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**Dartmoor National  
Park Authority**

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**Standard  
Commuted Sum  
Contribution**

**Final Report**

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**Three Dragons and  
Rural Housing  
Solutions**

**December 2013**

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## CONTENTS

1	Introduction .....	1
2.	Experience from elsewhere .....	4
3	Analysis undertaken.....	12
4	Testing results and implications.....	17

## 1 INTRODUCTION

### Purpose of the study

- 1.1 Three Dragons and Rural Solutions were commissioned by the Dartmoor National Park Authority to identify a suitable approach to setting commuted sum payments for affordable housing. Such payments apply when the Authority is willing to accept a financial contribution in lieu of on-site provision for affordable housing.
- 1.2 The National Park Authority already has an established affordable housing policy in its local plan (the Core Strategy and Development Management and Delivery DPD). This includes the potential to collect a financial contribution in lieu of on-site provision but only in limited circumstances e.g. certain types of conversions and where new build provision in Local Centre would not be appropriate for affordable housing.
- 1.3 Payment levels would be required for a range of dwelling types and a series of value areas. These are to be included in the forthcoming Affordable Housing SPD.

### Policy Context

- 1.4 The National Planning Policy Framework (March 2012) acknowledges that Local Planning Authorities can collect money in lieu of on-site provision<sup>1</sup> but does not provide detailed guidance. The Beta version of the Planning Practice Guidance does not provide any detail on commuted sums.
- 1.5 Local planning policy for the National Park is found in the Core Strategy which states that;  
  
*“The provision of open market housing will be restricted to sites within Local Centres in circumstances where its provision will facilitate affordable housing on previously developed land or where it will be provided through building conversion/sub-division or where such development will facilitate significant environmental or community benefits. The proportion of affordable housing in such developments will be not less than 50%”*
- 1.6 Sustainable communities and the need for affordable housing are identified as key issues faced in the National Park. Accordingly, housing provision is planned as part of ‘appropriate development’ for Ashburton, Buckfastleigh, Chagford, Horrabridge, Moretonhampstead, Princetown South Brent and Yelverton (Local Centres). This provision is to meet local housing needs with at least 60% of the planned 50 dwellings a year in the National Park being delivered in these areas. The Core Strategy also plans for small scale development serving identified needs in a range of rural settlements. This will be small scale housing developments to meet identified need for affordable housing. Outside these settlements development is not planned.

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<sup>1</sup> Para 50

- 1.7 Policy COR15 has a strong priority for the provision of affordable housing to meet identified local needs:
- 70% of affordable housing to be socially rented.
  - Balance being intermediate housing.
  - Rural exceptions policy will be used where that is the best option.
  - Open market housing will be restricted to local centres where provision will facilitate affordable housing.
  - The proportion of affordable housing in mixed developments will not be less than 50%.
  - Outside local centres and rural settlements housing development is restricted to serving proven needs of agriculture or forestry or through the conversion of rural buildings to meet identified needs for affordable housing.
- 1.8 Policy COR15 is underpinned by a viability study – the *Strategic Housing Viability Assessment Final Report, Levvel Ltd , March 2011 with update 2012 (or SHVA)* – see below.
- Development Management and Delivery Development Plan Document (July 2013)**
- 1.9 The Development Management and Delivery Development Plan Document (DMD) notes that between 2001/2 and 2006/7 18% of the 581 dwellings (107) were affordable dwellings for local need, rising to 23% (286) between 2007/8 and 2010/11 and 44% 2009/10 and 2010/11. The DMD notes that there is a continued need for affordable housing.
- 1.10 The DMD expects that the majority of affordable housing will be provided by registered providers (RPs) but provision will also be through:
- Self-build groups and community development trusts
  - Private provision where sale price, rental level and occupancy are controlled by a s106 agreement. Sale price/rental is a 25% reduction from market values (minimum 20%) and the building size restricted to 80sq m.
- 1.11 The housing policy framework that now applies sees a minimum of one for one provision of affordable dwellings with limited opportunity for open market housing in the Local Centres and none in rural settlements – i.e. 50% affordable housing in local centres and 100% affordable housing in rural settlements. It is considered appropriate to maximise the provision of affordable housing associated with open market development and it will be necessary for land values to reflect the affordable housing requirement.
- 1.12 Affordable housing will normally be expected to be provided within the development site but exceptionally a commuted sum in lieu of provision may be considered.

- 1.13 In developments of more than five dwellings 50% of dwellings will be constructed to lifetime homes standards.
- 1.14 Where affordable housing is provided it will be subject to an occupancy restriction.
- 1.15 DNPA will continue to operate a rural exceptions policy.

**Draft Affordable Housing SPD**

- 1.16 The Affordable Housing SPD has been drafted to show how housing policies will be implemented. It notes that affordable housing sites will typically have a land value of around £5,000 to £10,000 per affordable housing plot. Where market housing is used to support the affordable housing viability it is expected that the value of all plots will be at this level.
- 1.17 Affordable housing provided by RPs is normally affordable rent or shared ownership (80% of the equity).
- 1.18 Privately delivered affordable housing (intermediate housing) may no longer be restricted to 80 sq m and sale price/rental must be discounted at a minimum of 20%.
- 1.19 Where building conversions are not suitable for affordable housing DNPA will consider open market housing with a commuted sum.
- 1.20 Any application not delivering the target level of affordable housing must be accompanied by a detailed viability appraisal.
- 1.21 Commuted sum for affordable housing may be accepted for conversions or for new build in a local centre.

**Strategic Housing Viability Statement (2011 and update 2012)**

- 1.22 The Strategic Housing Viability Statement (SHVA) states that it is unlikely to be possible to deliver 50% affordable in all parts of the National Park. In addition some development types are unlikely to be able to deliver target levels of affordable housing:
  - Small sites (5 dwellings or less) can deliver affordable housing but the proportion depends on location, current use, economic conditions and tenure.
  - Larger sites (10-15 dwellings and 30-50 dwellings) may be able to achieve in excess of 50% affordable housing in some locations while in others it is difficult to achieve 50% affordable housing. The tenure of the affordable housing has an impact.
- 1.23 The study divided the National Park into 6 value areas for its analysis. These were not reflected in the adopted policy but for the purposes of identifying commuted sum payments, the National Park Authority has asked that the areas are used. The analysis undertaken shows different payment levels for each of the value areas reflecting differences in viability between the areas which, in turn, reflect differences in market values across Dartmoor. See section 3 of this report for the areas used in the SHVA.

## **2. EXPERIENCE FROM ELSEWHERE**

### **Review of Policy from Elsewhere**

- 2.1 Policies operated by national park authorities to secure commuted sums from development, including conversions, are variable and generally not yet fully developed. In part this reflects the age of some of their core strategies and the limited housing numbers to be provided over the life time of the plan. It is also a consequence of the predominance of policies that do not allow market housing, but instead seek local needs market housing and conventional affordable housing provided by a registered provider.
- 2.2 The most developed policy operated by a national park, is that adopted by the New Forest NPA. In its four named settlements, where up to 50% open market housing provision is allowed to be taken as a commuted sums. This is required from single dwellings and where the scheme results in an odd number of affordable homes. The money has been put into a pot to support affordable housing delivery on exception sites within the Park.
- 2.3 The Peak District National Park has made tentative moves towards taking commuted sums from market developments that are allowed on sites where development provides conservation or environmental enhancement. However, the commuted sum is only triggered when the affordable housing contribution would exceed the amount of affordable housing to meet the short-term needs of the host community. The ensuing sum would then be used to support development of affordable housing elsewhere in the Park. To date this policy has not been enacted and is undergoing further development
- 2.4 Two further examples of the use of commuted sums have been included in this research. They are from Harrogate Borough Council and Derbyshire Dales District Council. Both have been successfully implemented. Harrogate has detailed policies on where commuted sums will be taken and the formula for setting the amount which applies to new build and conversions. This is backed up by a very robust approach to negotiation and understanding of the economics of development. Interestingly, this resource is available to the Yorkshire Dales National Park through the North Yorkshire Rural Housing Partnership.
- 2.5 The table below provides a summary of the approaches to assessing and collecting commuted sums in the English national parks, Harrogate Borough Council and Derbyshire Dales District Council. A fuller description of their policies towards affordable housing provision is set out on Annex 1.

