
Chichester District Council Community Infrastructure Levy (CIL) Examination

Examination Hearing Statement

Chichester District Council CIL Examination

Examination Hearing Statement



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Chichester District Council CIL Examination

Examination Hearing Statement



Introduction

Savills is representing a Consortium of developers and housebuilders as outlined in our January 2015 Draft Charging Schedule Representations (DCS). This short Statement is submitted ahead of the forthcoming Examination Hearings on the Chichester District Council (CDC) CIL and should be read alongside our duly made representations.

The Consortium presents this Statement to further justify a differential rate of (maximum) **£60 per sq m** for residential development for West of Chichester and West of Tangmere, both key strategic sites for the delivery of the Local Plan.

This Statement is made in response to the Examiner's Matters, specifically Question 1 with respect of the Viability Appraisal Assumptions, and Questions 2 & 3 with respect of the Strategic Sites.

A27 Corridor

1. CDC propose that Strategic Road Network improvements to the A27 are unrestricted for the purposes of Regulation 123 (2) (thus an exclusion on 'The Regulation 123 List'). Section 106 shall continue to be sought to achieve the necessary or proposed A27 improvements, in accordance with Regulation 122. As Highways England is, for the purposes of the CIL Regulations, 'the Minister', the Consortium does not object to this approach; as clearly the A27 is a key piece of infrastructure, and Highways England benefits from exclusion from the Section 106 pooling restriction.
2. The Consortium has pressed CDC for further information on the likely level of contributions, as this is an important element to the overall viability of West of Chichester and West of Tangmere. Ms Dower's e-mail of 20th May (**Appendix 1**) confirms our understanding that CDC is not yet in a position to define a level of financial contribution for this project(s). However, the Consortium proposes to work with CDC to negotiate a solution.
3. The CIL has come forward for Examination now. CIL is a fixed tariff, which is by definition, non negotiable. As outlined in our representations, the £ per sq m CIL rate must not be set at the margins of viability. Section 106 is negotiable to a degree, though clearly CDC envisages A27 improvements as a key component of the Local Plan and as mitigation for the proposed strategic developments. It would not seem conceivable that the strategic sites progress without any/some A27 improvements.
4. As 'precise' levels of A27 contributions are not yet known, the CIL viability appraisal must reflect a credible assumption and also incorporate an appropriate buffer in case the level of contributions increase. The PBA assumption of £8,000 per dwelling in *total* Section 106 is clearly insufficient. As outlined in paragraph 4.45 of the Savills representation, our appraisals assumed £12,856 per dwelling, based on site specific evidence (paragraph 3.9 and a Appendix 5). No such evidence has been supplied by CDC to the knowledge of the Consortium. The Consortium has outlined throughout the CIL preparation process the need to reflect site specific Section 106/ infrastructure costs evidence. This is 'fine grained' testing as encouraged by the PPG.
5. Savills therefore encourages the adoption of a £15,000 per dwelling Section 106 assumption, which reflects a modest increase of an assumption on A27 corridor improvements.



Net Developable Area – Strategic Sites

6. The West of Chichester site is presently subject to a planning application. Preparation of a planning application for West of Tangmere is also well progressed. **Appendix 2** outlines the submitted and indicative masterplans for the respective strategic sites. Both demonstrate circa 50% net developable areas, owing to the range of other land uses either proposed or required by planning policy (community, school, open spaces etc.).
7. The Consortium has outlined extensively in the representations (Section 4) the importance of the net: gross land areas in the viability calculations, notably as PBA has, in Savills opinion, adopted a relatively low benchmark land value of £700,000 per net developable hectare, which based on a 50% developable area is the equivalent of £350,000 per gross hectare (or £141,700 per gross acre). This is demonstrably low in the Chichester context, and justifies the need to factor an appropriate buffer in the viability appraisals.
8. The on-site infrastructure provision also further justifies a Section 106-led approach to the delivery of the strategic sites. This is because the infrastructure may be easily defined as 'projects' on the Regulation 123 List, and is also demonstrably directly related etc. and hence meets the tests of Regulation 122.
9. This approach would clearly reduce the risk to the delivery of the Local Plan.

Viability Update

10. As outlined in paragraph 4.8 - 4.11 of our DCS representation, the Consortium had concerns that PBA had significantly underestimated build costs in the viability appraisals. To provide a robust update both sales values and build costs should be analysed. The latest Viability Study prepared by PBA (September 2014) incorporated the following updated assumptions.

- Land Registry data uplift in sales values (3%) across all property types up until July 2014; and
- BCIS figures adopted for West Sussex as at May 2014.

