
<td></td>
<td>168,000</td>
<td>16.67%</td>
</tr>
</tbody>
</table>

Profit Erosion (finance rate 7.000%) 2 yrs 8 mths
Licensed Copy

Development Appraisal

Wealden Resi - 4 Unit (No AH/Higher Value)

Report Date: 07 June 2012
## APPRAISAL SUMMARY

**Wealden Resi - 4 Unit (No AH/Higher Value)**

### Summary Appraisal for Phase 1

#### REVENUE

<table>
<thead>
<tr>
<th></th>
<th>Units</th>
<th>m²</th>
<th>Rate m²</th>
<th>Unit Price</th>
<th>Gross Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Housing</td>
<td>4</td>
<td>360.00</td>
<td>£2,960.00</td>
<td>£266,400</td>
<td>1,065,600</td>
</tr>
</tbody>
</table>

**NET REALISATION**

1,065,600

#### OUTLAY

**ACQUISITION COSTS**

- Residualised Price (0.11 Ha £3,824,715.71 pHect) 420,719
- Stamp Duty 4.00% 16,829
- Agent Fee 1.00% 4,207
- Legal Fee 0.50% 2,104

**TOTAL ACQUISITION COSTS** 443,858

**CONSTRUCTION COSTS**

- Private Housing 360.00 £915.00 329,400
- Contingency 5.00% 16,470
- Site preparation 0.11 ha 200,000.00 /ha 22,000
- Section 106 payments 4.00 un 1,700.00 /un 6,800

**TOTAL CONSTRUCTION COSTS** 45,270

**PROFESSIONAL FEES**

- Professional Fees 8.00% 26,352

**MARKETING & LETTING**

- Marketing 4.00 un 1,000.00 /un 4,000

**TOTAL MARKETING & LETTING** 4,000

**DISPOSAL FEES**

- Sales Agent Fee 1.00% 10,656
- Sales Legal Fee 0.50% 5,328

**TOTAL DISPOSAL FEES** 15,984

**TOTAL OUTLAY**

443,858 + 45,270 + 26,352 + 4,000 = 499,482

**NET PROFIT**

1,065,600 - 499,482 = 566,118
Wealden Resi - 4 Unit (No AH/Higher Value)

FINANCE
Debit Rate 7.000% Credit Rate 0.000% (Nominal)
Land 18,367
Construction 4,769
Total Finance Cost 23,136

TOTAL COSTS 888,000

PROFIT 177,600

Performance Measures
Profit on Cost% 20.00%
Profit on GDV% 16.67%
Profit on NDV% 16.67%
IRR 55.81%
Profit Erosion (finance rate 7.000%) 2 yrs 8 mths
## Summary Appraisal for Phase 1

### REVENUE

<table>
<thead>
<tr>
<th>Sales Valuation</th>
<th>Units</th>
<th>m²</th>
<th>Rate m²</th>
<th>Unit Price</th>
<th>Gross Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Housing</td>
<td>3</td>
<td>270.00</td>
<td>£2,475.00</td>
<td>£222,750</td>
<td>668,250</td>
</tr>
<tr>
<td>Social Rent</td>
<td>1</td>
<td>90.00</td>
<td>£866.00</td>
<td>£77,940</td>
<td>77,940</td>
</tr>
<tr>
<td>Intermediate</td>
<td>1</td>
<td>90.00</td>
<td>£1,732.00</td>
<td>£155,880</td>
<td>155,880</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>5</td>
<td>450.00</td>
<td></td>
<td></td>
<td>902,070</td>
</tr>
</tbody>
</table>

### NET REALISATION

902,070

### OUTLAY

#### ACQUISITION COSTS

- Residualised Price (0.14 Ha £1,255,519.32 pHect) 175,773
- Stamp Duty 4.00% 7,031
- Agent Fee 1.00% 1,758
- Legal Fee 0.50% 879

185,440

#### CONSTRUCTION COSTS

<table>
<thead>
<tr>
<th>Construction</th>
<th>m²</th>
<th>Rate m²</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Housing</td>
<td>270.00</td>
<td>£915.00</td>
<td>247,050</td>
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<tr>
<td>Social Rent</td>
<td>90.00</td>
<td>£915.00</td>
<td>82,350</td>
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<tr>
<td>Intermediate</td>
<td>90.00</td>
<td>£915.00</td>
<td>82,350</td>
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<tr>
<td><strong>Totals</strong></td>
<td>450.00</td>
<td></td>
<td>411,750</td>
</tr>
</tbody>
</table>

- Contingency 5.00% 20,587
- Site preparation 0.14 ha 200,000.00 /ha 28,000
- Section 106 payments 4.00 un 1,700.00 /un 6,800

55,388

### PROFESSIONAL FEES

- Professional Fees 8.00% 32,940

32,940

---

File: J:\RTP_CURRENT\26493 Wealden CIL Testing Study (AC)\Appraisals\social rents - residential\Wealden - Residential 5 Houses @ 35% AH.wcfx

ARGUS Developer Version: 6.00.000

Date: 23/05/2012
### Wealden Resi - 5 Unit (35% AH/Lower Value)

#### MARKETING & LETTING

<table>
<thead>
<tr>
<th>Marketing</th>
<th>4.00 un</th>
<th>1,000.00 /un</th>
<th>4,000</th>
</tr>
</thead>
</table>

#### DISPOSAL FEES

| Sales Agent Fee | 1.00% | 9,021 |
| Sales Legal Fee  | 0.50% | 4,510 |

**Total Disposal Fees:** 13,531

#### FINANCE

- Debit Rate 7.000% Credit Rate 0.000% (Nominal)
- Land: 22,744
- Construction: 25,932
- **Total Finance Cost:** 48,676

#### TOTAL COSTS

751,725

#### PROFIT

150,345

#### Performance Measures

- Profit on Cost%: 20.00%
- Profit on GDV%: 16.67%
- Profit on NDV%: 16.67%
- IRR: 26.21%
- Profit Erosion (finance rate 7.000%): 2 yrs 8 mths
## Summary Appraisal for Phase 1

### REVENUE

<table>
<thead>
<tr>
<th>Sales Valuation</th>
<th>Units</th>
<th>m²</th>
<th>Rate m²</th>
<th>Unit Price</th>
<th>Gross Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Housing</td>
<td>3</td>
<td>270.00</td>
<td>£2,800.00</td>
<td>£252,000</td>
<td>756,000</td>
</tr>
<tr>
<td>Social Rent</td>
<td>1</td>
<td>90.00</td>
<td>£980.00</td>
<td>£88,200</td>
<td>88,200</td>
</tr>
<tr>
<td>Intermediate</td>
<td>1</td>
<td>90.00</td>
<td>£1,960.00</td>
<td>£176,400</td>
<td>176,400</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>5</strong></td>
<td><strong>450.00</strong></td>
<td></td>
<td><strong>1,020,600</strong></td>
<td></td>
</tr>
</tbody>
</table>

### NET REALISATION

1,020,600

### OUTLAY

**ACQUISITION COSTS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residualised Price (0.14 Ha £1,840,490.40 pHect)</td>
<td>257,669</td>
</tr>
<tr>
<td>Stamp Duty</td>
<td>10,307</td>
</tr>
<tr>
<td>Agent Fee</td>
<td>2,577</td>
</tr>
<tr>
<td>Legal Fee</td>
<td>1,288</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>271,840</td>
</tr>
</tbody>
</table>

**CONSTRUCTION COSTS**

<table>
<thead>
<tr>
<th>Construction</th>
<th>m²</th>
<th>Rate m²</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Housing</td>
<td>270.00</td>
<td>£915.00</td>
<td>247,050</td>
</tr>
<tr>
<td>Social Rent</td>
<td>90.00</td>
<td>£915.00</td>
<td>82,350</td>
</tr>
<tr>
<td>Intermediate</td>
<td>90.00</td>
<td>£915.00</td>
<td>82,350</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>450.00</strong></td>
<td><strong>£411,750</strong></td>
<td><strong>411,750</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingency</td>
<td>20,587</td>
</tr>
<tr>
<td>Site preparation</td>
<td>28,000</td>
</tr>
<tr>
<td>Section 106 payments</td>
<td>6,800</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>55,388</td>
</tr>
</tbody>
</table>

**PROFESSIONAL FEES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Fees</td>
<td>32,940</td>
</tr>
</tbody>
</table>

**MARKETING & LETTING**

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing</td>
<td>4,000</td>
</tr>
</tbody>
</table>

**DISPOSAL FEES**

1,020,600
### APPRAISAL SUMMARY

**Wealden Resi - 5 Units (35% AH- Mid Values)**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Agent Fee</td>
<td>1.00%</td>
<td>10,206</td>
</tr>
<tr>
<td>Sales Legal Fee</td>
<td>0.50%</td>
<td>5,103</td>
</tr>
</tbody>
</table>

**FINANCE**
- Debit Rate 7.000% Credit Rate 0.000% (Nominal)
- Land: 33,341
- Construction: 25,932
- Total Finance Cost: 59,273

