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For: Havant Borough Council

Local Plan and CIL Viability Supplementary Update Note

May - June 2020

DSP20688

Final (v4)

Supplementary Update Note - Final (v4)

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1. Introduction

1.1 Purpose of this further review and Supplementary Update Note

1.1.1 Havant Borough Council (HBC) commissioned Dixon Searle Partnership (DSP) to consider and report on the potential effect on the viability of development with additional cost allowed for in respect of an emerging mitigation strategy on nutrient neutrality – achieving Nutrient Neutral Development.

1.1.2 Natural England issued an advice note¹ to the effect that planning permission should not be granted unless nutrient neutrality can be achieved in all new development, thereby protecting water quality in the Solent so as not to impact upon the designated conservation sites in the area².

1.1.3 The introductory section of the above noted updated advice states:

1.1 The water environment within the Solent region is one of the most important for wildlife in the United Kingdom. The Solent water environment is internationally important for its wildlife and is protected under the Water Environment Regulations¹ and the Conservation of Habitats and Species Regulations² as well as national protection for many parts of the coastline and their sea. ³ There are high levels of nitrogen and phosphorus input to this water environment with sound evidence that these nutrients are causing eutrophication at these designated sites. These nutrient inputs are currently caused mostly by wastewater from existing housing and agricultural sources. The resulting dense mats of green algae are impacting on the Solent's protected habitats and bird species.

1.2 There is uncertainty as to whether new growth will further deteriorate designated sites. This issue has been subject to detailed work commissioned by local planning authorities (LPAs) in association with Natural England, Environment Agency and water companies. This strategic work, which updates early studies, is on-going. Until this work is complete, the uncertainty remains and the potential for future housing developments across the Solent region to exacerbate these impacts creates a risk to their potential future conservation status.

1.3 One way to address this uncertainty is for new development to achieve nutrient neutrality. Nutrient neutrality is a means of ensuring that development does not add

¹ Natural England – Version 2 Advice to LPAs on Achieving nutrient neutrality for new development in the Solent region (June 2020)

² Chichester and Langstone Harbour Special Protection Area (SPA); Chichester and Langstone Harbour Ramsar Site; Solent Maritime Special Area of Conservation (SAC); Solent and Dorset Coastal Potential Special Protection Area (pSPA).

to existing nutrient burdens and this provides certainty that the whole of the scheme is deliverable in line with the requirements of the Conservation of Habitats and Species Regulations 2017 (as amended).

- 1.1.4 At the point of completing this viability revisiting, the Council is in the process of producing an updated Position Statement and Mitigation Plan which will be available at: www.havant.gov.uk/nitrogen once the scheme is launched.
- 1.1.5 In providing the mitigation, there are clear cost implications on new development in order to achieve this Nutrient Neutral Development via (in many cases) an off-site solution. Whilst not likely to impact at very significant levels when considered in cost £/dwelling terms or similar, nevertheless such costs will be expected to be borne as part of the cumulative costs of development. This factor amounts to an additional policy area that should also be considered in this context. As a subsequently developed area, this was not considered via an explicit cost assumption within the earlier viability assessment work.
- 1.1.6 While conducting this further review, DSP has not been aware of the full details of the HBC emerging proposals on this. However, this revisit for the Local Plan viability context has been based on our regular dialogue with HBC and understanding that the mitigation approach would involve a form of off-setting payment or similar. This is to be structured around developments contributing towards the cost of securing undeveloped land that will be safeguarded – taken out of agricultural use and managed in a way which does not increase the nutrient load of the land (the emerging revised Position Statement provides more details).
- 1.1.7 For most developments to be permissible, the mitigation strategy is likely to result in payments being required in addition to the levels of policy costs already explicitly tested through DSP's Local Plan viability work for HBC to date – as per our January 2019 completed viability assessment.³

1.2 Further assessment context

- 1.2.1 Mitigation is to be made available on a per kilo basis – at a cost currently of £1,235. The mitigation costs are likely to be required by way of payments (financial

³ Havant Borough Council Local Plan & CIL Viability Study – Final report (v7) – January 2019 – DSP18483A
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contributions) made at a £ per dwelling level or equivalent, guided by the approach set out by HBC as noted above. Currently this means costs equivalent to c. £800 per new dwelling in most of the Borough; a little higher at c.£825 in Emsworth, with that cost variance reflecting the fact the nutrient load will vary depending on which wastewater catchment a relevant development drains to.

- 1.2.2 The scheme detail may be subject to further development or clarification, including as the wider evidence, Natural England and other advice or information may evolve. However, it has been considered prudent in potential viability impact terms to review and test this as an additional cost of development at this stage – i.e. with the cost to be added to new sets of test appraisals alongside the cumulative costs allowances made to date to reflect the emerging Local Plan policy positions and potential CIL (Community Infrastructure Levy) charges.
- 1.2.3 Whilst as noted above the mitigation costs (contributions required) will vary by location to a small degree, this variation is not expected to the extent that would have a different impact on overall scheme viability, at a detectable level.
- 1.2.4 At this stage, in order to support the continued approach to keeping the information available to HBC and contributing towards the Local Plan evidence as representative and topical as reasonably possible, we have also included updated assumptions on the housing sales values and build costs as far as considered relevant at the point of reviewing assumptions early on in this work. This was again considered a suitable approach, as part of this update. Details of the updated assumptions are provided below. Otherwise there have been no changes to the previous assumptions sets, so that all other development and policy costs allowances are maintained as the key to looking again at the cumulative costs - now with the nutrient neutrality mitigation costs added.
- 1.2.5 Although we understand that the ‘Southleigh’ proposed strategic housing site allocation would be able to achieve nutrient neutrality on-site (without the need for an off-site mitigation scheme), we have also been asked to revisit that appraisal set. The purpose of that part of this exercise is to test an updated cost assumption relating to highways/access (A27 works related cost) at an assumed £24.4m increased from the previous £18m tested level. Again, further details are provided below and Appended

(Appendix C). At this stage, the original trial scenarios that did not include an A27 improvement related cost (i.e. representing 'No A27 Junction') have not been re-run.

