



# Report

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## **CIL Economic Viability Study: Addendum Residential Rural Areas**

**West Northamptonshire Joint Planning Unit**

15th December 2014

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**For and on behalf of GVA Grimley Ltd**

## Foreword

This Addendum is to be read in conjunction with GVA's 'CIL Economic Viability Assessment' updated report of June 2014.

## 1. Introduction

- 1.1 We have been instructed by West Northamptonshire Joint Planning Unit to provide additional testing and analysis in respect of residential development in the Rural Areas, so that the Councils can understand the potential impact of the proposed CIL charge on the delivery of housing, both private and affordable.
- 1.2 We have been asked to analyse four schemes, two in South Northants DC and two in Daventry DC, that have been granted consent to see how the actual S106 financial contribution compares with the proposed CIL and revised S106 financial contribution.
- 1.3 The schemes are:
  - 1) Chapel Lane, Blisworth (S/2013/0225/MAF),
  - 2) Land North of Hampton Drive, Kings Sutton (S/2012/1417/MAF);
  - 3) Land East of Northampton Lane North, Moulton (DA/2012/0020);
  - 4) Land East of Northampton Road, Brixworth (DA/2013/0334).

## 2. Analysis

- 2.1 The base information for each scheme is set out in the attached Appendix.
- 2.2 We have reviewed the actual S106 Agreements, and calculated the financial contribution to be made for each scheme. This has then been divided by the number of dwellings to give an approximate figure per dwelling, and also by the floor area, proposed or actual.
- 2.3 It should be noted that we have no information as to the viability of the schemes, but we understand that the S106 Contributions were assessed applying the appropriate formulae, and in the light of the agreed need, or otherwise, to contribute towards an item. It should not be inferred, therefore, that the absence of a contribution for Secondary School places at Blisworth was on grounds of viability, but rather that there

was no shortfall in places and no contribution required. It is noted that the schemes all deliver the policy required level of affordable housing.

- 2.4 In the Appendix we have noted the price paid for the land where available; this was only available for one site.
- 2.5 We have researched local private sale values for each scheme, and we have indexed the values back to mid 2012, adopting the Land Registry Index for Northamptonshire. The values are shown in the Table below, together with the GVA value that was adopted in 2012.

**Table 1: Private Sales Values**

Scheme	Actual Sales Values	Actual indexed to 2012	GVA 2012 Assumption
Blisworth	£252	£229	£215
Kings Sutton	£242	£220	£215
Moulton	£250	£227	£215
Brixworth	£262	£238	£215

- 2.6 Table 2 shows the total consented S106 Contribution analysed to illustrate what the equivalent CIL rate would be after allowance for a residual S106 contribution of £1,000 per dwelling.

**Table 2: Actual S106 Contribution as equivalent CIL rate**

Scheme	Affordable Housing	Consent S106 Contribution	Proposed New Regime		
			S106 @£1,000	CIL (per sqm)	S106 & CIL
Blisworth	41%	£339,000	£27,000	£174	£339,000
Kings Sutton	40%	£495,000	£35,000	£134	£495,000
Moulton	29%	£1,362,000	£145,000	£119	£1,362,000
Brixworth	29%	£1,494,000	£148,000	£132	£1,494,000

- 2.7 Table 3 compares the total consented S106 Contribution with the sum that would arise if the new arrangements were in place, namely:
- CIL at £150 per sqm and;
  - S106 at £1,000 per dwelling.
- 2.8 The CIL calculation is based upon the consented percentage of affordable housing. On-site works, such as play areas, will remain as obligations.