**TOTAL COSTS**

850,500

**PROFIT**

170,100

**Performance Measures**

- Profit on Cost%: 20.00%
- Profit on GDV%: 16.67%
- Profit on NDV%: 16.67%
- IRR: 24.86%
- Profit Erosion (finance rate 7.000%): 2 yrs 8 mths
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Development Appraisal

Wealden Resi - 5 Units (35% AH-Higher Values)

Report Date: 23 May 2012
## Summary Appraisal for Phase 1

### REVENUE

<table>
<thead>
<tr>
<th>Sales Valuation</th>
<th>Units</th>
<th>m²</th>
<th>Rate m²</th>
<th>Unit Price</th>
<th>Gross Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Housing</td>
<td>3</td>
<td>270.00</td>
<td>£2,960.00</td>
<td>£266,400</td>
<td>799,200</td>
</tr>
<tr>
<td>Social Rent</td>
<td>1</td>
<td>90.00</td>
<td>£1,036.00</td>
<td>£93,240</td>
<td>93,240</td>
</tr>
<tr>
<td>Intermediate</td>
<td>1</td>
<td>90.00</td>
<td>£2,072.00</td>
<td>£186,480</td>
<td>186,480</td>
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<tr>
<td><strong>Totals</strong></td>
<td>5</td>
<td><strong>450.00</strong></td>
<td><strong>1,078,920</strong></td>
<td></td>
<td><strong>1,078,920</strong></td>
</tr>
</tbody>
</table>

### NET REALISATION

1,078,920

### OUTLAY

#### ACQUISITION COSTS

- Residualised Price (0.14 Ha £2,128,311.69 pHect): 297,964
- Stamp Duty: 4.00% 11,919
- Agent Fee: 1.00% 2,980
- Legal Fee: 0.50% 1,490

**Total Acquisition Costs:** 314,352

#### CONSTRUCTION COSTS

<table>
<thead>
<tr>
<th>Construction</th>
<th>m²</th>
<th>Rate m²</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Housing</td>
<td>270.00</td>
<td>£915.00</td>
<td>247,050</td>
</tr>
<tr>
<td>Social Rent</td>
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<td>82,350</td>
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<tr>
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<td>82,350</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>450.00</td>
<td><strong>411,750</strong></td>
<td><strong>411,750</strong></td>
</tr>
<tr>
<td>Contingency</td>
<td>5.00%</td>
<td>20,587</td>
<td></td>
</tr>
<tr>
<td>Site preparation</td>
<td>0.14 ha</td>
<td>200,000.00 /ha</td>
<td>28,000</td>
</tr>
<tr>
<td>Section 106 payments</td>
<td>4.00 un</td>
<td>1,700.00 /un</td>
<td>6,800</td>
</tr>
</tbody>
</table>

**Total Construction Costs:** 55,388

#### PROFESSIONAL FEES

- Professional Fees: 8.00% 32,940

**Total Outlay:**

32,940
Wealden Resi - 5 Units (35% AH-Higher Values)

MARKETING & LETTING

<table>
<thead>
<tr>
<th>Item</th>
<th>Quantity</th>
<th>Unit Cost</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing</td>
<td>4.00 un</td>
<td>1,000.00 /un</td>
<td>4,000</td>
</tr>
</tbody>
</table>

DISPOSAL FEES

<table>
<thead>
<tr>
<th>Fee Type</th>
<th>Percentage</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Sales Agent Fee</td>
<td>1.00%</td>
<td>10,789</td>
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<tr>
<td>Sales Legal Fee</td>
<td>0.50%</td>
<td>5,395</td>
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FINANCE

Debit Rate 7.000% Credit Rate 0.000% (Nominal)

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>38,555</td>
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<tr>
<td>Construction</td>
<td>25,932</td>
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<tr>
<td>Total Finance Cost</td>
<td>64,487</td>
</tr>
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</table>

TOTAL COSTS

899,100

PROFIT

179,820

Performance Measures

<table>
<thead>
<tr>
<th>Measure</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Profit on Cost%</td>
<td>20.00%</td>
</tr>
<tr>
<td>Profit on GDV%</td>
<td>16.67%</td>
</tr>
<tr>
<td>Profit on NDV%</td>
<td>16.67%</td>
</tr>
<tr>
<td>IRR</td>
<td>24.36%</td>
</tr>
<tr>
<td>Profit Erosion (finance rate 7.000%)</td>
<td>2 yrs 8 mths</td>
</tr>
</tbody>
</table>
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Development Appraisal

Houses

Wealden Resi - 50 Units (35% AH - Lower Values)

Report Date: 23 May 2012
### Summary Appraisal for Phase 1

#### REVENUE

<table>
<thead>
<tr>
<th></th>
<th>Units</th>
<th>m²</th>
<th>Rate m²</th>
<th>Unit Price</th>
<th>Gross Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Housing</td>
<td>33</td>
<td>2,970.00</td>
<td>£2,475.00</td>
<td>£222,750</td>
<td>7,350,750</td>
</tr>
<tr>
<td>Social Rent</td>
<td>14</td>
<td>1,260.00</td>
<td>£866.00</td>
<td>£77,940</td>
<td>1,091,160</td>
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<tr>
<td>Intermediate</td>
<td>3</td>
<td>270.00</td>
<td>£1,732.00</td>
<td>£155,880</td>
<td>467,640</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>50</strong></td>
<td><strong>4,500.00</strong></td>
<td></td>
<td></td>
<td><strong>8,909,550</strong></td>
</tr>
</tbody>
</table>

#### NET REALISATION

8,909,550

#### OUTLAY

**ACQUISITION COSTS**

- Residualised Price (1.43 Ha £1,154,588.38 pHect) 1,651,061
- Stamp Duty 4.00% 66,042
- Agent Fee 1.00% 16,511
- Legal Fee 0.50% 8,255

Total 1,741,870

**CONSTRUCTION COSTS**

<table>
<thead>
<tr>
<th></th>
<th>m²</th>
<th>Rate m²</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Housing</td>
<td>2,970.00</td>
<td>£915.00</td>
<td>2,717,550</td>
</tr>
<tr>
<td>Social Rent</td>
<td>1,260.00</td>
<td>£915.00</td>
<td>1,152,900</td>
</tr>
<tr>
<td>Intermediate</td>
<td>270.00</td>
<td>£915.00</td>
<td>247,050</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>4,500.00</strong></td>
<td></td>
<td><strong>4,117,500</strong></td>
</tr>
</tbody>
</table>

- Contingency 5.00% 205,875
- Site preparation 1.43 ha 200,000.00 /ha 286,000
- Section 106 payments 50.00 un 1,700.00 /un 85,000

Total 576,875

**PROFESSIONAL FEES**

Professional Fees 8.00% 329,400
## APPRAISAL SUMMARY

### Houses

Wealden Resi - 50 Units (35% AH - Lower Values) 329,400

### MARKETING & LETTING

<table>
<thead>
<tr>
<th>Item</th>
<th>Quantity</th>
<th>Unit Cost</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing</td>
<td>50.00</td>
<td>1,000.00</td>
<td>50,000</td>
</tr>
</tbody>
</table>

### DISPOSAL FEES

<table>
<thead>
<tr>
<th>Item</th>
<th>Percentage</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Agent Fee</td>
<td>1.00%</td>
<td>89,096</td>
</tr>
<tr>
<td>Sales Legal Fee</td>
<td>0.50%</td>
<td>44,548</td>
</tr>
</tbody>
</table>

133,643

### FINANCE

Debit Rate 7.000% Credit Rate 0.000% (Nominal)

- Land: 213,638
- Construction: 261,698
- Total Finance Cost: 475,336

### TOTAL COSTS

7,424,624

### PROFIT

1,484,926

### Performance Measures

<table>
<thead>
<tr>
<th>Measure</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit on Cost%</td>
<td>20.00%</td>
</tr>
<tr>
<td>Profit on GDV%</td>
<td>16.67%</td>
</tr>
<tr>
<td>Profit on NDV%</td>
<td>16.67%</td>
</tr>
<tr>
<td>IRR</td>
<td>26.43%</td>
</tr>
<tr>
<td>Profit Erosion (finance rate 7.000%)</td>
<td>2 yrs 8 mths</td>
</tr>
</tbody>
</table>

File: J:\RTP_CURRENT\26493 Wealden CIL Testing Study (AC)\Appraisals\social rents - residential\Wealden - Residential 50 Houses @ 35% AH.wcfx

ARGUS Developer Version: 6.00.000

Date: 23/05/2012
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Development Appraisal

Wealden Resi - 50 Units (35% AH- Mid Values)