1.2.6 These updated strategic site tests continue to represent relatively high-level consideration of the viability prospects, bearing in mind the current stage - i.e. prior to scheme designs and costings being available, and reflecting still the level of potential unknowns or matters that could move around and influence the outcomes there ultimately.

1.3 Provision of information in this Update Note

1.3.1 This brief covering report is accompanied by Appendices that set out the RLV (residual land value) results of and surpluses reported from this update exercise.

1.3.2 The update results are set out in in tabled form as follows:

- Appendix A – 50 mixed dwellings typology updated (RLV basis, as before);
- Appendix B – 25 Flats (with ground floor convenience retail) typology updated (RLV basis, as before);
- Appendix C – Table of updated test results in respect of the Southleigh Strategic site allocation proposal; followed by relevant example appraisal summaries. (Reported surplus basis, as before.)

1.3.3 Within the tables at current Appendices A and B, the previous equivalent results (2018 appraisal £ RLVs and RLVs £/ha as per January 2019 assessment report) are also provided alongside the updated (2020) results for comparison purposes.

1.3.4 The current stage (as revisited June 2020) strategic site surplus results indications, as shown with the Appendix C table, follow a very similar format to previous (again based on the same approach continued) and have been prepared using the same principles and appraisals basis as per the previous (2019) report Appendix IIb (Table 2a there). As with the other appraisals revisiting, the approach continues to use the same assumed development quantum and general mix – in this case the 2,100 mixed dwellings as before.

2 Update approach

2.1 Methodology

- 2.1.1 This further assessment uses all the same principles and continues the approach of the earlier work on this – 2019 report and appendices⁴.
- 2.1.2 Accordingly, the same appraisal basis has been used. Within this, the assumptions have been applied consistently too – i.e. as used previously except for in the following aspects. Only the points noted below have been updated from previous. Appendix I to the 2019 assessment report provided a summary of the assumptions, which the previous report itself also explained.
- 2.1.3 The approach is considered to be consistent with the National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG) as now applies – 2018-19.

2.2 Scheme Development Scenarios – Updated testing basis

- 2.2.1 To test the impact of the nutrient neutrality related additional mitigation costs, we have used 2 of the previous development typologies as noted above (and see Appendices A and B) – 50 mixed dwellings (as per 2019 report Appendix IIa Table 1k and 25 flats with retail (as per 2019 Appendix IIa Table 1g). A fuller set of sample re-tests (‘sensitivity tests’) has been carried out on the former, and a single set of re-tests on the latter, since the aim here was to consider relative results with the added mitigation cost in place.
- 2.2.2 All in all, 4 layers of sensitivity testing have been considered. Appendix A provides RLV results based on:
- Initial further tests that looked at the effect of a 17.5% GDV profit on market sales in combination with updating to the 3 sales values test levels (value levels – ‘VL’s). These are shown alongside the 2019 reported results (2018 appraisal RLV outcomes) in the uppermost results table within both Appendices A and B. Then, as it is important to consider any changes in the costs side too, the following have been run on a “what-if” basis using both a

⁴ Havant Borough Council Local Plan & CIL Viability Study – Final report (v7) – January 2019 – DSP18483A
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17.5% and a 20% GDV profit (on market sale housing) assumption (see 2.6 below);

- ‘Sensitivity test 1’ (ST1)– Nutrient neutrality (nutrient mitigation) cost added @ £800/dwelling, using the 3 new VL levels as shown in the results tables.
- ‘Sensitivity test 2’ (ST2) – To the ST1 costs basis, BCIS build cost also updated (as per 2.5.2 below);
- ‘Sensitivity test 3’ (ST3) – From the ST2 costs basis, the £500/dwelling electric vehicle (charging) point cost allowance removed (as explained at 2.5.4 below);
- Each of these scenario appraisals has been run at test CIL levels of £125/sq. m and £150/sq. m again as shown in the Appendix A and B tables and reflecting the likely relevant parameters for likely CIL scope as informed by DSP’s previous assessment work; also closely reflecting the 2020 HBC charging rates - as currently indexed (note generally – any further CIL review details to be confirmed moving ahead).
- Appendix B contains the initial further tests and the ST3 tests results only for the 25 flats (with retail), with the latter providing the considered cumulative costs picture - but again tested using varying sales values, the 2 CIL test levels and developers profit assumption variation all as above.

2.3 Nutrient neutrality – mitigation contribution costs

2.3.1 As noted above, these have now been applied to all assumed dwellings (both market sale and affordable) at a flat rate assumption cost of £800/dwelling. We understand that the mitigation contributions will be subject to inflation – via indexing or similar. However, in our experience and view, unless there were to be a significant change in this cost level (by more than say £200-300/dwelling) from this £800 assumption, we would not expect to see a notable or even clearly detectable difference in the overall viability outcomes.

2.3.2 For the appraisal purpose, the additional £800/dwelling cost is treated in the same way as the existing £3,000/dwelling s.106 contingency or other similar allowances.

2.4 Gross Development Value (scheme value) - housing (sale) values

- 2.4.1 Depending on property types and specifics, with the extent and content of available data varying over time, at this stage of review we have found indications that values in some cases have risen by 10% or more since the earlier information gathering leading to the January 2019 report – research from 2017. Review of the Land Registry House Price index overview for sales in the borough suggests a house price increase of about 5-6%, although again dependent on the selection of particular timings.
- 2.4.2 This HPI indication is broadly the level of house price change that we have considered in adopting an updated base/mid-level test assumption of sales at £3,700/sq. m (i.e. approx. £344/sq. ft.) i.e. £200/sq. m more than previously assumed mid value level ('VL') 4 used in our base assessment (2019 VL4 @ £3,500/sq. m i.e. approx. £325/sq. ft.).
- 2.4.3 To provide HBC with additional information, and continuing to be consistent with the assessment theme of considering the potential influence of key variables within the assumptions set (sensitivity of the RLV outcomes to those) we have also run further appraisals of the stated typologies using a lower VL at £3,400/sq. m (approx. £316/sq. ft.) and a higher test at £4,000/sq. m (approx. £372/sq. ft.).