11. Savills has subsequently updated the figures to reflect current build costs and sales values. To do this, we have reviewed the Land Registry HPI for West Sussex for the period July 2014 to March 2015 (latest figures). In addition, we have reviewed the current median BCIS figures for West Sussex. This indicates the following changes:

Table 1 – Savills Updated Assumptions

Input	PBA Assumption	Indexed Figure	% Change
Sales Values – Houses	£3,100	£3,286	6%↑
Sales Values - Flats	£3,600	£3,816	6%↑
Build Costs – Houses	£938	£1,101	17%↑
Build Costs - Flats	£1,168	£1,261	8%↑

Source: Land Registry HPI, BCIS and Savills analysis (June 2015)

12. We have then re-run our appraisals for West Chichester/West of Tangmere keeping all assumptions the same, but incorporating the following changes (results in **Table 2** overleaf – the detail is outlined in **Appendix 3**):

- Increased sales values
- Increased build costs
- Additional Section 106 cost for A27 Corridor Improvements (total £15,000 per dwelling)

Chichester District Council CIL Examination

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Table 2 – Savills Alternative Viability Appraisal Results

Appraisal	Assumption	RLV (assuming CIL @ £120 psm)	Site Area (Net ha)	RLV (£/net ha)	% Difference from Base Appraisal	Above TLV (£700k/net ha)	Above TLV plus 20% Buffer (£840k/net ha)
A	Base Appraisal	£34,137,418	28.57	£1,194,869	-	✓	✓
B	Sales Values	£41,298,906	28.57	£1,445,534	21%	✓	✓
C	Build Costs	£23,175,631	28.57	£811,188	-32%	✓	✗
D	Section 106	£29,861,712	28.57	£1,045,212	-13%	✓	✓
E	Combined	£19,230,222	28.57	£673,091	-44%	✗	✗

Source: Savills analysis (June 2015)

13. This indicates that the cumulative effect of these changes results in the residual land value (RLV) falling below the threshold land value of £700,000 per net hectare. Applying an appropriate viability buffer (20%) reduces this further, indicating that the proposed CIL rates have been proposed at marginal levels for sites of this scale. A buffer is appropriate, not least as the threshold land value assumption is demonstrably low.
14. The Consortium has previously stressed the importance of applying a sufficient viability buffer to the CIL rates to ensure that they are not set at the margins of viability. We have subsequently undertaken sensitivity analysis (keeping all other assumptions the same) to determine an appropriate level of CIL, assuming a higher Section 106 contribution of £15,000 per dwelling (**Table 3**).

Table 3 – Savills Alternative Viability Appraisal Results

CIL Rate (£psm)	RLV	Net HA	£/net Ha	Above TLV (£700k/net ha)	Above TLV plus 20% Buffer (£840k/net ha)
£120	£19,230,222	28.57	£673,091	✗	✗
£100	£20,421,706	28.57	£714,795	✓	✗
£80	£21,613,190	28.57	£756,499	✓	✗
£60	£22,804,670	28.57	£798,203	✓	✗
£40	£23,996,151	28.57	£839,907	✓	✗
£20	£25,187,623	28.57	£881,611	✓	✓
£0	£26,379,181	28.57	£923,318	✓	✓

Source: Savills analysis (June 2015)

15. The analysis in **Table 3** above, indicates that the maximum CIL rates, incorporating an appropriate buffer, should be in between £20 and £40 per sq m. The PPG CIL Guidance clearly states that “If the evidence



shows that the areas includes a zone, which could be a strategic site, which has low, very low or zero viability, the charging authority should consider setting a low or zero levy rate in that area. The same principle should apply where the evidence shows similarly low viability for particular types and/or scales of development."

16. Whilst Savills considers that a 20% buffer is appropriate, should this buffer be reduced to 14% then a rate of £60 per sq m is viable. The matter at question is the degree of uncertainty in respect of A27 corridor Section 106 costs, and bearing this has on the viability outcomes/ appropriate buffer. Savills certainly cannot see any justification for a strategic site rate in excess of £60 per sq m. CIL set at this rate or below, will enable a fair proportion of infrastructure to be secured as scheme or project specific via Section 106.

Affordable Housing

17. The Consortium is aware that in 'round terms' CDC is of the opinion that a reduction in the previous Local Plan policy requirement of 40% affordable housing to the new Local Plan requirement of 30% affordable housing generates a 'headroom' to charge £120 per sq m.
18. Savills considers that this assumption is overly generic; we have tested the implications. To do this, we have used our combined appraisal for West of Chichester/West of Tangmere assuming a CIL rate of £0 per sq m and re-run it to assume 40% affordable housing. The results of this additional testing are set out in **Table 4**.

Table 4 – Affordable Housing Implications

Affordable %	RLV
30%	£26,379,181
40%	£20,249,387
Increased viability	£6,129,794
£ per unit	£6,130

19. Increasing the affordable housing provision to 40%, unsurprisingly, reduces the overall viability of the site. We have then compared the two residual land values to determine the 'land value capture'. This indicates that reducing the affordable housing provision by 10% results in an additional £6.1m of land value, which equates to approximately £6,100 per dwelling.
20. Assuming an average house size of 100 sq m, the proposed £120 per sq m CIL rate equates to £12,000 per private unit or £8,400 per unit (based on 30% affordable). Clearly this is higher than the £6,100 per unit that has been secured by reducing the affordable housing %. The proposed CIL rates are therefore not equivalent to the 10% affordable housing that is no longer being required by the Council and risks threatening the viability of large scale residential sites.
21. The reduction in the affordable housing level also pays no attention to site or scheme specific infrastructure requirements.
22. This is a relevant consideration in the application of an appropriate viability buffer, and provides further weight to the need for a buffer, in the region Savills suggest, of 20%.
23. Overall, we would therefore ask that the proposed CIL rates be reviewed in light of the additional information and viability testing outlined in this Statement.