Report Date: 20 June 2012
**APPRAISAL SUMMARY**

**Wealden Resi - 50 Units (35% AH - Mid Values)**

Summary Appraisal for Phase 1

**REVENUE**

<table>
<thead>
<tr>
<th>Sales Valuation</th>
<th>Units</th>
<th>m²</th>
<th>Rate m²</th>
<th>Unit Price</th>
<th>Gross Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Housing</td>
<td>33</td>
<td>2,970.00</td>
<td>£2,800.00</td>
<td>£252,000</td>
<td>8,316,000</td>
</tr>
<tr>
<td>Social Rent</td>
<td>14</td>
<td>1,260.00</td>
<td>£980.00</td>
<td>£88,200</td>
<td>1,234,800</td>
</tr>
<tr>
<td>Intermediate</td>
<td>3</td>
<td>270.00</td>
<td>£1,960.00</td>
<td>£176,400</td>
<td>529,200</td>
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<tr>
<td><strong>Totals</strong></td>
<td><strong>50</strong></td>
<td><strong>4,500.00</strong></td>
<td></td>
<td><strong>10,080,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

**NET REALISATION**

10,080,000

**OUTLAY**

**ACQUISITION COSTS**

- Residualised Price (1.43 Ha £1,720,112.14 pHect) 2,459,760
- Stamp Duty 4.00% 98,390
- Agent Fee 1.00% 24,598
- Legal Fee 0.50% 12,299

**CONSTRUCTION COSTS**

<table>
<thead>
<tr>
<th>Construction</th>
<th>m²</th>
<th>Rate m²</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Housing</td>
<td>2,970.00</td>
<td>£915.00</td>
<td>2,717,550</td>
</tr>
<tr>
<td>Social Rent</td>
<td>1,260.00</td>
<td>£915.00</td>
<td>1,152,900</td>
</tr>
<tr>
<td>Intermediate</td>
<td>270.00</td>
<td>£915.00</td>
<td>247,050</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>4,500.00</strong></td>
<td></td>
<td><strong>4,117,500</strong></td>
</tr>
</tbody>
</table>

- Contingency 5.00% 205,875
- Site preparation 1.43 ha 200,000.00 /ha 286,000
- Section 106 payments 50.00 un 1,700.00 /un 85,000

**PROFESSIONAL FEES**

- Professional Fees 8.00% 329,400

**MARKETING & LETTING**

- Marketing 50.00 un 1,000.00 /un 50,000

**DISPOSAL FEES**

**NET REALISATION**

10,080,000

**OUTLAY**

ACQUISITION COSTS

- Residualised Price (1.43 Ha £1,720,112.14 pHect)
- Stamp Duty 4.00%
- Agent Fee 1.00%
- Legal Fee 0.50%

**CONSTRUCTION COSTS**

- Private Housing 2,970.00:
- Social Rent 1,260.00:
- Intermediate 270.00:
- Contingency 5.00%
- Site preparation 1.43 ha:
- Section 106 payments 50.00 un:

**PROFESSIONAL FEES**

- Professional Fees 8.00%

**MARKETING & LETTING**

- Marketing 50.00 un:

**DISPOSAL FEES**

ARGUS Developer Version: 6.00.000

Date: 20/06/2012
### APPRAISAL SUMMARY

<table>
<thead>
<tr>
<th>Sales Agent Fee</th>
<th>1.00%</th>
<th>100,800</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Legal Fee</td>
<td>0.50%</td>
<td>50,400</td>
</tr>
</tbody>
</table>

**FINANCE**

- Debit Rate: 7.000%
- Credit Rate: 0.000% (Nominal)

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>318,280</td>
</tr>
<tr>
<td>Construction</td>
<td>261,698</td>
</tr>
<tr>
<td>Total Finance Cost</td>
<td>579,978</td>
</tr>
</tbody>
</table>

**TOTAL COSTS**

8,400,000

**PROFIT**

1,680,000

**Performance Measures**

- Profit on Cost%: 20.00%
- Profit on GDV%: 16.67%
- Profit on NDV%: 16.67%
- IRR: 25.03%
- Profit Erosion (finance rate 7.000%): 2 yrs 8 mths

---

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Date: 20/06/2012
Licensed Copy

Development Appraisal

Wealden Resi -50 Units (35% AH-Higher Value)

Report Date: 23 May 2012
### Summary Appraisal for Phase 1

#### REVENUE

<table>
<thead>
<tr>
<th>Sales Valuation</th>
<th>Units</th>
<th>m²</th>
<th>Rate m²</th>
<th>Unit Price</th>
<th>Gross Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Housing</td>
<td>33</td>
<td>2,970</td>
<td>£2,970</td>
<td>£267,300</td>
<td>8,820,900</td>
</tr>
<tr>
<td>Social Rent</td>
<td>14</td>
<td>1,260</td>
<td>£1,036</td>
<td>£93,240</td>
<td>1,305,360</td>
</tr>
<tr>
<td>Intermediate</td>
<td>3</td>
<td>270</td>
<td>£2,072</td>
<td>£186,480</td>
<td>559,440</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>50</strong></td>
<td><strong>4,500</strong></td>
<td></td>
<td></td>
<td><strong>10,685,700</strong></td>
</tr>
</tbody>
</table>

**NET REALISATION**

10,685,700

#### OUTLAY

**ACQUISITION COSTS**

- Residualised Price (1.43 Ha £2,012,766.54 pHect) 2,878,256
- Stamp Duty 4.00% 115,130
- Agent Fee 1.00% 28,783
- Legal Fee 0.50% 14,391

3,036,560

**CONSTRUCTION COSTS**

<table>
<thead>
<tr>
<th>Construction</th>
<th>m²</th>
<th>Rate m²</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Housing</td>
<td>2,970</td>
<td>£915.00</td>
<td>2,717,550</td>
</tr>
<tr>
<td>Social Rent</td>
<td>1,260</td>
<td>£915.00</td>
<td>1,152,900</td>
</tr>
<tr>
<td>Intermediate</td>
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<td><strong>Totals</strong></td>
<td><strong>4,500</strong></td>
<td></td>
<td><strong>4,117,500</strong></td>
</tr>
<tr>
<td>Contingency</td>
<td>5.00%</td>
<td></td>
<td>205,875</td>
</tr>
<tr>
<td>Site preparation</td>
<td>1.43 ha</td>
<td>200,000.00 /ha</td>
<td>286,000</td>
</tr>
<tr>
<td>Section 106 payments</td>
<td>50.00 un</td>
<td>1,700.00 /un</td>
<td>85,000</td>
</tr>
</tbody>
</table>

576,875

**PROFESSIONAL FEES**

Professional Fees 8.00% 329,400

329,400
Wealden Resi -50 Units (35% AH-Higher Value)

MARKETING & LETTING
Marketing  50.00 un  1,000.00 /un  50,000

DISPOSAL FEES
Sales Agent Fee  1.00%  106,857
Sales Legal Fee  0.50%  53,429
160,286

FINANCE
Debit Rate 7.000% Credit Rate 0.000% (Nominal)
Land  372,431
Construction  261,698
Total Finance Cost  634,129

TOTAL COSTS  8,904,749

PROFIT  1,780,951

Performance Measures
Profit on Cost%  20.00%
Profit on GDV%  16.67%
Profit on NDV%  16.67%
IRR  24.48%
Profit Erosion (finance rate 7.000%)  2 yrs 8 mths
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Development Appraisal

Wealden Resi - 100 Units (35% AH- Lower Value)

Report Date: 23 May 2012
Wealden Resi - 100 Units (35% AH- Lower Value)

Summary Appraisal for Phase 1

**REVENUE**

<table>
<thead>
<tr>
<th>Sales Valuation</th>
<th>Units</th>
<th>m²</th>
<th>Rate m²</th>
<th>Unit Price</th>
<th>Gross Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Housing</td>
<td>65</td>
<td>5,850.00</td>
<td>£2,475.00</td>
<td>£222,750</td>
<td>14,478,750</td>
</tr>
<tr>
<td>Social Rent</td>
<td>28</td>
<td>2,520.00</td>
<td>£866.00</td>
<td>£77,940</td>
<td>2,182,320</td>
</tr>
<tr>
<td>Intermediate</td>
<td>7</td>
<td>630.00</td>
<td>£1,732.00</td>
<td>£155,880</td>
<td>1,091,160</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>100</strong></td>
<td><strong>9,000.00</strong></td>
<td><strong>14,478,750</strong></td>
<td><strong>17,752,230</strong></td>
<td></td>
</tr>
</tbody>
</table>

**NET REALISATION**  
17,752,230

**OUTLAY**

**ACQUISITION COSTS**
- Residualised Price (2.86 Ha £1,138,433.70 pHect): 3,255,920
- Stamp Duty: 4.00% 130,237
- Agent Fee: 1.00% 32,559
- Legal Fee: 0.50% 16,280

**CONSTRUCTION COSTS**
- Private Housing: 5,850.00 m² £915.00 5,352,750
- Social Rent: 2,520.00 m² £915.00 2,305,800
- Intermediate: 630.00 m² £915.00 576,450

