



# Final Report

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## Review and update of the East Lindsey Economic Viability Assessment



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

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# 1. Executive Summary

1.1 The purpose of this update is to review the findings of the previous EVA to provide the Council with a robust and credible evidence base that:

- Provides a clear base for policy formulation;
- Provides, if necessary, the evidence to inform settlement specific negotiations; and
- Maximises the deliverability of affordable housing without compromising deliverability.

## Methodology

1.2 For the purpose of our assessment we have used a residual model to test the viability of affordable housing. The residual appraisal model is a recognised valuation basis/approach and provides an indication of Market Value having regard to a prescribed range of costs and values<sup>1</sup>. The model assumes that the land value is the difference between Gross Development Value (GDV) and the Total Development Costs, once an element of developer profit has been taken into account.

1.3 In simple terms; only when the gross development value exceeds the total development costs and required returns (profit) can a scheme be considered viable. A scheme will not proceed where the total development costs exceed the gross development value (i.e. where there is a negative land value). However, even in circumstances where a very modest land value is generated it is not likely to be construed to be viable, as it is unlikely to be sufficient to encourage a landowner to willingly release land for development.

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<sup>1</sup> Our assumptions used in the testing are set out within Section 6.

- 1.4 For the purpose of this assessment we have applied a benchmark land value of £166,000 per acre, which reflects agricultural land value plus a premium.

### **Key Findings**

- 1.5 Through this assessment we have demonstrated (please refer to the results tables included at Appendix II) that affordable housing is viable at the following rates.
- 45% within the inland towns in the high value areas.
  - 30% within the inland towns in the medium value areas.
  - 50% within the villages in the very high value areas
  - 50% within the villages in the high value areas. It is recognised that this target can't be sustained within the high value coastal areas, as a result of the additional costs associated with flood resilience measure, but an appropriate viability clause would permit variations based on site specific evidence.
  - 30% within the villages in the medium value areas. Once again it is recognised that this target can't be sustained within the medium value coastal areas but the viability clause would, again, permit variations based on site specific evidence.
  - Affordable housing is not sustainable in the villages or towns in the low value areas.

### **Options for Affordable Housing Policy**

#### Option 1

- 1.6 Based on the evidence differential rates could be applied across the District reflecting viability within each value area. On this basis the following targets could be justified.
- Towns within the high value area – 45%
  - Towns within the medium value area – 30%
  - Villages within the very high value area – 50%.
  - Village within the high value area – 50%. It is recognised that this target can't be sustained within the high value coastal areas, as a result of the additional costs associated with flood resilience measure, but an appropriate viability clause would permit variations based on site specific evidence.

- Villages in the medium value area – 30%. Once again it is recognised that this target can't be sustained within the medium value coastal areas but the viability clause would, again, permit variations based on site specific evidence.
- No affordable housing in the low value coastal areas.

### Option 2

- 1.7 Local Plan level viability is very closely linked to the concept of deliverability. In the case of housing, a Local Plan can be said to be deliverable if sufficient sites are viable to deliver the plan's housing requirements over the plan period.
- 1.8 Our analysis of the Councils Draft Strategic Housing Land Availability Assessment (SHLAA) October 2012 shows that almost 90% of the future housing sites, within the inland towns, are located within the medium value area. On this basis the evidence suggests that a flat rate of 30% would be justified for the main towns.
- 1.9 Within the villages only our analysis demonstrates that 53% of the future housing sites are provided within the medium value area. On this basis the Council may wish to consider a flat rate of 30% for the villages. However, by applying this approach the Council would lose the opportunity to maximise the number of affordable units, within the villages, as the evidence suggests that the high and very high value areas are able to sustain much higher levels of affordable housing.
- 1.10 The Council may wish to consider a zero rate for the coastal hazard zone recognising the viability constraints associated with flood resilience / mitigation measures.
- 1.11 Recognising that this assessment has only focussed on greenfield typologies, in view of the fact that most of the future housing supply included within the draft SHLAA is agricultural land or greenfield in nature the council may also want to include a viability clause which would allow variations to policy thresholds on viability grounds, particularly for Brownfield sites.

### **Affordable Housing Thresholds**

- 1.12 The viability evidence presented in the previous section and set out within Appendix II demonstrates that small sites are more viable (i.e. they generate higher land values) than the larger typologies in all scenarios.
- 1.13 However, it must be acknowledged that the analysis from the modelling approach used in this study has some limitation when assessing the viability of small schemes and cannot prove categorically that a specific threshold policy is viable.
- 1.14 In addition the time involved in assessing small schemes is not likely to be proportionately less than that involved in assessing larger schemes. The unit cost of administration per affordable housing unit secured is, therefore, likely to be greater for small schemes than for larger schemes.
- 1.15 If the threshold were to be reduced below 10 units a number of schemes (say those between 5 and 9 units if the threshold were reduced to 5 units) would have to make an affordable housing contribution, yet they would still be defined as minor applications. These schemes would, therefore, be subject to the lower 8 week determination period, placing significant additional administrative burden on the authority in terms of having to deal with an application comprising affordable housing within the shorter determination period.
- 1.16 Consideration also needs to be given to the industry's likely response to lowering the threshold on schemes. The Council has advised that a significant number of developments, across the District, are delivered by small house builders/developers who will ordinarily only undertake schemes that fall below the threshold for affordable housing provision. They simply do not wish to handle the additional complexity involved in delivery of affordable housing.
- 1.17 Within this context we recommend that the Council consider a minimum threshold of either 10 or 15 units.

## 2. Introduction

- 2.1 To meet Government expectations and with the knowledge of recent Planning Inspectorate decisions the Council has commissioned GVA to update the Economic Viability Assessment (EVA) for the District.
- 2.2 The present EVA (January 2013) was produced as part of the Lincolnshire Coastal Housing Market Assessment, which was published in November 2012 and updated in January 2014.
- 2.3 The purpose of this update is to review the findings of the previous EVA, as necessary, to provide the Council with a robust and credible evidence base that:
- Provides a clear base for policy formulation;
  - Provides, if necessary, the evidence to inform settlement specific negotiations; and
  - Maximises the deliverability of affordable housing without compromising deliverability.
- 2.4 The report also seeks to ascertain the viability of development at the coast taking into account the constraints on delivery resulting from increased costs of construction associated with flood mitigation and by the proposed ceiling on new development in response to flood risk.
- 2.5 GVA has acted in the capacity of an independent advisor when undertaking this assessment.
- 2.6 At this stage it is also important to recognise that viability appraisals undertaken to support the findings in this study do not constitute formal valuations and should not be regarded or relied upon as such. They provide a guide to viability in line with the purpose for which the assessment is required / being undertaken.

### Report Structure

- 2.7 The remainder of this report is structured as follows:
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- Section 3 sets out the policy context;
- Section 4 describes our methodology;
- Section 5 outlines the 'site typologies' used within this assessment;
- Section 6 sets out our appraisal assumptions;
- Section 7 sets out the appraisal results;
- Section 8 considers the affordable housing threshold; and
- Section 9 sets out our conclusions and recommendations.

### 3. Policy Context

- 3.1 Viability is an important theme in the National Planning Policy Framework (NPPF). Indeed, the Framework specifically states (para 173) that plans should be deliverable. It goes on to state that the sites and scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, it states that the costs of any requirements likely to be applied to development should, when taking account of the normal costs of development and on-site mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.
- 3.2 Paragraph 174 of the NPPF further states that local planning authorities should when setting out their policy on local standards, including requirements for affordable housing, assess the likely cumulative impacts on development in their area of all existing and proposed local standards (including affordable housing), supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk and should facilitate development throughout the economic cycle.
- 3.3 Para 005 of the Planning Policy Guidance (PPG) reinforces these points and recommends that development of plan policies be iterative – with draft policies tested against evidence of the likely ability of the market to deliver the plan's policies, and revised as part of a dynamic process. It further states that evidence should be proportionate to ensure that plans are underpinned by a broad understanding of viability but recognises that greater detail may be necessary in areas of known marginal viability or where the evidence suggests that viability might be an issue.
- 3.4 At Local Plan level, viability is very closely linked to the concept of deliverability. In the case of housing, a Local Plan can be said to be deliverable if sufficient sites are viable to deliver the plan's housing requirements over the plan period.
- 3.5 A site can be said to be viable, if after taking account of all costs, including central and local government policy and regulatory costs and availability of development

finance, the scheme provides a competitive return to the developer to ensure that development takes place and generates a land value sufficient to persuade the land owner to sell the land for the development proposed. If these conditions are not met, a scheme will not be delivered.

### Local Policy Context

- 3.6 The most important function of an assessment is to bring together and consider the cumulative impact of policies (Para 174 of the NPPF). This means taking account of the range of local requirements such as design standards, community infrastructure and services, affordable housing, local transport policies and sustainability measures, as well as the cost impact of national policy and regulatory requirements.
- 3.7 The test should include both existing policies that the planning authority intends to retain and the new policy requirements that it is seeking to introduce.
- 3.8 The East Lindsey Local Plan (ELLP) was originally adopted in 1995. It contains two parts. Part 1 contains the policies and the supporting text and Part 2 contains various maps of the settlements. The policies and text were updated in 1999 via a formal amendment. In response to legislative changes in 2004 the policies of the Plan were reviewed and as a result of this, some of the policies were saved and some were removed in 2007. The Council is currently working on the replacement for the ELLP, which is called the Local Plan.
- 3.9 The saved policies, that are likely to have an impact on viability / deliverability are summarised below.

#### Policy H6 Low Cost Housing.

- 3.10 Policy H6 sets out the policy position with respect to affordable housing. It states....

*Provision will be made, as follows, for housing which meets the needs of those who do not have the means to afford open market housing:*

*1) In settlements where the Council has identified and quantified a current social or low-cost housing need, planning permission will only be given for housing development which has satisfactorily taken account of the identified housing need. In*

*addition, in the towns, where practicable, on sites of 1 hectare (2.47 acres) or more or, where 25<sup>2</sup> or more dwellings are proposed, development will be required to contribute towards meeting the identified local housing need.*

*2) Exceptionally, on land which is not allocated for housing or which would not normally be released for housing development where the Council will permit small scale residential development provided only:*

- a) it is clearly shown to meet a particular and identified local need for low cost or social housing which cannot be met elsewhere or in any other way; and*
- b) it is located in or alongside a settlement having adequate local facilities, basic services and access to regular public transport; and*
- c) it does not result in sporadic development which is unrelated to the form of the settlement; and*
- d) it does not harm the character or general amenities of the settlement through traffic generated or because of its siting, scale or appearance; and*
- e) the long term ownership of houses built for shared ownership or rental is controlled through a legal agreement to ensure that preference is given to purchasers or tenants who need to live in, work in or have long standing connections with the settlement.....*

3.11 The scale of contribution required under Policy H6 is set out in the Planning Obligations and The Provision of Affordable Homes Supplementary Planning Document (SPD) February 2005.

#### *Policy H12 Design of New Housing*

3.12 Policy H12 states that full planning permission will be granted for new housing development only where, in its siting, layout, density and design ..... it has taken account of and has made appropriate provision for, the differing housing needs of the local community, including low cost housing needs.

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<sup>2</sup> The 25 unit threshold was superseded by PPS3 (November 2006) which set a national minimum threshold of 15 units. PPS3 in turn was replaced by the NPPF which is non-prescriptive on the subject of thresholds. However, a ministerial statement issued in November 2014 introduced a policy which excluded developments of ten homes or fewer, or 1,000sq.m (10,764sq.ft) or less, from the requirement to provide or contribute to affordable housing provision. In rural areas a lower threshold of five homes applied. However, this policy was removed from the Governments national planning practice guidance following a high court ruling in August 2015.

### New Local Plan

- 3.13 The New Local Plan will cover the whole of the District and will, eventually, replace the previous East Lindsey Local Plan 1995 (alteration 1999). It will guide growth and development across the District up to 2028.
- 3.14 The Draft Core Strategy (2012) sets the vision and broad strategy for growth in the District, and is supported by key strategic policies. The policies that are likely to have an impact on viability / deliverability and which are, therefore, considered within this assessment include:

### Affordable and Low Cost Housing

- 3.15 The Council believes it is important to be flexible and proactive in the delivery of affordable housing to address its high waiting list and the low income to house price ratio issues facing the District.
- 3.16 In December 2013, there were 3,687 households on the Council's Housing Register. The Strategic Housing Market Assessment (SHMA) update (2014) calculated that the social rented sector should provide 34.7% of the total housing provision in the District. The SHMA also concluded that whilst housing registers can provide invaluable information on current need, in particular in relation to specific locations, they do not normally provide a good basis for strategic analysis. However, it is apparent from both the SHMA and the waiting list that the level of need for affordable (and intermediate) housing constitutes a significant part of future demand<sup>3</sup>.
- 3.17 Where affordable housing is delivered via developer contributions, the Council recognise that it is important that contributions do not make development unviable. The capacity of developments to contribute an element of affordable housing was previously established through the District wide Economic Viability Assessment (EVA) 2013. This study concluded that depending on location and circumstances, new development had the capacity to contribute between 20% and 40% affordable housing.

- 3.18 Because of differing residual land values and high levels of need in the towns, the Council proposes to use a single target for the District and will seek, as a starting point, a contribution of 30% from all sites delivering 10 or more units. Although this is lower than the minimum, expected requirement for affordable homes of 34.7% set out in the SHMA update, it reflects the need to be realistic given the findings of the EVA (2013), and on market conditions.
- 3.19 The Council recognises that the need for affordable housing stretches right across the District and its first preference is to focus the development of new affordable homes in the towns and large villages, to take advantage of the proximity to jobs and community facilities. However, the Council also recognise that there is a need in the smaller rural settlements across the District, which will be subject to a separate rural exceptions policy.
- 3.20 The majority of the new homes will be provided as part of market housing sites and funded by developer contributions. Where developer contributions are sought the Council's first choice will be mixed tenure sites and on site provision, pepper potted throughout the site. However, the Council recognise that they must not solely rely on this form of provision, and to provide flexibility and enable the Council and developers to respond to changing economic circumstances, the level and nature of developer contributions will be assessed on a site-by-site basis and may range between (in no order of preference);
- a combination of built plots on site and a financial contribution;
  - off site, provision of land made available by the developer that will be 'recycled' through the Council's Housing Capital Programme; or
  - A financial contribution, equivalent to the cost of the delivery of whatever the percentage contribution is.
- 3.21 Provision on alternative sites and financial contributions in lieu of on-site provision, will only be considered where the developer can show that it is impractical to make provision on site.