2.5 Development Costs – Build Costs

- 2.5.1 Overall, review of BCIS indicates that since setting the main study assumptions build costs have risen by around 9% on average over the period, although again this varies according to scheme type (BCIS category) – between approx. 5.5% and 9.5% in most cases. Broadly a level of change at c. +8% appears relevant to consider for both the 50 dwellings and 25 flats typologies under review again here for the sample update tests.
- 2.5.2 Accordingly, applying latest equivalent BCIS figures at the point of considering the review assumptions, the base build cost assumption used for the 50 dwellings typology (Appendix A results) is now £1,313/sq. m (up from £1,219/sq. m) and for the 25 flats tests (Appendix B) is now £1,503/sq. m (up from £1,387/sq. m).

- 2.5.3 A rise in costs of course has a balancing effect to some degree against a relative positive movement in viability that would come only from an increase in the values side.
- 2.5.4 The other works costs allowances have been left unchanged, largely driven as factors of the above, except that at this stage we have removed the extra-over allowance of £500/dwelling that had been added previously as a separate cost assumption for electric vehicle points (EVP). This is because we have maintained the previous +2% base build costs additional allowance reflecting the potential costs of sustainability measures, whereas we understand that HBC policy as drafted (E12) is not requiring extra measures beyond Building Regulations on this, and generally in such circumstances we would now generally expect to make either a nil or very low allowance for this aspect (reflecting former Code for Sustainable Homes Level 4 equivalent energy efficiency levels i.e. a base 19% dwelling emission rate reduction from previous base standards).

2.6 Development profit

- 2.6.1 Consistent with the PPG on 'Viability' (last updated partially 1st September 2019) and with DSP's recent experience of strategic level viability testing and examination (as well as with our day to day experience of a wide range of site-specific reviews at decision making stage) we have undertaken the updated tests at profit levels of both 17.5% and 20% GDV on market sale housing (maintained at the previous 6% on affordable homes elements).
- 2.6.2 The tests represent the upper part of the overall range noted in the PPG (para. 018 Ref. ID 10-018-20190509 - as last updated 09.05.2019). They provide information or relative results as may be influenced by this factor varying between various circumstances and over varying economic cycles.
- 2.6.3 In DSP's recent experience, a profit level at 17.5% GDV (or equivalent) on the market sale homes has generally been considered suitable for testing (in both plan making and decision making) and negotiation purposes, and a level similar to this has been seen in a range of developers' submissions as well as put forward by DSP. A 20% profit need not necessarily be considered a fixed requirement and the "what-if" type

view of the effects of potential variation in this in combination with other variables is important to bear in mind in our view and experience.

2.7 Strategic site (Southleigh) – further appraisal review

2.7.1 The appraisal approach has not been adjusted from previous, whereby we input the costs areas for which estimates have been available (including in respect of information as far as available on anticipated s106 levels) and then under the various test scenarios show any surplus that could potentially be available to support additional costs – i.e. any that might increase or have not been factored in specifically to this point. Again, nil CIL cost is included, consistent with the previous review and reflecting the level of specific development mitigation costs assumed and likely to be involved.

2.7.2 To illustrate the nature of the assumptions set, below is an extract from an Argus Developer appraisal summary included at Appendix C (in this case from one of the highlighted appraisals within the uppermost green coloured row of the strategic site results summary table there). The example extract shown here for ease of reference is from the updated test for the base sustainability level scenario (20% developer profit test; fixed £250,000/ha land cost over the assumed 154ha); with the increased A27 related cost (@ £24.4m) and reported potential s106 surplus shown alongside the assumed policy related costs and estimated s106 (education) as included to date:

Primary School			11,499,677
Site Access / A27			24,400,000
S106 Surplus		1.0000%	14,494,665
Sustainable Design / Construction		2.0000%	4,990,169
Solent SPA	2,100.00 un	564.0000 /un	1,184,400
EVP	2,100.00 un	500.0000 /un	1,050,000
Access M4(2) - Flats	714.00 un	494.0000 /un	352,716
Access M4(2) - Houses	1,386.00 un	734.0000 /un	1,017,324
Access M4(3) - Flats	714.00 un	313.0000 /un	223,482
Access M4(3) - Houses	1,386.00 un	536.0000 /un	742,896

2.7.3 Essentially, the further appraisal runs continue and add to the review of potential outcomes on a “what-if” type basis. The reported surpluses (e.g. as per the ‘S106 surplus’ listed above) after making current allowances are assumed to be financed within the appraisals – they are not simple residuals that do not allow for finance costs on those additional monies that could be allocated to meeting other works costs/contributions as may be needed.

