

Appendix 2

Site Viability Report

1. Introduction

- 1.1 As part of identifying whether sites are likely to be developed; DCLG Strategic Housing Land Availability Assessment (SHLAA) Practice Guidance indicates that achievability is an important factor in coming to a reasoned judgement with regards to the deliverability/developability of sites. According to the guidance, achievability is based upon a judgement about the economic viability of a site, and the capacity of the developer to complete and sell the housing over a certain period. The National Planning Policy Framework particularly elevates the concept of economic viability within definitions of deliverable and developable sites.¹
- 1.2 This report presents the conclusions of viability appraisals for all large (10+) sites included within the SHLAA as well as a sampling of small sites. Opportunities for overcoming financial constraints are included where relevant. This information has been used to inform and support realistic decisions on whether sites are deliverable, developable or not currently developable.

Background and Previous Work

- 1.3 The Council completed a comprehensive Strategic Housing Land Availability Assessment in 2011. As part of this study, the viability of sites was tested by external consultants (Baker Associates). For 2012 and subsequent updates, it was decided that economic viability appraisals would be conducted in-house.
- 1.4 The viability appraisals contained within the 2011 study present a 'snapshot' based upon market conditions, policy context and intelligence available at that time (i.e. March 2011). Since the study was completed, the capacity assumptions for some sites have been adjusted to reflect the most up-to-date intelligence and additional sites have come within the scope of the SHLAA. Therefore, in order to support the submission of the Core Strategy with the most accurate and contemporary evidence, it was decided that economic viability work should be fully updated to ensure consistency and robustness.

Scope

- 1.5 In total, the SHLAA identifies some 34 sites as being suitable and available for development. In addition to this, there are 21 large sites with unimplemented planning permissions and a significant number of small site planning permissions (1-9 dwellings) which included within the housing land supply.
- 1.6 Given the strategic nature of the assessment and the practicalities of carrying out viability appraisals, it was decided that assessments of economic viability will be carried out for:
- All identified large sites considered to be suitable and available for development in Stage 7a
 - All large sites with unimplemented planning permissions

¹ See Footnotes 11 & 12 on page 12 of the National Planning Policy Framework.

- A sample of 'typical' small sites drawn from those with extant planning permission – chosen to give a reasonable cross section in terms of existing land use, site capacity and proposed housing type (e.g. houses/flats)
- Hypothetical greenfield sustainable urban extensions of 500 and 200 dwellings.

1.7 The objectives of testing for viability are:

- Confirm the economic viability of large sites (10+ units) identified in the SHLAA, taking into consideration the current economic climate and costs that will be associated with development.
- Meet the criteria listed at Stage 7c of the SHLAA Practice Guidance in assessing the achievability of sites taking into account consideration market, cost and delivery factors.

Report Structure

1.8 According to the National Planning Policy Framework, the development of a site is considered achievable where there is a realistic and reasonable prospect that housing will be developed on the site at a particular point in time and in particular that the site could be developed viably.

1.9 SHLAA Practice Guidance indicates that viability and achievability will be affected by:

- **Market factors** - such as adjacent uses, economic viability of existing, proposed or alternative land uses in terms of land values, attractiveness of the locality, level of potential market demand and projected rate of sales
- **Cost factors** – including site preparation costs relating to any physical constraints, any exceptional works necessary, relevant planning standards or obligations, prospect of funding or investment to address identified constraints or assist development, and
- **Delivery factors** – including the developer's own phasing, the realistic build-out rate on larger sites (including likely earliest and latest start and completion dates), whether there is a single developer or several developers offering different housing products and the size and capacity of the developer.

1.10 To address these factors, the study is separated into four sections:

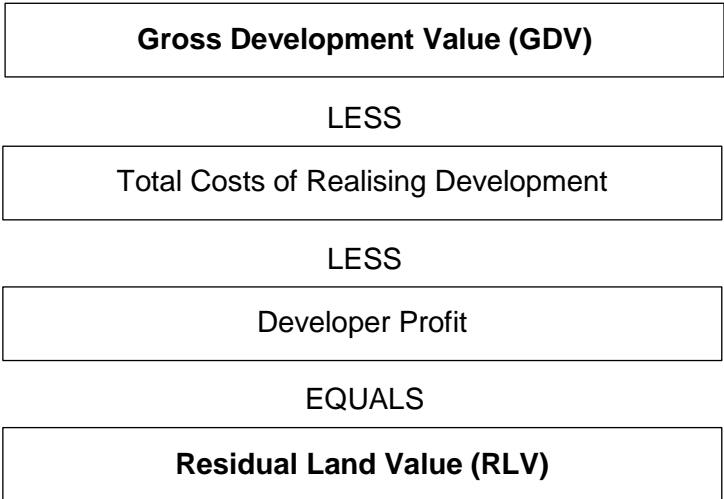
- Section 2 outlines the adopted methodology and approach to the concept of viability.
- Section 3 provides commentary on, and analysis of, the local market - in particular property values – and sets out value assumptions for various locations within the borough.
- Section 4 provides commentary on the costs of development and establishes a set of variables relating to factors such as build costs, professional fees, profit, planning obligations and finance.
- Section 5 outlines the overall viability conclusions and presents the specific findings relating to each individual site.

2. Process and Methodology

Appraisal Methodology

2.1 The study uses industry standard appraisal techniques to assess viability, using the residual method of valuation which is set out in RICS Valuation Information Paper (VIP) 12. The process is summarised in Figure 1 below:

Figure 1: Appraisal methodology

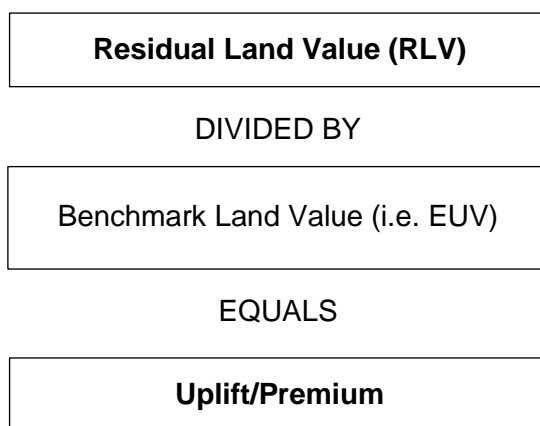


- **Gross Development Value** – the total value of the completed development
- **Total Costs of Realising Development** – all costs incurred by the developer including: base construction costs, external works and infrastructure (roads, utilities, landscaping), contingency, professional fees and finance on the aforementioned.
- **Developers Profit** – a percentage return taken by the developer for risk

Approach to Economic Viability

2.2 In order to conclude on the viability outcomes of individual sites, it is necessary to identify a benchmark land value against which to compare the RLV. For the purposes of a study such as this where site specifics are known, the RLV can be compared to the existing use value (EUV) of the site (i.e. its value on the open market assuming that it can only be used in its existing use for the foreseeable future). The approach taken by this study to the concept of viability (shown in Figure 2) is that it is rational to assume that if the appraisal arrives at a RLV which is in excess of the value of the site in its current use, then there is some prospect that the site would be pursued by developers and released for development by the landowner.

Figure 2: Approach to economic viability



- 2.3 This ‘excess’ or ‘uplift’ is pivotal to viability. Essentially, the uplift attained must be at such a level to motivate a willing landowner to dispose of the site whilst leaving a realistic return to the developer given the costs of delivery. However, the concept of reasonable uplift is highly subjective and will be dependent upon individual landowner circumstances and motivations. HCA guidance indicates that appeal decisions support a premium of 10 to 30% for brownfield land in the urban area and a factor increase of 10 or 20 times for greenfield land. Additionally, any level of uplift would also be dependent upon a ready market for the site in its existing use and thus in circumstances of low demand or a depressed market, lower premiums could be expected.
- 2.4 The thresholds chosen for this study recognise that viability and landowner disposal motivations are not an exact science and recognise the grey area which exists between sites being clearly unviable (i.e. development would result in a land value lower than that of the site in its current use) and them generating an acceptable level of uplift. The thresholds set out and discussed below have been adopted for this study.
- **RLV<EUV: Unviable**
 - **Uplift 0-20%: Marginally Viable**
 - **>20% Uplift: Viable**
- 2.5 For the purposes of this study, an uplift of 20% over and above existing use value has been taken to be a level at which most landowners of urban sites would be willing to dispose and thus redevelopment can be considered to be viable.
- 2.6 However, this leaves a grey area which this study considers to be a region of marginal viability. In some cases, these more marginal economics may be sufficient for a scheme to come forward - for example if the owner of a large house decided to move and placed the property on the open market, there is no reason to assume that a developer would need to pay any premium over and above market value. In others, the scheme may only progress if one party was willing to reduce their requirements (e.g. developer accepts lower profit or the Council negotiates on planning obligations).
- 2.7 For undeveloped amenity land, rural or urban extension sites, the position regarding premium is equally complex. In this study, uplift has been compared to a minimum land value rather than existing use value, recognising that an uplift of 20%, over for example,

an agricultural value of £40,000/ha, is unlikely to be sufficient to motivate sale. In most cases, MLV is assumed to be 10 times existing use, reflecting a reasonable level of hope associated to sites with housing potential.

- 2.8 This appraisal methodology not only gives an indication of the economic viability of individual sites, but also allows for 'goal seeking' to occur in order to identify the flexibility which may be required to overcome financial constraints on unviable or marginal schemes. For example, this provides the scope to test the reduction in affordable housing requirement which would be needed to bring a scheme into viability.

3. Local Housing Market

Residential Sales Values

3.1 Like much of Surrey, Reigate & Banstead has a strong residential market characterised by high levels of demand driving above average sales values. Data from Land Registry indicates that the mean house price in Reigate & Banstead at the end of 2011 stood at £360,465, below the Surrey average of £409,681 but significantly above regional and national figures. Table 1 below shows the mean prices of various house types across Reigate & Banstead.

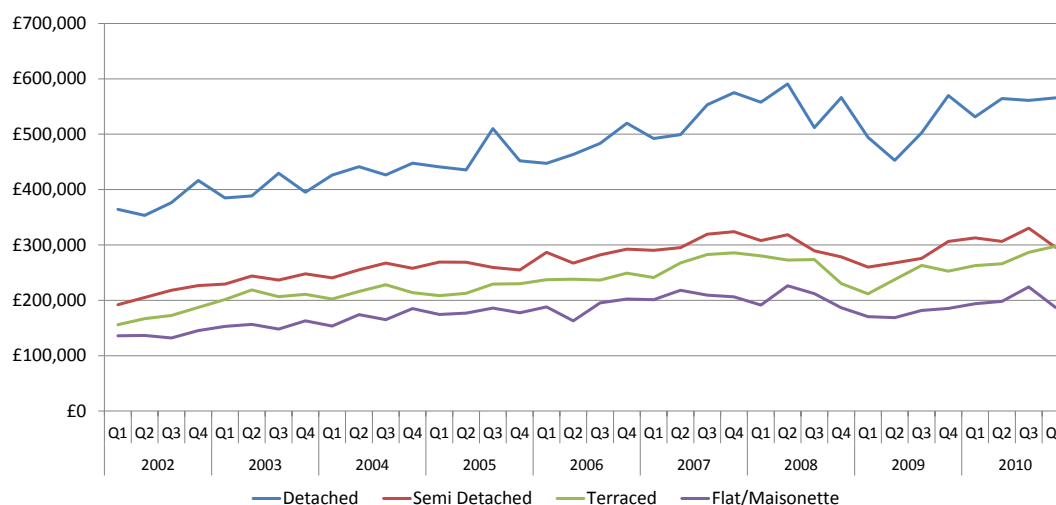
Table 1: Average house price by dwelling type (Q3 2011)

Dwelling Type	Mean Price
Detached	£593,645
Semi-detached	£302,736
Terraced	£248,515
Flat/Maisonette	£172,092

3.2 According to the latest Land Registry Market Trend Report (Feb 2012), house prices have remained static across Surrey over the past 12 months.

3.3 In order to provide some wider context to the local market, it is beneficial to consider market trends over a longer period in order to understand value movements experienced pre, during and post the recessionary period. Figure 3 below demonstrates that the local market has picked up well since the trough in early 2009 with values across all dwelling types showing signs of recovery to historic peak levels. However, the values of both flats and semi-detached dwellings dipped in late 2010, highlighting some degree of on-going uncertainty in the market.