Table 2.1: Summary of Park Policies for the Collection of Commuted Sums

Planning Authority	Policy	Implementation
Northumberland NPA	No policy for commuted sums	
North York Moors NPA	Includes a policy for accepting commuted sums CS Core Policy B <a href="http://planning.northyorkmoors.org.uk/ldf/txt/Adopted%20Core%20Strategy%20and%20Development%20Policies.pdf">http://planning.northyorkmoors.org.uk/ldf/txt/Adopted%20Core%20Strategy%20and%20Development%20Policies.pdf</a> Housing Development SPD – 2010 <a href="http://www.northyorkmoors.org.uk/_data/assets/pdf_file/0003/265035/10725.pdf">http://www.northyorkmoors.org.uk/_data/assets/pdf_file/0003/265035/10725.pdf</a> Policy seeks 50% affordable housing contribution and will take a financial contribution where there is an odd number of units. The financial contribution is half the difference between the open market value and the transfer price for the affordable housing.	The commuted sums element of the policy has not really been tested.  Currently each scheme is negotiated on its own merits. Attempts have been made to take a commuted sum from barn conversions, but the costs are considered to make schemes unviable. It is planned to introduce a new SPD once there has been a more detailed financial viability assessment.
Yorkshire Dales National Park	Housing Development Plan - Policy HDP2 <a href="http://www.yorkshiredales.org.uk/planning/planningpolicy/current-policy/yorkshire-dales-housing-development-plan-june2012.pdf">http://www.yorkshiredales.org.uk/planning/planningpolicy/current-policy/yorkshire-dales-housing-development-plan-june2012.pdf</a> On larger sites 50% is provided as affordable housing. The Authority may require a legal clause where, for viability reasons, the % of local needs housing is below 50%. The clause would require that if viability improves by the time permission is implemented, then the developer will be liable to increase the proportion of affordable housing or pay a commuted sum in lieu. The commuted sum would be used to facilitate affordable housing elsewhere within the National Park.	YDNPA is implementing its 50:50 policy on allocated sites. It has not used the commuted sums element of the policy and will be reviewing it.
Lake District National Park	Core Strategy – adopted 2010 – to be reviewed 2013. Also a SPD (Housing Provision – adopted 2010 – amended 2012)	There is no policy for taking commuted sums in existing policy
Peak District National Park	Core Strategy 2011	The commuted sums policy is still under development and as yet it has not been used.
South Downs National Park	Do not have their own Core Strategy, but are involved in joint strategies with neighbouring authorities.	

Planning Authority	Policy	Implementation
New Forest National Park	<p>Core Strategy &amp; Development Standards DPD</p> <p><a href="http://www.newforestnpa.gov.uk/site/scripts/google_results.php?q=Core+Strategy">http://www.newforestnpa.gov.uk/site/scripts/google_results.php?q=Core+Strategy</a></p> <p>Provides an annual allocation of 11 new dwellings per annum. Market housing is restricted to 50% of development in four named villages. Exception sites in other settlements.</p> <p>In 4 named settlements a financial contribution from any single dwelling is collected. If there are more than two dwellings the affordable housing contribution must be made on site.</p> <p>Development Standards DPD – sets out the principles for calculating a commuted sum.</p> <p>3.4.4 The financial contribution is based on the cost of providing the affordable housing requirement on an alternative site. To achieve off-site provision, unconstrained open market residential development sites will have to be acquired on the open market by an affordable housing provider. It is therefore appropriate that the level of contribution relates to the cost of acquiring such sites.</p> <p>Indicative levels of contribution are set out in an Annex and shown at the end of this schedule. Contributions are calculated as 50% of plot value, using residual land calculation derived from the District Valuer. These values are updated on a bi-annual basis.</p> <p>The contributions are pooled and the DPD sets out the criteria for releasing funds. NFNPA are resistant to barn conversions unless for employment use.</p>	<p>Since the NFNPA became the planning authority in 2006 there have been 30 schemes that have paid a commuted sum. This has created a pot of £550,000.</p>
Exmoor National Park	<p>Exmoor's Local Plan is now out of date and a new Local Plan is currently being developed.</p>	



Planning Authority	Policy	Implementation
Harrogate Borough Council	<p>The draft Core Strategy and DPD has just completed its public examination. It includes a policy for taking a contribution from any barn conversion towards affordable housing.</p> <p>In the rural areas, outside the 3 main towns, proposals of more than 3 dwellings are required to make a 40% on site contribution. On sites of 1 – 2 dwellings a financial contribution is required. The DPD states that a 50% contribution will be required from barn conversions. Where the conversion results in two or more units the affordable housing must be provided on site. If it only results in one residential unit, a commuted sum will be required.</p> <p>The policy includes the opportunity and sets out the process for negotiating these targets if there are problems of financial viability. The DPD cross refers to HBC's draft SPF 'Homes for Local People' published in May 2013. This sets out the arrangements for calculating the affordable housing contribution.</p> <p>Commuted sums are calculated as the open market value minus the 'transfer price'. The transfer price is that which an RP pays a developer for the affordable housing built. Currently this is £1,100 per sq m</p>	<p>On barn conversions HBC advises that some market housing is necessary because conversions are expensive. The market housing provides the cross-subsidy for the affordable, particularly as Harrogate is a high value area.</p> <p>The Core Strategy policies on density have meant that HBC has been able to insist on sub-division, which means they are then able to secure a contribution.</p>
Derbyshire Dales District Council	<p>Derbyshire Dales District Council adjoins the Peak District National Park. It has had a successful policy for taking commuted sums from barn conversions for a number of years. It is now pursuing taking commuted sums as part of an affordable housing contribution, alongside some on-site provision.</p> <p>Where a residential conversion is considered acceptable H12 of the Plan requires the provision of either a financial contribution or other contribution towards the provision of affordable housing. A table in the Affordable Housing Supplementary Planning Document (July 2006) sets out the level of contribution. These are based on the historic TCI approach of the former Housing Corporation based on the principle that, "...the contribution takes account of the whole costs of providing affordable housing off-site..."</p>	<p>In 2012/13 DDDC raised £50,000 through commuted sums and expects to raise £437,000 in 2013/14. This is from conversions and taking a proportion of an on-site contribution as a commuted sum in larger communities.</p>

Information from New Forest NPA – on standard commuted sum payments (which are subject to a detailed viability assessment if the developer raises viability issues)

### Annex 3: Financial contributions for off-site provision of affordable housing

Financial contributions per unit (based on 50% of plot value)

Village	1 & 2 bed flat	2 bed house	3 bed house	4 bed house
Ashurst	£13,375	£22,400	£30,000	£27,345
Brockenhurst	£15,200	£25,900	£39,500	£43,650
Lyndhurst	£18,200	£27,500	£39,450	£40,200
Sway	£16,800	£25,700	£41,450	£43,650

*New Forest National Park Local Development Framework, Development Standards Supplementary Planning Document September 2012 (web version Nov 2013)*

- 2.6 The review we have undertaken shows that many national park authorities have positive policies for collection of commuted sums in specific circumstances. But this is not universal. The review also shows that there is no single way in which national park authorities calculate commuted sums and that this can lead to quite different levels of commuted sum payments e.g. with the approach adopted by New Forest National Park Authority creating a pot of £550,000 while to date in none of the other Parks has the policy been triggered.

#### Examples of Experience from Other Rural Authorities

- 2.7 Our review of policies for the calculation and operation of commuted sums includes a further selection of policies drawn purely a web based search. These examples are not intended to be representative of all the approaches taken by local authorities but provide a snapshot of possible policy options. Again, the difference in approach leads to differences in the amount of commuted sum that will be sought.
- 2.8 As we found with the national park authorities, a relatively common approach is to estimate the difference between open market value and the value of the affordable housing. This is illustrated by examples of Mid Devon and Cornwall – the former providing a land value based approach and the latter an ‘in principle’ policy.

*Example A – Mid Devon*

**When a financial contribution is proposed in lieu of affordable housing provision within the development site, in accordance with criterion e of AIDPD Policy AL/DE/3, the Local Planning Authority will commission an independent land valuation, the cost of which shall be met by the developer prior to the application being determined. The land valuation should include:**

- a) The value of the free serviced land that would otherwise be provided within the site, applying the dwelling mix required by Policy MHN2 if relevant.**
- b) The average market dwelling sales price expected from a 100% market housing development on the site compared to the sales price of the equivalent dwelling within a mixed market and affordable housing scheme.**

**The required contribution will consist of the free serviced land value (a), plus any additional value per market dwelling that results from offsite affordable housing provision (b).**

*Mid Devon DC, Meeting Housing Needs, Supplementary Planning Document, 2012*

*Example B – Cornwall Council*

All new housing schemes within the plan, including mixed use schemes, on sites where there is a net increase of two units or more or 0.1 of a hectare developments must contribute towards meeting affordable housing need.

Any off site contributions will be broadly equivalent in value to on site provision and secured to support the delivery of affordable housing through a planning obligation.