**Contingency**  
5.00% 411,750

**Site preparation**  
2.86 ha 200,000.00 /ha 572,000

**Section 106 payments**  
100.00 un 1,700.00 /un 170,000

**TOTAL**  
8,235,000

**PROFESSIONAL FEES**
- Professional Fees: 8.00% 658,800

**TOTAL OUTLAY**  
1,153,750

**TOTAL REALISATION**  
17,752,230

File: J:\RTP_CURRENT\26493 Wealden CIL Testing Study (AC)\Appraisals\social rents - residential\Wealden - Residential 100 Houses @ 35% AH.wcfx  
ARGUS Developer Version: 6.00.000

Date: 23/05/2012
### Appraisal Summary

**Wealden Resi - 100 Units (35% AH- Lower Value)**

#### Marketing & Letting

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>Unit Cost</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing</td>
<td>100.00</td>
<td>1,000.00 /un</td>
<td>100,000</td>
</tr>
</tbody>
</table>

#### Disposal Fees

- **Sales Agent Fee**: 1.00% of 177,522 = 177,522
- **Sales Legal Fee**: 0.50% of 88,761 = 88,761

Total Disposal Fees: 266,283

#### Finance

- **Debit Rate**: 7.000%
- **Credit Rate**: 0.000%

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>421,298</td>
</tr>
<tr>
<td>Construction</td>
<td>523,396</td>
</tr>
<tr>
<td>Total Finance Cost</td>
<td>944,694</td>
</tr>
</tbody>
</table>

**Total Costs**: 14,793,524

**Profit**: 2,958,706

#### Performance Measures

- **Profit on Cost%**: 20.00%
- **Profit on GDV%**: 16.67%
- **Profit on NDV%**: 16.67%
- **IRR**: 26.48%
- **Profit Erosion (finance rate 7.000%)**: 2 yrs 8 mths
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Development Appraisal

Wealden Resi - 100 Units (35% AH-Mid Values)

Report Date: 20 June 2012
**APPRAISAL SUMMARY**

**Wealden Resi - 100 Units (35% AH-Mid Values)**

Summary Appraisal for Phase 1

### REVENUE

<table>
<thead>
<tr>
<th>Sales Valuation</th>
<th>Units</th>
<th>m²</th>
<th>Rate m²</th>
<th>Unit Price</th>
<th>Gross Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Housing</td>
<td>65</td>
<td>5,850.00</td>
<td>£2,800.00</td>
<td>£252,000</td>
<td>16,380,000</td>
</tr>
<tr>
<td>Social Rent</td>
<td>28</td>
<td>2,520.00</td>
<td>£980.00</td>
<td>£88,200</td>
<td>2,469,600</td>
</tr>
<tr>
<td>Intermediate</td>
<td>7</td>
<td>630.00</td>
<td>£1,960.00</td>
<td>£176,400</td>
<td>1,234,800</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>100</strong></td>
<td><strong>9,000.00</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
<td><strong>20,084,400</strong></td>
</tr>
</tbody>
</table>

### NET REALISATION

20,084,400

### OUTLAY

**ACQUISITION COSTS**
- Residualised Price (2.86 Ha £1,701,848.42 pHect) 4,867,286
- Stamp Duty 4.00% 194,691
- Agent Fee 1.00% 48,673
- Legal Fee 0.50% 24,336

**CONSTRUCTION COSTS**
- Private Housing 5,850.00 £915.00 5,352,750
- Social Rent 2,520.00 £915.00 2,305,800
- Intermediate 630.00 £915.00 576,450

**Contingency** 5.00% 411,750

**Site preparation** 2.86 ha 200,000.00 /ha 572,000

**Section 106 payments** 100.00 un 1,700.00 /un 170,000

**TOTALS** 8,235,000

**PROFESSIONAL FEES**
- Professional Fees 8.00% 658,800

**MARKETING & LETTING**
- Marketing 100.00 un 1,000.00 /un 100,000

**DISPOSAL FEES**
**APPRAISAL SUMMARY**

### Wealden Resi - 100 Units (55% AH-Mid Values)

<table>
<thead>
<tr>
<th>Description</th>
<th>Fee/Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Agent Fee</td>
<td>1.00%</td>
<td>200,844</td>
</tr>
<tr>
<td>Sales Legal Fee</td>
<td>0.50%</td>
<td>100,422</td>
</tr>
</tbody>
</table>

**FINANCE**
- Debit Rate 7.000% Credit Rate 0.000% (Nominal)
- Land: 629,800
- Construction: 523,396
- Total Finance Cost: 1,153,196
- Total Finance Cost: 301,266

**TOTAL COSTS**: 16,737,000

**PROFIT**: 3,347,400

### Performance Measures

<table>
<thead>
<tr>
<th>Measure</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit on Cost%</td>
<td>20.00%</td>
</tr>
<tr>
<td>Profit on GDV%</td>
<td>16.67%</td>
</tr>
<tr>
<td>Profit on NDV%</td>
<td>16.67%</td>
</tr>
<tr>
<td>IRR</td>
<td>25.06%</td>
</tr>
</tbody>
</table>

**Profit Erosion (finance rate 7.000%)**: 2 yrs 8 mths
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Development Appraisal
Wealden Resi - 100 Units (35% AH-Higher Value)
Report Date: 23 May 2012
## APPRAISAL SUMMARY

Wealden Resi - 100 Units (35% AH-Higher Value)

Summary Appraisal for Phase 1

### REVENUE

<table>
<thead>
<tr>
<th>Sales Valuation</th>
<th>Units</th>
<th>m²</th>
<th>Rate m²</th>
<th>Unit Price</th>
<th>Gross Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Housing</td>
<td>65</td>
<td>5,850.00</td>
<td>£2,960.00</td>
<td>£266,400</td>
<td>17,316,000</td>
</tr>
<tr>
<td>Social Rent</td>
<td>28</td>
<td>2,520.00</td>
<td>£1,036.00</td>
<td>£93,240</td>
<td>2,610,720</td>
</tr>
<tr>
<td>Intermediate</td>
<td>7</td>
<td>630.00</td>
<td>£2,072.00</td>
<td>£186,480</td>
<td>1,305,360</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>100</strong></td>
<td><strong>9,000.00</strong></td>
<td></td>
<td></td>
<td><strong>21,232,080</strong></td>
</tr>
</tbody>
</table>

### NET REALISATION

21,232,080

### OUTLAY

#### ACQUISITION COSTS

- Residualised Price (2.86 Ha £1,979,109.12 pHect) 5,660,252
- Stamp Duty 4.00% 226,410
- Agent Fee 1.00% 56,603
- Legal Fee 0.50% 28,301

5,971,566

#### CONSTRUCTION COSTS

<table>
<thead>
<tr>
<th>Construction</th>
<th>m²</th>
<th>Rate m²</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Housing</td>
<td>5,850.00</td>
<td>£915.00</td>
<td>5,352,750</td>
</tr>
<tr>
<td>Social Rent</td>
<td>2,520.00</td>
<td>£915.00</td>
<td>2,305,800</td>
</tr>
<tr>
<td>Intermediate</td>
<td>630.00</td>
<td>£915.00</td>
<td>576,450</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>9,000.00</strong></td>
<td></td>
<td><strong>8,235,000</strong></td>
</tr>
</tbody>
</table>

5.00% 411,750

Site preparation 2.86 ha 200,000.00 /ha 572,000

Section 106 payments 100.00 un 1,700.00 /un 170,000

1,153,750

#### PROFESSIONAL FEES

- Professional Fees 8.00% 658,800

658,800

File: J:\RTP_CURRENT\26493 Wealden CIL Testing Study (AC)\Appraisals\social rents - residential\Wealden - Residential 100 Houses @ 35% AH - Higher Values.wcfx

ARGUS Developer Version: 6.00.000 Date: 23/05/2012
## MARKETING & LETTING

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing</td>
<td>100.00 un</td>
<td>1,000.00 /un</td>
<td>100,000</td>
</tr>
</tbody>
</table>

## DISPOSAL FEES

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Agent Fee</td>
<td>1.00%</td>
<td>212,321</td>
</tr>
<tr>
<td>Sales Legal Fee</td>
<td>0.50%</td>
<td>106,160</td>
</tr>
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</table>

### Total Disposal Fees

318,481

## FINANCE

Debit Rate 7.000% Credit Rate 0.000% (Nominal)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>732,406</td>
</tr>
<tr>
<td>Construction</td>
<td>523,396</td>
</tr>
<tr>
<td>Total Finance Cost</td>
<td>1,255,802</td>
</tr>
</tbody>
</table>

## TOTAL COSTS

17,693,399

## PROFIT

3,538,681

### Performance Measures

- Profit on Cost%: 20.00%
- Profit on GDV%: 16.67%
- Profit on NDV%: 16.67%
- IRR: 24.54%
- Profit Erosion (finance rate 7.000%): 2 yrs 8 mths
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Development Appraisal

Wealden Offices - 929 sq m

Report Date: 07 June 2012
Wealden Offices - 929 sq m

Summary Appraisal for Phase 1

REVENUE

Rental Area Summary

<table>
<thead>
<tr>
<th>Units</th>
<th>789.68</th>
<th>£129.17</th>
<th>£102,003</th>
<th>102,003</th>
<th>102,003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office space</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Investment Valuation