**Table 3: CIL & New S106**

Scheme	Affordable Housing	Proposed New Regime			Actual
		S106 @£1,000	CIL (£150 psm)	S106 & CIL	Consent S106
Blisworth	41%	£27,000	£269,000	£296,000	£339,000
Kings Sutton	40%	£35,000	£519,000	£554,000	£495,000
Moulton	29%	£145,000	£1,524,000	£1,669,000	£1,362,000
Brixworth	29%	£148,000	£1,524,000	£1,672,000	£1,494,000

2.9 One scheme results in a lower financial contribution, two have an increase of 12%, and Moulton an increase of c 23%.

2.10 We show below the impact on the residual land value, assuming consent has been granted, based on 2012 values and costs:

**Table 4: Impact of CIL & New S106 on Residual Land Value**

Scheme	Affordable Housing	Change in Residual land Value
Blisworth	41%	+17%
Kings Sutton	40%	-6%
Moulton	29%	-7%
Brixworth	29%	-6%

### 3. Conclusions

3.1 The analysis is of four consented schemes, which include the proportion of affordable housing that is in line with the current policy of the respective Councils.

3.2 We note that the actual private sale values are greater, allowing for indexation, than our base assumption as at 2012.

3.3 We could only find evidence, through the Land Registry, of the price paid for the land at Kings Sutton. This evidence suggests a price that is in fact a little lower than our 2012 Base Land Value.

3.4 The analysis suggests that the scheme at Blisworth would have a lower contribution, adopting the proposed CIL and S106 tariff, and the other three a higher contribution of 12-23%.

- 3.5 We have no information on the viability of the individual schemes, but we note that the increase in the overall payment is equivalent to a reduction in the residual land value of c 6 – 7% for three of the sites, whilst the fourth goes up in value. We consider this to be within the bounds that are reasonable in terms of the potential impact on the landowner.
- 3.6 On the basis of this review, we conclude that the proposed CIL will not put at risk the delivery of the Councils' policies, including affordable housing, and that it strikes an appropriate balance between funding from CIL, the cost of infrastructure and the potential effects of the imposition of CIL on the economic viability of development per Regulation 14.

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**Appendix**

Table A: Summary of Scheme

	Site Area	Total Dwellings	Affordable Housing	Affordable Housing Tenure	Actual Private Sales	Actual S106	Date of Consent	Actual Land Price		GVA Base Land Value
					Per Sq Ft	Per dwell			Per Ha	Per Ha
Blisworth	1.00 ha	27	11 (41%)	75:25 Affordable: Intermediate	£252 (Sept,14)	£12,560	May 2013	No record		£620k
Kings Sutton	3.70 ha	35	14 (40%)	75:25 Affordable: Intermediate	£242 (Sept,14)	£14,150	June 2013	£2,091,448 (August 14)	£565k	£620k
Moulton	8.19 ha	145	42 (29%)	66:34 Affordable: Intermediate	£250 (Sept,14)	£9,396	December 2012	No record		£620k
Brixworth	7.48 ha	148	43 (29%)	75:25 Affordable: Intermediate	£262 (Sept,14)	£10,097	July 2013	No record		£620k



Table B: Density of Development

	Site	Total Dwellings	Affordable Housing	GIA (sqm)	Average GIA/ Dwelling (sqm)	Density per ha
Blisworth	1.00 ha	27	11 (41%)	3,000	110	27
Kings Sutton	3.70 ha	35	14 (40%)	5,800	170	9
Moulton	8.19 ha	145	42 (29%)	14,300	98	18
Brixworth	7.48 ha	148	43 (29%)	14,300	97	20

Table C: Analysis of Actual S106 per Dwelling

	Blisworth	King Sutton	Moulton	Brixworth
Youth Facilities			£690	
Paving				
Travel Plans				£41
Strategic Facilities				
Zebra Crossing	£5,185			
Cycle Parking				
Healthcare	£467		£917	£616
Bus Shelter		£857	£103	£67
Bus Service				£1,000
Fire & rescue	£92	£92	£112	£92
Fire Hydrant		£24	£17	
Recycling	£70	£70		
Monitoring	£37	£29	£7	£7
Sports	£1,640			
Open Space			£241	
Play		£1,382	£62	
Library		£117	£237	
Highways				£41
Pre school				
Primary	£5,069	£5,798	£3,688	£4,750
Secondary		£5,781	£2,917	£3,466
Sixth Form				
<b>Total</b>	<b>£12,560</b>	<b>£14,150</b>	<b>£8,991</b>	<b>£10,080</b>