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<sup>3</sup> We are aware that the Council are in the process of trying to update their waiting list figure.

- 3.22 Where a developer contends that a contribution rate of 30% would compromise the viability of a site the Council will commission (at the developer's expense), an independent valuation of the development costs from an accredited body.
- 3.23 Financial contributions in lieu or in part payment will be calculated at the equivalent of the cost of delivering 30% affordable housing on site.
- 3.24 The results from this assessment will provide the evidence base for setting out updated affordable housing policy in the New Local Plan.

## 4. Approach / Methodology

- 4.1 An individual development can be said to be viable if, after taking account of all known development costs the scheme provides a competitive return (profit) to the developer to ensure that development takes place and generates a land value which is sufficient to persuade the land owner to sell the land for the development proposed. If these conditions are not met, a scheme will not be delivered.
- 4.2 At Local Plan level, viability is very closely linked to the concept of deliverability. In the case of housing, a Local Plan can be said to be deliverable if sufficient sites are viable – as defined in the previous paragraph – to deliver the plan's housing requirements over the plan period.
- 4.3 The primary role of a Local Plan viability assessment is to provide evidence to show that the requirements set out within the NPPF are met – i.e. that the policy requirements for development set out within the Local Plan do not threaten the viability of the sites and the scale of development upon which the plan relies. Demonstrably failing to consider this issue will place the Local Plan at risk of not being found sound.
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- 4.4 As outlined previously the most important function of an Economic Viability Assessment is to bring together and consider the cumulative impact of policies<sup>4</sup> set out within the Local Plan. This means taking into account the range of local requirements such as design standards, community infrastructure and services, affordable housing, local transport policies and sustainability measures, as well as the cost impact of national policy and regulatory requirements.
- 4.5 It should be recognised that this assessment will not provide a precise answer as to the viability of every development likely to take place during the plan period. Instead it will simply provide high level assurance that the policies within the Local Plan are set in a way that will not undermine the viability of the development needed to deliver the plan.



### Methodology

- 4.6 A number of existing models are available to carry out viability tests but most rely on the residual land value methodology to assess viability. This model is endorsed by the Local Housing Delivery Groups advice note for planning practitioners<sup>5</sup> and the RICS guidance note on Financial Viability in Planning when assessing the viability of local plan policies.
- 4.7 For the purpose of our assessment we have followed the advice set out within the aforementioned guidance documents and used a residual model to test the viability of affordable housing. This approach is also consistent with that applied within the previous EVA.
- 4.8 The residual appraisal model is a recognised valuation basis/approach and provides an indication of Market Value having regard to a prescribed range of costs and values<sup>6</sup>. The model assumes that the land value is the difference between Gross Development Value (GDV) and the Total Development Costs, once an element of developer profit has been taken into account. This can be expressed through the following calculation.

$$\text{Gross Development Value (GDV) (minus) Total Development Costs (minus) Developers Profit} = \text{Residual Land Value (RLV)}$$

- **Gross Development Value** includes all sales income generated by the development;
- **Total Development Costs** include construction costs, professional fees, planning, finance/interest charges etc. A full breakdown of the typical development costs is provided in Section 6.

<sup>4</sup> Para 174 of the NPPF

<sup>5</sup> Viability Testing Local Plans June 2012

<sup>6</sup> Our assumptions used in the testing are set out within Section 6.

- **Developer's Profit** is expressed by reference to a percentage of the Total Development Costs or Gross Development Value. It can also be expressed by reference to an Internal Rate of Return (IRR)<sup>7</sup>.

4.9 In simple terms; only when the gross development value exceeds the total development costs and required returns (profit) can a scheme be considered viable. A scheme will not proceed where the total development costs exceed the gross development value (i.e. where there is a negative land value). However, even in circumstances where a very modest land value is generated it is not likely to be construed to be viable, as it is unlikely to be sufficient to encourage a landowner to willingly release land for development

4.10 A competitive return for the land owner is the price at which a reasonable land owner would be willing to sell their land for the development. The price will need to provide an incentive for the land owner to sell in comparison with the other options available. This point is recognised within the NPPF, which states that viability should consider "competitive returns to a willing landowner as well as a willing developer to enable the development to be deliverable."

4.11 The costs associated with future policy requirements (including affordable housing) will be extracted from the residual land value and this is generally accepted between all parties. However, the difficulty with this approach is establishing a realistic land value or 'benchmark' that provides an incentive for the landowner to release their site for development, whilst also taking into account the contributions that the Council may require in terms of affordable housing and other policy obligations.

4.12 The Council has requested that a locally generated land value be used as a benchmark rather than the industrial land value used within the previous EVA. In determining a suitable benchmark we have referred to guidance<sup>8</sup> published by the Local Housing Delivery Group. The guidance states that the benchmark value should

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<sup>7</sup> Internal rate of return (IRR) is the interest rate at which the net present value of all the cash flows (both positive and negative) from a project or investment equal zero. Internal rate of return is used to evaluate the attractiveness of a project or investment. If the IRR of a new project exceeds a company's required rate of return, that project is desirable. If IRR falls below the required rate of return, the project should be rejected

<sup>8</sup> Viability Testing Local Plans – June 2012

represent the value at which a typical willing landowner is likely to release land for development. The report also advocates that when considering an appropriate benchmark consideration should be given to the fact that future plan policy requirements will have an impact on land values and owners expectations.

- 4.13 In this context the report concludes that using a market value approach to benchmarking carries the risk of building in assumptions of current policy costs rather than helping to inform the potential for future policy. Whilst the report acknowledges that reference to market values will still provide a useful 'sense check' on the benchmark values that are being used in the model(s) it does not recommend that these are used as the basis for input into the model.
- 4.14 The report recommends a benchmark which is based on a premium over current use values and 'credible' alternative use values<sup>9</sup>. This approach is also endorsed by the Planning Practice Guidance (PPG), and in particular paragraph 015 where it is stated that a competitive return for the land owner is the price at which a reasonable land owner would be willing to sell their land for the development. The price will need to provide an incentive for the land owner to sell in comparison with the other options available. Those options may include the current use value of the land or its value for a realistic alternative use that complies with planning policy.
- 4.15 Whilst neither the PPG nor the Harman Report<sup>10</sup> recommends or provides guidance on what is considered an appropriate premium the Harman Report advocates that this will need to be sufficient to persuade landowners to sell. The guidance further recognises that in certain circumstances, particularly in areas where landowners have long term investment horizons and are content with the current land use, the premium will need to be higher than in those areas where landowners are more minded to sell. An example of this is in relation to large Greenfield sites where a prospective seller is potentially making a once in a lifetime decision over whether to sell an asset that may have been in the family or a Trusts ownership for many generations. In this scenario the uplift on current use value will invariably be significantly higher than those in an urban context. In reconciling such issues the guidance stresses the importance of

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<sup>9</sup> Alternative Use Values are most likely to be relevant in cases where the Local Plan is reliant on sites coming forward in areas (such as town and city centres) where there is competition for land among a range of alternative uses.

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using local sources to provide views on market values as a means of providing a sense check on the approach of the current use value plus premium calculation.

- 4.16 The guidance also advises against setting benchmarks, which are at the margins of viability. To guard against this it is recommended that an appropriate 'viability cushion' be considered to ensure that sites upon which the Local Plan relies will, on the balance of probability, come forward as required. No recommendation as to what constitutes an appropriate cushion is provided. Instead the guidance advocates that this will be left for the local planning authority to decide in collaboration with their partners and consultees.
- 4.17 As outlined in the next section we have analysed the Draft SHLAA (2012) to identify site typologies. Our analysis highlights that more than 85% of the future housing land within the inland towns is either agricultural land or Greenfield in nature such as former gardens, grassed areas etc. Within the large villages around 80% of the housing land is agricultural or Greenfield.
- 4.18 For the purpose of this assessment we have, therefore, applied a benchmark which reflects agricultural use. Values for agricultural land across Lincolnshire fall within a range from circa £7,413 per ha (£3,000 per acre) up to £35,830 per ha (£14,500 per acre)<sup>11</sup>. The data is not available at the local authority level and we understand that the upper figure of £35,830 per ha (£14,500 per acre) is high for the District. However, in the absence of any specific data for the District of East Lindsey the assessment has incorporated the median value of £21,880 per ha (£8,855 per acre). When considering a suitable premium over and above the current use value the assessment refers to guidance issued by the HCA<sup>12</sup>, which states that premiums for agricultural land (assuming residential development) should be in the range of 10 to 20 times the current use value.
- 4.19 In this context and assuming the median value (£8,855 per acre) the benchmark would range between £135,910 and £271,821 per ha (£88,550 and £177,100 per acre). For the purpose of this assessment we have adopted the median figure and applied a

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<sup>10</sup> Viability Testing Local Plans - Advice for planning practitioners

<sup>11</sup> Based on information from UK Land and Farms (UKLAF)

viability cushion of 25%. On this basis the benchmark land value is £166,031 (say £166,000 per acre).

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<sup>12</sup> The HCA Area Wide Viability Model (Annex 1 Transparent Viability Assumptions)

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## 5. Site Typologies

- 5.1 The previous EVA tested viability based on a notional one hectare site. However, paragraph 009 of the PPG advises that viability assessments should be proportionate, but reflect the range of different development likely to come forward in an area and needed to deliver the vision of the plan. However, para 006 of the PPG does not advocate the individual testing of every site or assurance that individual sites are viable. It states that site typologies may be used to determine viability at policy level but an assessment of samples of sites may be helpful to support evidence and more detailed assessment may be necessary for particular areas or key sites on which the delivery of the plan relies.
- 5.2 When establishing site typologies it is important to base these on the types of sites likely to come forward for development over the plan period. For example, it will be of little value to focus on high density, high value urban centre schemes if the majority of housing is proposed to be accommodated on lower density, large scale urban extensions.
- 5.3 Across any given plan area, development is likely to take place on a range of different types of site. Typologies should focus on the types of site that make up the majority of the unconsented land supply that is likely to come forward for development during the policy period under consideration.

### Options for Housing Growth

- 5.4 The options for housing growth are presented in the Draft Core Strategy (October 2012) and are considered to provide the most practicable routes towards achieving the Vision and Objectives set out at the beginning of the Core Strategy and particularly taking into account the constraints on development imposed by the coastal flooding issue<sup>13</sup>.
- 5.5 With this in mind the Council believe that it is not realistic or practical to promote an option of large-scale housing growth in the coastal flood hazard zones<sup>14</sup>. Instead the

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<sup>13</sup> 38% of East Lindsey including the towns of Mablethorpe and Skegness is in an area of high coastal flood risk

<sup>14</sup> The Coastal Area is defined as the area falling within the Environment Agencies Coastal Flood Hazard Zones

Council will focus housing growth within the inland area. Four options are identified within the Core Strategy:

- Option 1 – Concentrate growth into the five inland towns of Louth, Alford, Coningsby/Tattershall, Horncastle and Spilsby; Housing in the villages (large medium and small) will be permitted but only using the exceptions policy<sup>15</sup>;
- Option 2 – moderately dispersed distribution of growth. This option proposes a spread of development across the Districts five inland towns and the large villages outside the Coastal Flood Hazard Zones; Housing in the medium and small villages will only be permitted using the rural and single plot exceptions policies<sup>16</sup>.
- Option 3 – more dispersed pattern of growth. This option spreads development across the five inland towns, large and medium villages outside the Coastal Flood Hazard Zones; and
- Option 4 – dispersed pattern of growth including the small rural villages. This option proposes that development is spread across the five inland towns, and the large, medium and small villages outside the Coastal Flood Hazard Zones.

5.6 Because of the threat of flood risk within the Coastal Flood Hazard Zones unconstrained housing growth, with its associated increase in population, cannot be justified. Evidence work carried out by the Council<sup>17</sup> recommended that housing should be limited to only the amount of development required to maintain the existing population and should not include strategic housing growth.

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<sup>15</sup> The Rural Exceptions Policy states that where local affordable housing need is proven, the development of small scale, affordable housing sites on land not otherwise considered acceptable for development, will be supported providing a) they do not result in sporadic development, which is unrelated to the form and scale of the existing settlement; b) the number of dwellings is no greater than the identified need; and c) the development shall comply with other relevant policy relating to siting, scale, layout, design, materials, access, parking and landscaping. Where it can be established and evidenced that it is necessary to create extra funds over and above those available from free and low cost land, to overcome specific and agreed infrastructure or access constraints, or that the provision of low cost dwellings for local needs is not realistic or practicable without extra subsidy, a limited element of open market housing may be permitted within an overall scheme provided that a) the requirements set out above can be satisfactorily met; and b) the number of open market dwellings included in the scheme shall be no more than that required to provide the necessary number of local needs dwellings at low cost and shall not be more than 30% of the total number in the scheme.

<sup>16</sup> The Single Plot Exceptions Policy is only applied in the medium and small village, where local affordable housing need is proven, the Council will support single plot development for affordable housing in accordance with the requirements specified in the Single Plot Exceptions SPD.

<sup>17</sup> Lincolnshire Coastal Study

- 5.7 However, that does not mean that there will be no housing development in the coastal area. As at 1st February 2014, there were already 1,356 homes in the coastal zone with planning permission. There were significant commitments in Skegness (514), Mablethorpe/Sutton/Trusthorpe (403 units), Chapel St Leonards (153 units), Ingoldmells (222), North Somercotes (48), other rural settlements (16).
- 5.8 The restriction on development is reflected in Strategic Policy (Coastal East Lindsey) which limits / restricts market housing, in the Coastal Hazard Zone, to existing commitments as at the date of the adoption of the plan.
- 5.9 As outlined previously, at a Local Plan level, viability is very closely linked to the concept of deliverability. In the case of housing, a Local Plan can be said to be deliverable if sufficient sites are viable to deliver the plan's housing requirements over the plan period.
- 5.10 The Council has confirmed that the main thrust of the proposed policy is to direct development (through allocations) into the inland towns and large villages. In addition the Council will not permit any more new market housing in the Coastal Hazard Zone during the plan period.
- 5.11 Within this context we have sought to define site typologies that reflect the potential scale of development likely to come forward within the inland towns and large villages over the plan period.