<table>
<thead>
<tr>
<th>Office space</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Rent</td>
</tr>
<tr>
<td>(0yrs 9mths Rent Free)</td>
</tr>
</tbody>
</table>

GROSS DEVELOPMENT VALUE

<table>
<thead>
<tr>
<th>1,128,812</th>
</tr>
</thead>
</table>

Purchaser's Costs

<table>
<thead>
<tr>
<th>5.75%</th>
<th>(64,907)</th>
</tr>
</thead>
</table>

NET DEVELOPMENT VALUE

<table>
<thead>
<tr>
<th>1,063,905</th>
</tr>
</thead>
</table>

NEGATIVE LAND ALLOWANCE

<table>
<thead>
<tr>
<th>Residualised Price</th>
<th>829,953</th>
</tr>
</thead>
</table>

NET REALISATION

<table>
<thead>
<tr>
<th>1,893,859</th>
</tr>
</thead>
</table>

OUTLAY

ACQUISITION COSTS

<table>
<thead>
<tr>
<th>Negative Land Allowance</th>
<th>(829,953)</th>
</tr>
</thead>
</table>

CONSTRUCTION COSTS

<table>
<thead>
<tr>
<th>Office space</th>
<th>929.03</th>
<th>£1,344.95</th>
<th>1,249,499</th>
</tr>
</thead>
</table>

Contingency

<table>
<thead>
<tr>
<th>5.00%</th>
<th>62,475</th>
</tr>
</thead>
</table>

File: J:\RTP_CURRENT\26493 Wealden CIL Testing Study (AC)\Appraisals\Final appraisals\Current affordable housing policy (argus and pdf)\Argus Appraisals (current policy)\Wealden Offices - (929 sqm).wcfx

ARGUS Developer Version: 6.00.000
Date: 07/06/2012
## Wealden Offices - 929 sq m

### Other Construction

<table>
<thead>
<tr>
<th>Item</th>
<th>%</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Construction</td>
<td>5.00%</td>
<td>62,475</td>
</tr>
</tbody>
</table>

### Professional Fees

<table>
<thead>
<tr>
<th>Item</th>
<th>%</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Fees</td>
<td>8.00%</td>
<td>104,958</td>
</tr>
</tbody>
</table>

### Marketing & Letting

<table>
<thead>
<tr>
<th>Item</th>
<th>%</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing</td>
<td>10.00%</td>
<td>10,000</td>
</tr>
<tr>
<td>Letting Agent Fee</td>
<td>10.00%</td>
<td>10,200</td>
</tr>
<tr>
<td>Letting Legal Fee</td>
<td>5.00%</td>
<td>5,100</td>
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### Disposal Fees

<table>
<thead>
<tr>
<th>Item</th>
<th>%</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Agent Fee</td>
<td>1.00%</td>
<td>10,639</td>
</tr>
<tr>
<td>Sales Legal Fee</td>
<td>0.50%</td>
<td>5,320</td>
</tr>
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</table>

### Additional Costs

<table>
<thead>
<tr>
<th>Item</th>
<th>%</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debit Rate</td>
<td>7.000%</td>
<td>Credit Rate</td>
</tr>
<tr>
<td>Land</td>
<td>(35,886)</td>
<td>Construction</td>
</tr>
<tr>
<td>Letting Void</td>
<td>48,012</td>
<td></td>
</tr>
<tr>
<td>Total Finance Cost</td>
<td>57,549</td>
<td></td>
</tr>
</tbody>
</table>

### Total Costs

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL COSTS</td>
<td>1,578,215</td>
</tr>
</tbody>
</table>

### Profit

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROFIT</td>
<td>315,643</td>
</tr>
</tbody>
</table>

### Performance Measures

<table>
<thead>
<tr>
<th>Item</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit on Cost%</td>
<td>20.00%</td>
</tr>
<tr>
<td>Profit on GDV%</td>
<td>27.96%</td>
</tr>
<tr>
<td>Profit on NDV%</td>
<td>29.67%</td>
</tr>
<tr>
<td>Development Yield% (on Rent)</td>
<td>6.46%</td>
</tr>
</tbody>
</table>

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ARGUS Developer Version: 6.00.000
Date: 07/06/2012
## APPRAISAL SUMMARY

**Wealden Offices - 929 sq m**

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equivalent Yield% (Nominal)</td>
<td>8.50%</td>
</tr>
<tr>
<td>Equivalent Yield% (True)</td>
<td>8.97%</td>
</tr>
<tr>
<td>IRR</td>
<td>N/A</td>
</tr>
<tr>
<td>Rent Cover</td>
<td>3 yrs 1 mth</td>
</tr>
<tr>
<td>Profit Erosion (finance rate 7.000%)</td>
<td>2 yrs 8 mths</td>
</tr>
</tbody>
</table>
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Development Appraisal

Wealden Industrial - 3,500 sq m

Report Date: 07 June 2012
Wealden Industrial - 3,500 sq m

Summary Appraisal for Phase 1

REVENUE

Rental Area Summary

<table>
<thead>
<tr>
<th>Units</th>
<th>m²</th>
<th>Rate</th>
<th>Initial MRV/Unit</th>
<th>Net Rent at Sale</th>
<th>Initial MRV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial</td>
<td>1</td>
<td>3,500.03</td>
<td>£80.73</td>
<td>£282,557</td>
<td>282,557</td>
</tr>
</tbody>
</table>

Investment Valuation

<table>
<thead>
<tr>
<th>Industrial</th>
<th>282,557</th>
<th>YP @ 8.5000%</th>
<th>11.7647</th>
</tr>
</thead>
<tbody>
<tr>
<td>(0yrs 5mths Unexpired Rent Free)</td>
<td>PV 0yrs 5mths @ 8.5000%</td>
<td>0.9666</td>
<td>3,213,109</td>
</tr>
</tbody>
</table>

GROSS DEVELOPMENT VALUE 3,213,109

Purchaser's Costs 5.75% (184,754)

NET DEVELOPMENT VALUE 3,028,355

NEGATIVE LAND ALLOWANCE

Residualised Price 323,974

NET REALISATION 3,352,329

OUTLAY

ACQUISITION COSTS

Negative Land Allowance (323,974)

CONSTRUCTION COSTS

<table>
<thead>
<tr>
<th>Construction</th>
<th>m²</th>
<th>Rate</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial</td>
<td>3,500.03</td>
<td>£599.98</td>
<td>2,099,948</td>
</tr>
<tr>
<td>Contingency</td>
<td>5.00%</td>
<td>104,997</td>
<td>104,997</td>
</tr>
</tbody>
</table>

File: J:\RTP\CURRENT\26493 Wealden CIL Testing Study (AC)\Appraisals\Final appraisals\Current affordable housing policy (argus and pdf)\Argus Appraisals (current policy)\Wealden Industrial - (3,500 sqm).wcfx

ARGUS Developer Version: 6.00.000

Date: 07/06/2012
APPRAISAL SUMMARY

Wealden Industrial - 3,500 sq m
Other Construction
  Other Construction 5.00% 104,997 104,997

PROFESSIONAL FEES
  Architect 8.00% 176,396 176,396

MARKETING & LETTING
  Marketing 15,000
  Letting Agent Fee 10.00% 28,256
  Letting Legal Fee 5.00% 14,128 57,384

DISPOSAL FEES
  Sales Agent Fee 1.00% 30,284
  Sales Legal Fee 5,000 35,284

FINANCE
  Debit Rate 7.000% Credit Rate 0.000% (Nominal)
  Land (13,783)
  Construction 55,168
  Letting Void 159,345
  Other 13,872
  Total Finance Cost 214,602

TOTAL COSTS 2,793,608

PROFIT 558,721

Performance Measures
  Profit on Cost% 20.00%
  Profit on GDV% 17.39%
  Profit on NDV% 18.45%
  Development Yield% (on Rent) 10.11%
  Equivalent Yield% (Nominal) 8.50%
<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equivalent Yield% (True)</td>
<td>8.97%</td>
</tr>
<tr>
<td>IRR</td>
<td>23.72%</td>
</tr>
<tr>
<td>Rent Cover</td>
<td>1 yr 12 mths</td>
</tr>
<tr>
<td>Profit Erosion (finance rate 7.000%)</td>
<td>2 yrs 8 mths</td>
</tr>
</tbody>
</table>
Development Appraisal

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Wealden - Town Centre Comparison Retail - 465 sqm

Town Centre High Street

Report Date: 07 June 2012
Town Centre High Street
Wealden - Town Centre Comparison Retail - 465 sqm

Summary Appraisal for Phase 1

REVENUE

Rental Area Summary

<table>
<thead>
<tr>
<th>Units</th>
<th>m²</th>
<th>Rate m²</th>
<th>Initial MRV/Unit</th>
<th>Net Rent at Sale</th>
<th>Initial MRV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>1</td>
<td>464.98</td>
<td>£161.46</td>
<td>£75,076</td>
<td>75,076</td>
</tr>
</tbody>
</table>