*Cornwall Council, Draft Local Plan Policy 8 – Affordable Housing*

- 2.9 A different approach is found in New Forest District Council which bases the calculation of commuted sums (when they are accepted) on the basis of a notional plot value as the following extract from the council's (much lengthier) policy illustrates.

Example C- New Forest District Council

The financial contribution must be equivalent to the unconstrained open market residential land value for the number of affordable dwellings required (had they been provided on the application site).

Affordable housing requirement =  $10 \times 35\% = 3.5$  dwellings

3 dwellings to be provided on site plus a contribution to 0.5 dwellings off- site, calculated as follows:

Individual Plot value\* = £60,000 Affordable housing contribution =  $0.5 \times £60,000 = £30,000$

\*The plot value will be based on that needed to accommodate the type of dwellings proposed in the application.

In view of the rapid house and land price inflation (currently well above that of the Retail Price Index) it is important that any financial contribution is linked to an appropriate local house price index (e.g. Nationwide House Price Index). The contribution made will need to be increased in line with this index should it show a rise between the time the contribution was agreed and the time it is due to be made.

*The Delivery of Affordable Housing (on Development Sites) Through the Planning Process – Supplementary Planning Document*

- 2.10 Another approach relates the percentage of affordable housing required, to the market value per sq m of the market property, rebased for the size of affordable housing. The following extract from Rutland County Council illustrates this approach.

Example D – Rutland County Council

CALCULATION OF COMMUTED SUMS FOR AFFORDABLE HOUSING WHERE PERMITTED BY POLICY CS11 OF THE RUTLAND CORE STRATEGY					
Site type	Percentage of affordable housing to be provided from Policy CS11.	Affordable housing commuted sum required per affordable home based on average gross internal floorspace of market properties		Commuted sum due, subject to viability, expressed as amount due PER MARKET HOME in £ per square metre gross internal floorspace	Maximum collectable PER MARKET HOME (that is, at 85m <sup>2</sup> gross internal floorspace)
		In square feet (From AHVS Table 10.2)	converted to per square metre		
All developments for which a commuted sum for affordable housing would be appropriate	35.0%	£74.80	£804.08	<b>£281.43</b>	£23,922

*Rutland County Council Supplementary Planning Document Developer Contributions to Off-Site Affordable Housing, 2012*

- 2.11 But even within a formula based approach, there can still be a specific acknowledgement that if scheme specific viability issues arise, the authority will consider reducing the level of payment.

#### **Principles for Calculating Commuted Sums**

- 2.12 The review of approaches to calculating commuted sums does not provide a single approach that Dartmoor National Park Authority can adopt. Neither are there universally adopted principles that guide the process. However, from the review, we put forward the following as the basis for an acceptable approach towards commuted sums:

- that developers should be no worse or better off whether they provide their affordable housing requirement on site or as a commuted sum;
- the mechanisms for calculating commuted sums are transparent and seen to be equitable;
- where there are concerns about scheme viability, this should be dealt with through negotiation about the percentage of affordable housing the scheme can support. Simply adjusting the commuted sum required is not an appropriate way of dealing with the issue.

- 2.13 We acknowledge the Authority's view that the theoretical level of commuted sum sought has to be tempered by a degree of pragmatism. This is likely to be of particular importance in setting commuted sum rates for

conversions/adaptations where the cost of development can vary significantly between projects and it is difficult to predict a 'typical' scheme on which to base a 'typical' payment. Varying costs for conversions are discussed later in this report.

### 3 ANALYSIS UNDERTAKEN

#### Method of calculation

3.1 In order to provide the National Park Authority with a consistent approach to collecting commuted sums, we start from the principle that the developer of a scheme should be no worse or better off whether they provide the affordable housing required on-site or as a financial contribution – as a commuted sum. This can be expressed as the difference in residual value of a scheme with 100% market housing and a scheme with the policy compliant percentage of affordable housing (i.e. 50%). This principle applies whatever number of dwellings is being considered.

3.2 Residual value is the difference between the revenue of a scheme (from the market and affordable elements) and the scheme costs (including the costs of building, professional fees, developer return and finance costs). Put mathematically, this can be expressed as follows:

$$CS = RV \text{ 100\% Market} - RV \text{ 50\% Affordable housing}$$

Where:

- CS = commuted sum
- RV = residual value

3.3 To calculate the residual value of 100% market and 50% affordable housing schemes, we have used the Three Dragons toolkit. The Toolkit is a residual value model that is widely used for viability assessments – for individual developments and to inform affordable housing policies etc.

#### Values used for the Testing

3.3 To populate the Toolkit and calculate commuted sums, we have needed to draw up a schedule of assumptions. We have relied on the Authority's SHVA as the basis for this, updating the assumptions where necessary. We have also consulted with locally active developers and Registered Providers (RPs). The consultation was undertaken by telephone using a list of people to contact provided by the Authority. The consultation process was not intended to replicate the detailed process of the SHVA but used simply to check that our proposed updates were broadly acceptable. The consultation process also explored how conversions may differ in values from estate housing.

3.4 The table below sets out the key assumptions used and their source. The assumptions are based on the SHVA wherever possible.

Table 3.1: Testing assumptions and their source

Variable	Value used			Source
Affordable housing %	50%			DNPA Core Strategy (extant policy).
Affordable housing types	70% affordable rent 30% shared ownership at 40% share size			DNPA.
Market values	6 value areas from the SHVA See below for details Note for testing conversions – add 10% value premium over estate housing values for 2 bed; 20% for 3 bed and 25% for 4 bed.			SHVA - Shown as value per sq m. Used average dwelling size from SHVA to identify value per dwelling. Land Registry check for any change in values since SHVA and checked with development industry consultees Additional value for conversions estimated by consultees.
Affordable rents Per week (exclusive of service charges)	Flat	1 bed	£90	SHVA rents - cross checked against current LHA for relevant Broad Rental Market Areas and discussed with consultees.
		2 bed	£116	
	House	2 bed	£116	
		3 bed	£135	
		4 bed	£176	
Dwelling sizes Sq m (GIA)	Flat	1 bed	50	SHVA.
		2 bed	63	
	House	2 bed	74	
		3 bed	87	
		4 bed	103	
Build costs – new build £s per sq m	Flat	1 bed	£ 1,219	BCIS as at October 2013 (including location adjustment for Devon + 15% addition for external works. And as discussed with consultees.
		2 bed	£ 1,219	
	House	2 bed	£ 1,103	
		3 bed	£ 1,107	
		4 bed	£ 1,103	
Build costs - conversions	Sensitivity test at £500/sq m – low benchmark £1920/sq m) – upper benchmark			No data provided by BCIS Consultation with development industry identified wide range of costs and scheme specific considerations Sensitivity tests represent a reasonable spread of the values quoted during the research.
Other build costs	2014 Part L Building Regulations £500 per dw			DCLG.
	NPA sustainability requirements £1,200 per dw			DNPA.

Variable	Value used	Source
Development costs	Interest 6.50% Professional fees 10% Marketing fees 3% Developer return 20% Contractor return 6% Site investigation £350 Site acquisition fees 2.75%	SHVA.  on GDV on costs  per dw
s106	£5,000 per dwelling (No CIL)	SHVA and confirmed as current by DNPA
Affordable housing subsidy	Assume £0	DNPA and checked with RP consultees

3.5 Annex 2 shows the total development costs and values for a series of dwelling types (1 and 2 bed flats and 2, 3 and 4 bed houses) for new build and conversions. Within Annex 2, the total revenue for each dwelling types are derived from either sale values for the market housing or (for the affordable rented element) capitalised net rents, and the costs are made up of construction plus the other development costs such as acquisition, finance, professional fees, stamp duty, s106 etc. The total development costs per unit are higher for market dwellings than affordable dwellings because of the need to build in a return for the developer of market housing (which is higher than the return to the contractor for affordable housing) and because of marketing costs for market housing.

3.6 The DNPA sustainability assumptions (£1,200 per dwelling) and the DNPA s106 assumptions (£5,000 per dwelling) are drawn from the SHVA. An analysis by the National Park Authority of the last 20 s106 agreements undertaken by DNPA in December 2013 (covering June 2011 to October 2013) indicates that there were no s106 requirements for any development of fewer than 10 dwellings. Therefore the findings referred to in the results may be considered to over-estimate the costs and to be cautious in viability terms.