### Scale and Type of Development Land

- 5.12 To understand the scale and type of development land that is likely to come forward for development over the plan period we have referred to the Councils Draft Strategic Housing Land Availability Assessment (SHLAA) October 2012.
- 5.13 When determining the typologies our assessment has focussed on the profile of sites that have not been discounted, as these will provide the new supply of housing land that will be subject to new emerging Local Plan policies, including affordable housing.
- 5.14 Our analysis (refer to Tables 3 to 4) highlights:



- Within the inland towns there is capacity for just over 5,700 new dwellings spread across 58 sites. In total these sites provide 297ha (733 acres) of potential land for residential development. The majority of the supply, both in terms of land and housing capacity, is focussed on large sites capable of accommodating more than 400 units. These sites provide more than half of the land supply and housing capacity but account for only 10% of the total number of sites.
- Sites with capacity for 10 dwellings or less comprise almost a quarter of the development sites but account for less than 1% of the total capacity. Sites with capacity for between 11 and 25 dwellings account for just over 2% of the capacity but make up approximately 12% of the total number of sites. Sites with capacity for between 26 and 50 dwellings account for just over 8% of the housing capacity and 10% of the land supply. Sites which can accommodate between 51 and 100 dwellings comprise almost 21% of the total number of sites but constitute only 15% of the total capacity and land supply. Sites with capacity for between 101 and 150 dwellings comprise 14% of the overall housing capacity and land supply. Sites capable of accommodating between 151 and 250 dwellings comprise less than 7% of the overall housing capacity and land supply.
- More than 85% of the housing land within the inland towns is either agricultural land or Greenfield in nature such as former gardens, grassed areas etc.
- Within the large villages there is capacity for just over 3,780 new dwellings across 85 sites. In totality these sites provide 261ha (644 acres) of potential land for residential development. Around a third of the sites have capacity to accommodate 10 dwellings or less. Almost half of the sites are capable of accommodating up to 50 dwellings with just over 10% being able to accommodate between 50 and 100 dwellings. Less than 10% of the sites are capable of accommodating more than 100 dwellings.
- Within the large villages around 80% of the housing land and capacity is either agricultural land or Greenfield in nature.

Table 3 – Analysis of Land Supply within the Inland Towns

Size Band	# sites	# dwgs	Total Ha	Total acres	Average size ha	Average Size acres	average # dwgs	average density
sites providing 10 or less dwellings	13	53	3	7	0.21	1	4	20
sites providing 11 to 25 dwellings	7	127	8	20	1.14	3	18	16
Sites providing 26 to 50 dwellings	12	471	31	75	2.54	6	39	15
sites providing 51 to 100 dwellings	12	882	47	116	3.91	10	74	19
sites providing 101 to 150 dwellings	6	800	41	101	6.81	17	133	20
sites providing 151 to 250 dwellings	2	390	19	46	9.33	23	195	21
sites providing 251 to 350 dwellings								
sites providing 351 to 500 dwellings	4	1714	73	182	18.37	45	429	23
sites providing > 500 dwellings	2	1286	76	187	37.84	94	643	17
<b>Totals</b>	<b>58</b>	<b>5723</b>	<b>297</b>	<b>733</b>				

Source: Draft Strategic Housing Land Availability Assessment (SHLAA) October 2012 and GVA

Table 4 – Analysis of Supply within the Large Villages (Inland)

Size Band	# sites	# dwgs	Total Ha	Total acres	Average size ha	Average Size acres	average # dwgs	average density
sites 10 or less dwellings	27	130	13	33	0.49	1	5	10
sites providing 11 to 25 dwellings	19	315	21	52	1.11	3	17	15
Sites providing 26 to 50 dwellings	21	771	51	125	2.41	6	37	15
sites providing 51 to 100 dwellings	9	713	38	95	4.27	11	79	19
sites providing 101 to 150 dwellings	4	474	42	104	10.56	26	119	11
sites providing 151 to 250 dwellings	2	428	38	93	18.83	47	214	11
sites providing 251 to 350 dwellings	3	949	57	142	19.14	47	316	17
sites providing 351 to 500 dwellings								
sites providing > 500 dwellings								
<b>Totals</b>	<b>85</b>	<b>3,780</b>	<b>261</b>	<b>644</b>				

Source: Draft Strategic Housing Land Availability Assessment (SHLAA) October 2012 and GVA

## Inland Site Typologies

- 5.15 As outlined previously paragraph 006 of the PPG does not advocate the individual testing of every site or assurance that individual sites are viable. Instead it states that site typologies may be used to determine viability at policy level.
- 5.16 Based on the analysis set out in Tables 3 and 4 the assessment has identified a range of site typologies that represent the scale of development opportunities that are likely to come forward for development over the plan period. These are set out within Tables 5 and 6.

Table 5: Development Typologies – Inland Towns

Typology	Average Size Site <sup>18</sup>		Density (dph) <sup>19</sup>	# Dwgs
	Ha	Acres		
Typology 1	0.21	0.51	26	6
Typology 2	1.14	2.81	26	30
Typology 3	2.54	6.28	26	66
Typology 4	3.91	9.66	26	101
Typology 5	6.81	16.83	26	177
Typology 6	9.33	23.06	26	243
Typology 7	18.37	45.39	26	478
Typology 8	37.84	93.52	26	984 <sup>20</sup>

Table 6: Development Typologies – Large Villages

Size Band	Average Size Site <sup>21</sup>		Density (dph) <sup>22</sup>	# Dwgs
	Ha	Acres		
Typology 1	0.49	1.21	19	9
Typology 2	1.11	2.74	19	22
Typology 3	2.41	5.96	19	46
Typology 4	4.27	10.56	19	81
Typology 5	10.56	26.09	19	200
Typology 6	19.14	47.30	19	363

<sup>18</sup> Taken from Table 3

<sup>19</sup> The brief requires that a density of 26dph be applied within the main towns.

<sup>20</sup> We are aware that in his assessment of the Legbourne Road, Louth application the Appeal Inspector concluded that the proposal (for 900 units) would be unsustainable. However, we have still included this typology within our assessment as there is the chance a similar sized scheme could come forward over the life of the plan which is found to be sustainable.

<sup>21</sup> Taken from Table 4

<sup>22</sup> The brief requires that a density of 19dph be applied within the large villages

- 5.17 Recognising that more than 85% of the housing land, within the inland towns and 80% within the large villages is either agricultural land or Greenfield in nature such as former gardens, grassed areas etc. we have not sought to consider the viability of Brownfield sites. This is because the guidance is quite clear in that the assessment is not meant to provide a precise answer as to the viability of every development likely to take place during the plan period. Instead it will simply provide high level assurance that sufficient sites are viable.

### Coastal Site Typologies

- 5.18 Recognising the restriction on development within the Coastal Hazard Zones the Draft SHLAA does not identify any sites as being suitable for development. However, despite the restriction on development the Council wish to understand what level of affordable housing would be sustainable, should a site come forward for development.
- 5.19 For the purpose of this assessment we have assumed the same development typologies as those identified for the Inland Area.

### Affordable Housing Tenure

- 5.20 The previous EVA assumed, for the baseline testing, that 70% of the affordable housing would be affordable rent<sup>23</sup> with the remaining 30% being intermediate<sup>24</sup> affordable housing. The Housing & Wellbeing team has confirmed that the Council usually work on 70% to 30% split in favour of affordable rent verses intermediate.

### Development Mix

- 5.21 The development mix assumptions set out in Table 7 have been applied within our assessment.

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<sup>23</sup> Affordable rented housing is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80 per cent of the local market rent (including service charges, where applicable).

<sup>24</sup> Intermediate are homes for sale and rent provided at a cost above social / affordable rent, but below market levels. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.

Table 7 – Private Sale Development Mix

House Type	Villages	Towns
	19 dph	26 dph
1 bed flat		
2 bed flat		
2 bed terrace		
3 bed terrace		10%
4 bed terrace		
3 bed semi		10%
4 bed semi		10%
3 bed detached	30%	20%
4 bed detached	30%	30%
5 bed detached	20%	20%
3 bed bungalow	20%	
<b>Total</b>	<b>100%</b>	<b>100%</b>

- 5.23 We have assumed these mixes only apply to the private sale units. In terms of affordable housing the Council has confirmed that this is decided on a case by case basis, as needs vary across the District. However, we are advised that 1, 2 and 3 bed properties are the most in need. For the purpose of this assessment we have applied the following mix to the affordable housing.

Table 8 – Affordable Housing Development Mix

House Type	Villages	Main Towns
2 bed terrace	40%	40%
3 bed terrace	25%	25%
3 bed semi	20%	20%
3 bed detached	15%	15%
<b>Total</b>	<b>100%</b>	<b>100%</b>

### Property / Unit Sizes

- 5.24 For the purpose of this assessment we have based the private dwellings on an analysis of new build schemes across the District. The results of our analysis were then 'cross checked' with other schemes that we are currently involved with to ensure the sizes were in keeping with industry standards.

- 5.25 However, it must be recognised that whilst our assumptions have been aligned with normal or usual sizes expected in the majority of developments they may differ, in some cases, from the sizes that may be used in actual development schemes.
- 5.26 The affordable units are based on an analysis of information provided by the Council. Our assumptions are summarised in Table 9.

Table 9 – Property / Unit Sizes

Property Type	Affordable Housing		Market House	
	Size		Size	
	Sq.m (net)	Sq.ft (net)	Sq.m (net)	Sq.ft (net)
2 bed terrace	53	570	53	570
3 bed terrace	58	624	64	690
3 bed semi	58	624	68	730
4 bed semi			100	1,075
3 bed detached	58	624	75	810
4 bed detached			109	1,175
5 bed detached			132	1,420
3 bed bungalow			73	785

## 6. Appraisal Assumptions

- 6.1 Para 008 of the PPG advises plan makers not to plan to the margin of viability but instead allow for a buffer which will accommodate changing markets and avoid the need for frequent plan updating. It advocates that current costs and values should be considered when assessing the viability of plan policy and expressly states that policies should be deliverable and should not be based on an expectation of future rises in values at least for the first five years of the plan period. This will help to ensure realism and avoid complicating the assessment with uncertain judgements about the future. However, where any relevant future change to regulation or policy (either national or local) is *known* (i.e. future changes to Building Regs to ensure all homes are Zero Carbon) it is recommended that any likely impact on current costs should be considered.
- 6.2 The assumptions incorporated within the previous EVA were agreed following detailed stakeholder engagement<sup>25</sup>. Therefore, to ensure consistency with the existing evidence base we have sought to align our assumptions where possible. However, it has been necessary to update a number of the assumptions to take into account more recent information/guidance and changes in market conditions. Where we have made changes we have clearly set out our justification / rationale.
- 6.3 However, even at this stage, it must be recognised that whilst our assumptions will generally align with normal or usual figures expected in the majority of developments they may differ, in some cases, from the figures that may be used in actual development schemes.
- 6.4 The assumptions used within our modelling are set out below.

### Base Construction Costs

- 6.5 The previous EVA applied average build costs from the Building Cost Information Service (BCIS). For the purpose of this assessment we have updated the cost data from BCIS to the third quarter 2015 and adjusted the data to reflect local sensitivities in

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<sup>25</sup> A stakeholder development industry workshop was held on 25<sup>th</sup> May 2010 at The Think Tank, Lincoln.



East Lindsey. However, we have applied the lower quartile costs as these rates are more aligned to costs that we would typically expect from house builders,

6.6 On this basis we have applied the following costs within our assessment.

Table 10 – Base Construction Costs

Dwelling Type	£psm	£psf
Terraced	£897	£83psf
Semi Detached	£917	£76psf
Detached	£953	£89psf
Bungalows	£996	£93psf

Source: BCIS

6.7 The costs reflect compliance with current Building Regulations and include allowances for:

- Developer on costs including preliminaries and site set up costs etc.
- Standard development costs – substructures; and
- Standard development costs – superstructures;

6.8 No distinction has been made between private and affordable units.

#### Code for Sustainable Homes

6.9 Paragraph 174 of the NPPF advises local planning authorities, when setting out their policy on local standards including requirements for affordable housing, to assess the likely cumulative impacts on development in their area of all existing and proposed local plan policies when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk and should facilitate development throughout the economic cycle.

6.10 As outlined previously Para 008 of the NPPG reinforces this message and states that current costs and values should be considered when assessing the viability of plan policy. However, where any relevant future change to regulation or policy (either national or local) is known it is recommended that any likely impact on current costs should be considered.

- 6.11 The most significant change that is likely to have an impact on viability is the Government's commitment to driving up energy performance standards through Building Regulations.
- 6.12 The Government had previously set a clear end point for strengthening Building Regulations to achieve zero carbon standards by 2016. However, in July this year the Government issued a statement whereby they backtracked on their plans to tighten energy efficiency standards in 2016. The Government has also shelved the allowable solutions scheme – a mechanism that would have allowed developers to deliver greenhouse gas savings elsewhere if it was not cost effective to do so on site. As a result there is now some uncertainty whether the Government will actually press ahead with the tightening of Building Regulations in 2016 to ensure all schemes comply with zero carbon standards.
- 6.13 Within this context we have not modelled the sensitivity of moving towards zero carbon standards<sup>26</sup>.

#### Lifetime Homes

- 6.14 The previous EVA also modelled, in the sensitivity analysis, the impact of achieving the Lifetime Homes standards at a cost of £550 per dwelling. However, new standards announced on 26 March 2015, and the policy that surrounds them will govern the design and supply of accessible and adaptable homes from now on. Planning authorities will only be able to specify those housing standards provided in the 'New National Technical Standards' which provide specifications for accessible homes in three categories, ranging from a base line largely aligned with the existing Part M of the Building Regulations to a category designed to meet the needs of wheelchair users as occupants. Anything other than the base line standard will only be permitted where a planning authority has demonstrated that they "address a clearly evidenced need, and where their impact on viability has been considered, in accordance with the National Planning Policy Framework and Planning Practice Guidance".

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<sup>26</sup> The previous EVA modelled the sensitivity of including zero carbon standards at a cost of £16,700 per dwelling. However, it should be recognised that since the previous EVA was published the costs for zero carbon compliance have fallen dramatically and won't therefore have the same impact as reported in the previous EVA. New analysis produced by Sweett Group (Cost Analysis: Meeting the Zero Carbon Standard – February 2014) for the Zero Carbon Hub states that the costs for achieving zero carbon standards now range between £2,000 and £7,000 per unit.

- 6.15 The Draft Core Strategy does not set out any policy requirements for exceeding the baseline standard. Therefore, we have not included any costs associated with achieving Lifetime Homes standards.

