



rhondda cynon taf

community infrastructure levy

ardoll seilwaith cymunedol

COMMUNITY INFRASTRUCTURE LEVY

Updated Viability Testing Feb 2014

Date 27th February 2014

Updated Viability Appraisal Evidence – Feb 2014

This paper comprises two sections – Section 1 and Section 2.

Section 1

In order to assist the Inspector in his examination of the Draft Charging Schedule and supporting evidence the Council has prepared the following table.

The table shows the summary of the residential appraisals tested within the County Borough. This table has been updated to show:-

- the CIL rate each site could afford to pay based on the open market housing only (PURPLE COLUMN)
- the viability buffer in relation to each site tested based on the % difference between the proposed CIL rate and what the baseline results show is viable on each site (GREY COLUMN)

Section 2

Appendix H to the original District Valuer Study 2012 (**CD5**) contains an error. A revised viability appraisal correcting this error is contained in this paper.

Section 1 – Updated Viability Testing Feb 2014

Site-by-site summary of [residential](#) appraisals within Rhondda Cynon Taf CBC and with CIL rates worked on Chargeable Open Market Housing only.

Ref no.	Site	Site area (hectares- approximate)	No. of dwellings (rounded)	Gross Development Value (GDV)	Total Gross Development Cost (GDC)	% Affordable homes	Benchmark Land value (Reflecting vendor incentive & on net area)	BMLV- £s per Net ACRE	Residualised base value for CIL	Base CIL on Open Market Housing only	Proposed CIL rate	Proposed CIL rate as % of Residual CIL Rate (OMH GIA)	% Viability buffer
22	North West RCT- Greenfield on edge of town location	1.5	40	£5,201,122	£5,286,969	10%	£358,295	£100,000	£-85,847	£-23	£0	0%	100%
23	North East RCT- Brownfield on edge of village location	0.9	30	£3,730,355	£3,881,092	10%	£217,448	£100,000	£-150,737	£-53	£0	0%	100%
24	North RCT- Greenfield on edge of village location	1.3	40	£5,449,173	£5,586,396	10%	£326,172	£100,000	£-137,223	£-33	£0	0%	100%
25	North East RCT- Brownfield in rural village location	5.0	150	£13,290,645	£14,207,274	10%	£1,235,500	£100,000	£-916,629	£-62	£0	0%	100%
26	South RCT- Greenfield on edge of town location	1.1	40	£6,296,811	£5,580,787	20%	£633,812	£225,000	£716,024	£233	£85	36%	64%
27	South RCT- Large Greenfield on edge of town location	12.0	500	£76,292,870	£70,231,226	20%	£5,930,400	£200,000	£6,061,644	£147	£85	58%	42%
28	Central RCT- Greenfield on edge of town location	1.2	30	£4,253,926	£4,111,676	20%	£444,780	£150,000	£142,250	£58	£40	69%	31%
29	Central RCT- Brownfield on edge of town location	2.9	100	£13,290,645	£12,994,512	20%	£1,236,736	£175,000	£296,133	£39	£40	103%	-3%
30	Central RCT- Large greenfield on edge of town location	20.0	700	£96,074,515	£92,291,608	20%	£7,413,000	£150,000	£3,782,907	£68	£40	59%	41%
31	South RCT- Greenfield on edge of village location	5.1	150	£25,023,903	£23,464,815	20%	£2,515,478	£200,000	£1,559,088	£116	£85	73%	27%

Section 2 – Corrected Appendix H to the District Valuer Study 2012 (CD5)

This revised appendix H to the District Valuer Study 2012 **(CD5)** corrects the construction cost rate per m² for the 3 bed (IFS) HS (75) from £100 to £739.