Investment Valuation

Retail

<table>
<thead>
<tr>
<th>Current Rent</th>
<th>YP @ 9.0000%</th>
<th>11.1111</th>
<th>834,174</th>
</tr>
</thead>
</table>

GROSS DEVELOPMENT VALUE

Purchaser's Costs 5.75% (47,965)

NET DEVELOPMENT VALUE 786,209

NET REALISATION 786,209

OUTLAY

ACQUISITION COSTS

Residualised Price (0.08 Ha £461,940.53 pHect) 36,955

Agent Fee 1.00% 370

Legal Fee 0.50% 185

37,510

CONSTRUCTION COSTS

Retail

<table>
<thead>
<tr>
<th>Construction</th>
<th>m²</th>
<th>Rate m²</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>464.98</td>
<td>£925.05</td>
<td>430,130</td>
</tr>
</tbody>
</table>

Contingency 5.00% 21,506

Other Construction 5.00% 21,506

File: J:\RTP_CURRENT\26493 Wealden CIL Testing Study (AC)\Appraisals\Final appraisals\Current affordable housing policy (argus and pdf)\Argus Appraisals (current policy)\Wealden Comparison Retail - Town Centre - (465 sqm).wcfx

ARGUS Developer Version: 6.00.000

Date: 07/06/2012
### APPRAISAL SUMMARY

**Town Centre High Street**  
**Wealden - Town Centre Comparison Retail - 465 sqm**

#### PROFESSIONAL FEES
- Professional Fees: 8.00% = 36,131

#### MARKETING & LETTING
- Marketing: 25,000  
- Letting Agent Fee: 10.00% = 7,508  
- Letting Legal Fee: 5.00% = 3,754

#### DISPOSAL FEES
- Sales Agent Fee: 1.00% = 7,862  
- Sales Legal Fee: 0.50% = 3,931

#### FINANCE
- Debit Rate: 7.000%  
- Credit Rate: 0.000% (Nominal)

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>2,465</td>
</tr>
<tr>
<td>Construction</td>
<td>15,637</td>
</tr>
<tr>
<td>Letting Void</td>
<td>42,235</td>
</tr>
<tr>
<td><strong>Total Finance Cost</strong></td>
<td><strong>60,336</strong></td>
</tr>
</tbody>
</table>

#### TOTAL COSTS
**655,174**

#### PROFIT
**131,035**

#### Performance Measures
- Profit on Cost%: 20.00%  
- Profit on GDV%: 15.71%  
- Profit on NDV%: 16.67%  
- Development Yield% (on Rent): 11.46%  
- Equivalent Yield% (Nominal): 9.00%  
- Equivalent Yield% (True): 9.53%
APPRAISAL SUMMARY

Town Centre High Street
Wealden - Town Centre Comparison Retail - 465 sqm

IRR 20.72%

Rent Cover 1 yr 9 mths
Profit Erosion (finance rate 7.000%) 2 yrs 8 mths
Summary Appraisal for Phase 1

REVENUE

<table>
<thead>
<tr>
<th>Rental Area Summary</th>
<th>Units</th>
<th>m²</th>
<th>Rate m²</th>
<th>Initial MRV/Unit</th>
<th>Net Rent at Sale</th>
<th>Initial MRV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>1</td>
<td>929.00</td>
<td>£247.57</td>
<td>£229,993</td>
<td>£229,993</td>
<td>£229,993</td>
</tr>
</tbody>
</table>

Investment Valuation

| Retail | Current Rent | 229,993 | YP @ 9.0000% | 11.1111 | 2,555,473 |

GROSS DEVELOPMENT VALUE 2,555,473

Purchaser's Costs 5.75% (146,940)

NET DEVELOPMENT VALUE 2,408,533

NET REALISATION 2,408,533

OUTLAY

ACQUISITION COSTS

| Residualised Price (0.40 Ha £1,694,244.40 pHect) | 677,698 |
| Agent Fee | 1.00% | 6,777 |
| Legal Fee | 0.50% | 3,388 |

CONSTRUCTION COSTS

<table>
<thead>
<tr>
<th>Construction</th>
<th>m²</th>
<th>Rate m²</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>929.00</td>
<td>£925.05</td>
<td>859,371</td>
</tr>
</tbody>
</table>

Contingency 5.00% 42,969

Other Construction 5.00% 42,969
## APPRAISAL SUMMARY

**Retail Park Scheme**

**Wealden- Retail Park - Comparison Retail - 929 sq m**

### PROFESSIONAL FEES
- **Professional Fees**: 8.00% 72,187

### MARKETING & LETTING
- **Marketing**: 25,000
- **Letting Agent Fee**: 10.00% 22,999
- **Letting Legal Fee**: 5.00% 11,500

### DISPOSAL FEES
- **Sales Agent Fee**: 1.00% 24,085
- **Sales Legal Fee**: 0.50% 12,043

### FINANCE
- **Debit Rate 7.000% Credit Rate 0.000% (Nominal)**
  - **Land**: 45,202
  - **Construction**: 31,241
  - **Letting Void**: 129,681
- **Total Finance Cost**: 206,125

### TOTAL COSTS
- **2,007,111**

### PROFIT
- **401,422**

### Performance Measures
- **Profit on Cost%**: 20.00%
- **Profit on GDV%**: 15.71%
- **Profit on NDV%**: 16.67%
- **Development Yield% (on Rent)**: 11.46%
- **Equivalent Yield% (Nominal)**: 9.00%
- **Equivalent Yield% (True)**: 9.53%
<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Park Scheme</td>
<td></td>
</tr>
<tr>
<td>Wealden - Retail Park - Comparison Retail - 929 sq m</td>
<td></td>
</tr>
<tr>
<td>IRR</td>
<td>19.24%</td>
</tr>
<tr>
<td>Rent Cover</td>
<td>1 yr 9 mths</td>
</tr>
<tr>
<td>Profit Erosion (finance rate 7.000%)</td>
<td>2 yrs 8 mths</td>
</tr>
</tbody>
</table>
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Development Appraisal

Wealden Convenience Retail - 4,000 sq m

Report Date: 14 November 2012
Summary Appraisal for Phase 1

REVENUE

Rental Area Summary

<table>
<thead>
<tr>
<th>Units</th>
<th>m²</th>
<th>Rate m²</th>
<th>Initial MRV/Unit</th>
<th>Net Rent at Sale</th>
<th>Initial MRV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience Retail</td>
<td>1</td>
<td>4,000.00</td>
<td>£180.00</td>
<td>£720,000</td>
<td>£720,000</td>
</tr>
</tbody>
</table>

Investment Valuation

Convenience Retail

Market Rent

- 720,000 YP @ 7.5000% = 13,333

PV @ 7.5000% = 0.9645

PV 0yrs 6mths = 9,259,062

GROSS DEVELOPMENT VALUE = 9,259,062

Purchaser's Costs

- 5.75% = (532,396)

NET DEVELOPMENT VALUE = 8,726,666

NET REALISATION = 8,726,666

OUTLAY

ACQUISITION COSTS

- Residualised Price (0.80 Ha £3,237,682.43 pHect) = 2,590,146
- Stamp Duty 5.00% = 129,507
- Agent Fee 1.00% = 25,901
- Legal Fee 0.50% = 12,951

Total = 2,758,505

CONSTRUCTION COSTS

- Construction
  - Convenience Retail
    - m² = 4,000.00
    - Rate m² = £800.00
    - Cost = £3,200,000

- Contingency 5.00% = 160,000

Total = 3,200,000

Other Construction
APPRAISAL SUMMARY

Wealden Convenience Retail - 4,000 sq m

Other Construction 10.00% 320,000
Misc section 106 10,000 330,000

PROFESSIONAL FEES
Professional Fees 8.00% 281,600

MARKETING & LETTING
Letting Agent Fee 10.00% 72,000
Letting Legal Fee 5.00% 36,000 108,000

DISPOSAL FEES
Sales Agent Fee 1.00% 87,267
Sales Legal Fee 0.50% 43,633 130,900

FINANCE
Debit Rate 7.000% Credit Rate 0.000% (Nominal)
Land 181,273
Construction 121,943 303,216

TOTAL COSTS 7,272,221

PROFIT 1,454,445

Performance Measures
Profit on Cost% 20.00%
Profit on GDV% 15.71%
Profit on NDV% 16.67%
Development Yield% (on Rent) 9.90%
Equivalent Yield% (Nominal) 7.50%
Equivalent Yield% (True) 7.87%

IRR 37.48%
Wealden Convenience Retail - 4,000 sq m

Rent Cover  2 yrs
Profit Erosion (finance rate 7.000%)  2 yrs 8 mths
**Summary Appraisal for Phase 1**