Figure 3: Average house price by dwelling type (2002-2010)



3.4 House prices and affordability also vary across different areas of the borough. Tables 2 and 3 below summarises postcode level information obtained from Mouseprice. These average price figures provide a useful benchmark against which to compare any figures included within the appraisals for individual sites.

Table 2: Average house price by postcode area (2012)

Postcode Area	Average Price				
	1 bed	2 bed	3 bed	4 bed	5 bed+
SM7	£194,900	£266,700	£366,200	£547,800	£660,200
KT20	£166,800	£306,000	£374,100	£652,800	£1,171,400
RH1	£156,600	£221,400	£283,900	£441,200	£589,800
RH2	£180,700	£254,500	£356,700	£633,100	£861,500
RH6	£150,400	£214,400	£277,000	£402,200	£576,600

Table 3: Affordability by postcode area (2012)

Postcode Area	Average Price	Affordability Ratio
SM7	£375,600	12.28
KT20	£489,200	16.29
RH1	£268,700	9.41
RH2	£379,500	11.56
RH6	£268,800	11.02

3.5 Mouseprice also provides a heat mapping function which visually demonstrates the comparative variation in sales values across the borough. Figure 4 overleaf illustrates the significant geographic variation in average house prices across the borough. However, it is worth noting that whilst this map does provide some indication of value differentiation across the borough, it considers absolute sales values as opposed to values per square metre and as such could be skewed by property type (e.g. smaller properties such as flats).

3.6 In addition to average and sales based house price information, Table 4 analyses recent and current developments on the market across the borough. This intelligence is particularly useful as it provides an indication of the value of new build properties as well as the pricing attitudes of developers operating in the local market.

Figure 4: Mouseprice average property value heat map

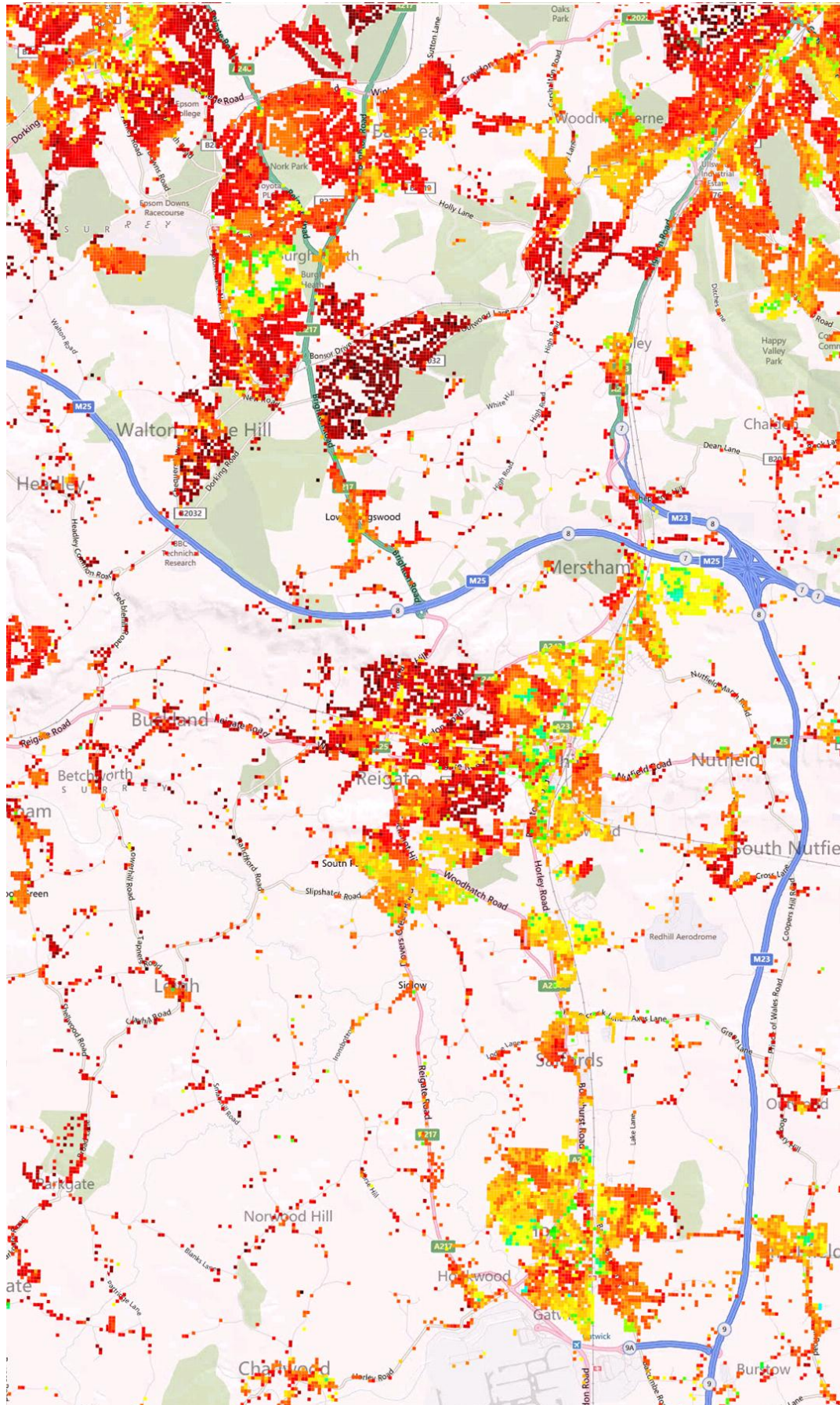


Table 4: Sample recent and current developments

Scheme	Location	Types and Sizes	Price
Reigate			
Bailly Gardens, Wray Common Road	Reigate	2 bed flats (c.95sqm)	£400-435k c.4250-4500/sqm
Bailly Gardens, Wray Common Road	Reigate	4-5 bed houses (c.165 sqm)	£590-615k c.3575-3750/sqm
Valley Court, Wray Common Road	Reigate	Apartments (c.110sqm)	£425k c.3850/sqm
Cedar Rise, Reigate Hill	Reigate	1 bed flat (c.45sqm) 2 bed flats (c.80sqm)	£205-295k c.3750-4500/sqm
Old Dairy Mews, Warren Road	Reigate	1 bed flat (c.45sqm) 2 bed flat (c.60sqm)	£205k c.4550/sqm £270k c.4500/sqm
Lime Close, South Park	Reigate	4 bed house (c.120sqm)	£485k c.4050/sqm
Holmesdale Road	Reigate	1 bed flat (c.35sqm) 2 bed flat (c.50sqm)	£195k c.5500/sqm £250k c.5000/sqm
Holmesdale Road	Reigate	3 bed house (c.145sqm)	£500k c.3500/sqm
Banstead/Nork/Tattenhams			
Russet Gardens, Nork Way	Banstead	2 bed flats (c.73sqm) 4 bed houses (c.130sqm)	£250k c.3400/sqm £500k c.3800/sqm
The Bridleway, Ruden Way	Banstead	2 bed flats (c.70sqm) 3 bed house (c.83sqm) 5 bed house (c.170sqm)	£250k c.3500/sqm £315k c.3750/sqm £625k c.3700/sqm
Sanderson Gardens, Nork Way	Banstead	2 bed flats (c.55sqm) 3 bed house (c.80sqm) 4 bed house (c.130sqm)	£250k c.4500/sqm £365k c.4500/sqm £650k c.5000/sqm
Park Wood Place	Banstead	2 bed flat (c.60sqm) 4 bed house (c.130sqm)	£225k c.3750/sqm £475k c.3650/sqm
Monarch Place, Nork Way	Banstead	3 bed house (c.90sqm) 4 bed house (c.140sqm)	£400k c.4400/sqm £570k c.4100/sqm
The Gallops, Epsom Lane North	Banstead	3 bed house (c.140sqm) 4 bed house (c.200sqm) 5 bed house (c.210sqm)	£470k c.3400/sqm £695k c.3475/sqm £730k c.3475/sqm
Preston			
No new developments to report			
Merstham			
Button Cottages	Merstham	2 bed house (c.70sqm) 3 bed house (c.80sqm)	£285k c.4000/sqm £315k c.4000/sqm
Home Farm, Merstham	Merstham	2 bed houses (c.70sqm) 3 bed houses (c.120sqm) 4 bed houses (c.140sqm)	£300k c.4200/sqm £500k c.4100/sqm £525k c.3800/sqm
Tadworth/Walton/Kingswood			
Miller Smith Close	Tadworth	5 bed house (c.160sqm)	£1.1m c.6800/sqm
Greenacres, Beech Drive	Kingswood	5 bed house (c.740sqm)	£3.75m c.5000/sqm
Oakgrove, Beech Drive	Kingswood	6 bed house (c.670sqm)	£3m c.4500/sqm
Manor Place, St Monicas Road	Kingswood	4 bed house (c.155sqm) 5 bed house (c.xxxxsqm)	£675k c.4350/sqm
Warren Drive	Kingswood	6 bed house (680sqm)	£3.2m c.4700/sqm
Sandy Lane	Kingswood	6 bed house (c.730sqm)	£3.75m c.5100/sqm
The Chase	Kingswood	6 bed house (c.730sqm)	£3.25m c.4500/sqm

Tadworth/Walton/Kingswood (cont)			
Woodland Way	Kingswood	6 bed house (c.460sqm)	£2.3m c.5000/sqm
Furze Hill	Kingswood	2 bed flat (c.65sqm)	£350k c.5300/sqm
Chequers Lane	Walton on the Hill	6 bed house (c.460sqm)	£1.8m c.4000/sqm
The Thoroughfare	Walton on the Hill	3 bed house (c.75sqm)	£400k c.5300/sqm
Redhill			
Nobel House, Queensway	Redhill	1 bed flat (c.43sqm)	£150k c.3400/sqm
		2 bed flat (c.60sqm)	£185k c.3100/sqm
Heron Heights, Watercolour	Redhill	1 bed flat (c.42sqm)	£158k c.3750/sqm
Canalside, Watercolour	Redhill	2 bed flat (c.60sqm)	£200k c.3300/sqm
		4 bed house (c.150sqm)	£450k c.3000/sqm
Holmesdale Avenue	Redhill	1 bed flat (c.45sqm)	£165k c.3600/sqm
Temple Wood Drive	Redhill	3 bed house (c.100sqm)	£435k c.4350/sqm
Fairhaven Road		3 bed house (c.90sqm)	£325k c.3600/sqm
The Assembly, Frenches Road	Redhill	1 bed flat (c.40sqm)	£170k c.4250/sqm
		2 bed flat (c.60sqm)	£235k c.3900/sqm
Earlswood/Salfords			
Napier Close	Salfords	4 bed house (c.150sqm)	£425k c.2900/sqm
Princes Road	Earlswood	3 bed house (c.80sqm)	£270k c.3400/sqm
Horley			
Grayswood Place	Horley	3 bed house (c.110sqm)	£305k c.2700/sqm
		5 bed house (c.170sqm)	£500k c.2900/sqm
Brookfield Drive	Horley	5 bed house (c.140sqm)	£525k c.3750/sqm
Acres Phase 3	Horley	3 bed house (c.70sqm)	£290k c.4100/sqm
		3 bed house (c.80sqm)	£345k c.4300/sqm
		4 bed house (c.120sqm)	£365k c.3000/sqm
		4 bed house (c.120sqm)	£500k c.4200/sqm
The Acres, Langshott	Horley	3 bed houses (c.75sqm)	£275k c.3700/sqm
		4 bed houses (c.100sqm)	£350k c.3500/sqm
		5 bed houses (c.145sqm)	£525k c.3750/sqm
Woodhatch			
Castle Drive		3 bed houses (c.90sqm)	£250k c.2800/sqm

3.7 Taken together, these various pieces of evidence form the basis of establishing a range of per square metre sales values which would currently be expected in each part of the borough. Whilst notably higher values give some indication of areas which might be expected to be more viable, it must be appreciated that underlying land value is also likely to be correspondingly higher in these areas.

3.8 Table 5 below summarises the evidence above and comes to a reasoned and justified assumption which will be applied to the individual viability appraisals. Obviously, in reality, pricing will be far more location and site specific than the generic figures below, responding to accessibility triggers such as proximity to rail stations and town centres as well as some response to the specification of the completed development.