- 2.7.4 To reiterate, the assumed A27 improvements related cost that has been input within these further “what-if” tests is now £24.4m (increased from the previous £18m) based on latest information from HBC (June 2020).
- 2.7.5 The other assumptions and tested variables remain as previous, except that we have now also run the tests using a 17.5% GDV profit on the assumed market sale housing content as well as testing at the previous 20% assumption. This is consistent with the wider approach here and is provided for the Council’s information bearing in mind both the Planning Practice Guidance’ on ‘Viability’ at ‘Plan Making’ stage and the nature of such delivery over an extended period, potentially through varying economic and market conditions.
- 2.7.6 This testing approach also reflects our experience in practice of seeing a range of profit levels used and discussed in viability submissions and reviews in the recent period; as well the emerging approaches to the Local Plan evidence preparation and examination process/parameters that we have experienced so far, following the reissue of the NPPF.
- 2.7.7 At this stage we have not adjusted the sales values or build costs assumptions from previous for these tests. On further review, we considered this an appropriate approach to take given this location and nature of development. However, again for additional information, the potential significant influence from one or both of those moving either up or down may be viewed by looking also at the ‘sensitivity analysis report’ grid that is included within the penultimate page of each of the Appendix C appraisal summary prints. Those have been set up on the basis 2.5% steps up and down in both the assumed sales value and build cost (so that the potential effects of movements can be seen on an individual or combined basis if relevant; as an extension of the “what-if” type information basis). This serves to show that the outcomes on such a scheme could be seen to move around significantly, potentially in response to relatively small looking appraisal input adjustments – although with nothing unusual in this general principle and effect. An overview is required and appropriate.
- 2.7.8 Results (indicative surpluses as above) continue to be provided for both a base scenario on sustainability/carbon reduction (2% added to base build costs) and to

consider any potential scope to consider further sustainability enhancements (again viewed via a trial +6% to base build costs – higher cost test).

- 2.7.9 The surpluses reported after making current costs allowances are assumed to be financed within the appraisals; rather than being simple residuals that do not allow for finance costs on those additional monies – sums that could be allocated to meeting other works costs/contributions.

3 Findings

3.1 General context for further results review

- 3.1.1 The context for the review of updated results is as previous in terms of the emerging Local Plan policies considered, now also with the addition of the nutrients neutrality mitigation cost scenario (or in the case of the strategic site, the A27 related cost assumption uplift).
- 3.1.2 Latest available data to the point of review and setting assumptions has been used.
- 3.1.3 The research, review work and reporting for this further assessment has been assembled at a time when there remain economic uncertainties associated with Brexit. In terms of the latest context potentially having a bearing on all of this, the Global COVID-19 (Coronavirus) pandemic situation is now dominating all aspects of the news and economy.
- 3.1.4 This may run through into many potential areas of influence on matters affecting viability or deliverability, short term in particular.
- 3.1.5 However, there could be a range of influences and effects, not necessarily all negative in their impact on viability or other matters. At the point of this assessment while there are unknowns, and potentially significantly so, it is possible to work only with the known – i.e. available information at this point in time and as continues to be reflected in the usual way through the stated established information sources. At this stage it appears that it will then be for Local Authorities and others to consider how this picture may change – monitor it as best possible and consider any necessary updating of the evidence and local response in due course.
- 3.1.6 This is consistent with the approach that typically is taken already when either a significant amount of time passes, or other circumstances change during the period of Plan or CIL preparation/review. In the meantime, this work contains information on the impact of varied assumptions. Additionally, in considering the noted strategic site proposal within this Supplementary Note scope, through the assessment work more widely we have also sought to provide further sensitivity testing to inform the Council’s consideration of development viability in the wider plan delivery context.

3.2 Sample typologies-based re-test outcomes - Overview

- 3.2.1 The initial update tests show the potential degree of influence of varying sales values.
- 3.2.2 We can see that the effect of the input changes (values and costs updating together with the added nutrients neutrality mitigation cost) is generally to leave the viability in a broadly similar position to that seen previously. The results are very similar for example when looking at Appendix A and comparing 2020 ST2 (with new base/mid VL applied as well as the increased BCIS cost) with previous. This is at 20% profit as before, with the outcomes increasing (higher RLVs) at 17.5% profit.
- 3.2.3 These results also show the influence of the added nutrient neutrality mitigation cost to be a nominal negative one only. An added requirement for this, whether viewed alone or as here adding modestly to cumulative costs of development as previously comprehensively assessed, is not considered to be materially changing the viability picture. Adding the mitigation cost at or around the levels tested here (as per 2.3.1 above) is not significant for viability overall - it does not make a material difference to the overall consideration of or the effect of the cumulative development costs impact of the emerging LP policies.
- 3.2.4 The ST3 tests show, as expected, that the small negative impact of the added mitigation cost is also offset to a degree on considering that in our view it is not now necessary in the HBC circumstances to maintain a fixed extra allowance for provision of electric vehicle points. As above, this is because the retaining of the +2% BCIS build costs allowance (effectively an additional contingency) to represent potential sustainability enhancements is thought to be sufficient if not more than enough of an allowance to reflect the policy approach as tested here. The results are seen to improve marginally on moving from ST2 to ST3.
- 3.2.5 In looking at this, it is also worth noting again the £3,000/dwelling s.106 contingency allowance that has been maintained from previous too; alongside the tested CIL costs.
- 3.2.6 The Appendix A and B results tables set out the results and relativities for review.

3.2.7 Overall, the updated review and findings lead to a conclusion of no change to our view of the overall viability of the emerging Local Plan policy set, considered and reviewed comprehensively as it has been.

3.3 Strategic development site appraisal update – Southleigh

3.3.1 With the review approach continued, as noted above, the making now of an increased cost allowance for the A27 related works amounts to a reallocation of costs assumed within the appraisal. This means that the higher cost assumption for that provision does not have quite the same level of negative impact on the previously reported surpluses as might initially be expected. The “net” effect of the higher cost allowance (+£6.4m) has been to see the previously reported surplus reduced by approximately £3.6m for example (in the £250k/ha land value with base sustainable construction allowance and 20% developer profit test that is directly comparable with the previous).

3.3.2 The Appendix C overview table sets out the further results, based on the above. The colour-shaded rows within the table highlight what we consider to be potentially the most relevant scenarios within this further range of ‘what-if’ type tests. As per the footnotes there, the indications are that 30% affordable housing continues to be considered a scenario with reasonable prospects of viability; with the updated A27 improvement related costs and the other assumed costs as far as included to date also supported. The use of “traffic-light” type colouring there indicates the relativities seen between the results, as outlined here. This aims to indicate, as a guide, the assumptions sets that continue to support viability based on land cost as a fixed input within the appraisals at £250,000/ha applied across the whole (gross) assumed site area for the review purposes. As previously, the lower land value tests provide further “what-if” illustrations, as in our experience it is not always necessary to apply such a level of land value across the whole site area. Circumstances may vary. Judgements need to be made on the PPG basis of ‘existing use plus’ (EUV+) on land value. We have however focused primarily on the higher land value tests, so have only colour-shaded those results with the aim of drawing-out the main findings noted here.