#### **Market Value Areas**

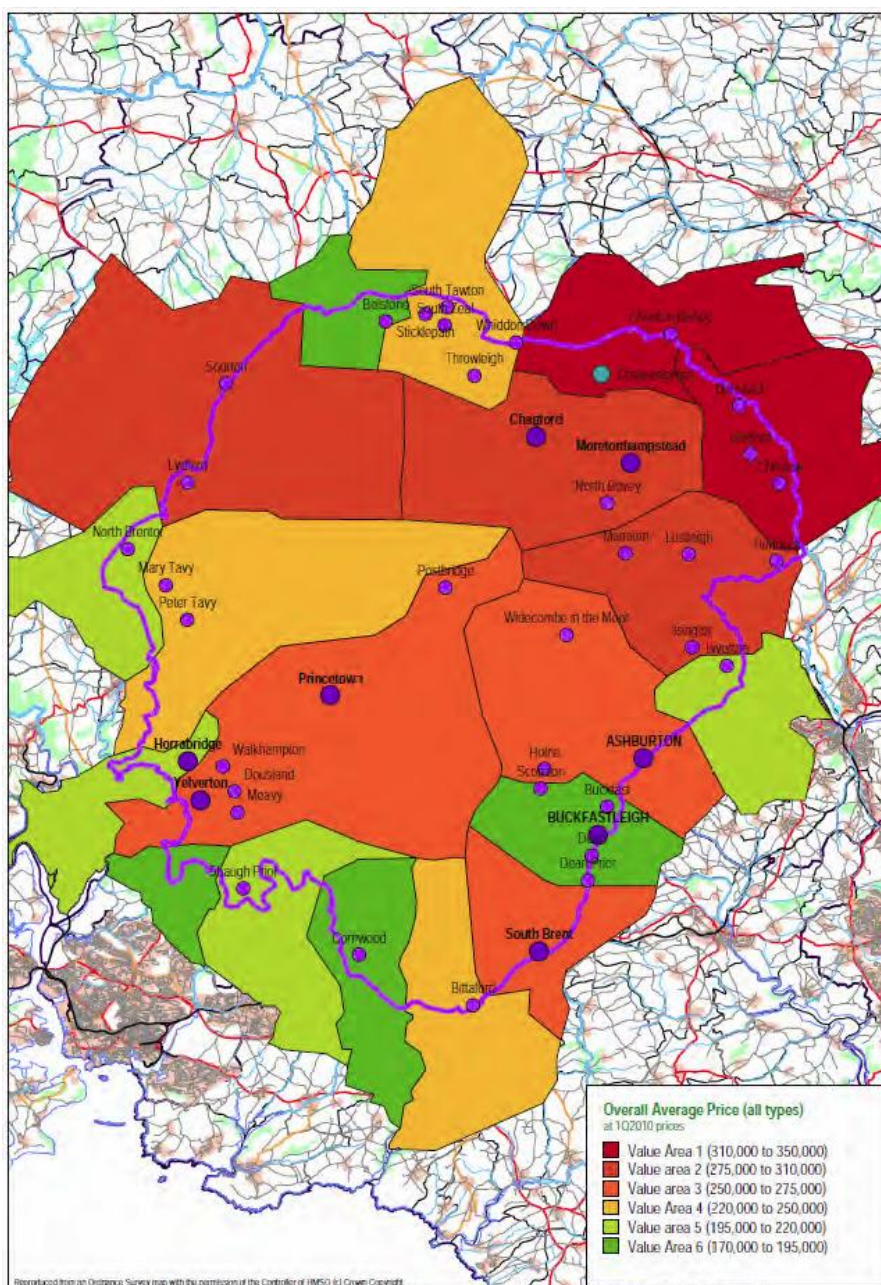
3.7 The SHVA used market value areas to reflect the different market conditions within the National Park, based on Land Registry data. Whilst these provide a useful guide, within any given value area there will pockets of higher and lower values and this will affect the ability to meet any commuted sum obligations.



Table 3.2: Market Value and Value Areas (selected dwelling types) – source SHVA 2011

Market Values		Area 1	Area 2	Area 3	Area 4	Area 5	Area 6
Flat	1 bed	£140,000	£134,000	£114,000	£128,000	£122,000	£112,000
	2 bed	£176,000	£169,000	£144,000	£162,000	£154,000	£141,000
House	2 bed	£196,000	£188,000	£189,000	£170,000	£150,000	£141,000
	3 bed	£222,000	£229,000	£219,000	£183,000	£182,000	£166,000
	4 bed	£381,000	£363,000	£342,000	£320,000	£285,000	£252,000

Figure 3.1 Dartmoor Housing Value Areas – SHVA 2011



- 3.8 The emerging DNPA Affordable Housing SPD sets out the position on the expected land values for affordable housing development and mixed tenure development where market housing is used to cross-subsidise affordable housing. This indicates that there should be a land value of £5,000-£10,000 per

affordable plot, including market housing plots where this tenure is being used to cross subsidise affordable housing. The analysis uses this to note where the testing suggests that this value is not being achieved, indicating that it is not viable.

- 3.9 Acquisition fees and Stamp Duty Land Tax (SDLT) have been deducted from residual values.

## 4 TESTING RESULTS AND IMPLICATIONS

### Requirements of the brief

- 4.1 The brief for this study requested that guideline commuted sums derived from the analysis were set out in the following format.

**Table 4.1 Model Reporting Table**

	Value Area 1	Value Area 2	Value Area 3	Value Area 4 etc
1 bed flat				
2/3 bed flat				
2/3 bed house				
3/4 bed house				

**Table 1. Commuted sum contributions (conversions and change of use)**

	Value Area 1	Value Area 2	Value Area 3	Value Area 4 etc
1 bed flat				
2/3 bed flat				
2/3 bed house				
3/4 bed house				

**Table 2. Commuted sum contributions (new build dwellings)**

- 4.2 The analysis undertaken has shown that there is sufficient difference in the value of different dwelling types that we have analysed the potential commuted sums for all the following:

**Table 4.2 Dwelling Types**

Flat	1 bed
	2 bed
House	2 bed
	3 bed
	4 bed

- 4.3 This assumes that 2 bed houses are terraced, 3 bed houses are semi-detached and 4 bed houses are detached. 3 bed flats were not tested as in practice these are rarely delivered by market or affordable housing developments.
- 4.4 Commuted sums have been calculated for these dwelling types for each of the six value areas.

### Results of the Testing Process

- 4.5 The results are reported by value area and by the following cost and value sensitivity tests:
- Standard BCIS new build.
  - Higher build costs - reflecting the build costs sometimes found in the National Park (such as use of more expensive materials and more landscaping).
  - Lower cost conversions – reflecting reuse of intact domestic scale buildings with services.

- Higher cost conversions – reflecting reuse of buildings that are more difficult to adapt because of the scale or nature of their construction, or condition, or lack of services.

### **Development Viability**

- 4.6 Not all of the typologies tested met the guideline benchmark land values in the draft Affordable Housing SPD of £10,000 - £5,000 per plot. The table below indicates whether developments with 50% affordable housing meet the £10,000/plot threshold (green), which meet the £5,000/plot threshold (amber) and which produce a residual value of less than £5,000/plot (red).

**Table 4.3 Viability by dwelling types and value areas**

<b>New build - standard</b>	Value area 1	Value area 2	Value area 3	Value area 4	Value area 5	Value area 6
Flat 1 bed						
Flat 2 bed						
House 2 bed						
House 3 bed						
House 4 bed						

<b>New build - higher build costs</b>	Value area 1	Value area 2	Value area 3	Value area 4	Value area 5	Value area 6
Flat 1 bed						
Flat 2 bed						
House 2 bed						
House 3 bed						
House 4 bed						

<b>Conversion - low build cost</b>	Value area 1	Value area 2	Value area 3	Value area 4	Value area 5	Value area 6
Flat 1 bed						
Flat 2 bed						
House 2 bed						
House 3 bed						
House 4 bed						

Conversion - high build cost	Value area 1	Value area 2	Value area 3	Value area 4	Value area 5	Value area 6
Flat 1 bed						
Flat 2 bed						
House 2 bed						
House 3 bed						
House 4 bed						

- 4.7 Of the different typologies tested, lower cost conversions show the strongest viability as a result of the combined lower build cost and higher values, particularly for the larger dwellings. Higher cost conversions are typically not viable, as the cost premium is significant.
- 4.8 The testing indicates that the higher cost new builds are not viable with 50% affordable housing except for larger dwellings.
- 4.9 As expected, the higher value areas are more viable than lower value areas, as values are higher but development costs remain static.