#### Flood Resilience Costs

- 6.16 For the purpose of this assessment we have referred to research published by the Environment Agency<sup>27</sup> which states that the indicative costs for flood resilience measures range from £9,620 per dwelling up to £14,130. The median cost is £11,870. These costs are for 'premium resilience' measures and include concrete/sealed floors, resilient plaster, removable doors, internal wall rendering, resilient kitchen, raised electrics and appliances.
- 6.17 For the purpose of this assessment we have included the median costs but only applied this cost to development within the coastal hazard zone. We have also considered the sensitivity of applying the lower (£9,620 per dwelling) and higher (£14,130 per dwelling) costs.

#### External Works

- 6.18 As per the previous assessment we have included an allowance for external works at 15% of the base construction costs. Such works are likely to vary from site to site but would typically include all works associated with the exterior works of a project, ranging from ducts and drainage to general landscaping, parking, paving and perimeter boundaries etc.

#### Project / Professional Fees

- 6.19 Many viability studies incorporate an assessment of fees based upon a percentage of the base construction costs. Figures for fees relating to design, planning and other professional fees can range from 8 -10% for straightforward sites to 20% for the most complex, multi-phased sites. Such costs may include:
- Outline application costs;
  - Environmental statements;
  - Design and access statements;
  - Masterplan and design codes;

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<sup>27</sup> Cost Estimation for household flood resistance and resilience measures summary of evidence – March 2015

- Public consultation costs;
- The discharge of planning conditions and approval of reserved matters;
- Planning application fees;
- Project managements costs;
- Building regulation fees; and
- Statutory undertakers' fees, including bonding costs.

6.20 The previous EVA included professional fees at 12%. Based on our experience we would generally expect fees to be higher on smaller sites (i.e. sub 50 units) as, in the majority of cases, larger sites (greater than 50 units) will be developed by large volume house builders, who have internal design teams and standard unit designs, which will result in significant cost savings.

6.21 However, we understand that small and medium sized developers undertake the majority of development across the District rather than the main national volume house builders. In this context we have included professional fees at the rate of 12%. This is applied to the total construction costs (construction costs and external works).

### Contingencies

6.22 Contingencies are an allowance for unexpected development costs. The previous assessment made no allowance for contingencies. Within our assessment we have applied a contingency based on 3% of the total construction costs (construction costs and external works).

### CIL

6.23 East Lindsey's planning policy team confirmed they are not currently pursuing CIL. They have undertaken some viability work but have decided not to progress at this stage. For the purpose of this assessment no allowance has been included for CIL.

### S106 Contributions

6.24 For the baseline modelling the previous assessment included costs of £7,000 per dwelling. This figure was agreed with the (participating) Councils, at the time of the study, as being representative of the level of contributions being collected.

6.25 The Council has confirmed that the main items funded under the S106 regime are education and health. The Council has provided us with a schedule of combined

education and health contributions over the past 2 years (see Appendix I). This data demonstrates that the Council has secured contributions of around £1,500 per dwelling in relation to schemes of 50 dwellings or less, £2,182 per dwelling for schemes between 50 and 150 dwellings and £5,628 per dwelling for schemes of 500 dwellings or more. There was no evidence / data in relation to schemes providing between 151 and 499 dwellings.

- 6.26 For the purpose of our assessment we have included the following costs within our assessment.

Table 13 – Indicative S106 Allowances

No of Dwellings	S106 Contribution per dwelling
Less than 25 dwellings	£1,275
26 – 50 dwellings	£1,685
51 - 150 dwellings	£2,250
151 to 350 dwellings	£3,000
351 to 500 dwellings	£5,600
Greater than 500 dwellings	£7,000

### Marketing

- 6.27 The previous EVA adopted an allowance of 3% of the Gross Development Value for marketing fees. No separate allowances were included for sales agents and legal fees, which we assume were included within the overall allowance for marketing. On this basis a cumulative allowance of 3% is considered reasonable and has been applied within our assessment.

### Finance Charges / Interest Rate

- 6.28 The impact of cash flow assumptions on viability assessments is an important consideration. While most viability appraisals include an interest rate on capital employed, such costs are frequently applied solely to building costs pending sale. Cash flow considerations should also take into account the costs of capital employed in relation to infrastructure costs, Section 106 / CIL requirements and land purchase costs etc.

- 6.29 The previous EVA applied finance charges at the rate of 7.5% of build costs and a 10% land finance cost. However, it is difficult to establish what the appropriate rate of interest would be in the current market.
- 6.30 It is also widely recognised that the approach to development varies widely and is influenced by the equity invested in the site along with the financial organisation / strength of the developer. For example a larger plc. developer may access debt finance from a revolving corporate structure whilst a smaller developer may access debt finance on a site by site basis. The interest rates can, therefore, differ widely between these approaches.
- 6.31 An appropriate rate may fall somewhere between 6% and 7%. For the purpose of this assessment we have applied an interest rate of 6.5% and applied this to half of the total development costs.

#### Developer Overheads

- 6.32 The previous EVA included an allowance based on 5% of build costs. For the purpose of this assessment we have included a gross profit margin (see below), which would enable the developer to recover their overheads thereby removing the need for this to be included as a separate cost item. This mirrors the approach taken by most residential developers.

#### Gross Profit Margin

- 6.33 Appraisal methodologies frequently apply a standard assumed developer margin based upon either a percentage of Gross Development Value (GDV) or a percentage of development cost. The majority of housing developers base their business models on a return/profit, which is expressed as a percentage of Gross Development Value (GDV).
- 6.34 This sort of modelling – with residential developer margin expressed as a percentage of GDV is generally expected as the default methodology. The previous EVA applied margins of 17% of GDV for the private sale units and 5% of the build costs for the affordable housing.
- 6.35 For the purpose of this assessment we have applied a blended gross developer margin of 18% GDV.

## Stamp Duty and Legal Fees on Residual Land Value

### Stamp Duty

- 6.36 The gross residual land value would be subject to Stamp Duty at the rates which are consistent with current HM Revenue and Customs requirements. These are set out in Table 14.

Table 14 - Stamp Duty Thresholds for Non-Residential<sup>28</sup> Land or Property

Purchase Price	SDLT
Up to £150,000 (annual rent is under £1,000)	0%
Up to £150,000 (annual rent is £1,000 or more)	1%
£150,000 to £250,000	1%
£250,000 to £500,000	3%
Over £500,000	4%

### Legal Fees

- 6.37 An allowance of 1.80% of the gross residual land value has been included within the assessments.

### Private Sales Values

- 6.38 It is accepted that different land and sale values will apply in various locations across the District. This fact was also recognised in the previous EVA which divided the District into three 'value areas'; East Lindsey Established Towns, North Eastern Settlements and Rural East Lindsey.
- 6.39 For the purpose of this assessment we have undertaken an analysis of the existing property values achieved across the District<sup>29</sup>, with reference to the property types set out within Table 10. The results of our analysis are summarised in Table 15.

<sup>28</sup> The HMRC Guidance states that non-residential properties include commercial property such as shops or offices, agricultural land, forests, any other land or property which is not used as a dwelling and six or more residential properties bought in a single transaction.

<sup>29</sup> Between August 2014 and August 2015

Table 15 - Existing Property / Sales Values.

Area	All Average value £psm (£psf)
LN11 – Louth including the villages of Legbourne, Fulstow, Grainthorpe, North Somercotes and Grimoldby/Manby	<b>£1,970psm (£183psf)</b>
LN13 – Alford including the villages of Willoughby and Huttoft	<b>£1,976psm (£182psf)</b>
LN4 – Coningsby and Tattershall	<b>£1,888psm (£175psf)</b>
LN9 – Horncastle including the village of Tetford	<b>£1,984psm (£184psf)</b>
PE23 – Spilsby	<b>£2,108psm (£196psf)</b>
DN36 – Northern Villages, including Holton le Clay, Tetney, Marshchapel and North Thorseby	<b>£2,094psm (£195psf)</b>
PE22 – Southern villages including Mareham le Fen, Stickney, Friskney and Sibsey	<b>£2,257psm (£210psf)</b>
LN8 – North West villages including Binbrook and Wragby	<b>£1,911psm (£177psf)</b>
LN10 – Woodhall Spa	<b>£2,686psm (£250psf)</b>
PE24 – South East large villages, including Wainfleet All Saints, Burgh Le Marsh, Hogsthorpe and Chapel St Leonards	<b>£2,007psm (£186psf)</b>
PE25 - Skegness including the village of Ingoldmells	<b>£1,594psm (£148psf)</b>
LN12 – Mablethorpe / Sutton on Sea	<b>£1,492psm (£139psf)</b>

- 6.40 It is generally accepted that new build properties typically sell for a premium over existing homes, which reflects its 'newness', much as you do when purchasing a car.
- 6.41 Through our analysis it was established that new build properties currently sell at a premium of between 8% and 35% over existing properties. The average premium was 16.67%. In order to establish what the likely new build values would be across this District we applied a premium of 15% to the existing sales values included within Table 15.
- 6.42 On this basis the anticipated sales values for new build properties are set out within Table 16.



Table 16 – New Build Sales Values

Area	Average value £psm (£psf)
LN11 – Louth including the villages of Legbourne, Fulstow, Grainthorpe, North Somercotes and Grimoldby/Manby	<b>£2,265psm (£210psf)</b>
LN13 – Alford including the village of Willoughby and Huttoft	<b>£2,250psm (£209psf)</b>
LN4 – Coningsby and Tattershall	<b>£2,171psm (£202psf)</b>
LN9 – Horncastle including the village of Tetford	<b>£2,282psm (£212psf)</b>
PE23 - Spilsby	<b>£2,424psm (£225psf)</b>
DN36 – Northern Villages, including Holton le Clay, Tetney, Marshchapel and North Thorseby	<b>£2,408psm (£224psf)</b>
PE22 – Southern villages including Mareham le Fen, Stickney, Friskney and Sibsey	<b>£2,595psm (£241psf)</b>
LN8 – North West villages including Binbrook and Wragby	<b>£2,197psm (£204psf)</b>
LN10 – Woodhall Spa	<b>£3,089psm (£287psf)</b>
PE24 – South East large villages, including Wainfleet All Saints, Burgh Le Marsh, Hogsthorpe and Chapel St Leonards	<b>£2,308psm (£214psf)</b>
PE25 - Skegness including the village of Ingoldmells	<b>£1,833psm (£170psf)</b>
LN12 – Mablethorpe / Sutton on Sea	<b>£1,716psm (£159psf)</b>

- 6.43 Based on our analysis we have identified 4 distinct market zones, as summarised in Table 16 and highlighted in Figure 1.

Table 16 – Market Value Zones

Value Zone	Indicate Sales Value Range <sup>30</sup>
Very Hot	Greater than £250psf
Hot	Circa £225psf to £250psf
Medium	Circa £185psf - £225psf
Low	Less than 185psf

6.44 Table 17 outlines the corresponding property prices, by house type, within each of these zones. These values have been used within our assessment.

Figure 1 - Housing Market Zones



<sup>30</sup> Based on the context of the local market.

Table 17 – Market Value Areas and New Build Sales Values

Value Area	Area	New Build Sales Value	Average New Build Sales Value	4 Bed Detached	4 bed Semi	5 bed detached	3 bed detached	3 bed terrace	3 bed semi	3 bed bung	2 bed terrace
Very High	L10 – Woodhall Spa	£287psf	£287psf	£338,000	£368,771	£407,486	£232,391	£198,004	£209,865	£225,552	£162,420
		£241psf	£241psf	£270,918	£247,490	£326,613	£186,269	£158,706	£168,213	£180,787	£130,185
		£225psf	£225psf								
High	PE22 – Southern Village	£224 <sup>31</sup> psf	£230psf								
Medium	PE24 – South East Villages	£214psf	£209psf	£245,726	£224,477	£296,242	£168,949	£143,949	£152,572	£163,976	£118,080
		£212psf									
		£210psf									
		£209psf									
		£204psf									
		£202psf									
		£170psf									
Low	LN4 – Coningsby & Tattershall	£170psf	£165psf	£194,166	£177,376	£234,083	£133,499	£113,745	£120,558	£129,570	£93,304
		£159psf									

<sup>31</sup> Whilst less than the benchmark figure of £225psf the difference is marginal and when viewed in context of the sales values in the medium area the Northern Villages sit more logically within the high value area.

## Affordable Housing Revenue

- 6.45 It has been assumed that the preferred delivery mechanism for the affordable housing would be to transfer the units to a Registered Provider (RP).
- 6.46 We have been provided with evidence for approximately 150 property transactions on mainly RP led schemes over the last 12 months. This data confirms that RP's would be looking to pay around 30% of market value for affordable rented properties; and around 50% of market value for intermediate properties on Section 106 led schemes.
- 6.47 Within this context the values ascribed to the affordable housing property types<sup>32</sup> are summarised below.

Table 18 – Affordable Transfer Prices

Value Area	Area	3 bed detached	3 bed terrace	3 bed semi	2 bed terrace
Very High	Affordable Rent	£67,717	£59,401	£62,959	£48,726
	Intermediate	£116,196	£99,002	£104,932	£81,210
High	Affordable Rent	£55,881	£47,612	£50,464	£39,056
	Intermediate	£93,134	£79,353	£84,107	£65,093
Medium	Affordable Rent	£50,685	£43,185	£45,772	£35,424
	Intermediate	£84,474	£71,974	£76,286	£59,040
Low	Affordable Rent	£40,050	£34,123	£36,167	£27,991
	Intermediate	£66,749	£56,872	£60,279	£46,652

## Affordable Housing Grant

- 6.48 Affordable housing revenues are also based on a nil-grant approach. The previous EVA modelled the sensitivity of including HCA funding but recognising that such funding is only available in exceptional circumstances the Council has advised that there is no need to consider this as part of the sensitivity testing.

<sup>32</sup> Refer to Table 8

## 7. Appraisal Results and Policy Implications/Options

- 7.1 Taking into consideration the assumptions set out in the previous section we have calculated the residual land values, using the residual appraisal method as explained at Section 4, for the various site typologies<sup>33</sup> across each value area.
- 7.2 The residual land values have then been compared against the benchmark land value (£166,000 per acre) in forming an opinion on the viability of the affordable housing options under consideration.
- 7.3 The results of our analysis are included at Appendix II and a summary of the main findings are presented below.

### Inland Towns<sup>34</sup>

#### High Value Areas

- 7.4 Within the high value areas (blue areas within Figure 1) affordable housing is sustainable at 45% across typologies 1 to 6. Typologies 7 and 8 can only sustain 40% affordable housing. No typology is able to sustain affordable housing at levels of 50% or higher.
- 7.5 Based on our analysis of the Councils Draft Strategic Housing Land Availability Assessment (SHLAA) October 2012 all of the possible housing land, which is likely to come forward for development over the plan period, falls within Typologies 1 to 6.