3.3.3 At this stage it is considered these findings continue to support the likely viability of the site as an updated overall conclusion, and on the basis that a 30% affordable

housing expectation is appropriate and reasonable given the currently available information.

- 3.3.4 Again, consistent with the previous picture and as expected, however, increased costs (e.g. as would be associated with any higher than current draft HBC policy expectations on sustainability, or other subsequently identified policy/development costs) are seen to tighten the likely viability. Depending on the extent of any other costs not currently allowed for, and needing to be supported, these presented outcomes could come under pressure.
- 3.3.5 This may need to be subject to further testing/refinement, therefore, dependent on how the picture develops around the detail of the proposals and the varying marketing conditions through which a scheme like this could be delivered.
- 3.3.6 Associated with this, the 40% affordable housing tests indicate with further emphasis that such a level is currently considered unlikely to be attained along with the other works and costs that will need to be supported, although with any opportunity to provide more than a baseline 30% or similar also not ruled-out. Overall this amounts to restating our previous findings.
- 3.3.7 **Again, the updated review and findings lead to a conclusion of no change to our view of the reasonable prospects of this component of the emerging Local Plan proposals coming forward viably.**

Context Notes and Limitations

The purpose of the additional assessment reported in this Supplementary Update Note is to further inform the Council's work on progressing and now checking/finalising the policies of the new Havant Borough Local Plan and its work towards a potential reviewed Community Infrastructure Levy (CIL) Charging Schedule. At this stage this has been prepared specifically with regard to HBC considering and checking the potential viability implications of adding to the cumulative costs of development further cost associated with an emerging proposed mitigation strategy to deal with nitrates run-off levels – approach to Nutrients Neutrality.

This document has been prepared for the stated objective and should not be used for any other purpose without the prior written authority of Dixon Searle Partnership Ltd (DSP); we accept no responsibility or liability for the consequences of this document being used for a purpose other than for which it was commissioned.

To the extent that the document is based on information supplied by others, Dixon Searle Partnership Ltd (DSP) accepts no liability for any loss or damage suffered by the client or others who choose to rely on it.

It should be noted that every scheme is different, and no review of this nature can reflect all the variances seen in site specific cases. Specific assumptions and values applied for our test scenarios are unlikely to be appropriate for all developments. A degree of professional judgment is required. As previously, we are confident, however, that our assumptions are reasonable in terms of making this continued viability overview and further informing the Council's policy development and firming-up.

Small changes in assumptions can have a significant individual or cumulative effect on the residual land value (RLV) or other surplus/deficit output generated, therefore the indicative outcomes generated by the development appraisals for this review will not necessarily reflect all site-specific circumstances. Nevertheless, the assumptions revisited here for updating purposes and used within this further assessment work, commissioned as part of keeping the evidence base as representative topical as reasonably possible, continue to reflect the policy and strategy direction of the Council - take into account the cumulative cost effects of the emerging policies.

The research, review work and reporting for this further assessment has been assembled at a time when there remain economic uncertainties associated with Brexit. In terms of the latest context potentially having a bearing on all of this, the Global COVID-19 (Coronavirus) situation is now dominating all aspects of the news and economy. This may run through into many potential areas of influence on matters affecting viability or deliverability, short term in particular. At the point of this assessment while there are unknowns, and potentially significantly so, it is possible to work only with the known – i.e. available information at this point in time as continues to be reflected through the stated established information sources. At this stage it appears that it will then be for Local Authorities and others to consider how this picture may change – monitor it as best possible and consider any necessary updating of the evidence in due course. This is consistent with the approach that typically is taken already when either a significant amount of time passes, or other circumstances change. In the meantime, this work contains information on the impact of varied assumptions. Additionally, in considering any site-specific allocations, strategic sites or similar within its scope, through the assessment work more widely we have also sought to provide further sensitivity testing to inform the Council's consideration of development viability in the wider plan delivery context.

In no way does this study provide formal valuation advice; it provides an overview not intended for other purposes nor to over-ride particular site considerations as the Council's policies continue to be applied from case to case, including where a demonstrated need for flexibility on some matters may be demonstrated.

DSP conducts its work only for Local Authorities and selected other public organisations. We do not act on behalf of any development interests. We do not operate any work on the basis of incentivised arrangements – all fees for this work are quoted and fixed up-front.

DSP's previous strategic level viability work with HBC has been acknowledged above. We also work on an ad hoc basis receiving instructions from the Council from time to time on planning application (decision making) stage scheme-specific viability reviews of applicants' viability submissions – including on recent occasions, during the course of this commission and the earlier LP assessment project.

We can confirm that no conflict of interests exists, nor is likely to arise given our approach and client base.