Summary

Essentially, our comments above refer to a number of different aspects that individually could impact upon the deliverability of a number of larger residential sites (namely West of Chichester and West of Tangmere), but when combined represent a significant number of units coming forward over the plan period.

The Consortium remains concerned that the proposed CIL rates for strategic residential developments would affect the viability and delivery of these sites. We would therefore reiterate that CDC's current approach and proposed CIL rates threatens the delivery of these sites, which in turn puts the whole delivery of the District's plan at risk. We subsequently do not believe that the proposed Charging Schedule accords with NPPF paragraphs 173-177 and would ask that the proposed CIL rates be reviewed.

Appendix 1: Email from Ms Dower

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From: Karen Dower [<mailto:kdower@chichester.gov.uk>]
Sent: 20 May 2015 10:42
To: Robert Steele
Subject: RE: Chichester CIL - A27 Corridor Improvements S106 Costs

Dear Robert,

As explained below, the Council is not yet in a position to provide precise figures for developer contributions towards the A27 improvements expressed as £ per dwelling. However, for the purposes of the CIL viability assessment, we can provide a broad indication of the likely cost.

The Council's position, as agreed with Highways England, West Sussex County Council and the developers of the Strategic Development Locations (SDLs) (who part funded the 2013 Chichester Transport Study), is that contributions will be sought from development to fund the £12.817 million package of improvements to the A27 Chichester Bypass junctions identified as necessary to mitigate the traffic impacts of development proposed in the Local Plan. The projected costs are set out in the 2013 Study, and the figure of £12.817 million is included in the Infrastructure Delivery Plan (IDP). Since the 2013 Study was undertaken, the Government has identified the A27 Chichester Bypass improvement as a formal spending commitment and has directed HE to undertake work to develop a proposed scheme. Assuming the HE scheme is brought forward within their envisaged timescale (2015-2019), the Council will use developer contributions to help fund the larger A27 scheme.

Of the total £12.817 million cost identified for mitigation of the A27 junctions, £1.178 million has already been secured from developments already permitted. This leaves an outstanding requirement of £11.639 million to be funded from other Local Plan development yet to be approved.

The Council is working with HE and WSCC to develop a consistent and transparent methodology for apportioning this remaining cost across the outstanding Local Plan developments, based on the relative traffic impact that each development is expected to have on the A27 junctions. We propose to undertake traffic modelling work that will enable the traffic impacts to be measured for each site individually as a proportion of the total traffic impact from all Local Plan development. This will then enable us to calculate the contribution that each development should make towards the £11.639m total cost of mitigation. We are currently in the process of commissioning the technical work required and expect it to be completed by mid-summer.

Based on the outstanding funding required for mitigation (£11.639m) and the outstanding housing in the Local Plan, we would estimate that the potential cost per dwelling is likely to fall in the range of approximately £2,500 - £4,000 per dwelling, depending on the location, size and resulting traffic impact of the development concerned. The strategic site appraisals within the viability study show that the strategic sites are capable of meeting this requirement. The fact that the strategic sites are required to contribute to the road was one of the viability arguments why the affordable housing requirement in Chichester was reduced from 40% to 30%

Please feel free to contact me if you have any further questions.

Kind Regards

Karen Dower

Planning Policy Project Manager

Planning Policy

Chichester District Council

Tel: 01243 52 1049 | Fax: 01243 776766 | kdower@chichester.gov.uk | <http://www.chichester.gov.uk>

www.facebook.com/ChichesterDistrictCouncil | www.twitter.com/ChichesterDC

From: Robert Steele [<mailto:RSteele@savills.com>]

Sent: 18 May 2015 14:13

To: Karen Dower

Subject: RE: Chichester CIL - A27 Corridor Improvements S106 Costs

Dear Karen

Are you able to help with my query below please?

Regards

Robert

Robert Steele MRTPI

Senior Planner

Planning

Savills, 2 Charlotte Place, Southampton, SO14 0TB



Tel :+44 (0) 23 8071 3992

Mobile :+44 (0) 7812 249 345

Email :RSteele@savills.com

Website :www.savills.co.uk



Before printing, think about the environment

From: Robert Steele

Sent: 06 May 2015 11:46

To: 'Karen Dower'

Subject: Chichester CIL - A27 Corridor Improvements S106 Costs

Dear Karen

Are you now in a position to provide the potential £ per dwelling in Section 106 for the Highways England proposals for A27 corridor? This is going to be a key part of the evidence and for viability considerations.

Please can you give me an update on this as soon as you are able.