**Within this context a target of 45% would be sustainable for the inland towns within the high value area (blue areas within figure 1).**

#### Medium Value Areas

- 7.6 Within the medium value areas (green areas within figure 1) affordable housing is sustainable at 30% across typologies 1 to 6. Typology 7 is able to sustain 25% whilst typology 8 can only sustain 20%.

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<sup>33</sup> Described within Section 5

<sup>34</sup> Refer to Tables A to K at Appendix II

- 7.7 Once again based on an analysis of the sites within the Councils Draft Strategic Housing Land Availability Assessment (SHLAA) October 2012 the majority (88%) of the sites that are likely to come forward for development over the plan period, fall within Typologies 1 to 6.

**On this basis a target of 30% would be sustainable for the inland towns within the medium value area (green areas within figure 1).**

## **Inland Villages<sup>35</sup>**

### Very High Value Areas

- 7.6 Within the very high value area (red areas within figure 1) all typologies are able to sustain affordable housing in excess of 50%.

**A target of 50% would, therefore, be sustainable for the villages within the very high value area (red areas within figure 1).**

### High Value Areas

- 7.7 Within the high value areas (blue areas within figure 1) typologies 1 and 2 are able to sustain affordable housing in excess of 50%. Typologies 3 to 5 are able to sustain affordable housing at 45% whilst typology 6 is only able to sustain affordable housing at 40%.

- 7.8 Based on the profile of sites within the Councils Draft Strategic Housing Land Availability Assessment (SHLAA) October 2012 the majority (69%) of the sites that are likely to come forward for development over the plan period, fall within Typologies 1 to 2.

**A target of 50% would also be sustainable for the villages within the high value area (blue areas within figure 1).**

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<sup>35</sup> Refer to Tables L to V in Appendix II

### Medium Value Areas

- 7.9 Within the medium value areas (green areas within figure 1) typologies 1 and 2 can sustain a maximum of 30%. Typologies 3 to 4 can sustain 25% Typology 5 can sustain a target of 20%, but typology 6 can only sustain a maximum target of 15.
- 7.10 The majority (81%) of the sites that are likely to come forward for development over the plan period (based on the Draft Strategic Housing Land Availability Assessment (SHLAA) October 2012) fall within Typologies 1 to 2.

**On this basis a target of 30% would be sustainable for the villages within the medium value area (green areas within figure 1).**

## Coastal Hazard Zone

### Villages within the High Value Coastal Areas<sup>36</sup>

#### Low Flood Resilience Costs

- 7.11 Within the Coastal Hazard Zone typologies 1 to 4 can sustain 30% affordable housing. Typology 5 can sustain 25% but typology 6 is only able to sustain 20% affordable housing.

#### Median Flood Resilience Costs

- 7.12 Topologies 1 to 4 can sustain 25% affordable housing but typologies 5 and 6 are only able to sustain 20%.

#### High Flood Resilience Costs

- 7.13 If the highest flood resilience costs are applied typologies 1 to 4 can sustain 20% affordable housing but typologies 5 and 6 can only sustain 15%.
- 7.14 As outlined previously the majority (69%) of the sites (within the villages) that are likely to come forward for development, within the high value area, fall within Typologies 1 to 2.

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<sup>36</sup> Refer to Tables L to V in Appendix II

**On this basis and assuming a conservative position on the flood resilience costs a target of 20% would be sustainable for the villages within the high value coastal hazard zone.**

#### Villages within the Medium Value Coastal Areas<sup>37</sup>

##### Low Flood Resilience Costs

- 7.15 Typologies 1 to 4 are able to sustain affordable housing at a maximum of 5% affordable housing. Typologies 1 and 2 are unable to sustain any affordable housing.

##### Median and High Flood Resilience Costs

- 7.16 If the median and higher flood resilience costs are applied no typology can sustain any affordable housing.

**On this basis (assuming a conservative position on the flood resilience costs) affordable housing is unsustainable within the villages in the median value coastal areas.**

#### Towns and Villages within the Low Value Coastal Areas<sup>38</sup>

- 7.17 Development across all the typologies is not viable (i.e. negative land values are generated) even when applying no affordable housing and the lowest flood resilience costs<sup>39</sup>

**On this basis affordable housing is unsustainable within the towns and villages within the low coastal value areas (yellow areas within figure 1).**

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<sup>37</sup> Refer to Tables L to Vin Appendix II

<sup>38</sup> Refer to Tables A to V within Appendix II

<sup>39</sup> The low value areas are within the Coastal Hazard Zone and development will need to mitigate against flood risk. The costs associated with various levels of flood resilience are set out within Section 6.18 and 6.19.



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## Options for Affordable Housing Policy

### Option 1

7.18 Based on the evidence differential rates could be applied across the District reflecting viability within each value area. On this basis the following targets could be justified.

- Towns within the high value area – 45%
- Towns within the medium value area – 30%
- Villages within the very high value area – 50%.
- Village within the high value area – 50%. It is recognised that this target can't be sustained within the high value coastal areas, as a result of the additional costs associated with flood resilience measure, but an appropriate viability clause would permit variations based on site specific evidence.
- Villages in the medium value area – 30%. Once again it is recognised that this target can't be sustained within the medium value coastal areas but the viability clause would, again, permit variations based on site specific evidence.
- No affordable housing in the low value coastal areas.

### Option 2

7.19 Local Plan level viability is very closely linked to the concept of deliverability. In the case of housing, a Local Plan can be said to be deliverable if sufficient sites are viable to deliver the plan's housing requirements over the plan period.

7.20 Our analysis of the Councils Draft Strategic Housing Land Availability Assessment (SHLAA) October 2012 shows that almost 90% of the future housing sites, within the inland towns, are located within the medium value area. On this basis the evidence suggests that a flat rate of 30% would be justified for the main towns.

7.21 Within the villages only our analysis demonstrates that 53% of the future housing sites are provided within the medium value area. On this basis the Council may wish to consider a flat rate of 30% for the villages. However, by applying this approach the Council would lose the opportunity to maximise the number of affordable units, within the villages, as the evidence suggests that the high and very high value areas are able to sustain much higher levels of affordable housing.

7.22 The Council may wish to consider a zero rate for the coastal hazard zone recognising the viability constraints associated with flood resilience / mitigation measures.

- 7.23 Recognising that this assessment has only focussed on greenfield typologies, in view of the fact that most of the future housing supply included within the draft SHLAA is agricultural land or greenfield in nature the council may also want to include a viability clause which would allow variations to policy thresholds on viability grounds, particularly for Brownfield sites.

## 8. Affordable Housing Thresholds

- 8.1 Policy H6 of the East Lindsey Local Plan (ELLP) applied a 25 unit or 1ha (2.47 acres) threshold in the towns. However, this was superseded by PPS3 (November 2006) which set a national minimum threshold of 15 units. PPS3 in turn was replaced by the NPPF which is non-prescriptive on the subject of thresholds. However, a ministerial statement issued in November 2014 introduced a policy which excluded developments of ten homes or fewer, or 1,000sq.m (10,764sq.ft) or less, from the requirement to provide or contribute to affordable housing provision. In rural areas a lower threshold of five homes applied.
- 8.2 The guidance within the Ministerial Statement was reflected in Policy SP3 of the Draft Core Strategy (October 2012), which specified a threshold of 10 houses or more within the towns and large villages across the District. However, this policy was removed from the Governments National Planning Practice Guidance following a High Court ruling in August 2015.
- 8.3 Following the recent ruling in the High Court and subsequent changes to the Planning Practice Guidance the 10 dwelling threshold, set out within Policy SP3, is now obsolete. The critical issue for the Council is that, in the short term, it means the threshold of 25 houses or sites greater than 1ha, from the 1995 Local Plan, or other settlements where the Council has identified a need, is the basis for seeking contributions.
- 8.4 By reducing the site size and capturing affordable housing on a broader spectrum of sites, the Council will be able to increase the amount of affordable housing delivered through the planning system.
- 8.5 Having considered the potential supply of future housing land<sup>40</sup> sites with capacity for 5 dwellings or less account for 1.4% of the overall housing supply<sup>41</sup>. SHLAA sites with capacity for 10 dwellings or less comprise 3.6% of the overall future supply and sites with capacity for 15 dwellings or less comprise 6.9% of the overall supply. This analysis is summarised in Table 35.

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<sup>40</sup> As set out within the Draft SHLAA 2012.

<sup>41</sup> The SHLAA identifies a future housing supply of 10,226 units

Table 35 – Site Threshold Analysis

	<b>Totals</b>
Dwellings on site of less than 5 dwellings	<b>148(1.4%)</b>
Dwellings on site of less than 10 dwellings	<b>368 (3.6%)</b>
Dwellings on site of less than 15 dwellings	<b>703 (6.9%)</b>

- 8.6 The Council has also advised that smaller sites have made a significant contribution to past patterns of development and the capacity of builders operating locally.
- 8.7 The viability evidence presented in the previous section and set out within Appendix II, demonstrates that small sites are more viable (i.e. they generate higher land values) than the larger typologies in all scenarios. Even in the Coastal Hazard Zone the viability gap is less pronounced for the smaller typologies than it is for the larger typologies.
- 8.8 However, it must be acknowledged that the modelling approach used in this study has some limitation when assessing the viability of small schemes. The model runs off standard revenues per sq.m (adjusted by value area) and standard build costs per sq.m (adjusted for the differences in house typologies). Many other costs are estimated as a percentage of build costs, while some costs are linked to the number of units.
- 8.9 This approach means that small schemes are likely to display much the same patterns of viability as larger schemes. This approach is justified in that there is no evidence that site costs or revenues vary systematically with scheme size, across different value geographies; nor, if site costs and revenues vary systematically with scheme size, what the extent of any such variation might be.
- 8.10 However, it should be acknowledged that the sort of generic cost and revenue assumptions applied in the model are likely to be more robust for larger schemes than smaller schemes, because the costs and revenues are applied across a greater number of units for larger schemes and extreme elements are balanced across the scheme as a whole; and that it is possible that small schemes may frequently display greater variability in cost and revenues than larger schemes.

- 8.11 The analysis from the model cannot, therefore, prove categorically that a specific threshold policy is viable.
- 8.12 In addition the time involved in assessing small schemes is not likely to be proportionately less than that involved in assessing larger schemes. The unit cost of administration per affordable housing unit secured is, therefore, likely to be greater for small schemes than for larger schemes.
- 8.13 Therefore it is very probable that there is a point at which the costs of reduced thresholds would outweigh the benefits given the staff time that a large number of small schemes will take up (possibly to the detriment of larger schemes) or the delay in the processing of applications. This applies even if schemes below the threshold could, on the basis of a viability assessment, make a contribution to affordable housing provision.
- 8.14 The administrative burden<sup>42</sup> would be compounded by the differential determination periods for minor and major applications. Under the Town and Country Planning Order authorities effectively have 8 weeks to determine a minor application (generally defined as 9 dwellings or less) and 13 weeks for a major application (generally defined as 10 or more dwellings).
- 8.15 If the threshold were to be reduced below 10 units a number of schemes (say those between 5 and 9 units if the threshold were reduced to 5 units) would have to make an affordable housing contribution, yet they would still be defined as minor applications. These schemes would, therefore, be subject to the lower 8 week determination period, placing significant additional administrative burden on the authority in terms of having to deal with an application comprising affordable housing within the shorter determination period.
- 8.16 Consideration also needs to be given to the industry's likely response to lowering the threshold on schemes. The Council has advised that a significant number of developments, across the District, are delivered by small house builders/developers who will ordinarily only undertake schemes that fall below the threshold for affordable housing provision. They simply do not wish to handle the additional complexity involved in delivery of affordable housing.

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<sup>42</sup> In terms of additional staff time

- 8.17 Within this context we recommend that the Council consider a minimum threshold of either 10 or 15 units.

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## 9. Conclusions and Recommendations

9.1 The primary role of the viability assessment is to provide evidence to show that the requirements set out within the NPPF are met – i.e. that the policy requirements for development set out within the plan do not threaten the ability of the sites and scale of that development to be developed viably. Demonstrably failing to consider this issue will place the Local Plan at risk of not being found sound.

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9.2 As outlined previously the most important function of an assessment is to bring together and consider the cumulative impact of policies (Para 174 of the NPPF). This means taking account of the range of local requirements such as design standards, community infrastructure and services, affordable housing, local transport policies and sustainability measures, as well as the cost impact of national policy and regulatory requirements.

9.3 This assessment does not provide a precise answer as to the viability of every development likely to take place during the plan period. Instead it simply provides high level assurance that the policies within the plan are set in a way that is compatible with the likely economic viability of development needed to deliver the plan.

9.4 It will be the responsibility of the Council to use this assessment to help consider the level of risk that their proposed policies (including affordable housing) place on delivery. Given the clear emphasis on deliverability within the NPPF, Local Plan policies should not be predicated on the assumption that the development upon which the plan relies will come forward at the 'margins of viability'.

9.5 In making this local judgement, the Council will need to strike a balance between the policy requirements that it deems necessary in order to provide for sustainable development and the realities of economic viability.

9.6 A site can be said to be viable, if after taking account of all costs, including central and local government policy and regulatory costs and availability of development finance, the scheme provides a competitive return to the developer to ensure that development takes place and generates a land value sufficient to persuade the land

owner to sell the land for the development proposed. If these conditions are not met, a scheme will not be delivered.

9.7 Through this assessment we have demonstrated (please refer to the results tables included at Appendix II) that affordable housing is viable at the following rates.

- 45% within the inland towns in the high value areas.
- 30% within the inland towns in the medium value areas.
- 50% within the villages in the very high value areas
- 50% within the villages in the high value areas. It is recognised that this target can't be sustained within the high value coastal areas, as a result of the additional costs associated with flood resilience measure, but an appropriate viability clause would permit variations based on site specific evidence.
- 30% within the villages in the medium value areas. Once again it is recognised that this target can't be sustained within the medium value coastal areas but the viability clause would, again, permit variations based on site specific evidence.
- Affordable housing is not sustainable in the villages or towns in the low value areas.

## Options for Affordable Housing Policy

### Option 1

9.8 Based on the evidence differential rates could be applied across the District reflecting viability within each value area. On this basis the following targets could be justified.