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Continued Assessment work undertaken by:

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APPENDIX A

Havant BC LP Viability -
2020 Supplementary Update Note - Results & comparisons for 50 mixed dwellings typology
DSP 20688

50 Mixed dwellings as per 2018 Appraisals Typology	
Net Site (ha)	0.91 (Rounded to 2 dp)
Gross Site (ha)	1.09 (Rounded to 2 dp)
Density (dph)	55
AH Proportion	30%
Value Level (Updated base test)	£3,700

Note: VL sensitivity tested 'up' and 'down' from the above updated 'Base' i.e. also at £3,400/sq. m. and £4,000/sq. m. as below

N N = Nutrient Neutrality

50 Mixed - BASE TEST	2018 Results - Previous report For comparison(@ 20% Profit)		2020 Update - Initial Sensitivity Tests - VL Update Only No Nutrient Neutrality (N N) Specific £ Allowance (@ 17.5% Profit)					
	2018 VL4 £3,500/sq. m.		Lower VL £3,400/sq. m.		BASE VL £3,700/sq. m.		Upper VL £4,000/sq. m.	
	CIL £125	CIL £150	CIL £125	CIL £150	CIL £125	CIL £150	CIL £125	CIL £150
RLV £	£1,651,890	£1,565,936	£1,628,545	£1,542,591	£2,303,569	£2,217,615	£2,978,592	£2,892,639
RLV £/ha	£1,514,232	£1,435,442	£1,492,982	£1,414,184	£2,111,816	£2,033,017	£2,730,650	£2,651,851

50 Mixed 30% AH 20% Profit	2018 Result (20% Profit) VL4 £3,500/sq. m.	Sensitivity Test 1 <i>Plus N N mitigation £800/dwelling</i>	Sensitivity Test 2 <i>As ST 1 also with BICS updated</i>	Sensitivity Test 3 <i>As ST 2 less previous EVP cost allowance</i>	2018 Result (20% Profit) VL4 £3,500/sq. m.	Sensitivity Test 1 <i>Plus N N mitigation £800/dwelling</i>	Sensitivity Test 2 <i>As ST 1 also with BICS updated</i>	Sensitivity Test 3 <i>As ST 2 less previous EVP cost allowance</i>
	CIL £125/sq. m.				CIL £150/sq. m.			
	Residual Land Value (£)				Residual Land Value (£)			
Lower VL £3,400/sq. m.	£1,651,890	£1,401,311	£978,578	£998,714	£1,565,936	£1,315,358	£890,193	£910,330
BASE VL £3,700/sq. m.		£2,059,050	£1,643,513	£1,663,096		£1,973,096	£1,557,560	£1,577,142
Upper VL £4,000/sq. m.		£2,716,788	£2,301,252	£2,320,834		£2,630,835	£2,215,298	£2,234,881
		Residual Land Value (£/ha)			Residual Land Value (£/ha)			
Lower VL £3,400/sq. m.	£1,514,232	£1,284,664	£897,119	£915,580	£1,435,442	£1,205,865	£816,092	£834,553
BASE VL £3,700/sq. m.		£1,887,651	£1,506,704	£1,524,657		£1,808,852	£1,427,906	£1,445,859
Upper VL £4,000/sq. m.		£2,490,638	£2,109,692	£2,127,644		£2,411,840	£2,030,893	£2,048,846

50 Mixed 30% AH 17.5% Profit	2018 Result (20% Profit) VL4 £3,500/sq. m.	Sensitivity Test 1 <i>Plus N N mitigation £800/dwelling</i>	Sensitivity Test 2 <i>As ST 1 also with BICS updated</i>	Sensitivity Test 3 <i>As ST 2 less previous EVP cost allowance</i>	2018 Result (20% Profit) VL4 £3,500/sq. m.	Sensitivity Test 1 <i>Plus N N mitigation £800/dwelling</i>	Sensitivity Test 2 <i>As ST 1 also with BICS updated</i>	Sensitivity Test 3 <i>As ST 2 less previous EVP cost allowance</i>
	CIL £125/sq. m.				CIL £150/sq. m.			
	Residual Land Value (£)				Residual Land Value (£)			
Lower VL £3,400/sq. m.	£1,651,890	£1,597,212	£1,180,019	£1,200,156	£1,565,936	£1,511,259	£1,091,635	£1,111,771
BASE VL £3,700/sq. m.		£2,272,236	£1,856,700	£1,876,283		£2,186,283	£1,770,746	£1,790,329
Upper VL £4,000/sq. m.		£2,947,260	£2,531,724	£2,551,306		£2,861,307	£2,445,770	£2,465,353
		Residual Land Value (£/ha)			Residual Land Value (£/ha)			
Lower VL £3,400/sq. m.	£1,514,232	£1,464,258	£1,081,792	£1,100,253	£1,435,442	£1,385,459	£1,000,765	£1,019,226
BASE VL £3,700/sq. m.		£2,083,092	£1,702,145	£1,720,098		£2,004,293	£1,623,347	£1,641,299
Upper VL £4,000/sq. m.		£2,701,925	£2,320,979	£2,338,931		£2,623,127	£2,242,180	£2,260,133

Key:

RLV beneath Viability Test 1 (RLV <£100,000/ha)
Viability Test 1 (RLV £100,000/ha to £250,000/ha)
Viability Test 2 (RLV £250,000/ha to £1,000,000/ha)
Viability Test 3 (RLV £1,000,000/ha to £1,250,000/ha)
Viability Test 4 (RLV £1,250,000/ha to £1,500,000/ha)
Viability Test 5 (RLV £1,500,000/ha to £2,217,000/ha)
RLV exceeding Viability Test 6 (RLV >£2,217,000/ha)

BLV Notes:

EUV £/ha Pre-adjustment to BLV	BLV £/Ha (@ EUV+)	Notes
£20-25,000	£100,000	Greenfield Enhancement
£20-25,000	£250,000	Greenfield Enhancement (Upper)
£865,000	£1,000,000	Commercial CBD land values based on MHCLG Land Value Estimates 2017. Includes a 20% uplift EUV to BLV.
£1,250,000	£1,250,000	Industrial land values based on MHCLG Land Value Estimates 2017. As per MHCLG no uplift applied as assumed "proxy AUV for developments on Brownfield land".
£1,250,000	£1,500,000	Commercial OOT land values based on MHCLG Land Value Estimates 2017. Includes a 20% uplift EUV to BLV.
£3,695,000	£2,217,000	Residential land values based on MHCLG Land Value Estimates 2017 as adjusted to BLV. An allowance has been made for a minimum 50% reduction to MHCLG figure to reflect adjustment for AH, other planning obligations/CIL and planning risk.