Kind regards

Robert

Robert Steele MRTPI

Senior Planner

Planning

Savills, 2 Charlotte Place, Southampton, SO14 0TB



Tel :+44 (0) 23 8071 3992

Mobile :+44 (0) 7812 249 345

Email :RSteele@savills.com

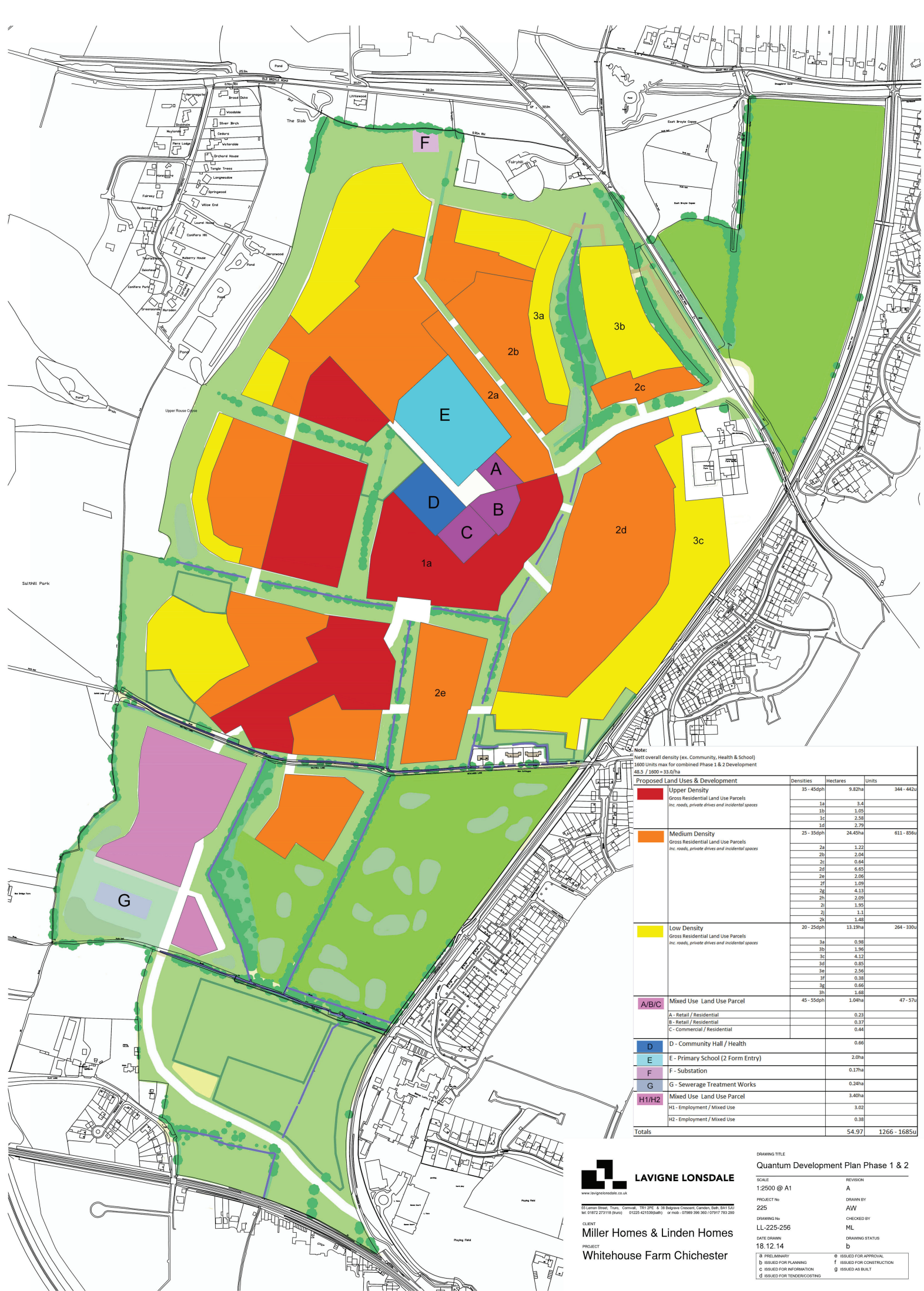
Website :www.savills.co.uk



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Appendix 2: West of Chichester Masterplan West of Tangmere Initial Masterplan

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Note:
Nett overall density (ex. Community, Health & School)
1600 Units max for combined Phase 1 & 2 Development
48.5 / 1600 = 33.0/ha

Proposed Land Uses & Development	Densities	Hectares	Units
Red Upper Density Gross Residential Land Use Parcels inc. roads, private drives and incidental spaces	35 - 45dph	9.82ha	344 - 442u
	1a	3.4	
	1b	1.05	
	1c	2.58	
	1d	2.79	
Orange Medium Density Gross Residential Land Use Parcels inc. roads, private drives and incidental spaces	25 - 35dph	24.45ha	611 - 856u
	2a	1.22	
	2b	2.04	
	2c	0.64	
	2d	6.85	
	2e	2.06	
	2f	1.09	
	2g	4.13	
	2h	2.09	
	2i	1.95	
	2j	1.1	
	2k	1.48	
Yellow Low Density Gross Residential Land Use Parcels inc. roads, private drives and incidental spaces	20 - 25dph	13.19ha	264 - 330u
	3a	0.98	
	3b	1.96	
	3c	4.12	
	3d	0.85	
	3e	2.56	
	3f	0.38	
	3g	0.66	
	3h	1.68	
A/B/C Mixed Use Land Use Parcel	45 - 55dph	1.04ha	47 - 57u
A - Retail / Residential		0.23	
B - Retail / Residential		0.37	
C - Commercial / Residential		0.44	
D D - Community Hall / Health		0.66	
E E - Primary School (2 Form Entry)		2.0ha	
F F - Substation		0.17ha	
G G - Sewerage Treatment Works		0.24ha	
H1/H2 Mixed Use Land Use Parcel		3.40ha	
H1 - Employment / Mixed Use		3.02	
H2 - Employment / Mixed Use		0.38	
Totals		54.97	1266 - 1685u