Table 5: Assumed sales values

Area	Sales Value Range	Assumed Value
Banstead/Nork/Tattenhams	£3400 - £5000	£3,800
Tadworth/Kingswood/Walton on the Hill	£4000 - £6800	£4,400
Preston	£2800	£2,800
Merstham Village	£3800 - £4200	£4,000
Merstham	£2800	£2,800
Reigate	£3500 - £5500	£3,800
Woodhatch	£2800	£2,800
Redhill	£3000 - £4250	£3,400
Salfords/Earlswood	£2900 - £3400	£3,200
Horley	£2700 - £4300	£3,400

Transaction Volumes & Market Activity

- 3.9 It is important to understand local market activity and liquidity as this not only gives an indication of the likely levels of demand for properties within the area but can also be an important factor in determining pricing attitudes on new developments, particularly larger scale housing schemes. Prior to the recession, research indicated that housebuilders generally set optimal annual sales rates of around 50-80 units from each of their individual schemes. On a large site with two or three developers operating, this could generate overall annual sales of around 200 units provided product differentiation was appropriate. Post recession, these figures are likely to be more muted.
- 3.10 Furthermore, industry research indicates that developers of large scale schemes are less likely to respond to market movements by altering build out rate but more likely by adjusting the price/incentives attached to properties. The reasons for this are two-fold. Firstly, target sales rates underpin the initial land acquisition bid and thus developers act to meet these figures to minimise sensitivity to additional costs such as debt. In addition, production efficiencies tend to dictate that the speed of construction is really only variable by 10% either way for houses and hardly at all for apartments due to the physical practicalities of such schemes.²
- 3.11 Across the country, transaction volumes and market activity generally has been suppressed by the economic downturn and more limited availability of credit. Nationally, current transaction levels stand at half the peak levels experienced prior to the recession.
- 3.12 Transaction volumes in Reigate & Banstead were similarly affected by the economic downturn. Figure 5 overleaf demonstrates the sharp decline in sales levels during mid 2007 and late 2008. Whilst sales rates have recovered over the past two years, volumes still remain around 45% below peak. Table 6 compares current to peak sales rates for Reigate & Banstead and neighbouring districts.

² Factors affecting build out rates (DCLG/University of Glasgow)

Figure 5: Quarterly sales volumes

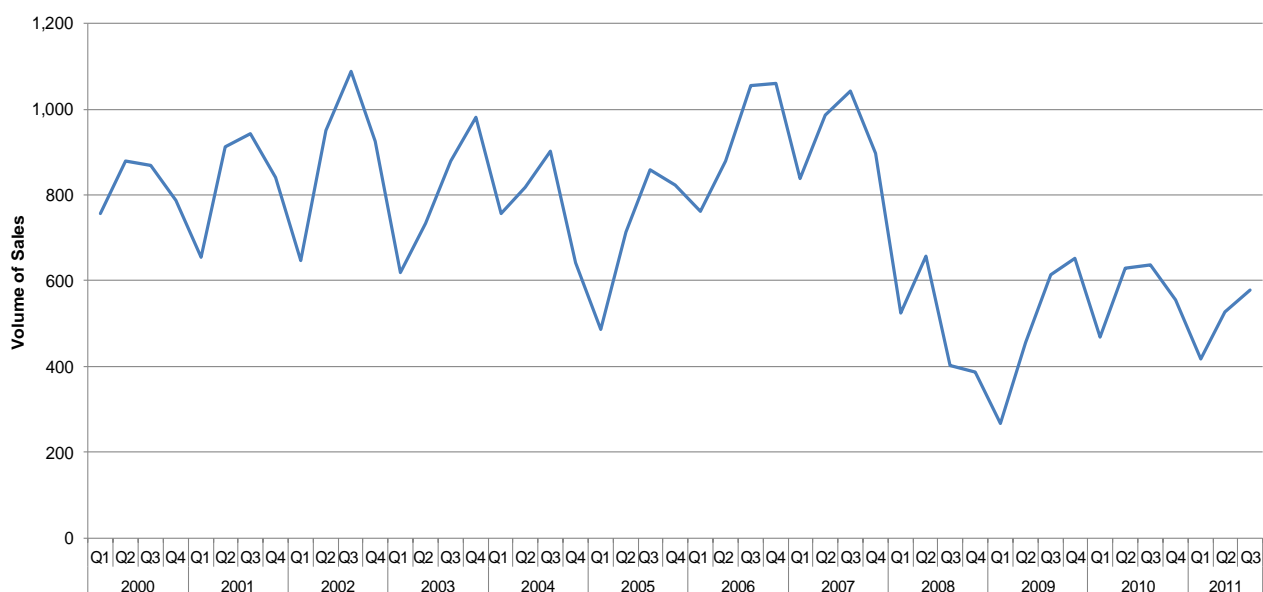
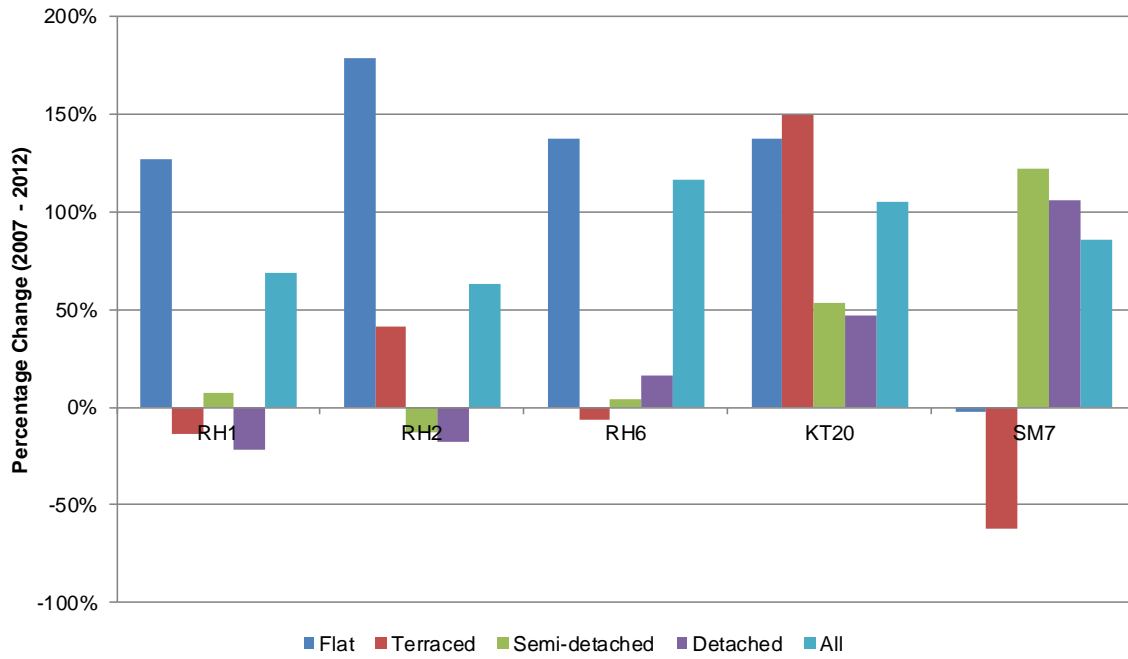


Table 6: Comparison of sales volumes to peak

Local Authority	Current as % of peak
Surrey	59.9%
Epsom and Ewell	59.1%
Mole Valley	64.5%
Reigate and Banstead	54.8%
Tandridge	54.9%
Sutton	55.9%
Crawley	51.0%
Croydon	45.0%

3.13 Time on market also provides a further useful barometer for local demand and market activity. Home.co.uk provides an analysis of time on market for various property types and these are summarised in Figure 6 below. This demonstrates that demand for certain area/property type combinations has weathered the economic climate better than others. In particular, flats seemed to have fared worst across most of the borough with the exception of SM7 (Banstead/Nork). Liquidity of semi-detached and detached properties appears to have held up relatively well across most of the borough, again with the exception of the SM7 area.

Figure 6: Comparison of time on market (2007 to 2012)



4. Development Assumptions

Housing Mix

- 4.1 For sites with extant planning permission, the capacity and mix of units is defined by that which has been approved in the planning permission.
- 4.2 However, for sites without planning permission such information is not available. Therefore, development capacity will be that identified in Stage 6 of the study. Assumptions regarding dwelling type and size mix for these developments will be guided by policy requirements, recent similar developments and discussions with Development Management officers. As a general rule of thumb, town centre sites are more likely to accommodate flats whilst greenfield urban extensions will have a wider range of dwelling types and sizes.
- 4.3 The 2011 Baker Associates study included a complex matrix of floorspace assumptions based upon dwelling size and occupancy. The Council's preliminary CIL viability work uses a more simplified set of floorspace assumptions guided by the Baker Associates study and recent developments in the borough.

Table 7: Dwelling floorspace assumptions

Dwelling Type	Floorspace (sqm)
1 bed flat	50
2 bed flat	65
2 bed house	75
3 bed house	90
4 bed house	120
5 bed house	150

- 4.4 In the case of flatted developments, a reasonable and appropriate element of floorspace has been included on the construction side to take account of circulation and communal areas.

Affordable Housing

- 4.5 HCA guidelines recommend that Registered Providers of affordable housing should only pay the capitalised net rental stream on properties acquired as part of s106 on private schemes.
- 4.6 In line with the study carried out by Baker Associates and subsequent affordable housing viability studies carried out by Dixon Searle for Reigate & Banstead, the viability appraisals apply a discount to the market sales value which equates to this capitalised rental stream. These studies indicate the following discount rates:
- Social rented: 65%
 - Intermediate (i.e. S/O): 35%
 - Affordable Rent: 50%

- 4.7 The Strategic Housing Market Assessment recommends a 40:60 split between rented and intermediate housing; however, given the changes to the affordable housing regime, particularly with regards to the new affordable rent tenure and the implications for social rent, it is difficult to identify the rental mix which is likely to come forward. As such, a discount for 'rent' generally has been applied at 55%.
- 4.8 For sites with extant planning permission, the amount of affordable housing within the approved scheme will be included within the appraisals. For all other identified sites, affordable housing provision will be set in line with the provisions of the emerging Core Policy CS13 which requires the following contributions with negotiation allowed in circumstances where development would be made unviable:
- Developments comprising of 15 net dwellings or more provide up to 30% of housing as affordable
 - Developments of 10 to 14 net dwellings provide a contribution equivalent to 20% of dwellings being provided as affordable
 - Developments of 1 to 9 net dwellings provide a contribution equivalent to 10% of dwellings being provided as affordable
- 4.9 Equivalent financial contributions have been calculated on the basis stipulated in the 2007 Affordable Housing Viability Study by Adams Integra.

Planning Obligations/CIL

- 4.10 For sites with planning permission, the level of planning obligations applied within the appraisal will be that which is set out in the planning permission and associated unilateral undertaking/section 106 agreements.
- 4.11 The planning contributions regime is currently within a period of change. The current section 106 system will be scaled back in April 2014 with the majority of infrastructure contributions being secured through the Community Infrastructure Levy. The Council has indicated that it will adopt the Community Infrastructure Levy and, as such, any developments coming forward post 2014 would be expected to pay the CIL charge.
- 4.12 On this basis, for sites without planning permission, the level of planning obligations included in the appraisal will be based upon a notional £125/sqm CIL charge as this produces a similar charge to those set out in the Council's current Planning Obligations SPD. The actual level of CIL charged by the Council will be subject to comprehensive analysis and viability testing.