#### **Commuted Sums**

- 4.10 An indication of the commuted sum that may be charged is set out below. However, where development is not viable a commuted sum would not be appropriate. In particular the tables above suggest that new build development subject to policy standards (and therefore higher build costs) and more expensive conversions may find it difficult to support commuted sums. Determining whether developments are able to support a commuted sum may be difficult for the Authority to assess without appropriate evidence from the developer.
- 4.11 Notwithstanding any underlying viability issues, the testing process indicates that the **theoretical** level of commuted sum for different dwelling types is as follows:
- Commuted sums for 1 bedroom flats will vary between £21,000 (for standard build costs in a high value area) to £15,000 (for higher conversion costs in a lower value area).
  - Commuted sums for 2 bedroom flats will vary between £27,000 (for lower cost conversions in a high value area) to £15,000 (for higher new build costs in a lower value area).
  - Commuted sums for 2 bedroom houses will vary between £34,000 (for standard build costs in a high value area) to £15,000 (for higher conversion costs in a lower value area).

- Commuted sums for 3 bedroom houses will vary between £21,000 (for lower cost conversions in a high value area) to £15,000 (for standard cost new build in a lower value area).
- Commuted sums for 4 bedroom houses will vary between £48,000 (for higher cost conversions in a high value area) to £17,000 (for standard cost new build in a lower value area).

4.12 The tables below summarise the potential theoretical maximum commuted sums. Annex 2 details the revenues and costs. Again, it should be noted that it is likely that new build developments with higher costs and the more expensive conversions may not be able to support any level of commuted sum. These tables use the same colour coding to indicate likely viability:

- Green – Residual value meets or exceeds £10,000 per plot
- Amber – Residual value meets or exceeds £5,000 per plot
- Red – Residual value less than £5,000 per plot

**Table 4.4 Potential commuted sums by dwelling types and value areas**

<b>New build - standard</b>	Value area 1	Value area 2	Value area 3	Value area 4	Value area 5	Value area 6
Flat 1 bed	£21,000	£18,000	£14,000	£17,000	£17,000	£14,000
Flat 2 bed	£24,000	£21,000	£16,000	£21,000	£18,000	£15,000
House 2 bed	£30,000	£27,000	£27,000	£23,000	£18,000	£15,000
House 3 bed	£34,000	£35,000	£31,000	£21,000	£22,000	£17,000
House 4 bed	£64,000	£60,000	£56,000	£51,000	£40,000	£31,000

<b>New build - higher build costs</b>	Value area 1	Value area 2	Value area 3	Value area 4	Value area 5	Value area 6
Flat 1 bed	£21,000	£19,000	£14,000	£19,000	£17,000	£14,000
Flat 2 bed	£24,000	£22,000	£16,000	£22,000	£18,000	£15,000
House 2 bed	£30,000	£28,000	£28,000	£24,000	£19,000	£16,000
House 3 bed	£34,000	£35,000	£32,000	£23,000	£23,000	£19,000
House 4 bed	£65,000	£62,000	£56,000	£51,000	£40,000	£31,000

<b>Conversion - low build cost</b>	Value area 1	Value area 2	Value area 3	Value area 4	Value area 5	Value area 6
Flat 1 bed	£19,000	£17,000	£12,000	£16,000	£15,000	£13,000
Flat 2 bed	£27,000	£25,000	£19,000	£23,000	£21,000	£17,000
House 2 bed	£34,000	£31,000	£32,000	£26,000	£20,000	£16,000
House 3 bed	£43,000	£44,000	£41,000	£31,000	£30,000	£24,000
House 4 bed	£84,000	£78,000	£72,000	£69,000	£57,000	£45,000



Conversion - high build cost	Value area 1	Value area 2	Value area 3	Value area 4	Value area 5	Value area 6
Flat 1 bed	£23,000	£20,000	£15,000	£20,000	£18,000	£15,000
Flat 2 bed	£31,000	£29,000	£22,000	£27,000	£24,000	£20,000
House 2 bed	£39,000	£36,000	£36,000	£29,000	£23,000	£21,000
House 3 bed	£48,000	£50,000	£47,000	£36,000	£35,000	£29,000
House 4 bed	£94,000	£90,000	£82,000	£74,000	£63,000	£52,000

### Implications for Setting Commuted Sum

4.13 In applying these potential commuted sum rates we recommend that the Authority takes account of the viability implications of this analysis of potential theoretical commuted sum payments and includes within its policy an appreciation of the need to negotiate with developers where viability is an issue. Other factors to be taken into consideration are that:

- There will continue to be substantial variation in the build costs for conversions.
- Some potential conversions involving high build costs will have marginal or little viability whatever affordable housing obligation they may be required to have. It may be more useful to consider lower cost conversions when setting policy as unless there are other objectives (such as economic re-use of listed or other important buildings), re-use of expensive to convert buildings may have await increases in value before they are converted.
- Careful consideration is given to the level of commuted sum applied to new build development in the National Park in conjunction with high policy standard requirements, as there will be some trade-off between policy requirements and the ability to deliver affordable housing.
- As discussed in section 3, the findings referred to in the results may be considered cautious in viability terms as recent s106 obligations for sites of fewer than 10 dwellings are considerably lower than the assumptions modelled (drawn from the 2011 SHVA).

4.14 While the commuted sum payments for new build and conversions are similar for the smaller developments, the differences for the larger developments suggest that it will be useful to maintain two separate rates in order to maximise affordable housing delivery.

4.15 Given the impacts of the different build costs sensitivity tests on overall viability it may be necessary to undertake some negotiation on schemes that have higher build costs (perhaps in order to comply with policy obligations) when supported by appropriate evidence of the associated costs and values.

4.16 The use of the different value areas is part of the SHVA but has not formed a part of the current affordable housing policy. Value areas have been used in this study because they are useful to explore different scenarios, but it does not necessarily follow that the DNPA needs to use this fine grain as part of

policy. Instead the DNPA may wish to consider which of the values areas the majority of development is likely to take place. It will then be able to come to a view on a single (or simplified) set of commuted sums in order to facilitate the majority of anticipated development.

### **Land Values**

- 4.17 The plot values for affordable housing (and all housing forming mixed tenure rural exception sites) set out in the draft Affordable Housing SPD are some way below what might be expected for plot values for open market housing. It is noted that the site values forming part of redacted viability assessments for developments in the National Park are often far higher on a per plot basis and this is used as a basis for negotiating the affordable housing requirement down. This difference between market and constrained affordable housing land values is likely to have more effect on the viability than much of the difference in build costs discussed above.
- 4.18 This study has not formally set out to test whether land owners will accept £5,000 - £10,000 per plot for rural exception sites. However, the consultations did indicate that £10,000 per plot was recognised as a value used by housing associations for rural exception sites and this is confirmed by other recent work undertaken by the study team<sup>2</sup>.

### **Future Review of Commuted Sums**

- 4.19 It will be important to include a monitoring process for commuted sums in order to test whether the use of this mechanism is achieving delivery of more affordable housing in the National Park. It will also be necessary to review the target commuted sums from time to time in order to check that the level remains appropriate. The key indices will include house prices (using Land Registry price paid data) and build costs (using BCIS). Changes of 10%-15% would be suitable triggers for reconsidering the level of commuted sums. Use of data sources would usefully be combined with discussion with the development industry, such as through the SHLAA panel.
- 4.20 In addition, changes to the value of affordable housing to mixed tenure schemes will also have a direct effect on viability and it will be important to maintain regular contact with registered providers operating in the National Park.

### **Summary**

- 4.21 The testing process has provided a set of **theoretical** commuted sums, based on different value and cost scenarios. It has also indicated that not all development will be viable (as did the SHVA), and this will need to be taken into account when considering the affordable housing that a development will be able to support. The testing has been undertaken using cautious assumptions and therefore within the parameters used, can be considered a worst case scenario. Circumstances that fall outside the parameters and when

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<sup>2</sup> E.g. Incentivising Landowners to release sites for affordable housing in Lincolnshire - <http://www.smithsgore.co.uk/publications>



the DNPA will need to consider a different commuted sum payment could include:

- Conversion sites where the landowner will not accept the £5,000 to £10,000 per plot assumptions, or with conversion costs beyond those modelled. If there are extraordinary reasons for this, such as economic re-use of listed or other important buildings, the DNPA could consider accepting a lower commuted sum payment. But if there are no exceptional circumstances, then the development may have to await a rise in values before proceeding. It may be more useful to consider lower cost conversions when setting policy and use negotiation to deal with higher cost development when it arises and when it is important for delivery of the core strategy and DMD.
- If a development is obliged to deliver s106 obligations beyond those modelled then it may be appropriate to adjust the proportion of affordable housing where the development is marginal. However, there are developments (particularly larger dwellings and those in higher value areas) where there is viability 'headroom' that could support a higher s106 than modelled in this study (see annex 2).

- 4.22 The commuted sum amounts are presented on a per dwelling basis. Therefore where values or costs for proposed dwellings are clearly different from those modelled, the net differences may form a guide for negotiating the proportion of affordable housing.
- 4.23 DNPA may wish to consider using a single or simplified set of commuted sums rather than following the fine grain of the different value areas that we have set out in this report.