### Revenue

**Rental Area Summary**

<table>
<thead>
<tr>
<th>Units</th>
<th>m²</th>
<th>Rate m²</th>
<th>Initial MRV/Unit</th>
<th>Net Rent at Sale</th>
<th>Initial MRV</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Convenience Retail</td>
<td>1</td>
<td>465.00</td>
<td>£180.00</td>
<td>£83,700</td>
<td>83,700</td>
</tr>
</tbody>
</table>

### Investment Valuation

**Convenience Retail**

- **Market Rent**: 83,700 YP @ 7.5000% = 13.3333
- **PV 0yrs 6mths Rent Free**: 0.9645 @ 7.5000% = 1,076,366

**GROSS DEVELOPMENT VALUE**: 1,076,366

**Purchaser's Costs**: 5.75% (61,891)

**NET DEVELOPMENT VALUE**: 1,014,475

**NET REALISATION**: 1,014,475

### Outlay

**ACQUISITION COSTS**

- Residualised Price (0.10 Ha £2,976,195.61 pHect): 297,620
- Stamp Duty: 5.00% (14,881)
- Agent Fee: 1.00% (2,976)
- Legal Fee: 0.50% (1,488)

**CONSTRUCTION COSTS**

- Convenience Retail: 465.00 m² @ £800.00 = £372,000
- Contingency: 5.00% (18,600)

**Other Construction**

File: J:\RTP_CURRENT\26493 Wealden CIL Testing Study (AC)\Appraisals\Final appraisals\Appraisals issued in Argus\Non resi\Wealden Convenience Retail - (465 sqm).wcfx

ARGUS Developer Version: 6.00.000

Date: 14/11/2012
## APPRAISAL SUMMARY

**Wealden Convenience Retail - 465 sq m**

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Percentage</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Construction</td>
<td>10.00%</td>
<td>37,200</td>
</tr>
<tr>
<td>Misc section 106</td>
<td>5.00%</td>
<td>5,000</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>42,200</td>
</tr>
</tbody>
</table>

**PROFESSIONAL FEES**

<table>
<thead>
<tr>
<th>Fees</th>
<th>Percentage</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Fees</td>
<td>8.00%</td>
<td>32,736</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>32,736</td>
</tr>
</tbody>
</table>

**MARKETING & LETTING**

<table>
<thead>
<tr>
<th>Fee</th>
<th>Percentage</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Letting Agent Fee</td>
<td>10.00%</td>
<td>8,370</td>
</tr>
<tr>
<td>Letting Legal Fee</td>
<td>5.00%</td>
<td>4,185</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>12,555</td>
</tr>
</tbody>
</table>

**DISPOSAL FEES**

<table>
<thead>
<tr>
<th>Fee</th>
<th>Percentage</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Agent Fee</td>
<td>1.00%</td>
<td>10,145</td>
</tr>
<tr>
<td>Sales Legal Fee</td>
<td>0.50%</td>
<td>5,072</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>15,217</td>
</tr>
</tbody>
</table>

**FINANCE**

- Debit Rate: 7.000%
- Credit Rate: 0.000% (Nominal)

<table>
<thead>
<tr>
<th>Type</th>
<th>Percentage</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td></td>
<td>20,829</td>
</tr>
<tr>
<td>Construction</td>
<td></td>
<td>14,294</td>
</tr>
<tr>
<td>Total Finance Cost</td>
<td></td>
<td>35,123</td>
</tr>
</tbody>
</table>

**TOTAL COSTS**

| Total       | 845,396    |

**PROFIT**

| Total       | 169,079    |

**Performance Measures**

- Profit on Cost%: 20.00%
- Profit on GDV%: 15.71%
- Profit on NDV%: 16.67%
- Development Yield% (on Rent): 9.90%
- Equivalent Yield% (Nominal): 7.50%
- Equivalent Yield% (True): 7.87%
- IRR: 37.59%

File: J:\RTP_CURRENT\26493 Wealden CIL Testing Study (AC)\Appraisals\Final appraisals\Appraisals issued in Argus\Non res\Wealden Convenience Retail - (465 sqm).wcfx

ARGUS Developer Version: 6.00.000

Date: 14/11/2012
Wealden Convenience Retail - 465 sq m

Rent Cover  2 yrs
Profit Erosion (finance rate 7.000%)  2 yrs 8 mths
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Development Appraisal

Alternative Affordable Housing Policy

Wealden Resi - 50 Units (35% AH - Lower Values)

Report Date: 07 June 2012
Alternative Affordable Housing Policy  
Wealden Resi - 50 Units (35% AH - Lower Values)

Summary Appraisal for Phase 1

**REVENUE**

<table>
<thead>
<tr>
<th>Sales Valuation</th>
<th>Units</th>
<th>m²</th>
<th>Rate m²</th>
<th>Unit Price</th>
<th>Gross Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Housing</td>
<td>33</td>
<td>2,970.00</td>
<td>£2,475.00</td>
<td>£222,750</td>
<td>7,350,750</td>
</tr>
<tr>
<td>Social Rent</td>
<td>7</td>
<td>630.00</td>
<td>£866.00</td>
<td>£77,940</td>
<td>545,580</td>
</tr>
<tr>
<td>Intermediate</td>
<td>3</td>
<td>270.00</td>
<td>£1,732.00</td>
<td>£155,880</td>
<td>467,640</td>
</tr>
<tr>
<td>Affordable Rent</td>
<td>7</td>
<td>630.00</td>
<td>£1,238.00</td>
<td>£111,420</td>
<td>779,940</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>50</strong></td>
<td><strong>4,500.00</strong></td>
<td></td>
<td></td>
<td><strong>9,143,910</strong></td>
</tr>
</tbody>
</table>

**NET REALISATION**  
9,143,910

**OUTLAY**

**ACQUISITION COSTS**

- Residualised Price (1.43 Ha £1,285,612.66 pHect): £1,838,426
- Stamp Duty: 4.00% £73,537
- Agent Fee: 1.00% £18,384
- Legal Fee: 0.50% £9,192

**CONSTRUCTION COSTS**

<table>
<thead>
<tr>
<th>Construction</th>
<th>m²</th>
<th>Rate m²</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Housing</td>
<td>2,970.00</td>
<td>£915.00</td>
<td>£2,717,550</td>
</tr>
<tr>
<td>Social Rent</td>
<td>630.00</td>
<td>£915.00</td>
<td>576,450</td>
</tr>
<tr>
<td>Intermediate</td>
<td>270.00</td>
<td>£915.00</td>
<td>247,050</td>
</tr>
<tr>
<td>Affordable Rent</td>
<td>630.00</td>
<td>£915.00</td>
<td>576,450</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>4,500.00</strong></td>
<td><strong>4,117,500</strong></td>
<td><strong>4,117,500</strong></td>
</tr>
<tr>
<td>Contingency</td>
<td>5.00%</td>
<td></td>
<td>205,875</td>
</tr>
<tr>
<td>Site preparation</td>
<td>1.43 ha</td>
<td>200,000.00 /ha</td>
<td>286,000</td>
</tr>
<tr>
<td>Section 106 payments</td>
<td>43.00 un</td>
<td>1,700.00 /un</td>
<td>73,100</td>
</tr>
</tbody>
</table>

**Contingency**  
5.00%  
205,875

**Site preparation**  
1.43 ha  
200,000.00 /ha  
286,000

**Section 106 payments**  
43.00 un  
1,700.00 /un  
73,100

564,975

File: J:\RTP_CURRENT\26493 Wealden CIL Testing Study (AC)\Appraisals\Final appraisals\Amended Affordable housing policy 50 and 100 units (argus and pdf)\Wealden - Residential 50 House Alternatives - Affordable Housing Policy - 50 units - Lower Values - Amended - 07062012.wcfx

ARGUS Developer Version: 6.00.000  
Date: 07/06/2012
## APPRAISAL SUMMARY

### Alternative Affordable Housing Policy
**Wealden Resi - 50 Units (35% AH - Lower Values)**

### PROFESSIONAL FEES

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Fees</td>
<td>8.00%</td>
<td>329,400</td>
</tr>
</tbody>
</table>

### MARKETING & LETTING

<table>
<thead>
<tr>
<th>Service</th>
<th>Quantity</th>
<th>Rate</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing</td>
<td>33.00 un</td>
<td>1,000.00 /un</td>
<td>33,000</td>
</tr>
</tbody>
</table>

### DISPOSAL FEES

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Agent Fee</td>
<td>1.00%</td>
<td>91,439</td>
</tr>
<tr>
<td>Sales Legal Fee</td>
<td>0.50%</td>
<td>45,720</td>
</tr>
</tbody>
</table>

### FINANCE

- **Debit Rate 7.000% Credit Rate 0.000% (Nominal)**
  - Land: 237,882
  - Construction: 260,468

### TOTAL FINANCE COST

- **Total Finance Cost**: 498,351

### TOTAL COSTS

- **Total Costs**: 7,619,924

### PROFIT

- **Profit**: 1,523,986

### Performance Measures

- **Profit on Cost%**: 20.00%
- **Profit on GDV%**: 16.67%
- **Profit on NDV%**: 16.67%