Build Costs

- 4.13 Each appraisal is based upon median per square metre costs published by the Building Cost Information Service (BCIS); an industry recognised source of construction cost information. These costs are based to 2011 and specific to a Surrey location. Table 8 overleaf shows the costs applied for various development types:

Table 8: Basic build costs (per sqm) – based on BCIS data

Development Type	Build Cost (£/sqm)
Single/One-off detached	£1,500
Single/One-off semi-detached	£1,100
Flats 1-2 storey	£1,000
Flats 3-5 storey	£1,100
Flats 6+ storey	£1,400
Mixed large scheme	£950

- 4.14 Core Strategy Proposed Submission Document Policy CS9 sets out the expectation that all new housing will be built to Code for Sustainable Homes Level 4 unless it can be demonstrated that this would not be financially viable or technically feasible.
- 4.15 This policy requirement introduces an additional inflation to the basic build cost which can be quantified using research carried out by DCLG³. This research indicates that for a typical brownfield scheme, the ‘extra over’ costs to achieve Code Level 4 as compared to current Building Regulations amount to a 5.0% increase in basic build costs. Therefore, 5% inflation will be applied to the basic build cost figures identified above.
- 4.16 These figures are base construction costs and as such do not include any allowance for external works or contingencies. Such costs will inevitably vary on a site by site basis; however, it is possible to make generalisations as to the additional allowance which should be made. For smaller or high density sites, these costs will typically be lower as there is less site area requiring external works and infrastructure (services and utilities) can be installed more efficiently. Conversely, for large or very low density schemes the additional allowance will be far higher to account for the cost of bringing infrastructure to the site and the larger area of landscaping and external works required. The following percentage allowances have been added to appraisals:

Table 9: Assumptions of external costs

	Small (Urban)	Large (Urban)	Large (Greenfield)
Low density	15%	20%	25%
Medium density	12.5%	15%	20%
High density	10%	12.5%	-

- 4.17 A flat rate of 5% will be applied across the board for contingencies.

Abnormal Costs

- 4.18 Allowances for abnormal costs during the construction period will be made on a case-by-case basis. This will be based on intelligence supplied as part of planning applications, site submission forms or that gleaned by site visits and discussions with Development Management officers.
- 4.19 Where relevant, an allowance for demolition costs will be made at £50 per sqm.

³ Code for Sustainable Homes: A Cost Review (August 2011)

Other Development Costs

Professional/Consultant Fees

- 4.20 Professional fees have been assumed to amount to 10% of build costs (including externals and contingency) across all scheme types, a relatively standard assumption across the industry.

Finance Costs

- 4.21 The appraisals assume the 'worst case scenario' that all schemes are wholly debt funded. Development costs tend to accumulate in an S-curve throughout the build period and the industry standard approach is to effectively apply interest for half of the build period. Finance on initial land purchase is applied wholly for the entire holding period. An interest rate of 7.0% is used in both instances.

Site Acquisition Fees

- 4.22 Stamp Duty Land Tax (SDLT) is applied as per the standard rates set by HMRC. Legal fees are assumed to be 0.75% of GDV and agents' fees are assumed to be a further 1.0% of GDV.

Marketing and Sales/Lettings Costs

- 4.23 An allowance of 2.5% of GDV is made for sales, marketing and legal fees.

Profit

- 4.24 The appraisals include a profit allowance of 20% of net development value which is the typical profit measure applied by residential developers

5. Appraisal Conclusions

- 4.25 Each of the sites has been subjected to a detailed viability appraisal based upon the assumptions set out above as well as any site specific inputs (abnormal costs etc.). These appraisals produce an uplift factor which is the percentage 'premium' that the development generates over and above existing use value.
- 4.26 The outturns are then compared with the thresholds set out in paragraph 2.4 above to draw a conclusion on the economic viability of each site and thus the likelihood that the site is achievable and will be delivered to market. A summary of the testing outcomes is contained in Table 10 overleaf.
- 4.27 In line with the NPPF, the Council is keen to ensure that policy requirements do not impose a financially unsustainable burden on development. To this end, Core Strategy Proposed Submission Document Policy CS13 sets out clearly that '*the Council will negotiate to achieve affordable housing taking account of the mix of affordable units proposed and the overall viability of the development at the time the application is made*'. Furthermore, Policy CS9 recognises that, in some cases, the requirement to achieve Code Level 4 may impact upon viability.
- 4.28 In terms of the overall obligation 'package', affordable housing provision has the most significant impact upon viability and given the future adoption of CIL, this is likely to represent the only source of negotiation for developers. In line with the Council's stated flexibility, where a site is concluded to be marginal or unviable, alternative obligation commitments have been tested against in order to understand whether these financial constraints can be overcome. The outcome of the testing is detailed in Table xx where relevant.
- 4.29 By and large, development across the Reigate & Banstead area is shown to be strongly viable, with appraisals indicating scope to pay ample uplift over and above existing use value (or minimum land value where applicable). Those sites where viability is more marginal are generally those with a particularly valuable existing use, commonly residential or those which are intended to be bought forward as wholly affordable housing schemes.
- 4.30 A number of the large sites with planning permission are identified as being on the margins of viability. In some cases it has been identified that there is little scope to overcome these financial constraints by, for example, reducing affordable housing or other planning obligations. Where this is the case, it has been identified that the site is unlikely to be achievable.
- 4.31 In other cases, schemes are found to be marginal or unviable as the planning permission is for a wholly affordable housing scheme by a registered provider. In these cases, it is considered that there are special funding circumstances (i.e. HCA funding) which means what would appear to be unviable in the wider market is actually achievable. Indeed, when a small allowance for grant (£20,000 per unit) is included within the appraisals, schemes become viable. Such schemes are therefore considered to be achievable.

- 4.32 The appraisal outcomes for the sample of small unimplemented planning permissions indicate that such sites are broadly viable and achievable. Residential intensification schemes are found to be strongly viable, particularly those involving the development of curtilage land. One scheme is shown to be marginally viable; however, this is owing to the impact of the Horley specific infrastructure tariff and thus the outcome is not deemed to be reflective of the achievability of similar schemes elsewhere in the borough. Small schemes involving the redevelopment of non-residential sites are all comfortably viable, particularly given the market for commercial property at this current point in time.
- 4.33 The majority of the identified sites without planning permission are found to be financially viable. In many cases, the existing use value is low, leading to relatively large uplifts which are considered to be more than sufficient to motivate landowners to release the sites.
- 4.34 A number of the sites within the Redhill regeneration area are concluded to be marginally viable when full affordable housing and planning obligations are included. In many cases, these sites have complex flood or land acquisition issues which require an allowance for above average abnormal costs. However, given the scale of such developments (typically 50-100 units) relatively minor tweaks to total affordable housing provision or the required tenure mix (i.e. a reduction in rented) have a significant positive impact to residual land value and uplift. Given this scope for flexibility and negotiation, schemes are therefore considered to be achievable.
- 4.35 As previously mentioned, the measurement of viability is not an exact science. The appraisals carried out have been done so on the basis of the best and most up-to-date intelligence about the local market and individual sites. In some cases, landowner motivations might be such that a lower or higher level of uplift may be required, or that a particular developer can achieve better construction economies than those assumed in the appraisals. As such, these outcomes should be seen as broadly indicative of achievability rather than a definitive analysis of the exact economics of each site.

Table 10: Summary of appraisal outcomes

Site	Uplift	Overcoming Constraints
Large sites with unimplemented planning permission		
16-18 St Johns Rd, Redhill	1%	The planning permission includes no affordable housing contribution or infrastructure contributions so these cannot be reduced. In this case, the EUV of the site is the overriding constraints and thus the viability constraints cannot be overcome in the current market.
The Façade, Holmesdale Rd, Reigate	25%	None required
Brackenwood, Heath Drive, Walton on the Hill	49%	None required
Former Kingswood Mitsubishi, Kingswood	33%	None required

9-11 Claremont Rd, Redhill	-1%	The planning permission includes no affordable housing contribution so this cannot be reduced. The site is only marginally viable when the agreed level of infrastructure contributions is removed. In this case, the EUV of the site is the overriding constraint and thus the viability constraints are unlikely to be overcome in the current market.
Blue Haze, Outwood Lane, Chipstead	72%	None required
Sea Cadet Association, Redhill	78%	None required
Fonthill, Reigate Rd, Reigate	35%	None required
359-365 Reigate Rd & 68-72 Partridge Mead, Banstead	79%	None required
78-96 Ruden Way, Banstead	69%	None required
East Surrey College, Redhill	8%	During the application process, affordable housing provision was reduced to 10% to reflect issues of viability. Removing this requirement altogether would not be sufficient to make the scheme viable at the estimated value of the site. A relatively significant reduction in the agreed level of infrastructure contributions would be required to make the scheme viable. Whilst there is flexibility, the scheme is not deemed to be achievable at this point in time.
Former Horley Adult Education Centre, Horley	17%	It is likely that the scheme will be provided by an RSL. Given the special circumstances surrounding their funding it is deemed to be achievable.
43-49 High Street, Horley	8%	Removing the requirement for affordable housing would make a significant improvement to viability. Coupled with a slight reduction in planning obligations, the scheme could be brought into viability. Given the flexibility and potential for negotiation, the scheme is deemed to be achievable.
Redstone Hall, Redhill	33%	None required
Former Valley Saab, Chipstead	57%	None required
Woodlands Court, Redhill	-43%	The scheme is an RSL development. Given the special circumstances surrounding their funding it is deemed to be achievable.
High Trees Nursing Home, Horse Hill, Horley	32%	None required
Former Traffic Garages, Walton on the Hill	53%	None required
Tealby & Hillerton & R/O KVH, Lower Kingswood	50%	None required
Sample small sites with unimplemented planning permission		
21 and R/O 17/19 The Avenue, Tadworth	32%	None required
L/A 75 Chart Lane, Reigate	152%	None required
The Grange, Hazelwood Lane, Chipstead	31%	None required
Pantiles, Furze Hill, Kingswood	23%	None required
61 Ladbrooke Road, Redhill	32%	None required
66-72 Horley Road, Earlswood	102%	None required
Swaylands, 1 Ringley Avenue, Horley	13%	The current planning application includes a unilateral undertaking totalling £65,000 due to its location within the Horley Infrastructure Tariff area. If this obligation was reduced, the scheme would be achievable. Given the fact that infrastructure contributions could be negotiated and that this level of tariff is not universal across the borough, such schemes are considered viable.
Royal Pheonix, Dorking Road, Tadworth	60%	None required
Gatehouse, St Anne's Drive, Redhill	53%	None required
Coral Bazaar, Queens Close,	75%	None required

Walton on the Hill		
Identified sites without planning permission		
Land at The Grove, Horley	44%	None required
Newman House, Horley	35%	None required
High Street Car Park, Horleu	74%	None required
Salbrook Sites & Aggregate Depot, Salfords	83%	None required
Land at Kingswood Station, Kingswood	36%	None required
The Ship PH, Redhill	23%	None required
Former Iron Horse PH, Merstham	9%	<p>The scheme forms part of regeneration plans in Merstham and includes provision of a community hub as indicated in the Merstham Planning Framework.</p> <p>The Planning Framework indicates that affordable housing will not be required where the scheme would be unviable and it is clear that other regeneration benefits will be provided. If no affordable housing is provided the scheme is clearly viable.</p> <p>On this basis, development of the site is considered to be achievable.</p>
Banstead Delivery Office, High Street, Banstead	43%	None required
Horley Delivery Office, Victoria Road, Horley	31%	None required
Wray Coppice, Oaks Road, Reigate	26%	None required
Former Court Lodge Infants School, Horley	26%	None required
Red House School, Brighton Road, Kingswood	68%	None required
R/O Social Club, Frenches Rd, Redhill	60%	None required
Quarryside Business Park, Redhill	33%	None required
Library Site, Kings Rd, Horley	63%	None required
Merstham Library, Weldon Way, Merstham	38%	None required
Oakley Centre, Radstock Way, Merstham	30%	None required
Bridge Family Centre, Station Rd, Redhill	36%	None required
Redhill Ambulance Station, Pendleton Way, Redhill	102%	None required
Dorchester Court, Wray Common Rd, Reigate	127%	None required
Longfield Crescent, Preston	103%	None required
Bellway House, Station Road, Merstham	22%	None required
Hockley Business Park, Hooley Lane, Redhill	13%	<p>A relatively minor tweak to affordable housing mix (80:20) would bring the scheme into viability.</p> <p>A relatively minor drop in affordable housing provision would bring the scheme into viability.</p> <p>The timescales for development mean that it is likely the scheme will be in a CIL era which will limit flexibility in this regard.</p> <p>Given the scope for flexibility, this scheme is considered to be achievable.</p>
Chatham Court & Linden Court, Lesbourne Road, Reigate	44%	None required
Major regeneration sites/new neighbourhoods		
Former De Burgh School, Preston	50%	None required – based on MLV rather than existing use*
Merland Rise Site, Preston	70%	None required – based on MLV rather than existing use*
Horley North West Sector	24%	None required – based on MLV rather than existing use*

Station Car Park, Princess Way, Redhill	57%	None required
Marketfield Way, Redhill	8%	The Council has land interests in the site and it is anticipated that a conventional market level of uplift will not be required and development would proceed in these more marginal circumstances. Should no affordable housing be required on the site, uplift improves to 13%. Reducing planning obligations would bring the scheme into viability. Given the available flexibility, this scheme is considered to be achievable.
Former Liquid & Envy Nightclub, Redhill	9%	Changing affordable housing mix to allow provision to be wholly intermediate would make the scheme viable. Alternatively, reducing affordable housing provision to 20% but retaining the 40:60 mix would allow the scheme to be viable. A reduction in s106 requirements would also bring the scheme into viability. Given the available flexibility, this scheme is considered to be achievable.
Colebrook Day Centre, Redhill	23%	None required
Car Park, Gloucester Rd, Redhill	46%	None required
Longmead Education Centre, Redhill	40%	None required
Royal Mail Sorting Office, Redhill	16%	A relatively minor tweak to affordable housing mix (70:30) would bring the scheme into viability. A relatively minor drop in affordable housing provision would bring the scheme into viability. The timescales for development mean that it is likely the scheme will be in a CIL era which will limit flexibility in this regard. Given the available flexibility, this scheme is considered to be achievable.
Hypothetical schemes		
500 dwelling urban extension	72%	None required – based on MLV rather than existing use*
200 dwelling urban extension	78%	None required – based on MLV rather than existing use*

*Given the low existing use of these sites (either agricultural or amenity land) it is not informative to compare against EUV. As such, appraisals have compared RLV to a minimum land value which a landowner would reasonably expect. In this case, these MLVs are in the region of 15-20 times existing use.