Valuation Office Agency

Development Appraisal

Report Date: 15 January 2014

APPRAISAL SUMMARY

VALUATION OFFICE AGENCY

Summary Appraisal for Merged Phases 1 2

Currency in £

REVENUE

Sales Valuation	Units	m ²	Rate m ²	Unit Price	Gross Sales	Adjustment	Net Sales
2 Bed Flat (55)	14	630.00	1,888.89	85,000	1,190,000	0	1,190,000
2 Bed HT (55)	12	660.00	1,727.27	95,000	1,140,000	0	1,140,000
3 Bed HD (100)	14	1,400.00	1,700.00	170,000	2,380,000	0	2,380,000
3 Bed HS (75)	1	75.00	1,600.00	120,000	120,000	0	120,000
3 Bed HT (80)	14	1,120.00	1,500.00	120,000	1,680,000	0	1,680,000
4 Bed HD (130)	20	2,600.00	1,538.46	200,000	4,000,000	0	4,000,000
4 Bed HS (105)	14	1,470.00	1,428.57	150,000	2,100,000	0	2,100,000
5 Bed HD (150)	14	2,100.00	1,666.67	250,000	3,500,000	0	3,500,000
2 Bed (SR) HT (55)	8	440.00	1,004.05	55,223	441,784	0	441,784
3 Bed (SR) HT (80)	8	640.00	779.55	62,364	498,912	0	498,912
3 Bed (IFR) HT (80)	5	400.00	831.25	66,500	332,500	0	332,500
3 Bed (SR) HS (75)	8	600.00	831.52	62,364	498,912	0	498,912
3 Bed (IFS) HS (75)*	5	375.00	1,600.00	120,000	600,000	(240,000)	360,000
Totals	137	12,510.00			18,482,108	(240,000)	18,242,108

NET REALISATION

18,242,108

OUTLAY

ACQUISITION COSTS

Residualised Price (3.91 Ha 48,985.30 pHect) 191,533
191,533

Other Acquisition

Land cost benchmark 1,932,322
 SDLT 5.00% 96,616
 Agent 0.75% 14,492
 Legals 0.75% 14,492
 2,057,923

CONSTRUCTION COSTS

Construction	m ²	Rate m ²	Cost
2 Bed Flat (55)	770.00 m ²	864.00 pm ²	665,280
2 Bed HT (55)	660.00 m ²	739.00 pm ²	487,740
3 Bed HD (100)	1,400.00 m ²	739.00 pm ²	1,034,600
3 Bed HS (75)	75.00 m ²	739.00 pm ²	55,425
3 Bed HT (80)	1,120.00 m ²	739.00 pm ²	827,680
4 Bed HD (130)	2,600.00 m ²	739.00 pm ²	1,921,400
4 Bed HS (105)	1,470.00 m ²	739.00 pm ²	1,086,330
5 Bed HD (150)	2,100.00 m ²	739.00 pm ²	1,551,900
2 Bed (SR) HT (55)	440.00 m ²	739.00 pm ²	325,160
3 Bed (SR) HT (80)	640.00 m ²	739.00 pm ²	472,960

APPRAISAL SUMMARY**VALUATION OFFICE AGENCY**

3 Bed (IFR) HT (80)	400.00 m ²	739.00 pm ²	295,600	
3 Bed (SR) HS (75)	600.00 m ²	739.00 pm ²	443,400	
3 Bed (IFS) HS (75)*	375.00 m ²	739.00 pm ²	277,125	
Totals	12,650.00 m²		9,444,600	9,444,600
Contingency		2.50%	236,115	236,115
Other Construction				
External works & Sustainability		17.50%	1,652,805	1,652,805
PROFESSIONAL FEES				
Architect		8.00%	887,792	887,792
DISPOSAL FEES				
Sales Agent Fee		2.00%	322,200	
Sales Agent Fee		0.50%	10,661	
Sales Legal Fee		1.00%	182,421	515,282
FINANCE				
Debit Rate 6.000% Credit Rate 5.000% (Nominal)				
Total Finance Cost				264,079
TOTAL COSTS				15,250,129
PROFIT				2,991,979
Performance Measures				
Profit on Cost%		19.62%		
Profit on GDV%		16.40%		
Profit on NDV%		16.40%		
IRR		23.82%		
Profit Erosion (finance rate 6.000%)		3 yrs		