## Annex 1

## Affordable housing policies and approaches

Planning Authority	Policy
Northumberland NPA	<p>No policy for commuted sums</p> <p>CS Policy 10 &amp; 11</p> <p>Requires all new residential development to be restricted in perpetuity for people meeting local needs criteria.</p> <p>On sites of 0.1ha or 2 dwellings, including conversions, 50% must be in the form of affordable as opposed to local needs market housing.</p>
North York Moors NPA	<p>Includes a policy for commuted sums</p> <p>CS Core Policy B</p> <p><a href="http://planning.northyorkmoors.org.uk/ldf/text/Adopted%20Core%20Strategy%20and%20Development%20Policies.pdf">http://planning.northyorkmoors.org.uk/ldf/text/Adopted%20Core%20Strategy%20and%20Development%20Policies.pdf</a></p> <p>States type of development allowed in different parts of a settlement hierarchy.</p> <p>Local Service Centre – Helmsley – open market and affordable housing</p> <p>Local Service Villages – housing to meet identified local need and affordable housing</p> <p>Other villages – housing to meet identified local housing need and affordable housing where it will improve the social, economic and environmental sustainability of the community</p> <p>Housing Development SPD – 2010</p> <p><a href="http://www.northyorkmoors.org.uk/_data/assets/pdf_file/0003/265035/10725.pdf">http://www.northyorkmoors.org.uk/_data/assets/pdf_file/0003/265035/10725.pdf</a></p> <p>Seeks 50% affordable housing contribution and will take a financial contribution where there is an odd number of units.</p> <p>The financial contribution is half the difference between the open market value and the transfer price for the affordable housing.</p>
Yorkshire Dales NPA	<p>Housing Development Plan - Policy HDP2</p> <p><a href="http://www.yorkshiredales.org.uk/planning/planningpolicy/current-policy/yorkshire-dales-housing-development-plan-june2012.pdf">http://www.yorkshiredales.org.uk/planning/planningpolicy/current-policy/yorkshire-dales-housing-development-plan-june2012.pdf</a></p> <p>Allows for development that meets local market and affordable housing needs on sites allocated on the Proposals Map or within the settlement boundary. On larger sites 50% is provided as affordable housing, with perpetuity arrangements. Occupancy of all housing is restricted to those that meet the prescribed definition of 'local need'.</p> <p>The Authority may require a legal clause where for viability reasons the % of local needs housing is above 50%. The clause would require that if viability improves by the time permission is implemented, then the developer will be liable to increase the proportion of affordable housing or pay a commuted sum in lieu. The commuted sum would be used to facilitate affordable housing elsewhere within the National Park.</p>

Planning Authority	Policy
Lake District NPA	<p>Core Strategy – adopted 2010 – to be reviewed 2013</p> <p><a href="http://www.lakedistrict.gov.uk/_data/assets/pdf_file/0008/172763/core_strategy_oct_2010-2.pdf">http://www.lakedistrict.gov.uk/_data/assets/pdf_file/0008/172763/core_strategy_oct_2010-2.pdf</a></p> <p>LDNPA's SHLAA highlights difficulties allocating sites for development because of the environmental sensitivity of the area and the high proportion of new dwellings created by conversions, making the case for a windfall allowance in its land supply.</p> <p>Policy CS02 – supports development that 'maintains the vibrancy and sustainability of settlements'. It adopts a three tier hierarchy of settlements.</p> <p>Policy CS18 – Makes provision for 900 dwellings between 2010 – 2025. Development will be allowed where it contributes to meeting an identified local need or local affordable need with priority given to the delivery of affordable housing, and where they:</p> <p>help to redress the imbalances in the local housing market; and are secured in perpetuity for the purpose it was originally intended</p> <p>This is achieved by allocating sites for 100% affordable housing in a mix of local needs and affordable homes, using the exception site policy. On windfall sites of more than 4 homes, a maximum of 3 will be allowed as local needs market housing.</p> <p>SPD Housing Provision – adopted 2010 – amended 2012</p> <p><a href="http://www.lakedistrict.gov.uk/_data/assets/pdf_file/0011/177185/Housing-SPD-2012_10_30-as-amended.pdf">http://www.lakedistrict.gov.uk/_data/assets/pdf_file/0011/177185/Housing-SPD-2012_10_30-as-amended.pdf</a></p> <p>States that Policy CS18 will be applied to all applications for new dwellings. This includes the sub-division of existing houses, a change of use, the conversion of traditional buildings as well as new build, where there is a net gain.</p>
Peak District NPA	<p>Core Strategy 2011</p> <p><a href="http://www.peakdistrict.gov.uk/_data/assets/pdf_file/0014/141215/LDF-CoreStrategyFinal.pdf">http://www.peakdistrict.gov.uk/_data/assets/pdf_file/0014/141215/LDF-CoreStrategyFinal.pdf</a></p> <p>Policy DS1 – The majority of new development (80% -90%) will be directed into Bakewell and 64 named settlements. In addition, in or on the edge of these settlements development that supports the vitality of communities will be allowed. This includes affordable housing. There will be no housing to meet solely open market demand and no sites will be allocated..</p> <p>Policies CS1 and CS2 – allow for some market housing on sites where such development is required to provide a conservation or environmental enhancement. Where more than one dwelling is proposed, the scheme should also provide local market and/or affordable housing.</p> <p>Where the site would viably provide more affordable housing than is needed to meet the short-term housing need of the community, a financial contribution will be sought rather than on site provision for the number of units in excess of the local need.</p>

Planning Authority	Policy
South Downs NPA	Do not have their own Core Strategy, but are involved in joint strategies with neighbouring authorities.
New Forest NPA	<p>Core Strategy &amp; Development Standards DPD</p> <p><a href="http://www.newforestnpa.gov.uk/site/scripts/google_results.php?q=Core+Strategy">http://www.newforestnpa.gov.uk/site/scripts/google_results.php?q=Core+Strategy</a></p> <p>Provides an annual allocation of 11 new dwellings per annum. Market housing is restricted to 50% of development in four named villages. Exception sites in other settlements will be allowed where the housing is retained in perpetuity to meet affordable housing needs.</p> <p>In the 4 named settlements a financial contribution from any single. If there are more than two dwellings the affordable housing contribution must be made on site.</p> <p>Development Standards DPD – states that in the defined villages 50:50 affordable to market housing will be required. Plus if development results in a net increase of a single dwelling a financial contribution to affordable housing will be required. The indicative levels of contribution are set out in an Annex. The contributions are based on the concept of the developer providing ‘free serviced land’ leaving the Registered Provider (RP) to pay the build costs of the affordable units. So on basis of 50% of plot value using residual land calculation derived from the District Valuer. These values are updated on a bi-annual basis.</p> <p>The contributions are pooled and the DPD sets out the criteria for releasing funds. Their main purpose is to enable the development of affordable housing on exception sites.</p> <p>NFNPA are resistant to barn conversions unless for employment use. In a few cases where conversions have been adjacent to a historic building they have allowed market housing with the profit being used to up keep the historic building.</p>
Exmoor NPA	Exmoor’s Local Plan is now very out of date and they are currently consulting in their new Local Plan.

Planning Authority	Policy
Harrogate Borough Council	<p>Harrogate borders the YDNPA . It has had a successful policy for securing affordable housing since 2001, which has become part of its Core Strategy and DPD which has just finished at Inquiry. This includes a policy for taking a contribution from any barn conversion towards affordable.</p> <p>Core Strategy  <a href="http://www.harrogate.gov.uk/Documents/DS-P-LDF_CS_Chapt4_AdoptedFeb09.pdf">http://www.harrogate.gov.uk/Documents/DS-P-LDF_CS_Chapt4_AdoptedFeb09.pdf</a></p> <p>Sites and Policies Development Plan – publication draft 2013  <a href="http://www.harrogate.gov.uk/plan/Documents/Planning%20Policy/Publication%20Consultation/DS-P-LP_SitesAndPoliciesDPD_PubDraft.pdf">http://www.harrogate.gov.uk/plan/Documents/Planning%20Policy/Publication%20Consultation/DS-P-LP_SitesAndPoliciesDPD_PubDraft.pdf</a></p> <p>Policy HLP 3 highlights that the DPD will allocate exception sites for 100% affordable housing. 10 sites have been allocated. These provide a 50:50 mix of local needs market housing, pegged at 80% of omv and limited to no more than 90m2, and affordable housing provided by a Registered Provider. In addition, HLP4 allows for new build affordable housing as part of conversions of existing rural buildings</p> <p>Policy HLP 7 in the Sites DPD requires that all residential developments, including conversions make an affordable housing contribution. In the rural areas, outside the 3 main towns, proposals of more than 3 dwellings are required to make a 40% on site contribution. On sites of 1 – 2 dwellings a financial contribution in lieu of on site provision will be required. The DPD text states that a 50% contribution will be required from barn conversions. Where the conversion results in two or more units the affordable housing must be provided on site. If it only results in one residential unit, a commuted sum will be required.</p> <p>The policy includes the opportunity and sets out the process for negotiating these targets if there are problems of financial viability.</p> <p>The DPD cross refers to HBC's draft SPF 'Homes for Local People' published in May 2013.  <a href="http://www.harrogate.gov.uk/plan/Documents/Planning%20Policy/Publication%20Consultation/DS-P-LP_HLP-SPD.pdf">http://www.harrogate.gov.uk/plan/Documents/Planning%20Policy/Publication%20Consultation/DS-P-LP_HLP-SPD.pdf</a></p> <p>It sets out in detail the arrangements for calculating the affordable housing contribution.</p> <p>Commuted sums are the open market value minus the 'transfer price'. The transfer price is that which an RP pays a developer for the affordable housing built. Currently this is £1100 per m2</p>

