

## **SOUTH OXFORDSHIRE DISTRICT COUNCIL – COMMUNITY INFRASTRUCTURE LEVY REPRESENTATION BY BOYER PLANNING ON BEHALF OF WATES**

The main theme running through Boyer's representation on behalf of Wates is that the Viability Study ('VS') did not test a scheme that reflected the particular characteristics of their proposed development at Wallingford.

Boyer's main criticism is that the VS tested larger schemes at 30 units per hectare, whereas the Wates' scheme is developed at a density of 21 units per hectare. Wates have chosen not to comply with the housing mix in the Core Strategy, focusing on large properties.

**Table 1: Wates mix compared to Core Strategy**

Unit type	No in Wates development	Average sq per ft per unit	% of total units	Core Strategy %
1 bed	9	565	11%	50%
2 bed	23		27%	
3 bed	29		34%	50%
4+ bed	24		28%	
	85		100%	

Nevertheless, we have tested the viability of the proposed development, using Wates' accommodation schedule. Clearly we do not have access to detailed information on the costs of the site, as Boyer have not provided these details<sup>1</sup>.

Boyer suggest that the Wates development will incur infrastructure and go on to claim that these costs are not allowed for in the smaller appraisals. This is incorrect, as the appraisals incorporate an allowance equating to 15% of base build costs for the type of basic infrastructure required on smaller non-strategic sites. Nevertheless, we have included the full £15,000 allowance for strategic infrastructure in our appraisal.

Other appraisal inputs are consistent with those in the VS. We note that sales values in the area have increased from £305 per square foot at the time the research for the VS was undertaken to £332 per square foot in July 2015. We have run our appraisals on both bases.

The site equates to 4.06 hectares, so the benchmark land value range in the VS would be from £1.32 million to £3.05 million (£325,000 to £750,000 per hectare). However, the low density of development should be reflected in the price paid for the site, so it would be reasonable to assume that the benchmark should be at the lower end of the range.

However, the residual land value generated by the development (assuming 40% affordable housing, full CIL contribution of £150 per square metre and residual Section 106 of £1,000 per square metre) is

- £4.94 million (assuming sales values of £332 per square foot) or £1.22 million per gross ha
- £3.90 million (assuming sales values of £305 per square foot) or £0.96 million per gross ha

Even taking the lower figure, there would be a surplus of almost £1 million above the highest benchmark land value after CIL is taken into account.

A copy of the appraisal is appended.

BNP Paribas Real Estate, 27 July 2015

<sup>1</sup> Two workshops were held with developers during the Preliminary Draft Charging Schedule consultation, but we note that Boyer or Wates did not provide any responses to our requests for information.

## Wates scheme - Land at Reading Road

## Summary Appraisal for Phase 1

## REVENUE

Sales Valuation	ft²	Rate ft²	Gross Sales	
Private flats	2,034	£332.00	675,305	
Private houses	59,170	£332.00	19,644,440	
Affordable flats	9,553	£150.00	1,432,973	
Affordable houses	17,012	£150.00	2,551,800	
Totals	<u>87,769</u>		<u>24,304,517</u>	<b>24,304,517</b>

## NET REALISATION

24,304,517

## OUTLAY

## ACQUISITION COSTS

Residualised Price (10.00 Acres £493,700.39 pAcre)			4,937,004	
Stamp Duty		4.00%	197,480	
Agent Fee		1.00%	49,370	
Legal Fee		0.80%	39,496	
				5,223,350

## CONSTRUCTION COSTS

Construction	ft²	Rate ft²	Cost	
Private flats	2,393	£108.00	258,444	
Private houses	59,170	£91.00	5,384,470	
Affordable flats	11,239	£108.00	1,213,812	
Affordable houses	17,012	£91.00	1,548,092	
Totals	<u>89,814</u>		<u>8,404,818</u>	<b>8,404,818</b>

Developers Contingency		5.00%	420,241	
				420,241

## Other Construction

External works		15.00%	1,260,723	
Infrastructure	85 units	15,000.00 /un	1,275,000	
				2,535,723

## Municipal Costs

CIL	28,251 ft²	13.94 pf²	393,819	
Section 106	85 units	1,000.00 /un	85,000	
				478,819

## PROFESSIONAL FEES

Professional fees		10.00%	1,094,054	
				1,094,054

## MARKETING &amp; LETTING

Marketing		3.00%	609,592	
				609,592

## MISCELLANEOUS FEES

Profit on private		20.00%	4,063,949	
Profit on affordable		6.00%	239,086	
				4,303,035

## FINANCE

Debit Rate 7.00% Credit Rate 0.00% (Nominal)				
Land			538,763	
Construction			88,231	
Other			607,890	
Total Finance Cost				1,234,884

## TOTAL COSTS

24,304,516

## PROFIT

1

## Performance Measures

Profit on Cost%	0.00%
Profit on GDV%	0.00%
Profit on NDV%	0.00%
	6.83%
Profit Erosion (finance rate 7.000%)	0 yrs 0 mths