- Towns within the high value area – 45%
- Towns within the medium value area – 30%
- Villages within the very high value area – 50%.
- Village within the high value area – 50%. It is recognised that this target can't be sustained within the high value coastal areas, as a result of the additional costs associated with flood resilience measure, but an appropriate viability clause would permit variations based on site specific evidence.
- Villages in the medium value area – 30%. Once again it is recognised that this target can't be sustained within the medium value coastal areas but the viability clause would, again, permit variations based on site specific evidence.
- No affordable housing in the low value coastal areas.



### Option 2

- 9.9 Local Plan level viability is very closely linked to the concept of deliverability. In the case of housing, a Local Plan can be said to be deliverable if sufficient sites are viable to deliver the plan's housing requirements over the plan period.
- 9.10 Our analysis of the Council's Draft Strategic Housing Land Availability Assessment (SHLAA) October 2012 shows that almost 90% of the future housing sites, within the inland towns, are located within the medium value area. On this basis the evidence suggests that a flat rate of 30% would be justified for the main towns.
- 9.11 Within the villages only our analysis demonstrates that 53% of the future housing sites are provided within the medium value area. On this basis the Council may wish to consider a flat rate of 30% for the villages. However, by applying this approach the Council would lose the opportunity to maximise the number of affordable units, within the villages, as the evidence suggests that the high and very high value areas are able to sustain much higher levels of affordable housing.
- 9.12 The Council may wish to consider a zero rate for the coastal hazard zone recognising the viability constraints associated with flood resilience / mitigation measures.
- 9.13 Recognising that this assessment has only focussed on greenfield typologies, in view of the fact that most of the future housing supply included within the draft SHLAA is agricultural land or greenfield in nature the council may also want to include a viability clause which would allow variations to policy thresholds on viability grounds, particularly for Brownfield sites.

### **Affordable Housing Thresholds**

- 9.14 The viability evidence presented in the previous section and set out within Appendix II demonstrates that small sites are more viable (i.e. they generate higher land values) than the larger typologies in all scenarios.
- 9.15 However, it must be acknowledged that the analysis from the modelling approach used in this study has some limitation when assessing the viability of small schemes and cannot prove categorically that a specific threshold policy is viable.

- 9.16 In addition the time involved in assessing small schemes is not likely to be proportionately less than that involved in assessing larger schemes. The unit cost of administration per affordable housing unit secured is, therefore, likely to be greater for small schemes than for larger schemes.
- 9.17 If the threshold were to be reduced below 10 units a number of schemes (say those between 5 and 9 units if the threshold were reduced to 5 units) would have to make an affordable housing contribution, yet they would still be defined as minor applications. These schemes would, therefore, be subject to the lower 8 week determination period, placing significant additional administrative burden on the authority in terms of having to deal with an application comprising affordable housing within the shorter determination period.
- 9.18 Consideration also needs to be given to the industry's likely response to lowering the threshold on schemes. The Council has advised that a significant number of developments, across the District, are delivered by small house builders/developers who will ordinarily only undertake schemes that fall below the threshold for affordable housing provision. They simply do not wish to handle the additional complexity involved in delivery of affordable housing.
- 9.19 Within this context we recommend that the Council consider a minimum threshold of either 10 or 15 units.



# Appendices



## Appendix I

### Schedule of Health and Education Contributions

SIGNED Agreements Reference Number	Agreement Date	Address	Houses	Education Amount after discount	Health	Total
S/165/999/14	31/10/2014	Land At West End Crescent, Spilsby			£4,525	4525
S/165/1613/14	25/03/2015	Land at Vale Road, Spilsby, Lincolnshire			£16,588	16588
S/86/660/14	06/02/2015	Land on The South Side of Winceby Gardens, Horncastle			£9,361	9361
N/100/363/14		Manor House Farm Reston Road Legbourne			£13,431	13431
N/003/2107/11	19/12/2012	Land at 30 Station Road, Alford	13	???		
N/105/1593/12	30/08/2013	Land at Fulmar Drive	148	£347,987		347987
N/105/749/12 (Outline)	04/09/2013	Land At Kedlington Road, Louth, Lincs	35	£56,382		56382
S/216/1020/13 (Outline)	09/01/2014	Land at Milbrook Business Park, Lincoln Road, Wragby, Lincolnst	100			0
S/215/1204/13	17/01/2014	Land at Dornoch Close, Woodhall Spa	12	£11,276		11276
S/35/2228/12	17/04/2014	King's Manor, Coningsby	66	£124,041		124041
N/105/851/13 (Outline)	30/04/2014	Land at known as the swimming pool, Riverhead Road, Louth, Lir	29			0
S/086/01809/13 (Outline)	23/09/2014	Land at Langton Hill, Horncastle	300			0
S/023/01830/13 (Outline)	30/09/2014	Land off Bishop Tozer Close, Burgh Le Marsh, Skegness, PE24 5	19	£33,829		33829
S/086/2478/12	14/01/2015	Land at Mareham Road, Horncastle	129	£367,036	£106,941	473977
S/086/660/14	06/02/2015	Land on The South Side of Winceby Gardens, Horncastle	23	£22,553		22553
			0			0
			0			0
UNSIGNED Agreements Reference Number		Address				
N/105/00987/14		Eastfield Road, Louth	46		£18,722	18722
N/105/2442/14		Ramsgate Road, Louth	57	£56,380	£23,199	79579
N/105/02475/13		Park Avenue, Louth	98		£81,242	81242
N/105/1159/14		Rock Cottage, Louth	20		£8,140	8140
N/105/01757/15		Julian Bower, Louth	12	£33,828		33828
S/086/01083/14		Lincoln Road, Horncastle	56		£22,792	22792
S/086/01100/15		Winceby Gardens, Horncastle		£181,961		181961
			0			0
N/105/01050/14		Grimsby Road, Louth	90	£461,078		461078
N/105/01373/14		Kenwick Road, Louth	240		£97,680	97680
S/086/193/15		Land west of Brackenbury Close, Horncastle	107		£43,549	43549
S/023/00311/14		Land off Hall Lane, Burgh le Marsh	75	£424,315	£30,525	454840
S/215/01656/14		Land East of Tattershall Road, Woodhall Spa, Lincolnshire	97	£157,870		157870
N/105/1376/13		Land Off Legbourne Road, Louth	49	£101,487		101487
			970			0
			??			
S/086/00306/14		Louth Road, Horncastle	80		£32,560	32560
S/215/00601/14		Witham Road, Woodhall Spa,	50	£112,764		112764
S/216/00355/14		Land North Of Bridle Way, Wragby	42	£67,658		84752
S/086/00720/15		Crowders, Lincoln Road, Horncastle	500	£2,814,146		2814146



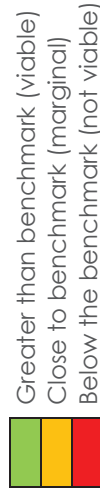
Appendix II

Appraisal  
Result Tables

Table A: Inland Towns Residual Land Values (£ per acre) assuming **no Affordable Housing**

Typology	Site Area - ha (acres)	Density	# Dwgs	Market Value Area							
				Very High	High <sup>1</sup>	Medium <sup>2</sup>	Low – Coastal Towns <sup>3</sup>			High Cost Flood Mitigation <sup>6</sup>	
							Low Cost Flood Mitigation <sup>4</sup>	Median Cost Flood mitigation <sup>5</sup>	High Cost Flood Mitigation <sup>6</sup>		
1	0.21ha (0.51 acres)	26	6		£571,349	£411,790	£1	£1	£1	£1	£1
2	1.14ha (2.81 acres)	26	30		£561,152	£394,885	£1	£1	£1	£1	£1
3	2.54ha (6.28 acres)	26	66		£555,370	£389,103	£1	£1	£1	£1	£1
4	3.91ha (9.66 acres)	26	101		£555,370	£389,103	£1	£1	£1	£1	£1
5	6.81ha (16.83 acres)	26	177		£547,695	£381,103	£1	£1	£1	£1	£1
6	9.33ha (23.06 acres)	26	243		£547,695	£381,428	£1	£1	£1	£1	£1
7	18.37ha (45.39 acres)	26	478		£521,088	£354,821	£1	£1	£1	£1	£1
8	37.84ha (93.52 acres)	26	984		£506,761	£340,494	£1	£1	£1	£1	£1

Benchmark - £166,000 per acre

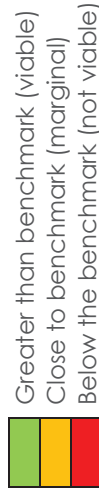


<sup>1</sup> Includes the town of Spilsby  
<sup>2</sup> Includes the towns of Loufn, Horncastle, Alford and Coningsby / Tattershall  
<sup>3</sup> Includes Skegness and Mablethorpe/Sutton on Sea  
<sup>4</sup> Based on a cost of £9,620 per dwelling  
<sup>5</sup> Based on a cost of £11,870 per dwelling  
<sup>6</sup> Based on a cost of £14,130 per dwelling

Table B: Inland Towns Residual Land Values (£ per acre) assuming 5% Affordable Housing

Typology	Site Area - ha (acres)	Density	# Dwgs	Market Value Area					
				Very High	High <sup>7</sup>	Medium <sup>8</sup>	Low - Coastal Towns <sup>9</sup>		
							Low Cost Flood Mitigation <sup>10</sup>	Median Cost Flood mitigation <sup>11</sup>	High Cost Flood Mitigation <sup>12</sup>
1	0.21ha (0.51 acres)	26	6		£528,395	£374,543	-£1	-£1	-£1
2	1.14ha (2.81 acres)	26	30		£518,649	£358,787	-£1	-£1	-£1
3	2.54ha (6.28 acres)	26	66		£512,867	£353,005	-£1	-£1	-£1
4	3.91ha (9.66 acres)	26	101		£512,867	£353,005	-£1	-£1	-£1
5	6.81ha (16.83 acres)	26	177		£505,192	£345,330	-£1	-£1	-£1
6	9.33ha (23.06 acres)	26	243		£505,192	£345,330	-£1	-£1	-£1
7	18.37ha (45.39 acres)	26	478		£478,585	£318,723	-£1	-£1	-£1
8	37.84ha (93.52 acres)	26	984		£464,258	£304,396	-£1	-£1	-£1

Benchmark - £166,000 per acre



<sup>7</sup> Includes the town of Spilsby

<sup>8</sup> Includes the towns of Loufn, Horncastle, Alford and Coningsby / Tattershall

<sup>9</sup> Includes Skegness and Mablethorpe/Sutton on Sea

<sup>10</sup> Based on a cost of £9,620 per dwelling

<sup>11</sup> Based on a cost of £11,870 per dwelling

<sup>12</sup> Based on a cost of £14,130 per dwelling



Table C: Inland Towns Residual Land Values (£ per acre) assuming **10% Affordable Housing**

Typology	Site Area - ha (acres)	Density	# Dwgs	Market Value Area					
				Very High	High <sup>13</sup>	Medium <sup>14</sup>	Low - Coastal Towns <sup>15</sup>		
							Low Cost Flood Mitigation <sup>16</sup>	Median Cost Flood mitigation <sup>17</sup>	High Cost Flood Mitigation <sup>18</sup>
1	0.21ha (0.51 acres)	26	6		£485,441	£337,295	£1	£1	£1
2	1.14ha (2.81 acres)	26	30		£476,146	£322,689	£1	£1	£1
3	2.54ha (6.28 acres)	26	66		£470,364	£316,907	£1	£1	£1
4	3.91ha (9.66 acres)	26	101		£470,364	£316,907	£1	£1	£1
5	6.81ha (16.83 acres)	26	177		£462,689	£309,232	£1	£1	£1
6	9.33ha (23.06 acres)	26	243		£462,689	£309,232	£1	£1	£1
7	18.37ha (45.39 acres)	26	478		£436,082	£282,625	£1	£1	£1
8	37.84ha (93.52 acres)	26	984		£421,755	£268,298	£1	£1	£1

Benchmark - £166,000 per acre

- Greater than benchmark (viable)
- Close to benchmark (marginal)
- Below the benchmark (not viable)

<sup>13</sup> Includes the town of Spilsby  
<sup>14</sup> Includes the towns of Louth, Horncastle, Alford and Coningsby / Tattershall  
<sup>15</sup> Includes Skegness and Mablethorpe/Sutton on Sea  
<sup>16</sup> Based on a cost of £9,620 per dwelling  
<sup>17</sup> Based on a cost of £11,870 per dwelling  
<sup>18</sup> Based on a cost of £14,130 per dwelling

Table D: Inland Towns Residual Land Values (£ per acre) assuming **15% Affordable Housing**

Typology	Site Area – ha (acres)	Density	# Dwgs	Market Value Area					
				Very High	High <sup>19</sup>	Medium <sup>20</sup>	Low – Coastal Towns <sup>21</sup>		
							Low Cost Flood Mitigation <sup>22</sup>	Median Cost Flood mitigation <sup>23</sup>	High Cost Flood Mitigation <sup>24</sup>
1	0.21ha (0.51 acres)	26	6		£451,783	£300,048	-£1	-£1	-£1
2	1.14ha (2.81 acres)	26	30		£433,644	£286,591	-£1	-£1	-£1
3	2.54ha (6.28 acres)	26	66		£427,862	£280,809	-£1	-£1	-£1
4	3.91ha (9.66 acres)	26	101		£427,862	£280,809	-£1	-£1	-£1
5	6.81ha (16.83 acres)	26	177		£420,187	£273,134	-£1	-£1	-£1
6	9.33ha (23.06 acres)	26	243		£420,187	£273,134	-£1	-£1	-£1
7	18.37ha (45.39 acres)	26	478		£393,580	£246,527	-£1	-£1	-£1
8	37.84ha (93.52 acres)	26	984		£379,253	£232,200	-£1	-£1	-£1

Benchmark - £166,000 per acre

	Greater than benchmark (viable)
	Close to benchmark (marginal)
	Below the benchmark (not viable)

<sup>19</sup> Includes the town of Spilsby

<sup>20</sup> Includes the towns of Louth, Horncastle, Alford and Coningsby / Tattershall

<sup>21</sup> Includes Skegness and Mablethorpe/Sutton on Sea

<sup>22</sup> Based on a cost of £9,620 per dwelling

<sup>23</sup> Based on a cost of £11,870 per dwelling

<sup>24</sup> Based on a cost of £14,130 per dwelling

Table E: Inland Towns Residual Land Values (£ per acre) assuming **20% Affordable Housing**