6. Site Appraisal Summaries

Large Site Unimplemented Permissions

Site and development details	
SHLAA ref	S2011EW05
Site source	Large Site Unimplemented
Site address	07/01299/OUT: 16-18 St Johns Road
Site area (ha)	0.06
Existing	Residential (2)
Proposed development	Residential (14 New Build Flats)

Key variables	
Residential floorspace (sqm)	880
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,200
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,000
Planning obligations/site specifics	£0
Existing use value (EUV)	£750,000

Key Outputs	
Net development value (NDV)	£2,745,600
Costs of development (inc. profit/planning obligations)	£1,857,849
Residual land value (RLV)	£753,854
Existing use value (EUV)	£750,000
Uplift	1%

Overcoming Constraints	
<p>The planning permission includes no affordable housing contribution or infrastructure contributions so these cannot be reduced.</p> <p>In this case, the EUV of the site is the overriding constraint. Thus, it is considered that the viability constraints cannot be overcome in the current market and the site is not achievable.</p>	

Site and development details	
SHLAA ref	S2011RH04
Site source	Large Site Unimplemented
Site address	07/02404/F: The Façade, Holmesdale Road
Site area (ha)	0.07
Existing	Retail
Proposed development	Mixed use: Retail and 10 flats

Key variables	
Residential floorspace (sqm)	590
Commercial floorspace (sqm)	300
Residential sales value (£/sqm)	£3,800
Commercial rent (£/sqm/annum)	£170
Commercial yield	7.50%
Base build cost (£/sqm)	£1,100
Planning obligations/site specifics	£78,437
Existing use value (EUV)	£600,000

Key Outputs	
Net development value (NDV)	£2,865,950
Costs of development (inc. profit/planning obligations)	£2,009,934
Residual land value (RLV)	£747,421
Existing use value (EUV)	£600,000
Uplift	25%

Overcoming Constraints	
None required – scheme viable at these assumptions	

Site and development details	
SHLAA ref	S2011KBH05
Site source	Large Site Unimplemented
Site address	09/00169/F: Kingswood Mitsubishi, Waterhouse Lane
Site area (ha)	0.12
Existing	Cleared site
Proposed development	Mixed use: Retail and 16 New Build Flats

Key variables	
Residential floorspace (sqm)	650
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£4,400
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,000
Planning obligations/site specifics	£0
Existing use value (EUV)	£750,000

Key Outputs	
Net development value (NDV)	£2,788,500
Costs of development (inc. profit/planning obligations)	£1,545,804
Residual land value (RLV)	£1,114,693
Existing use value (EUV)	£750,000
Uplift	49%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011RE16
Site source	Large Site Unimplemented
Site address	09/00210/OUT: 9-11 Claremont Road
Site area (ha)	0.18
Existing	Residential (2)
Proposed development	Residential (13 New Build)

Key variables	
Residential floorspace (sqm)	920
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,200
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£950
Planning obligations/site specifics	£103,013
Existing use value (EUV)	£650,000

Key Outputs	
Net development value (NDV)	£2,870,400
Costs of development (inc. profit/planning obligations)	£2,093,934
Residual land value (RLV)	£644,110
Existing use value (EUV)	£650,000
Uplift	-1%

Overcoming Constraints
<p>The planning permission includes no affordable housing contribution so this cannot be reduced. The scheme is only marginally viable when the agreed level of infrastructure contributions is removed.</p> <p>In this case, the EUV of the site is the overriding constraint and thus the viability constraints are unlikely to be overcome in the current market and the site is not considered to be achievable.</p>

Site and development details	
SHLAA ref	S2011CHW04
Site source	Large Site Unimplemented
Site address	09/00535/F: Blue Haze, Outwood Lane
Site area (ha)	0.38
Existing	Residential (1)
Proposed development	Residential (13 New Build Flats)

Key variables	
Residential floorspace (sqm)	845
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£4,400
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,100
Planning obligations/site specifics	£25,040
Existing use value (EUV)	£750,000

Key Outputs	
Net development value (NDV)	£3,625,050
Costs of development (inc. profit/planning obligations)	£2,172,757
Residual land value (RLV)	£1,288,919
Existing use value (EUV)	£750,000
Uplift	72%

Overcoming Constraints	
None required – scheme viable at these assumptions	

Site and development details	
SHLAA ref	S2011RE15
Site source	Large Site Unimplemented
Site address	09/00729/OUT: Sea Cadet Association, Hooley Lane
Site area (ha)	0.06
Existing	Storage
Proposed development	Residential (11 New Build Flats)

Key variables	
Residential floorspace (sqm)	595
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,200
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,100
Planning obligations/site specifics	£22,000
Existing use value (EUV)	£250,000

Key Outputs	
Net development value (NDV)	£1,856,400
Costs of development (inc. profit/planning obligations)	£1,370,055
Residual land value (RLV)	£444,362
Existing use value (EUV)	£250,000
Uplift	78%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011RC10
Site source	Large Site Unimplemented
Site address	10/00746/F: Fonthill, Reigate Road
Site area (ha)	1.65
Existing	Residential institution
Proposed development	Residential (New Build & Conversion – 29)

Key variables	
Residential floorspace (sqm)	1,835
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,800
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,000
Planning obligations/site specifics	£65,188
Existing use value (EUV)	£1,500,000

Key Outputs	
Net development value (NDV)	£6,319,281
Costs of development (inc. profit/planning obligations)	£3,961,930
Residual land value (RLV)	£2,030,603
Existing use value (EUV)	£1,500,000
Uplift	35%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011N06
Site source	Large Site Unimplemented
Site address	10/01048/F: 359-365 Reigate Road & 68-72 Partridge Mead, Epsom Downs
Site area (ha)	1.65
Existing	Residential (2) & backland
Proposed development	Residential (12 New Build)

Key variables	
Residential floorspace (sqm)	1,125
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,800
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£950
Planning obligations/site specifics	£0
Existing use value (EUV)	£900,000

Key Outputs	
Net development value (NDV)	£4,168,125
Costs of development (inc. profit/planning obligations)	£2,381,713
Residual land value (RLV)	£1,611,766
Existing use value (EUV)	£900,000
Uplift	79%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2012HW02
Site source	Large Site Unimplemented
Site address	09/00141/OUT: Horley Adult Education Centre
Site area (ha)	0.36
Existing	Former education centre/Site of new leisure centre
Proposed development	Residential (15 New Build)

Key variables	
Residential floorspace (sqm)	5,355
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,200
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,000
Planning obligations/site specifics	£0
Existing use value (EUV)	£500,000

Key Outputs	
Net development value (NDV)	£2,805,000
Costs of development (inc. profit/planning obligations)	£2,128,191
Residual land value (RLV)	£586,313
Existing use value (EUV)	£500,000
Uplift	17%

Overcoming Constraints
<p>It is likely that the scheme will be provided by an RSL as wholly affordable which is reflected in the appraisal.</p> <p>Whilst the appraisal finds the scheme to be marginally viable, there are special circumstances surrounding RSL funding. A relatively small allowance for grant would make the scheme viable. On this basis, it is considered to be achievable.</p>

Site and development details	
SHLAA ref	S2011RE17
Site source	Large Site Unimplemented
Site address	08/01272/OUT: East Surrey College
Site area (ha)	2.01
Existing	College campus
Proposed development	Residential (82 New Build)

Key variables	
Residential floorspace (sqm)	1,320
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,400
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£950
Planning obligations/site specifics	£500,000
Existing use value (EUV)	£4,000,000

Key Outputs	
Net development value (NDV)	£16,236,360
Costs of development (inc. profit/planning obligations)	£10,940,792
Residual land value (RLV)	£4,327,495
Existing use value (EUV)	£4,000,000
Uplift	8%

Overcoming Constraints
<p>During the application process, affordable housing provision was reduced to 10% to reflect issues of viability. Removing this requirement altogether would not be sufficient to make the scheme viable at the estimated value of the site.</p> <p>A relatively significant reduction in the agreed level of infrastructure contributions would be required to make the scheme viable.</p> <p>Whilst there is flexibility, the scheme is not viable in current conditions and achievability is questionable.</p>

Site and development details	
SHLAA ref	S2011HC09
Site source	Large Site Unimplemented
Site address	11/00423/F: 43-49 High Street, Horley
Site area (ha)	0.16
Existing	Mixed: Retail and offices
Proposed development	Mixed: Retail, offices and 19 residential flats

Key variables	
Residential floorspace (sqm)	1,115
Commercial floorspace (sqm)	800
Residential sales value (£/sqm)	£3,400
Commercial rent (£/sqm/annum)	£200
Commercial yield	7.00%
Base build cost (£/sqm)	£1,100
Planning obligations/site specifics	£248,102
Existing use value (EUV)	£1,500,000

Key Outputs	
Net development value (NDV)	£5,773,434
Costs of development (inc. profit/planning obligations)	£3,827,637
Residual land value (RLV)	£1,619,049
Existing use value (EUV)	£1,500,000
Uplift	8%

Overcoming Constraints
<p>Removing the requirement for affordable housing would make a significant improvement to viability. Coupled with a slight reduction in planning obligations, the scheme could be brought into viability.</p> <p>Given the flexibility and potential for negotiation, the scheme is deemed to be achievable.</p>

Site and development details	
SHLAA ref	S2011RE14
Site source	Large Site Unimplemented
Site address	11/00048/F: Redstone Hall, Redhill
Site area (ha)	0.20
Existing	Residential (1)
Proposed development	Residential (11 New Build Flats)

Key variables	
Residential floorspace (sqm)	715
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,200
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,000
Planning obligations/site specifics	£2,500
Existing use value (EUV)	£500,000

Key Outputs	
Net development value (NDV)	£2,230,800
Costs of development (inc. profit/planning obligations)	£1,473,276
Residual land value (RLV)	£667,028
Existing use value (EUV)	£500,000
Uplift	33%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011CHW05
Site source	Large Site Unimplemented
Site address	10/01490/F: Former Valley Saab, Chipstead
Site area (ha)	0.11
Existing	Cleared site
Proposed development	Residential (11 New Build Flats)

Key variables	
Residential floorspace (sqm)	700
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£4,400
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,100
Planning obligations/site specifics	£1,500
Existing use value (EUV)	£750,000

Key Outputs	
Net development value (NDV)	£3,003,000
Costs of development (inc. profit/planning obligations)	£1,698,856
Residual land value (RLV)	£1,176,142
Existing use value (EUV)	£750,000
Uplift	57%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011EW06
Site source	Large Site Unimplemented
Site address	10/01423/F: Woodlands Court, Redhil
Site area (ha)	0.41
Existing	Residential (4 sheltered bungalows)
Proposed development	Residential (18 New Build Flats)