APPENDIX B



Havant BC LP Viability -
2020 Supplementary Update Note - Results & comparisons for 25 flats with retail typology
DSP 20688

25 Flats with GF Convenience Retail as per 2018 Appraisals Typology	
Net Site (ha)	0.17 (Rounded to 2 dp)
Gross Site (ha)	0.17 (Rounded to 2 dp)
Density (dph)	150
AH Proportion	20%
Value Level (Updated base test)	£3,700
<i>Note: VL sensitivity tested 'up' and 'down' from the above updated 'Base' i.e. also at £3,400/sq. m. and £4,000/sq. m. as below</i>	

N N = Nutrient Neutrality

25 Flats with GF Convenience Retail BASE TEST	2018 Results - Previous report For comparison @ 20% Profit		2020 Update - Initial Sensitivity Tests - VL Update Only No Nutrient Neutrality (N N) Specific £ Allowance @ 17.5% Profit					
	Previous VL4 £3,500/sq. m.		Lower VL £3,400/sq. m.		BASE VL £3,700/sq. m.		Upper VL £4,000/sq. m.	
	CIL @ £125/sq.m	CIL @ £150/sq.m	CIL @ £125	CIL @ £150	CIL @ £125	CIL @ £150	CIL @ £125	CIL @ £150
RLV £	£235,786	£203,813	£191,631	£159,658	£482,071	£450,097	£772,511	£740,537
RLV £/ha	£1,414,716	£1,222,878	£1,149,786	£957,948	£2,892,426	£2,700,582	£4,635,066	£4,443,222

Note: assumes profit for the commercial element also at 17.5%.

25 flats + retail 20% AH test @ 20% Profit	2018 Result (20% Profit) VL4 £3,500/sq. m.	2020 Update test - all adjustments	2018 Result (20% Profit) VL4 £3,500/sq. m.	2020 Update test - all adjustments
		Sensitivity Test 3 - With N N mitigation; Updated values and costs		Sensitivity Test 3 - With N N mitigation; Updated values and costs
		CIL @ £125/sq. m.		CIL @ £150/sq. m.
Residual Land Value (£)				
Lower VL test £3,400/sq. m.		-£148,112		-£181,876
BASE VL test £3,700/sq. m.	£235,786	£141,894	£203,813	£109,921
Upper VL £4,000/sq. m.		£424,510		£392,537
Residual Land Value (£/ha)				
Lower VL test £3,400/sq. m.		-£888,672		-£1,091,256
BASE VL test £3,700/sq. m.	£1,414,716	£851,364	£1,222,878	£659,526
Upper VL test £4,000/sq. m.		£2,547,060		£2,355,222

Note: assumes profit for the commercial element also at 20%.

25 flats + retail 20% AH test @ 17.5% Profit	2018 Result (20% Profit) VL4 £3,500/sq. m.	2020 Update test - all adjustments	2018 Result (20% Profit) VL4 £3,500/sq. m.	2020 Update test - all adjustments
		Sensitivity Test 3 - With N N mitigation; Updated values and costs		Sensitivity Test 3 - With N N mitigation; Updated values and costs
		CIL @ £125/sq. m.		CIL @ £150/sq. m.
Residual Land Value (£)				
Lower VL test £3,400/sq. m.		-£39,285		-£73,049
BASE VL test £3,700/sq. m.	£235,786	£252,831	£203,813	£220,858
Upper VL £4,000/sq. m.		£543,271		£511,297
Residual Land Value (£/ha)				
Lower VL test £3,400/sq. m.		-£235,710		-£438,294
BASE VL test £3,700/sq. m.	£1,414,716	£1,516,986	£1,222,878	£1,325,148
Upper VL test £4,000/sq. m.		£3,259,626		£3,067,782

Note: assumes profit for the commercial element also at 17.5%.

Key:

	RLV beneath Viability Test 1 (RLV <£100,000/ha)
	Viability Test 1 (RLV £100,000/ha to £250,000/ha)
	Viability Test 2 (RLV £250,000/ha to £1,000,000/ha)
	Viability Test 3 (RLV £1,000,000/ha to £1,250,000/ha)
	Viability Test 4 (RLV £1,250,000/ha to £1,500,000/ha)
	Viability Test 5 (RLV £1,500,000/ha to £2,217,000/ha)
	RLV exceeding Viability Test 6 (RLV >£2,217,000/ha)

BLV Notes:

EUV £/ha - Pre-adjustment to BLV	BLV (£/Ha) (@ EUV+)	Notes
£20-25,000	£100,000	Greenfield Enhancement
£20-25,000	£250,000	Greenfield Enhancement (Upper)
£865,000	£1,000,000	Commercial CBD land values based on MHCLG Land Value Estimates 2017. Includes a 20% uplift EUV to BLV.
£1,250,000	£1,250,000	Industrial land values based on MHCLG Land Value Estimates 2017. As per MHCLG no uplift applied as assumed "proxy AUV for developments on Brownfield land".
£1,250,000	£1,500,000	Commercial OOT land values based on MHCLG Land Value Estimates 2017. Includes a 20% uplift EUV to BLV.
£3,695,000	£2,217,000	Residential land values based on MHCLG Land Value Estimates 2017 as adjusted to BLV. An allowance has been made for a minimum 50% reduction to MHCLG figure to reflect adjustment for AH, other planning obligations/CIL and planning risk.