Typology	Site Area - ha (acres)	Density	# Dwgs	Market Value Area					
				Very High	High <sup>25</sup>	Medium <sup>26</sup>	Low – Coastal Towns <sup>27</sup>		
							Low Cost Flood Mitigation <sup>28</sup>	Median Cost Flood mitigation <sup>29</sup>	High Cost Flood Mitigation <sup>30</sup>
1	0.21ha (0.51 acres)	26	6		£407,927	£265,504	-£1	-£1	-£1
2	1.14ha (2.81 acres)	26	30		£391,141	£250,493	-£1	-£1	-£1
3	2.54ha (6.28 acres)	26	66		£385,359	£244,711	-£1	-£1	-£1
4	3.91ha (9.66 acres)	26	101		£385,359	£244,711	-£1	-£1	-£1
5	6.81ha (16.83 acres)	26	177		£377,684	£237,036	-£1	-£1	-£1
6	9.33ha (23.06 acres)	26	243		£377,684	£237,036	-£1	-£1	-£1
7	18.37ha (45.39 acres)	26	478		£351,077	£210,429	-£1	-£1	-£1
8	37.84ha (93.52 acres)	26	984		£336,750	£196,102	-£1	-£1	-£1

Benchmark - £166,000 per acre

	Greater than benchmark (viable)
	Close to benchmark (marginal)
	Below the benchmark (not viable)

<sup>25</sup> Includes the town of Spilsby

<sup>26</sup> Includes the towns of Louth, Horncastle, Alford and Coningsby / Tattershall

<sup>27</sup> Includes Skegness and Mablethorpe/Sutton on Sea

<sup>28</sup> Based on a cost of £9,620 per dwelling

<sup>29</sup> Based on a cost of £11,870 per dwelling

<sup>30</sup> Based on a cost of £14,130 per dwelling

Table F: Inland Towns Residual Land Values (£ per acre) assuming **25% Affordable Housing**

Typology	Site Area – ha (acres)	Density	# Dwgs	Market Value Area					
				Very High	High <sup>31</sup>	Medium <sup>32</sup>	Low – Coastal Towns <sup>33</sup>		
							Low Cost Flood Mitigation <sup>34</sup>	Median Cost Flood mitigation <sup>35</sup>	High Cost Flood Mitigation <sup>36</sup>
1	0.21ha (0.51 acres)	26	6		£364,071	£227,873	£1	£1	£1
2	1.14ha (2.81 acres)	26	30		£348,638	£214,395	£1	£1	£1
3	2.54ha (6.28 acres)	26	66		£342,856	£208,613	£1	£1	£1
4	3.91ha (9.66 acres)	26	101		£342,856	£208,613	£1	£1	£1
5	6.81ha (16.83 acres)	26	177		£335,181	£200,938	£1	£1	£1
6	9.33ha (23.06 acres)	26	243		£335,181	£200,938	£1	£1	£1
7	18.37ha (45.39 acres)	26	478		£308,574	£174,331	£1	£1	£1
8	37.84ha (93.52 acres)	26	984		£294,247	£160,004	£1	£1	£1

Benchmark - £166,000 per acre

	Greater than benchmark (viable)
	Close to benchmark (marginal)
	Below the benchmark (not viable)

<sup>31</sup> Includes the town of Spilsby

<sup>32</sup> Includes the towns of Louth, Horncastle, Alford and Coningsby / Tattershall

<sup>33</sup> Includes Skegness and Mablethorpe/Sutton on Sea

<sup>34</sup> Based on a cost of £9,620 per dwelling

<sup>35</sup> Based on a cost of £11,870 per dwelling

<sup>36</sup> Based on a cost of £14,130 per dwelling

Table G: Inland Towns Residual Land Values (£ per acre) assuming **30% Affordable Housing**

Typology	Site Area – ha (acres)	Density	# Dwgs	Market Value Area						
				Very High	High <sup>37</sup>	Medium <sup>38</sup>	Low – Coastal Towns <sup>39</sup>			
							Low Cost Flood Mitigation <sup>40</sup>	Median Cost Flood mitigation <sup>41</sup>	High Cost Flood Mitigation <sup>42</sup>	
1	0.21ha (0.51 acres)	26	6		£320,214	£190,242	-£1	-£1	-£1	-£1
2	1.14ha (2.81 acres)	26	30		£306,135	£178,297	-£1	-£1	-£1	-£1
3	2.54ha (6.28 acres)	26	66		£300,353	£172,515	-£1	-£1	-£1	-£1
4	3.91ha (9.66 acres)	26	101		£300,353	£172,515	-£1	-£1	-£1	-£1
5	6.81ha (16.83 acres)	26	177		£292,678	£164,840	-£1	-£1	-£1	-£1
6	9.33ha (23.06 acres)	26	243		£292,678	£164,840	-£1	-£1	-£1	-£1
7	18.37ha (45.39 acres)	26	478		£266,071	£138,233	-£1	-£1	-£1	-£1
8	37.84ha (93.52 acres)	26	984		£251,744	£123,906	-£1	-£1	-£1	-£1

Benchmark - £166,000 per acre

- Greater than benchmark (viable)
- Close to benchmark (marginal)
- Below the benchmark (not viable)

<sup>37</sup> Includes the town of Spilsby

<sup>38</sup> Includes the towns of Louth, Horncastle, Alford and Coningsby / Tattershall

<sup>39</sup> Includes Skegness and Mablethorpe/Sutton on Sea

<sup>40</sup> Based on a cost of £9,620 per dwelling

<sup>41</sup> Based on a cost of £11,870 per dwelling

<sup>42</sup> Based on a cost of £14,130 per dwelling

Table H: Inland Towns Residual Land Values (£ per acre) assuming **35% Affordable Housing**

Typology	Site Area – ha (acres)	Density	# Dwgs	Market Value Area						
				Very High	High <sup>43</sup>	Medium <sup>44</sup>	Low – Coastal Towns <sup>45</sup>			
							Low Cost Flood Mitigation <sup>46</sup>	Median Cost Flood mitigation <sup>47</sup>	High Cost Flood Mitigation <sup>48</sup>	
1	0.21ha (0.51 acres)	26	6		£279,201	£152,611	-£1	-£1	-£1	-£1
2	1.14ha (2.81 acres)	26	30		£263,633	£143,709	-£1	-£1	-£1	-£1
3	2.54ha (6.28 acres)	26	66		£257,851	£136,417	-£1	-£1	-£1	-£1
4	3.91ha (9.66 acres)	26	101		£257,851	£136,417	-£1	-£1	-£1	-£1
5	6.81ha (16.83 acres)	26	177		£250,176	£128,742	-£1	-£1	-£1	-£1
6	9.33ha (23.06 acres)	26	243		£250,176	£128,742	-£1	-£1	-£1	-£1
7	18.37ha (45.39 acres)	26	478		£223,569	£102,135	-£1	-£1	-£1	-£1
8	37.84ha (93.52 acres)	26	984		£209,242	£87,805	-£1	-£1	-£1	-£1

Benchmark - £166,000 per acre

	Greater than benchmark (viable)
	Close to benchmark (marginal)
	Below the benchmark (not viable)

<sup>43</sup> Includes the town of Spilsby

<sup>44</sup> Includes the towns of Louth, Horncastle, Alford and Coningsby / Tattershall

<sup>45</sup> Includes Skegness and Mablethorpe/Sutton on Sea

<sup>46</sup> Based on a cost of £9,620 per dwelling

<sup>47</sup> Based on a cost of £11,870 per dwelling

<sup>48</sup> Based on a cost of £14,130 per dwelling

Table 1: Inland Towns Residual Land Values (£ per acre) assuming **40% Affordable Housing**

Typology	Site Area – ha (acres)	Density	# Dwgs	Market Value Area						
				Very High	High <sup>49</sup>	Medium <sup>50</sup>	Low – Coastal Towns <sup>51</sup>			
							Low Cost Flood Mitigation <sup>52</sup>	Median Cost Flood mitigation <sup>53</sup>	High Cost Flood Mitigation <sup>54</sup>	
1	0.21ha (0.51 acres)	26	6		£234,894	£114,981	-£1	-£1	-£1	-£1
2	1.14ha (2.81 acres)	26	30		£221,130	£107,228	-£1	-£1	-£1	-£1
3	2.54ha (6.28 acres)	26	66		£215,348	£100,319	-£1	-£1	-£1	-£1
4	3.91ha (9.66 acres)	26	101		£215,348	£100,319	-£1	-£1	-£1	-£1
5	6.81ha (16.83 acres)	26	177		£207,673	£92,644	-£1	-£1	-£1	-£1
6	9.33ha (23.06 acres)	26	243		£207,673	£92,644	-£1	-£1	-£1	-£1
7	18.37ha (45.39 acres)	26	478		£181,066	£66,037	-£1	-£1	-£1	-£1
8	37.84ha (93.52 acres)	26	984		£166,739	£51,710	-£1	-£1	-£1	-£1

Benchmark - £166,000 per acre

- Greater than benchmark (viable)
- Close to benchmark (marginal)
- Below the benchmark (not viable)

<sup>49</sup> Includes the town of Spisbury

<sup>50</sup> Includes the towns of Louth, Horncastle, Alford and Coningsby / Tattershall

<sup>51</sup> Includes Skegness and Mablethorpe/Sutton on Sea

<sup>52</sup> Based on a cost of £9,620 per dwelling

<sup>53</sup> Based on a cost of £11,870 per dwelling

<sup>54</sup> Based on a cost of £14,130 per dwelling

Table J: Inland Towns Residual Land Values (£ per acre) assuming **45% Affordable Housing**

Typology	Site Area – ha (acres)	Density	# Dwgs	Market Value Area						
				Very High	High <sup>55</sup>	Medium <sup>56</sup>	Low – Coastal Towns <sup>57</sup>			
							Low Cost Flood Mitigation <sup>58</sup>	Median Cost Flood mitigation <sup>59</sup>	High Cost Flood Mitigation <sup>60</sup>	
1	0.21ha (0.51 acres)	26	6		£190,586	£77,350	-£1	-£1	-£1	-£1
2	1.14ha (2.81 acres)	26	30		£178,627	£72,233	-£1	-£1	-£1	-£1
3	2.54ha (6.28 acres)	26	66		£172,845	£64,903	-£1	-£1	-£1	-£1
4	3.91ha (9.66 acres)	26	101		£172,845	£64,221	-£1	-£1	-£1	-£1
5	6.81ha (16.83 acres)	26	177		£165,170	£56,546	-£1	-£1	-£1	-£1
6	9.33ha (23.06 acres)	26	243		£165,170	£56,546	-£1	-£1	-£1	-£1
7	18.37ha (45.39 acres)	26	478		£138,563	£29,939	-£1	-£1	-£1	-£1
8	37.84ha (93.52 acres)	26	984		£124,236	£15,612	-£1	-£1	-£1	-£1

Benchmark - £166,000 per acre

- Greater than benchmark (viable)
- Close to benchmark (marginal)
- Below the benchmark (not viable)

<sup>55</sup> Includes the town of Spilsby

<sup>56</sup> Includes the towns of Louth, Horncastle, Alford and Coningsby / Tattershall

<sup>57</sup> Includes Skegness and Mablethorpe/Sutton on Sea

<sup>58</sup> Based on a cost of £9,620 per dwelling

<sup>59</sup> Based on a cost of £11,870 per dwelling

<sup>60</sup> Based on a cost of £14,130 per dwelling



Table K: Inland Towns Residual Land Values (£ per acre) assuming **50% Affordable Housing**

Typology	Site Area – ha (acres)	Density	# Dwgs	Market Value Area						
				Very High	High <sup>61</sup>	Medium <sup>62</sup>	Low – Coastal Towns <sup>63</sup>			
							Low Cost Flood Mitigation <sup>64</sup>	Median Cost Flood mitigation <sup>65</sup>	High Cost Flood Mitigation <sup>66</sup>	
1	0.21ha (0.51 acres)	26	6		£146,279	£39,719	-£1	-£1	-£1	-£1
2	1.14ha (2.81 acres)	26	30		£137,569	£35,345	-£1	-£1	-£1	-£1
3	2.54ha (6.28 acres)	26	66		£130,342	£29,019	-£1	-£1	-£1	-£1
4	3.91ha (9.66 acres)	26	101		£130,342	£28,422	-£1	-£1	-£1	-£1
5	6.81ha (16.83 acres)	26	177		£122,667	£20,665	-£1	-£1	-£1	-£1
6	9.33ha (23.06 acres)	26	243		£122,667	£20,448	-£1	-£1	-£1	-£1
7	18.37ha (45.39 acres)	26	478		£96,060	-£1	-£1	-£1	-£1	-£1
8	37.84ha (93.52 acres)	26	984		£81,733	-£1	-£1	-£1	-£1	-£1

Benchmark - £166,000 per acre

- Greater than benchmark (viable)
- Close to benchmark (marginal)
- Below the benchmark (not viable)

<sup>61</sup> Includes the town of Spisbury  
<sup>62</sup> Includes the towns of Louth, Horncastle, Alford and Coningsby / Tattershall  
<sup>63</sup> Includes Skegness and Mablethorpe/Sutton on Sea  
<sup>64</sup> Based on a cost of £9,620 per dwelling  
<sup>65</sup> Based on a cost of £11,870 per dwelling  
<sup>66</sup> Based on a cost of £14,130 per dwelling

Table L: Large Villages Residual Land Values (£ per acre) assuming 0% Affordable Housing

Typology	Site Area – ha (acres)	Density	# Dwellings	Market Value Area														
				Very High – Inland Villages <sup>1</sup>			High – Coastal Villages			Medium – Inland Villages <sup>3</sup>			Medium – Coastal Villages			Low – Coastal Villages <sup>4</sup>		
				Low Flood	Median	High	Low Flood	Median	High	Low Flood	Median	High	Low Flood	Median	High	Low Flood	Median	High
1	0.49ha (1.21 acres)	19	9	£718,606	£392,681	£313,239	£293,683	£274,041	£275,498	£195,918	£175,952	£155,896	£195,918	£175,952	£155,896	£195,918	£175,952	£155,896
2	1.11ha (2.74 acres)	19	21	£695,720	£388,513	£309,949	£290,598	£271,162	£272,604	£189,871	£172,331	£152,689	£189,871	£172,331	£152,689	£189,871	£172,331	£152,689
3	2.41ha (5.96 acres)	19	46	£692,752	£377,207	£303,625	£284,480	£265,250	£266,676	£184,822	£165,677	£148,019	£184,822	£165,677	£148,019	£184,822	£165,677	£148,019
4	4.27ha (10.56 acres)	19	81	£688,661	£373,116	£293,018	£274,285	£255,467	£256,863	£176,765	£161,497	£142,267	£176,765	£161,497	£142,267	£176,765	£161,497	£142,267
5	10.56ha (26.09 acres)	19	201	£683,231	£367,686	£287,588	£268,854	£250,037	£251,433	£171,335	£152,601	£133,784	£171,335	£152,601	£133,784	£171,335	£152,601	£133,784
6	19.14ha (47.30 acres)	19	363	£664,407	£348,862	£268,764	£250,030	£231,213	£232,608	£152,511	£133,777	£114,959	£152,511	£133,777	£114,959	£152,511	£133,777	£114,959

Benchmark £166,000 per acre



- Greater than benchmark (viable)
- Close to benchmark (marginal)
- Below the benchmark (not viable)

<sup>1</sup> Includes the large village of Woodhall Spa

<sup>2</sup> Includes the large villages of Halton le Clay, Marshchapel, North Thorseby and Teiney.