Key variables	
Residential floorspace (sqm)	1,035
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,200
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,000
Planning obligations/site specifics	£0
Existing use value (EUV)	£400,000

Key Outputs	
Net development value (NDV)	£1,904,400
Costs of development (inc. profit/planning obligations)	£1,620,521
Residual land value (RLV)	£227,901
Existing use value (EUV)	£400,000
Uplift	-43%

Overcoming Constraints
<p>It is likely that the scheme will be provided by an RSL as wholly affordable which is reflected in the appraisal.</p> <p>Whilst the appraisal finds the scheme to be marginally viable, there are special circumstances surrounding RSL funding. A relatively small allowance for grant (c.£20,000 per unit) would make the scheme clearly viable. On this basis, it is considered to be achievable.</p>

Site and development details	
SHLAA ref	S2011SS11
Site source	Large Site Unimplemented
Site address	10/01176/F: High Trees Nursing Home, Horsehill
Site area (ha)	1.30
Existing	Residential institution
Proposed development	Residential (14 Conversion)

Key variables	
Residential floorspace (sqm)	910
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,400
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£750
Planning obligations/site specifics	£0
Existing use value (EUV)	£1,000,000

Key Outputs	
Net development value (NDV)	£3,016,650
Costs of development (inc. profit/planning obligations)	£1,575,420
Residual land value (RLV)	£1,270,560
Existing use value (EUV)	£1,000,000
Uplift	27

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2012TW03
Site source	Large Site Unimplemented
Site address	11/01440/F: Traffic Garages, High Street
Site area (ha)	0.10
Existing	Vehicle sales garage
Proposed development	Residential (10 New Build Flats)

Key variables	
Residential floorspace (sqm)	560
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£4,400
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,000
Planning obligations/site specifics	£26,980
Existing use value (EUV)	£600,000

Key Outputs	
Net development value (NDV)	£2,402,400
Costs of development (inc. profit/planning obligations)	£1,368,511
Residual land value (RLV)	£917,459
Existing use value (EUV)	£600,000
Uplift	53%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2012KBH06
Site source	Large Site Unimplemented
Site address	11/01804/F: Tealby & Hillerton, Brighton Road
Site area (ha)	0.46
Existing	Cleared site
Proposed development	Residential (13 New Build)

Key variables	
Residential floorspace (sqm)	1,140
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,800
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£950
Planning obligations/site specifics	£0
Existing use value (EUV)	£1,000,000

Key Outputs	
Net development value (NDV)	£4,223,700
Costs of development (inc. profit/planning obligations)	£2,507,669
Residual land value (RLV)	£1,498,199
Existing use value (EUV)	£1,000,000
Uplift	50%

Overcoming Constraints
None required – scheme viable at these assumptions

Sample Small Site Unimplemented Permissions

Site and development details	
SHLAA ref	N/A
Site source	Small Site Unimplemented
Site address	11/01763/F: 21 and R/O 17/19 The Avenue
Site area (ha)	0.47
Existing	Residential (1)
Proposed development	Residential (4 New Build)

Key variables	
Residential floorspace (sqm)	850
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£4,400
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,500
Planning obligations/site specifics	£0
Existing use value (EUV)	£700,000

Key Outputs	
Net development value (NDV)	£3,646,500
Costs of development (inc. profit/planning obligations)	£2,568,474
Residual land value (RLV)	£925,543
Existing use value (EUV)	£700,000
Uplift	32%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	N/A
Site source	Small Site Unimplemented
Site address	11/01858/F: L/A 75 Chart Lane
Site area (ha)	0.04
Existing	Residential curtilage
Proposed development	Residential (1 New Build)

Key variables	
Residential floorspace (sqm)	90
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,800
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,500
Planning obligations/site specifics	£0
Existing use value (EUV)	£30,000

Key Outputs	
Net development value (NDV)	£333,450
Costs of development (inc. profit/planning obligations)	£254,792
Residual land value (RLV)	£75,464
Existing use value (EUV)	£30,000
Uplift	152%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	N/A
Site source	Small Site Unimplemented
Site address	11/01685/F: The Grange, Hazelwood Lane
Site area (ha)	0.63
Existing	Residential (1)
Proposed development	Residential (6 New Build)

Key variables	
Residential floorspace (sqm)	1,200
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£4,400
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,500
Planning obligations/site specifics	£0
Existing use value (EUV)	£1,000,000

Key Outputs	
Net development value (NDV)	£5,148,000
Costs of development (inc. profit/planning obligations)	£3,622,887
Residual land value (RLV)	£1,307,281
Existing use value (EUV)	£1.0m
Uplift	31%

Overcoming Constraints	
None required – scheme viable at these assumptions	

Site and development details	
SHLAA ref	N/A
Site source	Small Site Unimplemented
Site address	11/01444/F: Pantiles, Furze Hill
Site area (ha)	0.14
Existing	Residential (1)
Proposed development	Residential (2 New Build)

Key variables	
Residential floorspace (sqm)	500
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£4,400
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,500
Planning obligations/site specifics	£0
Existing use value (EUV)	£450,000

Key Outputs	
Net development value (NDV)	£2,145,000
Costs of development (inc. profit/planning obligations)	£1,510,958
Residual land value (RLV)	£552,595
Existing use value (EUV)	£450,000
Uplift	23%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	N/A
Site source	Small Site Unimplemented
Site address	11/01133/F: 61 Ladbroke Road
Site area (ha)	0.23
Existing	Residential (1)
Proposed development	Residential (5 Conversion)

Key variables	
Residential floorspace (sqm)	265
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,200
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£500 (Conversion)
Planning obligations/site specifics	£0
Existing use value (EUV)	£300,000

Key Outputs	
Net development value (NDV)	£826,800
Costs of development (inc. profit/planning obligations)	£388,783
Residual land value (RLV)	£394,520
Existing use value (EUV)	£300,000
Uplift	32%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	N/A
Site source	Small Site Unimplemented
Site address	11/00949/F: 66-72 Horley Road
Site area (ha)	0.08
Existing	Residential curtilage
Proposed development	Residential (3 New Build)

Key variables	
Residential floorspace (sqm)	270
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,200
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,100
Planning obligations/site specifics	£0
Existing use value (EUV)	£120,000

Key Outputs	
Net development value (NDV)	£842,400
Costs of development (inc. profit/planning obligations)	£582,303
Residual land value (RLV)	£242,698
Existing use value (EUV)	£120,000
Uplift	102%

Overcoming Constraints	
None required – scheme viable at these assumptions	

Site and development details	
SHLAA ref	N/A
Site source	Small Site Unimplemented
Site address	11/00107/F: Swaylands, 1 Ringley Avenue
Site area (ha)	0.06
Existing	Residential (1)
Proposed development	Residential (5 New Build Flats)

Key variables	
Residential floorspace (sqm)	325
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,600
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,000
Planning obligations/site specifics	£65,290
Existing use value (EUV)	£300,000

Key Outputs	
Net development value (NDV)	£1,140,750
Costs of development (inc. profit/planning obligations)	£758,212
Residual land value (RLV)	£339,041
Existing use value (EUV)	£300,000
Uplift	13%

Overcoming Constraints
<p>The current planning application includes a unilateral undertaking totalling £65,290 due to its location within the Horley Infrastructure Tariff area. If this obligation was reduced, the scheme would be achievable.</p> <p>Given the fact that infrastructure contributions could be negotiated and that this level of tariff is not universal across the borough, such schemes are considered viable.</p>

Site and development details	
SHLAA ref	N/A
Site source	Small Site Unimplemented
Site address	10/02245/F: Royal Phoenix, Dorking Road
Site area (ha)	0.27
Existing	Vacant pub
Proposed development	Residential (9 New Build Flats)

Key variables	
Residential floorspace (sqm)	585
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£4,400
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,100
Planning obligations/site specifics	£0
Existing use value (EUV)	£600,000

Key Outputs	
Net development value (NDV)	£2,509,650
Costs of development (inc. profit/planning obligations)	£1,446,945
Residual land value (RLV)	£960,303
Existing use value (EUV)	£600,000
Uplift	60%

Overcoming Constraints	
None required – scheme viable at these assumptions	

Site and development details	
SHLAA ref	N/A
Site source	Small Site Unimplemented
Site address	11/00456/F: Gatehouse Stores, St Annes Drive
Site area (ha)	0.06
Existing	Vacant storage/commercial unit
Proposed development	Mixed use: Small retail unit and 5 flats

Key variables	
Residential floorspace (sqm)	325
Commercial floorspace (sqm)	75
Residential sales value (£/sqm)	£3,200
Commercial rent (£/sqm/annum)	£150
Commercial yield	8.00%
Base build cost (£/sqm)	£1,100
Planning obligations/site specifics	£0
Existing use value (EUV)	£200,000

Key Outputs	
Net development value (NDV)	£1,154,625
Costs of development (inc. profit/planning obligations)	£824,699
Residual land value (RLV)	£296,339
Existing use value (EUV)	£200,000
Uplift	48%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	N/A
Site source	Small Site Unimplemented
Site address	09/00139/F: Coral Bazaar, Queens Close
Site area (ha)	0.06
Existing	Vacant retail
Proposed development	Residential (6 New Build Flats)

Key variables	
Residential floorspace (sqm)	390
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£4,400
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,000
Planning obligations/site specifics	£0
Existing use value (EUV)	£400,000

Key Outputs	
Net development value (NDV)	£1,673,100
Costs of development (inc. profit/planning obligations)	£902,576
Residual land value (RLV)	£698,127
Existing use value (EUV)	£400,000
Uplift	75%

Overcoming Constraints
None required – scheme viable at these assumptions

Identified Sites without Planning Permission

Site and development details	
SHLAA ref	S2011HC04
Site source	Identified Site without Planning Permission
Site address	Garage Site and Newman House, Victoria Road, Horley
Site area (ha)	0.85
Existing	Offices and cleared site
Proposed development	Residential (100 New Build Flats)

Key variables	
Residential floorspace (sqm)	6,050
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,400
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,100
Planning obligations/site specifics	£191,875
Existing use value (EUV)	£3,000,000

Key Outputs	
Net development value (NDV)	£19,280,087
Costs of development (inc. profit/planning obligations)	£14,429,370
Residual land value (RLV)	£4,050,866
Existing use value (EUV)	£3,000,000
Uplift	35%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011HC01
Site source	Identified Site without Planning Permission
Site address	Land at The Grove, Horley
Site area (ha)	1.10
Existing	Car parking
Proposed development	Residential (40 New Build Flats)

Key variables	
Residential floorspace (sqm)	2,375
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,400
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,100
Planning obligations/site specifics	£207,813
Existing use value (EUV)	£1,000,000

Key Outputs	
Net development value (NDV)	£6,964,688
Costs of development (inc. profit/planning obligations)	£5,302,652
Residual land value (RLV)	£1,444,203
Existing use value (EUV)	£1,000,000
Uplift	44%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011HC02
Site source	Identified Site without Planning Permission
Site address	High Street Car Park, Horley
Site area (ha)	0.43
Existing	Car parking
Proposed development	Residential (45 New Build Flats)

Key variables	
Residential floorspace (sqm)	2,700
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,400
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,100
Planning obligations/site specifics	£486,250
Existing use value (EUV)	£750,000

Key Outputs	
Net development value (NDV)	£7,917,750
Costs of development (inc. profit/planning obligations)	£6,430,047
Residual land value (RLV)	£1,306,190
Existing use value (EUV)	£750,000
Uplift	74%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2012KBH01
Site source	Identified Site without Planning Permission
Site address	Land at Kingswood Station, Kingswood
Site area (ha)	0.55
Existing	Mixed: Storage/Light industry
Proposed development	Mixed: Retail and 25 residential flats

Key variables	
Residential floorspace (sqm)	1,625
Commercial floorspace (sqm)	300
Residential sales value (£/sqm)	£4,400
Commercial rent (£/sqm/annum)	£200
Commercial yield	7.00%
Base build cost (£/sqm)	£1,100
Planning obligations/site specifics	£214,219
Existing use value (EUV)	£1,500,000