Planning Authority	Policy
Derbyshire Dales District Council	<p>Derbyshire Dales District Council adjoins the Peak District National Park. It has had a successful policy for taking commuted sums from barn conversions for a number of years. It is now pursuing taking commuted sums as part of an affordable housing contribution, alongside some on-site provision.</p> <p>Policy H5 of the adopted Derbyshire Dales Local Plan (2005) supports the conversion of former agricultural buildings subject to various criteria. Where residential conversion considered acceptable H12 of the Plan requires the provision of either a financial contribution or other contribution towards the provision of affordable housing on suitable sites elsewhere in the Plan area (note - therefore in the Peak Park). A table at the back of the Affordable Housing Supplementary Planning Document adopted July 2006 'sets out the level of contribution and the starting point is the predominant affordable housing need in the Parish.</p> <p>In the market towns and larger villages respectively a 45% and 33% affordable housing on site contribution is required. Until recently, only barn conversions provide a financial sum. However, on certain sites in the larger settlements DDDC has taken a proportion of the affordable housing contribution as an off-site contribution to support affordable housing on other sites in the District.</p>

**Annex 2**

**Values and costs by development typology and value area**

Market Value Area 1											
	House Type	1 bed flat		2 bed flat		2 bed house		3 bed house		4 bed house	
	% affordable	0% AH	50% AH	0% AH	50% AH	0% AH	50% AH	0% AH	50% AH	0% AH	50% AH
New Build	<b>Residual Value</b>	<b>29,000</b>	<b>8,000</b>	<b>38,000</b>	<b>14,000</b>	<b>48,000</b>	<b>18,000</b>	<b>51,000</b>	<b>17,000</b>	<b>148,000</b>	<b>84,000</b>
	Total Revenue	140,000	104,000	176,000	133,000	196,000	145,000	222,000	165,000	381,000	273,000
	Total Costs	110,000	96,000	137,000	119,000	147,000	127,000	170,000	148,000	227,000	187,000
New build (115% build costs)	<b>Residual Value</b>	<b>18,000</b>	<b>-3,000</b>	<b>24,000</b>	<b>0</b>	<b>33,000</b>	<b>3,000</b>	<b>34,000</b>	<b>0</b>	<b>129,000</b>	<b>64,000</b>
	Total Revenue	140,000	104,000	176,000	133,000	196,000	145,000	222,000	165,000	381,000	273,000
	Total Costs	121,000	107,000	151,000	133,000	162,000	142,000	187,000	165,000	247,000	207,000
Conversion (£500/sq m build cost)	<b>Residual Value</b>	<b>69,000</b>	<b>50,000</b>	<b>102,000</b>	<b>75,000</b>	<b>113,000</b>	<b>79,000</b>	<b>142,000</b>	<b>99,000</b>	<b>282,000</b>	<b>198,000</b>
	Total Revenue	140,000	104,000	194,000	144,000	216,000	157,000	266,000	192,000	476,000	329,000
	Total Costs	69,000	53,000	89,000	67,000	100,000	76,000	119,000	90,000	177,000	123,000
Conversion (£1,920/sq m build cost)	<b>Residual Value</b>	<b>-11,000</b>	<b>-34,000</b>	<b>1,000</b>	<b>-30,000</b>	<b>-6,000</b>	<b>-45,000</b>	<b>3,000</b>	<b>-45,000</b>	<b>124,000</b>	<b>30,000</b>
	Total Revenue	140,000	104,000	194,000	144,000	216,000	157,000	266,000	192,000	476,000	329,000
	Total Costs	151,000	138,000	193,000	174,000	222,000	202,000	263,000	237,000	347,000	298,000



Market Value Area 2											
	House Type	1 bed flat		2 bed flat		2 bed house		3 bed house		4 bed house	
	% affordable	0% AH	50% AH	0% AH	50% AH	0% AH	50% AH	0% AH	50% AH	0% AH	50% AH
New Build	<b>Residual Value</b>	<b>24,000</b>	<b>6,000</b>	<b>32,000</b>	<b>11,000</b>	<b>41,000</b>	<b>14,000</b>	<b>55,000</b>	<b>20,000</b>	<b>135,000</b>	<b>75,000</b>
	<i>Total Revenue</i>	134,000	101,000	169,000	129,000	188,000	140,000	229,000	170,000	363,000	262,000
	<i>Total Costs</i>	109,000	95,000	136,000	118,000	146,000	126,000	172,000	149,000	223,000	185,000
New build (115% build costs)	<b>Residual Value</b>	<b>14,000</b>	<b>-5,000</b>	<b>19,000</b>	<b>-3,000</b>	<b>27,000</b>	<b>-1,000</b>	<b>39,000</b>	<b>4,000</b>	<b>117,000</b>	<b>55,000</b>
	<i>Total Revenue</i>	134,000	101,000	169,000	129,000	188,000	140,000	229,000	170,000	363,000	262,000
	<i>Total Costs</i>	120,000	106,000	149,000	132,000	160,000	141,000	189,000	166,000	243,000	205,000
Conversion (£500/sq m build cost)	<b>Residual Value</b>	<b>65,000</b>	<b>48,000</b>	<b>96,000</b>	<b>71,000</b>	<b>106,000</b>	<b>75,000</b>	<b>148,000</b>	<b>104,000</b>	<b>266,000</b>	<b>188,000</b>
	<i>Total Revenue</i>	134,000	101,000	186,000	139,000	207,000	152,000	275,000	198,000	454,000	316,000
	<i>Total Costs</i>	67,000	52,000	87,000	66,000	98,000	75,000	121,000	91,000	172,000	121,000
Conversion (£1,920/sq m build cost)	<b>Residual Value</b>	<b>-16,000</b>	<b>-36,000</b>	<b>-5,000</b>	<b>-34,000</b>	<b>-13,000</b>	<b>-49,000</b>	<b>10,000</b>	<b>-40,000</b>	<b>109,000</b>	<b>19,000</b>
	<i>Total Revenue</i>	134,000	101,000	186,000	139,000	207,000	152,000	275,000	198,000	454,000	316,000
	<i>Total Costs</i>	150,000	137,000	191,000	173,000	220,000	201,000	265,000	238,000	342,000	296,000

Market Value Area 3											
	House Type	1 bed flat		2 bed flat		2 bed house		3 bed house		4 bed house	
	% affordable	0% AH	50% AH	0% AH	50% AH	0% AH	50% AH	0% AH	50% AH	0% AH	50% AH
New Build	<b>Residual Value</b>	<b>10,000</b>	<b>-4,000</b>	<b>14,000</b>	<b>-2,000</b>	<b>42,000</b>	<b>15,000</b>	<b>48,000</b>	<b>17,000</b>	<b>121,000</b>	<b>65,000</b>
	Total Revenue	114,000	89,000	144,000	114,000	189,000	141,000	219,000	164,000	342,000	249,000
	Total Costs	104,000	93,000	130,000	116,000	146,000	126,000	170,000	147,000	218,000	182,000
New build (115% build costs)	<b>Residual Value</b>	<b>-1,000</b>	<b>-15,000</b>	<b>1,000</b>	<b>-15,000</b>	<b>28,000</b>	<b>0</b>	<b>31,000</b>	<b>-1,000</b>	<b>101,000</b>	<b>45,000</b>
	Total Revenue	114,000	89,000	144,000	114,000	189,000	141,000	219,000	164,000	342,000	249,000
	Total Costs	115,000	104,000	143,000	129,000	160,000	141,000	187,000	165,000	238,000	203,000
Conversion (£500/sq m build cost)	<b>Residual Value</b>	<b>50,000</b>	<b>38,000</b>	<b>76,000</b>	<b>57,000</b>	<b>107,000</b>	<b>75,000</b>	<b>140,000</b>	<b>99,000</b>	<b>247,000</b>	<b>175,000</b>
	Total Revenue	114,000	89,000	158,000	122,000	208,000	152,000	263,000	191,000	428,000	300,000
	Total Costs	63,000	50,000	80,000	63,000	98,000	75,000	118,000	89,000	166,000	118,000
Conversion (£1,920/sq m build cost)	<b>Residual Value</b>	<b>-31,000</b>	<b>-46,000</b>	<b>-26,000</b>	<b>-48,000</b>	<b>-13,000</b>	<b>-49,000</b>	<b>1,000</b>	<b>-46,000</b>	<b>89,000</b>	<b>7,000</b>
	Total Revenue	114,000	89,000	158,000	122,000	208,000	152,000	263,000	191,000	428,000	300,000
	Total Costs	145,000	135,000	184,000	170,000	221,000	201,000	262,000	237,000	336,000	293,000