- **IRR**: 26.02%

- **Profit Erosion (finance rate 7.000%)**: 2 yrs 8 mths

---

File: J:\RTP_CURRENT\26493 Wealden CIL Testing Study (AC)\Appraisals\Final appraisals\Amended Affordable housing policy 50 and 100 units (argus and pdf)\Wealden - Residential 50 Houses @ 35% AH - new.shp.wcfx

ARGUS Developer Version: 6.00.000

Date: 07/06/2012
APPENDIX 2

The relationship between CIL and Section 106
Table 1 Assumptions on how development impacts are paid for (S106 and CIL)

<table>
<thead>
<tr>
<th>Impact mitigation issue</th>
<th>Likely to be sought through S106/ S278/ S36 after CIL in place?</th>
<th>Likely to be sought through CIL?</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open space</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private residential amenity space</td>
<td>Possibly, depending on circumstances</td>
<td>No</td>
<td>Immediate requirements typically included in permission as an integral part of development. In infrequent cases where separate assurances are necessary, S106.</td>
</tr>
<tr>
<td>Park provision</td>
<td>No</td>
<td>Yes</td>
<td>Common town centre park provision would be shared by new and existing developments. This type of strategic investment would be suitable for CIL.</td>
</tr>
<tr>
<td>Built environment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public realm improvements</td>
<td>No</td>
<td>Possibly, if strategic</td>
<td>Immediate requirements included in permission as an integral part of development as a condition. More strategic contributions unlikely to pass new S106 legislative tests so should be sought through CIL.</td>
</tr>
<tr>
<td>Safety measures</td>
<td>No</td>
<td>Possibly, if strategic</td>
<td>as above</td>
</tr>
<tr>
<td>Landscape</td>
<td>No</td>
<td>Possibly, if strategic</td>
<td>as above</td>
</tr>
<tr>
<td>Archaeology</td>
<td>No</td>
<td>No</td>
<td>Dealt with by condition. Unlikely to be considered infrastructure, so unlikely to be paid for by CIL.</td>
</tr>
<tr>
<td>Housing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affordable housing</td>
<td>Yes</td>
<td>No</td>
<td>Method for affordable housing dealt with separately</td>
</tr>
<tr>
<td>Community and leisure facilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>Very infrequently in Wealden.</td>
<td>Yes. CIL provides LEA with greater flexibility to respond to circumstances.</td>
<td>Depends on pattern of development. If there are large numbers of small sites, then funding best sought outside S106 in order to avoid developer challenge and maximise delivery flexibility. Alternatively, large single developments able to support major infrastructure would be most straightforwardly delivered through S106.</td>
</tr>
<tr>
<td>Sports and recreation</td>
<td>Very infrequently in Wealden.</td>
<td>Yes. CIL provides Council with greater flexibility to respond to circumstances.</td>
<td>as above</td>
</tr>
<tr>
<td>Play space</td>
<td>Very infrequently in Wealden.</td>
<td>Yes. CIL provides Council with greater flexibility to respond to circumstances.</td>
<td>as above</td>
</tr>
<tr>
<td>Impact mitigation issue</td>
<td>Likely to be sought through S106/ S278/ S36 after CIL in place?</td>
<td>Likely to be sought through CIL?</td>
<td>Notes</td>
</tr>
<tr>
<td>-------------------------</td>
<td>---------------------------------------------------------------</td>
<td>---------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Health</td>
<td>Very infrequently in Wealden.</td>
<td>Yes. CIL provides health authorities with greater flexibility to respond to circumstances.</td>
<td>as above</td>
</tr>
<tr>
<td>Community and youth centres</td>
<td>Very infrequently in Wealden.</td>
<td>Yes. CIL provides Council with greater flexibility to respond to circumstances.</td>
<td>as above</td>
</tr>
<tr>
<td>Public art</td>
<td>Very infrequently in Wealden.</td>
<td>Yes. CIL provides Council with greater flexibility to respond to circumstances.</td>
<td>as above</td>
</tr>
<tr>
<td>Theatres</td>
<td>No</td>
<td>Yes. CIL provides Council with greater flexibility to respond to circumstances.</td>
<td>as above</td>
</tr>
<tr>
<td>Town centres</td>
<td>Town centre management</td>
<td>Very infrequently in Wealden.</td>
<td>Unlikely to be considered to be infrastructure, so unlikely to be paid for by CIL, though this would depend on the projects funded.</td>
</tr>
<tr>
<td>Employment</td>
<td>Job / employment land loss mitigation</td>
<td>Very infrequently in Wealden.</td>
<td>Probably a condition on permission. Unlikely to be considered to be infrastructure, so unlikely to be paid for by CIL, though this would depend on the projects funded.</td>
</tr>
<tr>
<td></td>
<td>Employment initiatives</td>
<td>Very infrequently in Wealden.</td>
<td>as above</td>
</tr>
<tr>
<td></td>
<td>Industrial area improvements</td>
<td>Possibly.</td>
<td>Possibly under S106 if immediately related to development. CIL provides LEA with greater flexibility to respond to circumstances</td>
</tr>
<tr>
<td>Transport</td>
<td>Improvements / new provision</td>
<td>Yes. Immediate site mitigation might be sought from S106.</td>
<td>As above</td>
</tr>
<tr>
<td></td>
<td>Sustainability improvements</td>
<td>Possibly, depending on site impacts</td>
<td>As above</td>
</tr>
<tr>
<td>Impact mitigation issue</td>
<td>Likely to be sought through S106/ S278/ S36 after CIL in place?</td>
<td>Likely to be sought through CIL?</td>
<td>Notes</td>
</tr>
<tr>
<td>-------------------------</td>
<td>---------------------------------------------------------------</td>
<td>---------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>Car clubs</td>
<td>Possibly. Car club parking spaces are at times sought through S106 (onsite, or money in lieu).</td>
<td>Possibly</td>
<td>Depends on the car club structure. If attracting patronage from a wide range of Wealden residents (beyond residents of a new development), then in CIL.</td>
</tr>
<tr>
<td>Travel plans</td>
<td>Yes (assuming it was targeted at residents or workers at a new development)</td>
<td>No.</td>
<td>As above</td>
</tr>
</tbody>
</table>

**Pollution and resources**

<table>
<thead>
<tr>
<th></th>
<th>Likely to be sought through CIL?</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remediation</td>
<td>No</td>
<td>Normally included in permission as an integral part of development</td>
</tr>
<tr>
<td>Flood mitigation</td>
<td>Generally not</td>
<td>Usually in planning conditions. PPS 25 requires local planning authorities to promote the use of Sustainable Drainage Systems (SuDS) to achieve the control of surface-water. SuDS should be the default drainage measure for all new developments. SuDS costs will be internalised in developers’ view on land values and subsequent development viability.</td>
</tr>
<tr>
<td>Energy and water efficiency</td>
<td>Possibly.</td>
<td>Usually in planning conditions. We have assumed these policies are now delivered through CSH/BREEAM. These costs will be internalised in developers’ view on land values and subsequent development viability. Some schemes may be supported by CIL funding.</td>
</tr>
<tr>
<td>Renewable energy</td>
<td>No</td>
<td>Possibly. As above</td>
</tr>
<tr>
<td>Recycling facilities</td>
<td>No</td>
<td>Possibly. Improvements in recycling provision could be seen as strategic infrastructure that could be sought through CIL.</td>
</tr>
<tr>
<td>Air quality</td>
<td>Possibly, depending on site impacts</td>
<td>Possibly.</td>
</tr>
<tr>
<td>Noise</td>
<td>Possibly, depending on site impacts</td>
<td>Possibly.</td>
</tr>
</tbody>
</table>

Source: RTP
APPENDIX 3

Organisations consulted
<table>
<thead>
<tr>
<th>Company</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stiles Harold Williams</td>
<td>Provided commercial evidence and general overview of market in the various areas of Wealden</td>
</tr>
<tr>
<td>Ross &amp; Co</td>
<td>Provided some commercial evidence for units/land in the area. In particular retail units in Hailsham &amp; Heathfield</td>
</tr>
<tr>
<td>Cluttons</td>
<td>Information on commercial unit scheme in Flimwell</td>
</tr>
<tr>
<td>Craddick</td>
<td>Information on retail unit scheme in Heathfield</td>
</tr>
<tr>
<td>Lawson</td>
<td>Information on industrial units at Uckfield</td>
</tr>
<tr>
<td>Brian Caddick &amp; co</td>
<td>Information on retail unit at Uckfield</td>
</tr>
<tr>
<td>Taylor Wimpey</td>
<td>Provided residential evidence of schemes in the area (Crowborough, Hailsham, Polegate, Uckfield)</td>
</tr>
<tr>
<td>Redrow</td>
<td>Provided residential evidence of schemes in the area (Willow Garden scheme at Uckfield)</td>
</tr>
<tr>
<td>Linden Homes</td>
<td>Provided residential evidence of schemes in the area (Uckfield)</td>
</tr>
</tbody>
</table>