Key Outputs	
Net development value (NDV)	£7,024,018
Costs of development (inc. profit/planning obligations)	£4,627,207
Residual land value (RLV)	£2,033,784
Existing use value (EUV)	£1,500,000
Uplift	36%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011SS13
Site source	Identified Site without Planning Permission
Site address	Land at Salfords Station, Salbrook Road, Salfords
Site area (ha)	1.50
Existing	Mixed: Cleared land/Aggregates Depot
Proposed development	Residential (60 New Build Mixed)

Key variables	
Residential floorspace (sqm)	4,250
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,400
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,000
Planning obligations/site specifics	£871,875
Existing use value (EUV)	£1,000,000

Key Outputs	
Net development value (NDV)	£11,730,000
Costs of development (inc. profit/planning obligations)	£9,582,413
Residual land value (RLV)	£1,830,506
Existing use value (EUV)	£1,000,000
Uplift	83%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011MSJ02
Site source	Identified Site without Planning Permission
Site address	The Ship Public House, Redhill
Site area (ha)	0.30
Existing	Vacant Public House
Proposed development	Residential (12 New Build Flats)

Key variables	
Residential floorspace (sqm)	720
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,200
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,000
Planning obligations/site specifics	£27,500
Existing use value (EUV)	£500,000

Key Outputs	
Net development value (NDV)	£2,246,400
Costs of development (inc. profit/planning obligations)	£1,540,041
Residual land value (RLV)	£615,862
Existing use value (EUV)	£500,000
Uplift	23%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011M04
Site source	Identified Site without Planning Permission
Site address	Former Iron Horse PH, Bletchingley Road, Merstham
Site area (ha)	0.30
Existing	Cleared site
Proposed development	Mixed: Community hub and residential (16 New Build Flats)

Key variables	
Residential floorspace (sqm)	920
Commercial floorspace (sqm)	600
Residential sales value (£/sqm)	£3,000
Commercial rent (£/sqm/annum)	£100
Commercial yield	10.00%
Base build cost (£/sqm)	£1,000
Planning obligations/site specifics	£0
Existing use value (EUV)	£300,000

Key Outputs	
Net development value (NDV)	£2,980,500
Costs of development (inc. profit/planning obligations)	£2,581,990
Residual land value (RLV)	£326,768
Existing use value (EUV)	£300,000
Uplift	9%

Overcoming Constraints
<p>The scheme forms part of regeneration plans in Merstham and includes provision of a community hub as indicated in the Merstham Planning Framework.</p> <p>The Planning Framework indicates that affordable housing will not be required where the scheme would be unviable and it is clear that other regeneration benefits will be provided. If no affordable housing is provided the scheme is clearly viable.</p> <p>On this basis, development of the site is considered to be achievable.</p>

Site and development details	
SHLAA ref	S2012BV01
Site source	Identified Site without Planning Permission
Site address	Banstead DO, High Street, Banstead
Site area (ha)	0.01
Existing	Postal delivery office
Proposed development	Residential (10 New Build Flats)

Key variables	
Residential floorspace (sqm)	530
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,800
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,000
Planning obligations/site specifics	£210,813
Existing use value (EUV)	£350,000

Key Outputs	
Net development value (NDV)	£1,963,650
Costs of development (inc. profit/planning obligations)	£1,400,536
Residual land value (RLV)	£499,766
Existing use value (EUV)	£350,000
Uplift	43%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2012HC01
Site source	Identified Site without Planning Permission
Site address	Horley DO, Victoria Road, Horley
Site area (ha)	0.01
Existing	Postal delivery office
Proposed development	Residential (10 New Build Flats)

Key variables	
Residential floorspace (sqm)	530
Commercial floorspace (sqm)	250
Residential sales value (£/sqm)	£3,400
Commercial rent (£/sqm/annum)	£200
Commercial yield	7.50%
Base build cost (£/sqm)	£1,100
Planning obligations/site specifics	£209,563
Existing use value (EUV)	£400,000

Key Outputs	
Net development value (NDV)	£2,423,617
Costs of development (inc. profit/planning obligations)	£1,827,697
Residual land value (RLV)	£523,522
Existing use value (EUV)	£400,000
Uplift	31%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2012RH02
Site source	Identified Site without Planning Permission
Site address	Wray Coppice, Oaks Road, Reigate
Site area (ha)	0.47
Existing	Offices
Proposed development	Residential (20 - Conversion & New Build)

Key variables	
Residential floorspace (sqm)	1,225
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,800
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,000
Planning obligations/site specifics	£0
Existing use value (EUV)	£1,000,000

Key Outputs	
Net development value (NDV)	£4,014,938
Costs of development (inc. profit/planning obligations)	£2,560,357
Residual land value (RLV)	£1,260,528
Existing use value (EUV)	£1,000,000
Uplift	26%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2012M01
Site source	Identified Site without Planning Permission
Site address	Bellway House, Station Road North, Merstham
Site area (ha)	0.08
Existing	Offices
Proposed development	Residential (10 New Build)

Key variables	
Residential floorspace (sqm)	650
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£4,000
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,000
Planning obligations/site specifics	£200,000
Existing use value (EUV)	£600,000

Key Outputs	
Net development value (NDV)	£2,535,000
Costs of development (inc. profit/planning obligations)	£1,710,413
Residual land value (RLV)	£729,889
Existing use value (EUV)	£600,000
Uplift	22%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2012HW01
Site source	Identified Site without Planning Permission
Site address	Former Court Lodge Infants, Court Lodge Road, Horley
Site area (ha)	0.44
Existing	Vacant school site
Proposed development	Residential (20 New Build)

Key variables	
Residential floorspace (sqm)	1,420
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,400
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£950
Planning obligations/site specifics	£320,000
Existing use value (EUV)	£1,000,000

Key Outputs	
Net development value (NDV)	£4,707,300
Costs of development (inc. profit/planning obligations)	£3,229,449
Residual land value (RLV)	£1,260,018
Existing use value (EUV)	£1,000,000
Uplift	26%

Overcoming Constraints
<p>The site has a resolution to grant outline planning permission subject to s106. This outline permission has formed the basis for the appraisal.</p> <p>No action is required to overcome financial constraints as the scheme is concluded to be viable and achievable.</p>

Site and development details	
SHLAA ref	S2011KBH08
Site source	Identified Site without Planning Permission
Site address	Red House School, Kingswood
Site area (ha)	0.30
Existing	Offices
Proposed development	Residential (20 New Build)

Key variables	
Residential floorspace (sqm)	1,150
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,800
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,100
Planning obligations/site specifics	£100,625
Existing use value (EUV)	£600,000

Key Outputs	
Net development value (NDV)	£3,769,125
Costs of development (inc. profit/planning obligations)	£2,602,578
Residual land value (RLV)	£1,006,577
Existing use value (EUV)	£600,000
Uplift	68%

Overcoming Constraints
The site is subject to an expired planning permission which has informed the appraisal.
No action is required to overcome financial constraints as the scheme is concluded to be viable and achievable.

Site and development details	
SHLAA ref	S2012EW01
Site source	Identified Site without Planning Permission
Site address	Hockley Business Park, Hooley Lane, Redhill
Site area (ha)	0.50
Existing	Mixed light industrial
Proposed development	Residential (30 New Build Mixed)

Key variables	
Residential floorspace (sqm)	2,075
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,200
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,000
Planning obligations/site specifics	£20,000
Existing use value (EUV)	£1,200,000

Key Outputs	
Net development value (NDV)	£5,727,000
Costs of development (inc. profit/planning obligations)	£4,050,059
Residual land value (RLV)	£1,357,000
Existing use value (EUV)	£1,200,000
Uplift	13%

Overcoming Constraints
<p>A relatively minor tweak to affordable housing mix (80:20) would bring the scheme into viability as would a relatively minor drop in overall affordable housing provision (20% of units).</p> <p>The timescales for development mean that it is likely the scheme will be in a CIL era which will limit flexibility in this regard.</p> <p>Given the scope for negotiation on affordable housing, development of the site is considered to be achievable.</p>

Site and development details	
SHLAA ref	S2011RW11
Site source	Identified Site without Planning Permission
Site address	R/O Social Club, Frenches Road, Redhill
Site area (ha)	0.50
Existing	Mixed light industrial
Proposed development	Residential (30 New Build Mixed)

Key variables	
Residential floorspace (sqm)	650
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,200
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,000
Planning obligations/site specifics	£142,500
Existing use value (EUV)	£300,000

Key Outputs	
Net development value (NDV)	£2,028,000
Costs of development (inc. profit/planning obligations)	£1,494,424
Residual land value (RLV)	£479,278
Existing use value (EUV)	£300,000
Uplift	60%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011RE21
Site source	Identified Site without Planning Permission
Site address	Quarryside Business Park, Trowers Way, Redhill
Site area (ha)	3.20
Existing	Mixed light industrial
Proposed development	Residential (90 New Build Mixed)

Key variables	
Residential floorspace (sqm)	6,600
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,200
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,000
Planning obligations/site specifics	£202,500
Existing use value (EUV)	£3,000,000

Key Outputs	
Net development value (NDV)	£18,216,000
Costs of development (inc. profit/planning obligations)	£13,286,927
Residual land value (RLV)	£3,977,832
Existing use value (EUV)	£3,000,000
Uplift	33%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011HC10
Site source	Identified Site without Planning Permission
Site address	Library Site, Kings Road, Horley
Site area (ha)	0.35
Existing	Library
Proposed development	Residential (35 New Build Flats)

Key variables	
Residential floorspace (sqm)	2,125
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,400
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,100
Planning obligations/site specifics	£148,438
Existing use value (EUV)	£750,000

Key Outputs	
Net development value (NDV)	£6,231,563
Costs of development (inc. profit/planning obligations)	£4,830,012
Residual land value (RLV)	£1,220,037
Existing use value (EUV)	£750,000
Uplift	63%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011M12
Site source	Identified Site without Planning Permission
Site address	Library, Weldon Way, Merstham
Site area (ha)	0.57
Existing	Library
Proposed development	Residential (20 New Build Flats)

Key variables	
Residential floorspace (sqm)	1,225
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,000
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,000
Planning obligations/site specifics	£94,688
Existing use value (EUV)	£500,000

Key Outputs	
Net development value (NDV)	£3,169,688
Costs of development (inc. profit/planning obligations)	£2,390,583
Residual land value (RLV)	£688,609
Existing use value (EUV)	£500,000
Uplift	38%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011M13
Site source	Identified Site without Planning Permission
Site address	Oakley Centre, Radstock Way, Merstham
Site area (ha)	0.50
Existing	Community centre
Proposed development	Residential (15 Conversion)

Key variables	
Residential floorspace (sqm)	870
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,000
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£750
Planning obligations/site specifics	£13,625
Existing use value (EUV)	£600,000

Key Outputs	
Net development value (NDV)	£2,251,125
Costs of development (inc. profit/planning obligations)	£1,346,822
Residual land value (RLV)	£781,573
Existing use value (EUV)	£600,000
Uplift	30%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011RW12
Site source	Identified Site without Planning Permission
Site address	Bridge Family Centre, Station Road, Redhill
Site area (ha)	0.15
Existing	Community service centre
Proposed development	Residential (14 New Build)

Key variables	
Residential floorspace (sqm)	850
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,200
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,000
Planning obligations/site specifics	£209,375
Existing use value (EUV)	£450,000

Key Outputs	
Net development value (NDV)	£2,652,000
Costs of development (inc. profit/planning obligations)	£1,960,776
Residual land value (RLV)	£609,777
Existing use value (EUV)	£450,000
Uplift	36%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011MSJ03
Site source	Identified Site without Planning Permission
Site address	Redhill Ambulance Station, Pendleton Road, Redhill
Site area (ha)	0.27
Existing	Community service centre
Proposed development	Residential (12 New Build Flats)

Key variables	
Residential floorspace (sqm)	750
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,200
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,000
Planning obligations/site specifics	£231,250
Existing use value (EUV)	£250,000

Key Outputs	
Net development value (NDV)	£2,340,000
Costs of development (inc. profit/planning obligations)	£1,789,683
Residual land value (RLV)	£505,069
Existing use value (EUV)	£250,000
Uplift	102%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011RH08
Site source	Identified Site without Planning Permission
Site address	Dorchester Court, Wray Common Road, Reigate
Site area (ha)	0.17
Existing	Garage block
Proposed development	Residential (10 New Build Flats)