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30 Carter Street, Totton, Cornwall, NN1 2PB & 30 Bognor Crescent, Chichester, BAY10 8JL
Tel: 01872 275118 (phone) 01225 421530 (fax) or mobile: 07989 396 360 / 07917 783 209

CLIENT
Miller Homes & Linden Homes

PROJECT
Whitehouse Farm Chichester

DRAWING TITLE
Quantum Development Plan Phase 1 & 2

SCALE
1:2500 @ A1

PROJECT No:
225

DRAWING No:
LL-225-256

DATE DRAWN
18.12.14

REVISION
A

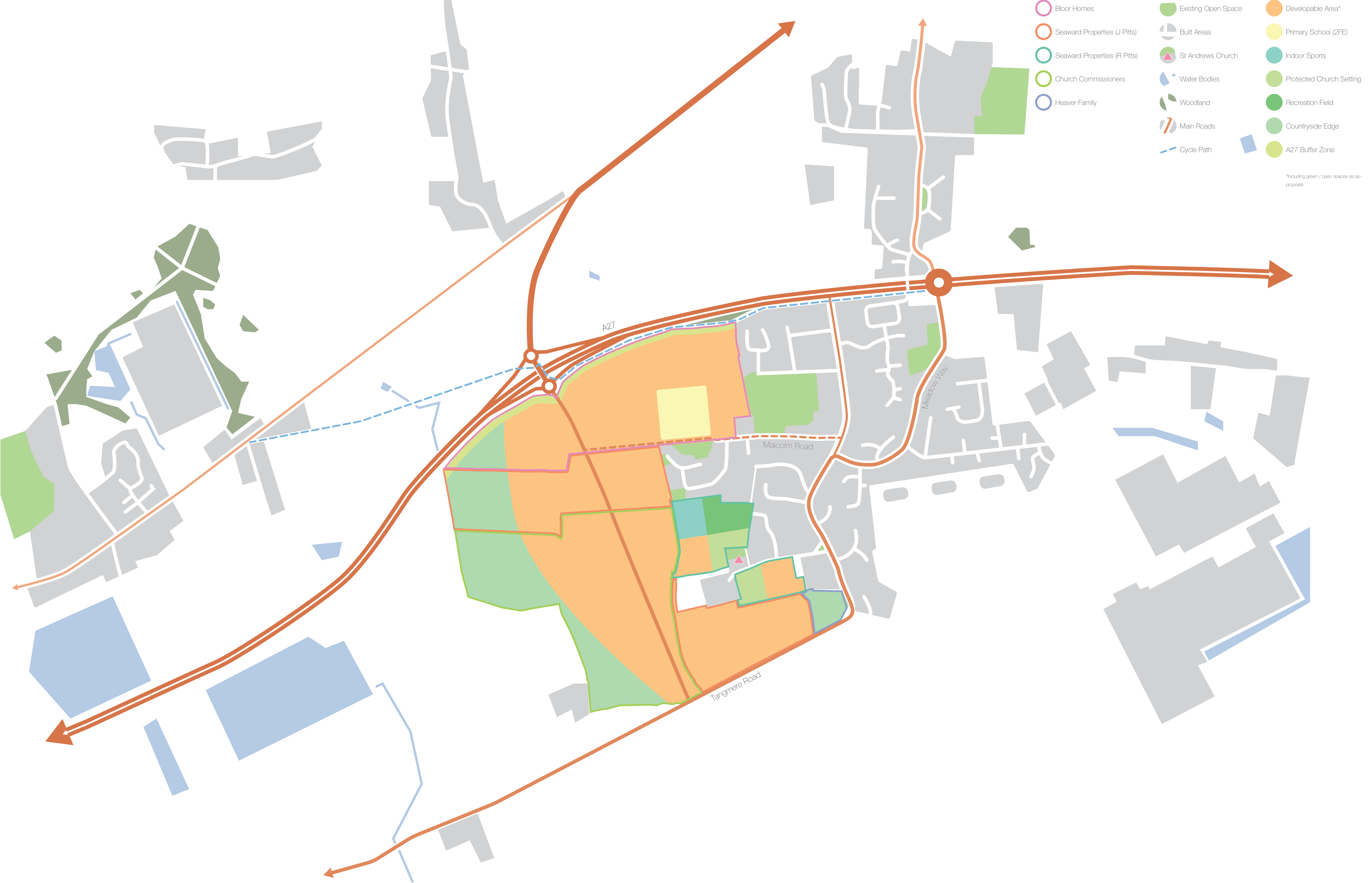
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ISSUED FOR APPROVAL
ISSUED FOR PLANNING
ISSUED FOR INFORMATION
ISSUED FOR TENDER/COSTING

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Appendix 3: 150601 Savills Chichester Alternative Appraisals

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Savills

Development Appraisal

West of Chichester/Tangmere

A - Base Appraisal

Report Date: 01 June 2015

TIMESCALE AND PHASING**SAVILLS****West of Chichester/Tangmere****A - Base Appraisal****Timescale (Duration in months)**

Project commences Dec 2014

Phase 1

Stage Name	Duration	Start Date	End Date	Anchored To	Aligned	Offset
Phase Start		Dec 2014				
Construction	180	Dec 2014	Nov 2029	Pre-Construction	End	0
Sale	175	Mar 2016	Sep 2030	Construction	Start	15
Phase End		Sep 2030				
Phase Length	190					