Market Value Area 4											
	House Type	1 bed flat		2 bed flat		2 bed house		3 bed house		4 bed house	
	% affordable	0% AH	50% AH	0% AH	50% AH	0% AH	50% AH	0% AH	50% AH	0% AH	50% AH
New Build	<b>Residual Value</b>	<b>19,000</b>	<b>2,000</b>	<b>27,000</b>	<b>6,000</b>	<b>28,000</b>	<b>5,000</b>	<b>21,000</b>	<b>0</b>	<b>104,000</b>	<b>53,000</b>
	<i>Total Revenue</i>	128,000	97,000	162,000	124,000	170,000	129,000	183,000	143,000	320,000	235,000
	<i>Total Costs</i>	108,000	95,000	134,000	118,000	141,000	124,000	161,000	143,000	213,000	180,000
New build (115% build costs)	<b>Residual Value</b>	<b>10,000</b>	<b>-9,000</b>	<b>15,000</b>	<b>-7,000</b>	<b>14,000</b>	<b>-10,000</b>	<b>5,000</b>	<b>-18,000</b>	<b>85,000</b>	<b>34,000</b>
	<i>Total Revenue</i>	128,000	97,000	162,000	124,000	170,000	129,000	183,000	143,000	320,000	235,000
	<i>Total Costs</i>	118,000	106,000	147,000	131,000	156,000	139,000	178,000	161,000	233,000	200,000
Conversion (£500/sq m build cost)	<b>Residual Value</b>	<b>60,000</b>	<b>44,000</b>	<b>90,000</b>	<b>67,000</b>	<b>91,000</b>	<b>65,000</b>	<b>109,000</b>	<b>78,000</b>	<b>232,000</b>	<b>163,000</b>
	<i>Total Revenue</i>	128,000	97,000	178,000	134,000	187,000	140,000	220,000	164,000	400,000	284,000
	<i>Total Costs</i>	66,000	52,000	85,000	65,000	93,000	73,000	108,000	84,000	159,000	115,000
Conversion (£1,920/sq m build cost)	<b>Residual Value</b>	<b>-20,000</b>	<b>-40,000</b>	<b>-11,000</b>	<b>-38,000</b>	<b>-29,000</b>	<b>-58,000</b>	<b>-32,000</b>	<b>-68,000</b>	<b>68,000</b>	<b>-6,000</b>
	<i>Total Revenue</i>	128,000	97,000	178,000	134,000	187,000	140,000	220,000	164,000	400,000	284,000
	<i>Total Costs</i>	148,000	137,000	189,000	172,000	216,000	198,000	252,000	232,000	330,000	290,000

Market Value Area 5											
	House Type	1 bed flat		2 bed flat		2 bed house		3 bed house		4 bed house	
	% affordable	0% AH	50% AH	0% AH	50% AH	0% AH	50% AH	0% AH	50% AH	0% AH	50% AH
New Build	<b>Residual Value</b>	<b>16,000</b>	<b>-1,000</b>	<b>21,000</b>	<b>3,000</b>	<b>13,000</b>	<b>-5,000</b>	<b>20,000</b>	<b>-2,000</b>	<b>78,000</b>	<b>38,000</b>
	Total Revenue	122,000	93,000	154,000	120,000	150,000	117,000	182,000	141,000	285,000	215,000
	Total Costs	106,000	94,000	132,000	117,000	137,000	122,000	161,000	143,000	205,000	176,000
New build (115% build costs)	<b>Residual Value</b>	<b>5,000</b>	<b>-12,000</b>	<b>8,000</b>	<b>-10,000</b>	<b>-1,000</b>	<b>-20,000</b>	<b>4,000</b>	<b>-19,000</b>	<b>58,000</b>	<b>18,000</b>
	Total Revenue	122,000	93,000	154,000	120,000	150,000	117,000	182,000	141,000	285,000	215,000
	Total Costs	117,000	105,000	146,000	130,000	151,000	137,000	178,000	160,000	225,000	196,000
Conversion (£500/sq m build cost)	<b>Residual Value</b>	<b>56,000</b>	<b>41,000</b>	<b>84,000</b>	<b>63,000</b>	<b>75,000</b>	<b>55,000</b>	<b>107,000</b>	<b>77,000</b>	<b>199,000</b>	<b>142,000</b>
	Total Revenue	122,000	93,000	169,000	129,000	165,000	127,000	218,000	163,000	356,000	257,000
	Total Costs	64,000	51,000	83,000	64,000	88,000	70,000	108,000	84,000	149,000	110,000
Conversion (£1,920/sq m build cost)	<b>Residual Value</b>	<b>-25,000</b>	<b>-43,000</b>	<b>-18,000</b>	<b>-42,000</b>	<b>-46,000</b>	<b>-69,000</b>	<b>-34,000</b>	<b>-69,000</b>	<b>36,000</b>	<b>-27,000</b>
	Total Revenue	122,000	93,000	169,000	129,000	165,000	127,000	218,000	163,000	356,000	257,000
	Total Costs	147,000	136,000	187,000	171,000	211,000	196,000	252,000	232,000	319,000	284,000

Market Value Area 6											
	House Type	1 bed flat		2 bed flat		2 bed house		3 bed house		4 bed house	
	% affordable	0% AH	50% AH	0% AH	50% AH	0% AH	50% AH	0% AH	50% AH	0% AH	50% AH
New Build	<b>Residual Value</b>	<b>8,000</b>	<b>-6,000</b>	<b>12,000</b>	<b>-3,000</b>	<b>6,000</b>	<b>-9,000</b>	<b>8,000</b>	<b>-9,000</b>	<b>53,000</b>	<b>22,000</b>
	Total Revenue	112,000	87,000	141,000	112,000	141,000	112,000	166,000	132,000	252,000	195,000
	Total Costs	104,000	93,000	129,000	115,000	135,000	121,000	158,000	141,000	197,000	172,000
New build (115% build costs)	<b>Residual Value</b>	<b>-3,000</b>	<b>-17,000</b>	<b>-2,000</b>	<b>-17,000</b>	<b>-8,000</b>	<b>-24,000</b>	<b>-8,000</b>	<b>-27,000</b>	<b>34,000</b>	<b>3,000</b>
	Total Revenue	112,000	87,000	141,000	112,000	141,000	112,000	166,000	132,000	252,000	195,000
	Total Costs	115,000	104,000	143,000	129,000	149,000	136,000	174,000	159,000	217,000	192,000
Conversion (£500/sq m build cost)	<b>Residual Value</b>	<b>49,000</b>	<b>36,000</b>	<b>73,000</b>	<b>56,000</b>	<b>67,000</b>	<b>51,000</b>	<b>92,000</b>	<b>68,000</b>	<b>168,000</b>	<b>123,000</b>
	Total Revenue	112,000	87,000	155,000	121,000	155,000	121,000	199,000	152,000	315,000	233,000
	Total Costs	62,000	50,000	80,000	63,000	86,000	69,000	104,000	82,000	140,000	105,000
Conversion (£1,920/sq m build cost)	<b>Residual Value</b>	<b>-33,000</b>	<b>-48,000</b>	<b>-29,000</b>	<b>-49,000</b>	<b>-53,000</b>	<b>-74,000</b>	<b>-49,000</b>	<b>-78,000</b>	<b>5,000</b>	<b>-47,000</b>
	Total Revenue	112,000	87,000	155,000	121,000	155,000	121,000	199,000	152,000	315,000	233,000
	Total Costs	145,000	135,000	184,000	170,000	208,000	195,000	248,000	230,000	310,000	280,000