Key variables	
Residential floorspace (sqm)	620
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,800
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,100
Planning obligations/site specifics	£237,500
Existing use value (EUV)	£250,000

Key Outputs	
Net development value (NDV)	£2,297,100
Costs of development (inc. profit/planning obligations)	£1,678,866
Residual land value (RLV)	£567,097
Existing use value (EUV)	£250,000
Uplift	127%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011P05
Site source	Identified Site without Planning Permission
Site address	Longfield Crescent/Cuddington Close, Preston
Site area (ha)	0.30
Existing	Parking/Garage Block
Proposed development	Residential (30 New Build Flats)

Key variables	
Residential floorspace (sqm)	1,800
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,000
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,100
Planning obligations/site specifics	£157,500
Existing use value (EUV)	£350,000

Key Outputs	
Net development value (NDV)	£4,657,500
Costs of development (inc. profit/planning obligations)	£3,847,084
Residual land value (RLV)	£747,069
Existing use value (EUV)	£350,000
Uplift	113%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011RC11
Site source	Identified Site without Planning Permission
Site address	Chatham Court & Linden Court, Lesbourne Road, Reigate
Site area (ha)	0.39
Existing	Offices
Proposed development	Residential (38 Flats – Conversion)

Key variables	
Residential floorspace (sqm)	2,280
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,800
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,000
Planning obligations/site specifics	£226,250
Existing use value (EUV)	£1,500,000

Key Outputs	
Net development value (NDV)	£7,112,175
Costs of development (inc. profit/planning obligations)	£4,659,582
Residual land value (RLV)	£2,161,515
Existing use value (EUV)	£1,500,000
Uplift	44%

Overcoming Constraints
None required – scheme viable at these assumptions

Major Regeneration Sites

Site and development details	
SHLAA ref	S2011P04
Site source	Identified Site without Planning Permission
Site address	De Burgh School Site, Preston
Site area (ha)	5.90
Existing	Open land
Proposed development	Residential (200 New Build Mixed)

Key variables	
Residential floorspace (sqm)	17,820
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,000
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£950
Planning obligations/site specifics	£2,559,520
Existing use value (EUV)*	£4,130,000

Key Outputs	
Net development value (NDV)	£46,109,250
Costs of development (inc. profit/planning obligations)	£37,945,094
Residual land value (RLV)	£6,247,637
Existing use value (EUV)	£4,130,000
Uplift	50%

Overcoming Constraints
*Based on minimum land value of £700,000 per hectare
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011P03
Site source	Identified Site without Planning Permission
Site address	Merland Rise, Preston
Site area (ha)	3.20
Existing	Open recreation land/sports centre
Proposed development	Residential (130 New Build Mixed)

Key variables	
Residential floorspace (sqm)	11,470
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,000
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£950
Planning obligations/site specifics	£2,003,625
Existing use value (EUV)	£2,240,000

Key Outputs	
Net development value (NDV)	£29,678,625
Costs of development (inc. profit/planning obligations)	£24,912,152
Residual land value (RLV)	£3,708,283
Existing use value (EUV)	£2,240,000
Uplift	70%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011HW01
Site source	Identified Site without Planning Permission – Local Plan Allocation
Site address	Horley North West Sector, Horley
Site area (ha)	70.0
Existing	Mixed: Agricultural/Open land
Proposed development	Residential (1,510 dwelling 'new neighbourhood')

Key variables	
Residential floorspace (sqm)	142,825
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,400
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£950
Planning obligations/site specifics	£25,000,000
Existing use value (EUV)*	£24,500,000

Key Outputs	
Net development value (NDV)	£418,834,313
Costs of development (inc. profit/planning obligations)	£356,014,071
Residual land value (RLV)	£30,482,180
Existing use value (EUV)	£24,500,000
Uplift	24%

Overcoming Constraints	
*Appraisal based on minimum land value of £350k per hectare	
None required – scheme viable at these assumptions	

Site and development details	
SHLAA ref	S2011RE01
Site source	RTCAAP
Site address	Station car park, Princess Way, Redhill
Site area (ha)	0.97
Existing	Surface car park
Proposed development	Mixed use: retail and 155 residential units

Key variables	
Residential floorspace (sqm)	9,250
Commercial floorspace (sqm)	2,500
Residential sales value (£/sqm)	£3,200
Commercial rent (£/sqm/annum)	£200
Commercial yield	5.00%
Base build cost (£/sqm)	£1,200
Planning obligations/site specifics	£7,000,000
Existing use value (EUV)	£1,500,000

Key Outputs	
Net development value (NDV)	£36,530,000
Costs of development (inc. profit/planning obligations)	£34,825,744
Residual land value (RLV)	£1,704,256
Existing use value (EUV)	£1,500,000
Uplift	14%

Overcoming Constraints
<p>Due to the scale of development, relatively minor tweaks to affordable housing mix (70:30) or total affordable housing provision would bring the scheme into viability.</p> <p>As is the case with the vehicle which carries out these redevelopments, planning obligations are likely to provide for significant station enhancements as part of the scheme, it is unlikely therefore that the cost associated with this can be reduced.</p> <p>Given the available flexibility, this scheme is considered to be achievable.</p>

Site and development details	
SHLAA ref	S2011RE02
Site source	RTCAAP
Site address	Marketfield Way site, Redhill
Site area (ha)	0.65
Existing	Surface car park/retail
Proposed development	Mixed use: retail, leisure and 21 residential units

Key variables	
Residential floorspace (sqm)	1,365
Commercial floorspace (sqm)	4,700
Residential sales value (£/sqm)	£3,200
Commercial rent (£/sqm/annum)	£270
Commercial yield	6.00%
Base build cost (£/sqm)	£1,350
Planning obligations/site specifics	£2,900,000
Existing use value (EUV)	£5,000,000

Key Outputs	
Net development value (NDV)	£24,917,400
Costs of development (inc. profit/planning obligations)	£19,135,510
Residual land value (RLV)	£5,391,613
Existing use value (EUV)	£5,000,000
Uplift	8%

Overcoming Constraints
<p>Given the Council land interests in the site, it is anticipated that uplift will not be required at a level which would be expected by the open market allowing development to proceed in these more marginal circumstances.</p> <p>Removing the requirement for affordable housing provision on the site improves uplift 13%. Combining this with a reduction in planning obligations would bring the scheme into viability.</p>

Site and development details	
SHLAA ref	S2011RE06
Site source	RTCAAP
Site address	Former Liquid & Envy,
Site area (ha)	0.29
Existing	Vacant nightclub
Proposed development	Mixed use: retail and residential units

Key variables	
Residential floorspace (sqm)	3,100
Commercial floorspace (sqm)	600
Residential sales value (£/sqm)	£3,200
Commercial rent (£/sqm/annum)	£270
Commercial yield	6.00%
Base build cost (£/sqm)	£1,350
Planning obligations/site specifics	£275,000
Existing use value (EUV)	£1,300,000

Key Outputs	
Net development value (NDV)	£11,256,000
Costs of development (inc. profit/planning obligations)	£9,425,343
Residual land value (RLV)	£1,418,453
Existing use value (EUV)	£1,300,000
Uplift	9%

Overcoming Constraints
<p>Changing affordable housing mix to allow provision to be wholly intermediate tenure would make the scheme viable. Alternatively, reducing affordable housing provision to 20% but retaining the 40:60 mix would allow the scheme to be viable.</p> <p>A reduction in the assumed level of s106/CIL requirements would also bring the scheme into viability.</p> <p>Given the available flexibility, this scheme is considered to be achievable.</p>

Site and development details	
SHLAA ref	S2011RE04
Site source	RTCAAP
Site address	Colebrook Day Centre, Noke Drive, Redhill
Site area (ha)	1.3
Existing	Day centre/youth centre
Proposed development	Residential (105 units)

Key variables	
Residential floorspace (sqm)	6,800
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,200
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,100
Planning obligations/site specifics	£850,000
Existing use value (EUV)	£2,000,000

Key Outputs	
Net development value (NDV)	£18,768,000
Costs of development (inc. profit/planning obligations)	£15,562,809
Residual land value (RLV)	£2,466,631
Existing use value (EUV)	£2,000,000
Uplift	23%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011RW02
Site source	RTCAAP
Site address	Car Park, Gloucester Road, Redhill
Site area (ha)	0.76
Existing	Surface car park
Proposed development	Mixed use: Residential (120 units) and offices

Key variables	
Residential floorspace (sqm)	6,900
Commercial floorspace (sqm)	1,500
Residential sales value (£/sqm)	£3,200
Commercial rent (£/sqm/annum)	£170
Commercial yield	7.50%
Base build cost (£/sqm)	£1,100
Planning obligations/site specifics	£1,350,000
Existing use value (EUV)	£1,500,000

Key Outputs	
Net development value (NDV)	£22,444,000
Costs of development (inc. profit/planning obligations)	£19,695,309
Residual land value (RLV)	£2,194,771
Existing use value (EUV)	£1,500,000
Uplift	46%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011RW03
Site source	RTCAAP
Site address	Former Longmead Centre, Holland Close
Site area (ha)	0.26
Existing	Vacant community building
Proposed development	Residential – 26 units

Key variables	
Residential floorspace (sqm)	1,540
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,200
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,100
Planning obligations/site specifics	£75,000
Existing use value (EUV)	£600,000

Key Outputs	
Net development value (NDV)	£4,250,400
Costs of development (inc. profit/planning obligations)	£3,286,833
Residual land value (RLV)	£840,837
Existing use value (EUV)	£600,000
Uplift	40%

Overcoming Constraints
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	S2011RE07
Site source	RTCAAP
Site address	Royal Mail Sorting Office, St Annes Drive
Site area (ha)	0.59
Existing	Sorting Office
Proposed development	Residential

Key variables	
Residential floorspace (sqm)	10,500
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,200
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£1,350
Planning obligations/site specifics	£650,000
Existing use value (EUV)	£1,750,000

Key Outputs	
Net development value (NDV)	£28,980,000
Costs of development (inc. profit/planning obligations)	£26,441,182
Residual land value (RLV)	£2,028,457
Existing use value (EUV)	£1,750,000
Uplift	16%

Overcoming Constraints
<p>Due to the scale of development, relatively minor tweaks to affordable housing mix (70:30) or total affordable housing provision would bring the scheme into viability.</p> <p>The timescales for development mean that it is likely the scheme will be under the CIL regime which will limit flexibility in this regard.</p> <p>Given the available flexibility, this scheme is considered to be achievable.</p>

Site and development details	
SHLAA ref	N/A
Site source	Model Urban Extension
Site address	Model Urban Extension
Site area (ha)	20.0
Existing	Mixed: Agricultural/Open land
Proposed development	Residential (500 New Build Mixed)

Key variables	
Residential floorspace (sqm)	43,575
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,400
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£950
Planning obligations/site specifics	£7,812,000
Existing use value (EUV)*	£7,000,000

Key Outputs	
Net development value (NDV)	£126,450,293
Costs of development (inc. profit/planning obligations)	£108,873,387
Residual land value (RLV)	£12,056,825
Existing use value (EUV)	£7,000,000
Uplift	72%

Overcoming Constraints
*Appraisal based on minimum land value of £350k per hectare
None required – scheme viable at these assumptions

Site and development details	
SHLAA ref	N/A
Site source	Model Urban Extension
Site address	Model Urban Extension
Site area (ha)	10.0
Existing	Mixed: Agricultural/Open land
Proposed development	Residential (200 New Build Mixed)

Key variables	
Residential floorspace (sqm)	17,430
Commercial floorspace (sqm)	-
Residential sales value (£/sqm)	£3,400
Commercial rent (£/sqm/annum)	-
Commercial yield	-
Base build cost (£/sqm)	£950
Planning obligations/site specifics	£4,025,125
Existing use value (EUV)*	£3,500,000

Key Outputs	
Net development value (NDV)	£50,580,117
Costs of development (inc. profit/planning obligations)	£42,247,278
Residual land value (RLV)	£6,244,498
Existing use value (EUV)	£3,500,000
Uplift	78%

Overcoming Constraints
*Appraisal based on minimum land value of £350k per hectare
None required – scheme viable at these assumptions