Project Length 190 (Includes Exit Period)**This appraisal report does not constitute a formal valuation.**

APPRAISAL SUMMARY**SAVILLS**

West of Chichester/Tangmere

A - Base Appraisal

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales
Private	700	63,000.00	3,100.00	279,000	195,300,000
Affordable	<u>300</u>	<u>27,000.00</u>	1,736.00	156,240	<u>46,872,000</u>
Totals	1,000	90,000.00			242,172,000

NET REALISATION**242,172,000****OUTLAY****ACQUISITION COSTS**

Residualised Price (57.14 Ha 597,434.69 pHect)		34,137,418	
Stamp Duty	4.00%	1,365,497	
Agent Fee	1.50%	512,061	
Legal Fee	0.25%	85,344	
			36,100,320

CONSTRUCTION COSTS

Construction	m ²	Rate m ²	Cost	
Private	63,000.00 m ²	938.00 pm ²	59,094,000	
Affordable	<u>27,000.00 m²</u>	938.00 pm ²	<u>25,326,000</u>	
Totals	90,000.00 m²		84,420,000	84,420,000
Contingency		5.00%	4,221,000	
Section 106	1,000.00 un	8,000.00 /un	8,000,000	
CIL @ £120 psm	63,000.00 m ²	120.00 pm ²	7,560,000	
				19,781,000
Other Construction				
Plot Externals		15.00%	12,663,000	
Servicing Costs	28.57 ha	600,000.00 /ha	17,142,000	
				29,805,000

PROFESSIONAL FEES

Professional Fees	8.00%	7,766,640	
			7,766,640

MARKETING & LETTING

Marketing	700.00 un	1,000.00 /un	700,000	
				700,000

DISPOSAL FEES

Sales Agent Fee		1.25%	3,027,150	
Sales Legal Fee	1,000.00 un	500.00 /un	500,000	
				3,527,150

FINANCE

Debit Rate 7.000% Credit Rate 0.000% (Nominal)				
Land			16,983,767	
Construction			708,032	
Total Finance Cost				17,691,799

TOTAL COSTS**199,791,909****PROFIT****42,380,091**

This appraisal report does not constitute a formal valuation.

APPRAISAL SUMMARY**SAVILLS****West of Chichester/Tangmere****A - Base Appraisal****Performance Measures**

Profit on Cost%	21.21%
Profit on GDV%	17.50%
Profit on NDV%	17.50%
IRR	12.14%
Profit Erosion (finance rate 7.000%)	2 yrs 9 mths

This appraisal report does not constitute a formal valuation.

File: Chichester CIL Exam\150527 West of Chichester - A - Base Appraisal.wcfx
ARGUS Developer Version: 6.00.008

Date: 01/06/2015

Savills

Development Appraisal

West of Chichester/Tangmere

B - Sales Values

Report Date: 01 June 2015

TIMESCALE AND PHASING**SAVILLS****West of Chichester/Tangmere****B - Sales Values****Timescale (Duration in months)**

Project commences Dec 2014

Phase 1

Stage Name	Duration	Start Date	End Date	Anchored To	Aligned	Offset
Phase Start		Dec 2014				
Construction	180	Dec 2014	Nov 2029	Pre-Construction	End	0
Sale	175	Mar 2016	Sep 2030	Construction	Start	15
Phase End		Sep 2030				
Phase Length	190					

Project Length 190 (Includes Exit Period)**This appraisal report does not constitute a formal valuation.**

APPRAISAL SUMMARY**SAVILLS**

West of Chichester/Tangmere

B - Sales Values

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales
Private	700	63,000.00	3,286.00	295,740	207,018,000
Affordable	<u>300</u>	<u>27,000.00</u>	1,840.00	165,600	<u>49,680,000</u>
Totals	1,000	90,000.00			256,698,000

NET REALISATION**256,698,000****OUTLAY****ACQUISITION COSTS**

Residualised Price (57.14 Ha 722,766.99 pHect)	41,298,906	
Stamp Duty	4.00%	1,651,956
Agent Fee	1.50%	619,484
Legal Fee	0.25%	103,247
		43,673,593

CONSTRUCTION COSTS

Construction	m ²	Rate m ²	Cost
Private	63,000.00 m ²	938.00 pm ²	59,094,000
Affordable	<u>27,000.00 m²</u>	938.00 pm ²	<u>25,326,000</u>
Totals	90,000.00 m²		84,420,000

Contingency	5.00%	4,221,000
Section 106	1,000.00 un	8,000.00 /un
CIL @ £120 psm	63,000.00 m ²	120.00 pm ²
		19,781,000

Other Construction

Plot Externals	15.00%	12,663,000
Servicing Costs	28.57 ha	600,000.00 /ha
		29,805,000

PROFESSIONAL FEES

Professional Fees	8.00%	7,766,640
		7,766,640

MARKETING & LETTING

Marketing	700.00 un	1,000.00 /un
		700,000

DISPOSAL FEES

Sales Agent Fee	1.25%	3,208,725
Sales Legal Fee	1,000.00 un	500.00 /un
		3,708,725

FINANCE

Debit Rate 7.000% Credit Rate 0.000% (Nominal)		
Land		21,249,856
Construction		671,050
Total Finance Cost		21,920,906

TOTAL COSTS**211,775,863****PROFIT****44,922,137**

This appraisal report does not constitute a formal valuation.