<sup>3</sup> Includes the large villages of Binbrook, Burgh le Marsh, Chapel St Leonards, Fiskney, Fulstow, Grainthorpe, Grimoldby/Marby, Hothorpe, Legbourne, Mareham le Fen, North Somercotes, Sibsey, Stickney, Telford, Wainfleet, Willoughby and Wragb.

<sup>4</sup> Includes Ingoldmells



Table N: Large Villages Residual Land Values (£ per acre) assuming **10% Affordable Housing**

Typology	Site Area – ha (acres)	Density	# Dwellings	Market Value Area														
				Very High – Inland Villages <sup>9</sup>			High – Coastal Villages			Medium – Inland Villages <sup>11</sup>			Medium – Coastal Villages			Low – Coastal Villages <sup>1,2</sup>		
				Low Flood	Median	High	Low Flood	Median	High	Low Flood	Median	High	Low Flood	Median	High			
1	0.49ha (1.21 acres)	19	9	£652,560	£351,568	£267,957	£248,402	£228,759	£238,125	£157,760	£137,793	£118,949	£1	£1	£1			
2	1.11ha (2.74 acres)	19	21	£645,632	£344,182	£265,143	£245,792	£226,356	£235,623	£154,514	£134,958	£115,316	£1	£1	£1			
3	2.41ha (5.96 acres)	19	46	£628,809	£333,828	£259,294	£240,150	£220,920	£230,088	£149,824	£130,474	£111,038	£1	£1	£1			
4	4.27ha (10.56 acres)	19	81	£624,718	£329,737	£249,639	£230,906	£212,088	£221,060	£144,054	£124,909	£105,679	£1	£1	£1			
5	10.56ha (26.09 acres)	19	201	£619,288	£324,307	£244,209	£225,475	£206,658	£215,630	£135,532	£116,798	£97,981	£1	£1	£1			
6	19.14ha (47.30 acres)	19	363	£600,464	£305,483	£225,385	£206,651	£187,834	£196,806	£116,708	£97,974	£79,157	£1	£1	£1			

Benchmark £166,000 per acre



- Greater than benchmark (viable)
- Close to benchmark (marginal)
- Below the benchmark (not viable)

<sup>9</sup> Includes the large village of Woodhall Spa

<sup>10</sup> Includes the large villages, of Halton le Clay, Marshchapel, North Thorseby and Tetney.

<sup>11</sup> Includes the large villages of Binbrook, Burgh le Marsh, Chapel St Leonards, Fiskney, Fulstow, Grainthorpe, Gilmoldby/Manby, Hothorpe, Legbourne, Mareham le Fen, North Somercoates, Sibsey, Stickney, Tetford, Wainfleet, Willoughby and Wragb.

<sup>12</sup> Includes Ingoldmells

Table O: Large Villages Residual Land Values (£ per acre) assuming 15% Affordable Housing

Typology	Site Area – ha (acres)	Density	# Dwellings	Market Value Area														
				Very High – Inland Villages <sup>13</sup>			High – Coastal Villages			Medium – Inland Villages <sup>15</sup>			Medium – Coastal Villages			Low – Coastal Villages <sup>16</sup>		
				Low Flood	Median	High	Low Flood	Median	High	Low Flood	Median	High	Low Flood	Median	High	Low Flood	Median	High
1	0.49ha (1.21 acres)	19	9	£619,536	£328,928	£245,317	£225,761	£206,118	£219,438	£138,681	£119,936	£99,674	£138,681	£119,936	£99,674	£138,681	£119,936	£99,674
2	1.11ha (2.74 acres)	19	21	£612,960	£325,472	£223,390	£223,390	£203,953	£217,133	£135,827	£116,271	£96,629	£135,827	£116,271	£96,629	£135,827	£116,271	£96,629
3	2.41ha (5.96 acres)	19	46	£596,838	£312,139	£217,985	£217,985	£198,755	£211,794	£131,334	£111,984	£92,548	£131,334	£111,984	£92,548	£131,334	£111,984	£92,548
4	4.27ha (10.56 acres)	19	81	£592,747	£308,048	£209,216	£209,216	£190,399	£203,159	£125,760	£106,615	£88,323	£125,760	£106,615	£88,323	£125,760	£106,615	£88,323
5	10.56ha (26.09 acres)	19	201	£587,317	£302,618	£203,786	£203,786	£184,969	£197,729	£117,631	£98,897	£80,080	£117,631	£98,897	£80,080	£117,631	£98,897	£80,080
6	19.14ha (47.30 acres)	19	363	£568,492	£283,793	£184,962	£184,962	£166,144	£178,904	£98,806	£80,072	£61,255	£98,806	£80,072	£61,255	£98,806	£80,072	£61,255

Benchmark £166,000 per acre



- Greater than benchmark (viable)
- Close to benchmark (marginal)
- Below the benchmark (not viable)

<sup>13</sup> Includes the large village of Woodhall Spa

<sup>14</sup> Includes the large villages of Halton le Clay, Marshchapel, North Thoresby and Teinsey.

<sup>15</sup> Includes the large villages of Binbrook, Burgh le Marsh, Chapel St Leonards, Fiskney, Fulstow, Grainthorpe, Gilmoldby/Manby, Hothorpe, Legbourne, Mareham le Fen, North Somercotes, Sibsey, Stickney, Teitford, Wainfleet, Willoughby and Wragb.

<sup>16</sup> Includes Ingoldmells

Table P: Large Villages Residual Land Values (£ per acre) assuming 20% Affordable Housing

Typology	Site Area – ha (acres)	Density	# Dwellings	Market Value Area																			
				Very High – Inland Villages <sup>17</sup>			High – Coastal Villages			Medium – Inland Villages <sup>19</sup>			Medium – Coastal Villages			Low – Coastal Villages <sup>20</sup>							
				Low Flood	Median	High	Low Flood	Median	High	Low Flood	Median	High	Low Flood	Median	High	Low Flood	Median	High					
1	0.49ha (1.21 acres)	19	9	£586,513	£203,120	£187,332	£200,751	£120,832	£100,660	£80,399	£117,141	£97,585	£79,580	£112,844	£93,494	£74,844	£107,466	£89,269	£69,832	£179,827	£163,272	£144,455	
2	1.11ha (2.74 acres)	19	21	£580,287	£200,987	£181,500	£198,643	£220,337	£200,987	£181,500	£198,643	£117,141	£97,585	£79,580	£112,844	£93,494	£74,844	£107,466	£89,269	£69,832	£179,827	£163,272	£144,455
3	2.41ha (5.96 acres)	19	46	£564,866	£195,819	£176,590	£193,500	£214,964	£195,819	£176,590	£193,500	£112,844	£93,494	£74,844	£112,844	£93,494	£74,844	£107,466	£89,269	£69,832	£179,827	£163,272	£144,455
4	4.27ha (10.56 acres)	19	81	£560,775	£187,527	£172,409	£185,257	£206,260	£187,527	£172,409	£185,257	£107,466	£89,269	£69,832	£112,844	£93,494	£74,844	£107,466	£89,269	£69,832	£179,827	£163,272	£144,455
5	10.56ha (26.09 acres)	19	201	£555,345	£182,096	£163,272	£179,827	£200,830	£182,096	£163,272	£179,827	£107,466	£89,269	£69,832	£112,844	£93,494	£74,844	£107,466	£89,269	£69,832	£179,827	£163,272	£144,455
6	19.14ha (47.30 acres)	19	363	£536,521	£163,272	£144,455	£161,003	£182,006	£163,272	£144,455	£161,003	£80,905	£62,171	£43,354	£112,844	£93,494	£74,844	£107,466	£89,269	£69,832	£179,827	£163,272	£144,455

Benchmark £166,000 per acre



- Greater than benchmark (viable)
- Close to benchmark (marginal)
- Below the benchmark (not viable)

<sup>17</sup> Includes the large village of Woodhall Spa

<sup>18</sup> Includes the large villages of Halton le Clay, Marshchapel, North Thorseby and Telney.

<sup>19</sup> Includes the large villages of Binbrook, Burgh le Marsh, Chapel St Leonards, Fiskney, Fulstow, Grainthorpe, Gilmoldby/Manby, Hothorpe, Legbourne, Mareham le Fen, North Somercotes, Sibsey, Stickney, Tetford, Wainfleet, Willoughby and Wragb.

<sup>20</sup> Includes Ingoldmells









Table T: Large Villages Residual Land Values (£ per acre) assuming **40% Affordable Housing**

Typology	Site Area – ha (acres)	Density	# Dwellings	Market Value Area																				
				Very High – Inland Villages <sup>33</sup>			High – Coastal Villages			Medium – Inland Villages <sup>35</sup>			Medium – Coastal Villages			Low – Coastal Villages <sup>36</sup>								
				Low Flood	Median	High	Low Flood	Median	High	Low Flood	Median	High	Low Flood	Median	High	Low Flood	Median	High						
1	0.49ha (1.21 acres)	19	9	£454,421	£215,724	£134,888	£116,104	£95,843	£128,652	£43,730	£23,558	£3,297	£43,730	£23,558	£3,297	£43,730	£23,558	£3,297	£43,730	£23,558	£3,297	£43,730	£23,558	£3,297
2	1.11ha (2.74 acres)	19	21	£449,597	£213,458	£132,113	£112,557	£92,215	£126,005	£43,730	£23,558	£3,297	£43,730	£23,558	£3,297	£43,730	£23,558	£3,297	£43,730	£23,558	£3,297	£43,730	£23,558	£3,297
3	2.41ha (5.96 acres)	19	46	£436,980	£208,158	£127,659	£108,309	£88,872	£121,616	£40,121	£20,362	£101	£40,121	£20,362	£101	£40,121	£20,362	£101	£40,121	£20,362	£101	£40,121	£20,362	£101
4	4.27ha (10.56 acres)	19	81	£432,890	£199,600	£122,123	£102,978	£84,647	£116,144	£35,026	£15,795	£1	£35,026	£15,795	£1	£35,026	£15,795	£1	£35,026	£15,795	£1	£35,026	£15,795	£1
5	10.56ha (26.09 acres)	19	201	£427,460	£194,170	£114,072	£95,339	£76,521	£108,222	£29,049	£9,802	£1	£29,049	£9,802	£1	£29,049	£9,802	£1	£29,049	£9,802	£1	£29,049	£9,802	£1
6	19.14ha (47.30 acres)	19	363	£408,635	£175,346	£95,248	£76,514	£57,697	£89,397	£9,707	£1	£9,707	£1	£9,707	£1	£9,707	£1	£9,707	£1	£9,707	£1	£9,707	£1	£9,707

Benchmark £166,000 per acre

- Greater than benchmark (viable)
- Close to benchmark (marginal)
- Below the benchmark (not viable)

<sup>33</sup> Includes the large village of Woodhall Spa

<sup>34</sup> Includes the large villages of Halton le Clay, Marshchapel, North Thorseby and Tefney.

<sup>35</sup> Includes the large villages of Binbrook, Burgh le Marsh, Chapel St Leonards, Fiskney, Fulstow, Grainthorpe, Girmoldby/Manby, Hothorpe, Legbourne, Mareham le Fen, North Somercotes, Sibsey, Stickney, Telford, Wainfleet, Willoughby and Wragb.

<sup>36</sup> Includes Ingoldmells



Table V: Large Villages Residual Land Values (£ per acre) assuming 50% Affordable Housing

Typology	Site Area – ha (acres)	Density	# Dwellings	Market Value Area														
				Very High – Inland Villages <sup>41</sup>			High – Inland Villages <sup>42</sup>			Medium – Inland Villages <sup>43</sup>			Medium – Coastal Villages			Low – Coastal Villages <sup>44</sup>		
				Low Flood	Median	High	Low Flood	Median	High	Low Flood	Median	High	Low Flood	Median	High	Low Flood	Median	High
1	0.49ha (1.21 acres)	19	9	£392,498	£174,023	£89,567	£69,396	£49,134	£91,425	£5,179	£1	£1	£1	£1	£1	£1		
2	1.11ha (2.74 acres)	19	21	£384,252	£170,442	£86,831	£68,689	£49,134	£88,632	£5,179	£1	£1	£1	£1	£1	£1		
3	2.41ha (5.96 acres)	19	46	£373,038	£163,828	£82,853	£64,177	£44,534	£94,635	£1,983	£1	£1	£1	£1	£1	£1		
4	4.27ha (10.56 acres)	19	81	£368,947	£159,647	£78,628	£59,277	£40,264	£80,410	£1	£1	£1	£1	£1	£1	£1		
5	10.56ha (26.09 acres)	19	201	£363,517	£150,791	£70,693	£53,099	£34,233	£72,419	£1	£1	£1	£1	£1	£1	£1		
6	19.14ha (47.30 acres)	19	363	£344,692	£131,967	£51,869	£33,862	£14,789	£53,594	£1	£1	£1	£1	£1	£1	£1		

Benchmark: £166,000 per acre



- Greater than benchmark (viable)
- Close to benchmark (marginal)
- Below the benchmark (not viable)

<sup>41</sup> Includes the large village of Woodhall Spa

<sup>42</sup> Includes the large villages, of Halton le Clay, Marshchapel, North Thorseby and Tefney.

<sup>43</sup> Includes the large villages of Binbrook, Burgh le Marsh, Chapel St Leonards, Fiskney, Fulstow, Grainthorpe, Girmoldby/Manby, Hothorpe, Legbourne, Mareham le Fen, North Somercoates, Sibsey, Stickney, Telford, Wainfleet, Willoughby and Wragb.

<sup>44</sup> Includes Ingoldmells