APPRAISAL SUMMARY**SAVILLS****West of Chichester/Tangmere****B - Sales Values****Performance Measures**

Profit on Cost%	21.21%
Profit on GDV%	17.50%
Profit on NDV%	17.50%
IRR	11.67%
Profit Erosion (finance rate 7.000%)	2 yrs 9 mths

This appraisal report does not constitute a formal valuation.

Savills

Development Appraisal

West of Chichester/Tangmere

C - Build Costs

Report Date: 01 June 2015

TIMESCALE AND PHASING**SAVILLS****West of Chichester/Tangmere****C - Build Costs****Timescale (Duration in months)**

Project commences Dec 2014

Phase 1

Stage Name	Duration	Start Date	End Date	Anchored To	Aligned	Offset
Phase Start		Dec 2014				
Construction	180	Dec 2014	Nov 2029	Pre-Construction	End	0
Sale	175	Mar 2016	Sep 2030	Construction	Start	15
Phase End		Sep 2030				
Phase Length	190					

Project Length 190 (Includes Exit Period)**This appraisal report does not constitute a formal valuation.**

APPRAISAL SUMMARY**SAVILLS**

West of Chichester/Tangmere

C - Build Costs

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales
Private	700	63,000.00	3,100.00	279,000	195,300,000
Affordable	<u>300</u>	<u>27,000.00</u>	1,736.00	156,240	<u>46,872,000</u>
Totals	1,000	90,000.00			242,172,000

NET REALISATION**242,172,000****OUTLAY****ACQUISITION COSTS**

Residualised Price (57.14 Ha 405,593.81 pHect)	23,175,631	
Stamp Duty	4.00%	927,025
Agent Fee	1.50%	347,634
Legal Fee	0.25%	57,939
		24,508,229

CONSTRUCTION COSTS

Construction	m ²	Rate m ²	Cost
Private	63,000.00 m ²	1,101.00 pm ²	69,363,000
Affordable	<u>27,000.00 m²</u>	1,101.00 pm ²	<u>29,727,000</u>
Totals	90,000.00 m²		99,090,000

Contingency		5.00%	4,954,500
Section 106	1,000.00 un	8,000.00 /un	8,000,000
CIL @ £120 psm	63,000.00 m ²	120.00 pm ²	7,560,000
			20,514,500

Other Construction

Plot Externals		15.00%	14,863,500
Servicing Costs	28.57 ha	600,000.00 /ha	17,142,000
			32,005,500

PROFESSIONAL FEES

Professional Fees		8.00%	9,116,280
			9,116,280

MARKETING & LETTING

Marketing	700.00 un	1,000.00 /un	700,000
			700,000

DISPOSAL FEES

Sales Agent Fee		1.25%	3,027,150
Sales Legal Fee	1,000.00 un	500.00 /un	500,000
			3,527,150

FINANCE

Debit Rate 7.000% Credit Rate 0.000% (Nominal)		
Land		9,578,805
Construction		751,445
Total Finance Cost		10,330,250

TOTAL COSTS**199,791,909****PROFIT****42,380,091****This appraisal report does not constitute a formal valuation.**

APPRAISAL SUMMARY**SAVILLS****West of Chichester/Tangmere****C - Build Costs****Performance Measures**

Profit on Cost%	21.21%
Profit on GDV%	17.50%
Profit on NDV%	17.50%
IRR	13.91%
Profit Erosion (finance rate 7.000%)	2 yrs 9 mths

This appraisal report does not constitute a formal valuation.

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Date: 01/06/2015

Savills

Development Appraisal

West of Chichester/Tangmere

D - Revised Section 106 Allowance

Report Date: 01 June 2015

TIMESCALE AND PHASING**SAVILLS****West of Chichester/Tangmere****D - Revised Section 106 Allowance****Timescale (Duration in months)**

Project commences Dec 2014

Phase 1

Stage Name	Duration	Start Date	End Date	Anchored To	Aligned	Offset
Phase Start		Dec 2014				
Construction	180	Dec 2014	Nov 2029	Pre-Construction	End	0
Sale	175	Mar 2016	Sep 2030	Construction	Start	15
Phase End		Sep 2030				
Phase Length	190					

Project Length 190 (Includes Exit Period)**This appraisal report does not constitute a formal valuation.**

APPRAISAL SUMMARY**SAVILLS****West of Chichester/Tangmere
D - Revised Section 106 Allowance****Summary Appraisal for Phase 1**

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales
Private	700	63,000.00	3,100.00	279,000	195,300,000
Affordable	<u>300</u>	<u>27,000.00</u>	1,736.00	156,240	<u>46,872,000</u>
Totals	1,000	90,000.00			242,172,000

NET REALISATION 242,172,000**OUTLAY****ACQUISITION COSTS**

Residualised Price (57.14 Ha 522,606.09 pHect)		29,861,712	
Stamp Duty	4.00%	1,194,468	
Agent Fee	1.50%	447,926	
Legal Fee	0.25%	74,654	
			31,578,761

CONSTRUCTION COSTS

Construction	m ²	Rate m ²	Cost
Private	63,000.00 m ²	938.00 pm ²	59,094,000
Affordable	<u>27,000.00 m²</u>	938.00 pm ²	<u>25,326,000</u>
Totals	90,000.00 m²		84,420,000

Contingency		5.00%	4,221,000
Section 106	1,000.00 un	15,000.00 /un	15,000,000
CIL @ £120 psm	63,000.00 m ²	120.00 pm ²	7,560,000
			26,781,000

Other Construction

Plot Externals		15.00%	12,663,000
Servicing Costs	28.57 ha	600,000.00 /ha	17,142,000
			29,805,000

PROFESSIONAL FEES

Professional Fees		8.00%	7,766,640
			7,766,640

MARKETING & LETTING

Marketing	700.00 un	1,000.00 /un	700,000
			700,000

DISPOSAL FEES

Sales Agent Fee		1.25%	3,027,150
Sales Legal Fee	1,000.00 un	500.00 /un	500,000
			3,527,150

FINANCE

Debit Rate 7.000% Credit Rate 0.000% (Nominal)			
Land			14,428,886
Construction			784,473
Total Finance Cost			15,213,359

TOTAL COSTS 199,791,910**PROFIT**

42,380,090

This appraisal report does not constitute a formal valuation.

APPRAISAL SUMMARY**SAVILLS****West of Chichester/Tangmere****D - Revised Section 106 Allowance****Performance Measures**

Profit on Cost%	21.21%
Profit on GDV%	17.50%
Profit on NDV%	17.50%
IRR	12.62%
Profit Erosion (finance rate 7.000%)	2 yrs 9 mths

This appraisal report does not constitute a formal valuation.

Savills

Development Appraisal

West of Chichester/Tangmere

E - Combined

Report Date: 01 June 2015

TIMESCALE AND PHASING**SAVILLS****West of Chichester/Tangmere
E - Combined****Timescale (Duration in months)**

Project commences Dec 2014

Phase 1

Stage Name	Duration	Start Date	End Date	Anchored To	Aligner	Offset
Phase Start		Dec 2014				
Construction	180	Dec 2014	Nov 2029	Pre-Construction	End	0
Sale	175	Mar 2016	Sep 2030	Construction	Start	15
Phase End		Sep 2030				
Phase Length	190					

Project Length 190 (Includes Exit Period)**This appraisal report does not constitute a formal valuation.**

APPRAISAL SUMMARY**SAVILLS****West of Chichester/Tangmere
E - Combined****Summary Appraisal for Phase 1**

Currency in £

REVENUE

Sales Valuation	Units	m²	Rate m²	Unit Price
Private	700	63,000.00	3,286.00	295,740
Affordable	<u>300</u>	<u>27,000.00</u>	1,840.00	165,600
Totals	1,000	90,000.00		

NET REALISATION **256,698,000****OUTLAY****ACQUISITION COSTS**

Residualised Price (57.14 Ha 336,545.71 pHect)			19,230,222	
Stamp Duty		4.00%	769,209	
Agent Fee		1.50%	288,453	
Legal Fee		0.25%	48,076	
				20,335,960

CONSTRUCTION COSTS

Construction	m²	Rate m²	Cost	
Private	63,000.00 m ²	1,101.00 pm ²	69,363,000	
Affordable	<u>27,000.00 m²</u>	<u>1,101.00 pm²</u>	<u>29,727,000</u>	
Totals	90,000.00 m²		99,090,000	99,090,000

Contingency		5.00%	4,954,500	
Section 106	1,000.00 un	15,000.00 /un	15,000,000	
CIL @ £120 psm	63,000.00 m ²	120.00 pm ²	7,560,000	
				27,514,500

Other Construction

Plot Externals		15.00%	14,863,500	
Servicing Costs	28.57 ha	600,000.00 /ha	17,142,000	
Code for Sustainable Homes (Level 4)		6.00%	5,945,400	
				37,950,900

PROFESSIONAL FEES

Professional Fees		8.00%	9,116,280	
				9,116,280

MARKETING & LETTING

Marketing	700.00 un	1,000.00 /un	700,000	
				700,000

DISPOSAL FEES

Sales Agent Fee		1.25%	3,208,725	
Sales Legal Fee	1,000.00 un	500.00 /un	500,000	
				3,708,725

FINANCE

Debit Rate 7.000% Credit Rate 0.000% (Nominal)				
Land			6,144,127	
Construction			797,882	
Total Finance Cost				6,942,009

TOTAL COSTS **205,358,374****PROFIT****This appraisal report does not constitute a formal valuation.**

APPRAISAL SUMMARY**SAVILLS****West of Chichester/Tangmere
E - Combined****51,339,626****Performance Measures**

Profit on Cost%	25.00%
Profit on GDV%	20.00%
Profit on NDV%	20.00%
IRR	16.77%
Profit Erosion (finance rate 7.000%)	3 yrs 3 mths

This appraisal report does not constitute a formal valuation.

APPRAISAL SUMMARY**SAVILLS**

West of Chichester/Tangmere
E - Combined

Gross Sales

207,018,000

49,680,000**256,698,000**

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APPRAISAL SUMMARY

SAVILLS

**West of Chichester/Tangmere
E - Combined**

This appraisal report does not constitute a formal valuation.

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Date: 01/06/2015