**APPENDIX C: Strategic Site: Residual Surplus Indications Results - Southleigh
(2020 Supplementary Update - Havant BC)**

Mixed dwellings No.							20% Developer Profit		17.5% Developer Profit		
2100	Site Type / EUV	Gross Site Area (ha)	Residential Net Site Area (ha)	At Density (dph)	Market housing sale Value £/m ²	BLV (Land cost - £/Gross Ha)	Sensitivity Test	Residual Surplus / Deficit	Residual Surplus /unit	Residual Surplus / Deficit	Residual Surplus /unit
Mixed 30% AH	Greenfield - Agricultura	154.00	52.50	40	£4,000	£100,000	No A27 Cost	N/A	N/A	N/A	N/A
							With £24.4m A27 Cost	£37,131,642	£17,682	£42,462,198	£20,220
							With A27 Cost & Increased Sustainability	£31,471,938	£14,987	£36,837,736	£17,542
						£250,000	No A27 Cost	N/A	N/A	N/A	N/A
							With £24.4m A27 Cost	£14,494,665	£6,902	£19,825,211	£9,441
							With A27 Junction & Increased Sustainability	£8,834,961	£4,207	£14,200,759	£6,762
Mixed 40% AH	Greenfield - Agricultura	154.00	52.50	40	£4,000	£100,000	No A27 Cost	N/A	N/A	N/A	N/A
							With £24.4m A27 Cost	£21,141,400	£10,067	£25,618,090	£12,199
							With A27 Junction & Increased Sustainability	£15,510,229	£7,386	£20,022,802	£9,535
						£250,000	No A27 Cost	N/A	N/A	N/A	N/A
							With £24.4m A27 Cost	£1,495,577	£712	£2,981,931	£1,420
							With A27 Junction & Increased Sustainability	Non-viable		Non-viable	

Guide to above: £250,000/ha gross area based land cost regarded as key tests
£100,000/ha gross area based land cost as lower land value sensitivity

Likely viable results from probable most relevant scenarios
Likely marginal/unviable results (note: with base sustainability cost assumption)
Likely more clearly unviable scenarios - indicated deficit outcomes

DSP 2020 (ref. 20688)

Appendix C: Strategic Site Selected Appraisal Summaries

1. 30% AH – 20% developer profit - £250k/ha land – Base sustainability
2. 30% AH – 17.5% developer profit - £250k/ha land – Base sustainability
3. 30% AH – 20% developer profit - £250k/ha land – Increased sustainability
4. 30% AH – 17.5% developer profit - £250k/ha land – Increased sustainability
5. 40% AH – 20% developer profit - £250k/ha land – Base sustainability
6. 40% AH – 17.5% developer profit - £250k/ha land – Base sustainability

Havant BC – LP Viability

DSP Supplementary Update 2020 (20688)

Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update
20688

Southleigh - 2,100 Residential
30% Affordable Housing
20% Profit Private / 6% Profit AH
£250,000/ha BLV
A27 Upgrade £24.4m (2020 update) - Base Sustainability

Development Appraisal
Prepared by DSP
Dixon Searle Partnership
15 June 2020

**Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update**

Appraisal Summary for Phase 1 Residential

Currency in £

REVENUE

Sales Valuation	Units	m ²	Sales Rate m ²	Unit Price	Gross Sales
Market 1BF	265	13,250.00	4,000.00	200,000	53,000,000
Market 2BF	235	16,450.00	4,000.00	280,000	65,800,000
Market 2BH	265	20,935.00	4,000.00	316,000	83,740,000
Market 3BH	559	55,900.00	4,000.00	400,000	223,600,000
Market 4BH	147	19,110.00	4,000.00	520,000	76,440,000
1BF AH	113	5,650.00	1,880.00	94,000	10,622,000
2BF AH	101	7,070.00	1,880.00	131,600	13,291,600
2BH AH	113	8,927.00	1,880.00	148,520	16,782,760
3BH AH	239	22,227.00	1,880.00	174,840	41,786,760
4BH AH	63	7,056.00	1,880.00	210,560	13,265,280
Non Residential Uses	1	1,240.00	1,090.44	1,352,150	1,352,150
Totals	2,101	177,815.00			599,680,550

Investment Valuation

Ground Rent

Current Rent	125,000	YP @	5.0000%	20.0000	2,500,000
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GROSS DEVELOPMENT VALUE

602,180,550

Purchaser's Costs	5.8500%	225,351
Effective Purchaser's Costs Rate	9.0140%	

225,351

NET DEVELOPMENT VALUE

601,955,199

NET REALISATION

601,955,199

OUTLAY

ACQUISITION COSTS

Fixed Price (154.0000 Ha @ 250,000.00 /Hect)		38,500,000	
			38,500,000
Stamp Duty		1,914,500	
Effective Stamp Duty Rate	4.97%		
Agent Fee	1.5000%	577,500	

This appraisal report does not constitute a formal valuation.

APPRAISAL SUMMARY**DIXON SEARLE PARTNERSHIP****Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update**

Legal Fee	0.7500%	288,750		2,780,750
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CONSTRUCTION COSTS

Construction	m ²	Build Rate m ²	Cost	
Market 1BF	15,588.24	1,341.00	20,903,824	
Market 2BF	19,352.94	1,341.00	25,952,294	
Market 2BH	20,935.00	1,341.00	28,073,835	
Market 3BH	55,900.00	1,341.00	74,961,900	
Market 4BH	19,110.00	1,341.00	25,626,510	
1BF AH	6,647.06	1,341.00	8,913,706	
2BF AH	8,317.65	1,341.00	11,153,965	
2BH AH	8,927.00	1,341.00	11,971,107	
3BH AH	22,227.00	1,341.00	29,806,407	
4BH AH	7,056.00	1,341.00	9,462,096	
Non Residential Uses	<u>1,610.00</u>	1,666.34	<u>2,682,805</u>	
Totals	185,670.88 m²		249,508,448	249,508,448

Contingency		5.0000%	15,347,564	
Utilities (Offsite)			7,000,000	
Utilities (Onsite)			5,000,000	
Green Infrastructure			14,000,000	
Primary Road System	2,100.00 un	4,500.0000 /un	9,450,000	
Abnormals			10,493,150	
Primary School			11,499,677	
Site Access / A27			24,400,000	
S106 Surplus		1.0000%	14,494,665	
Sustainable Design / Construction		2.0000%	4,990,169	
Solent SPA	2,100.00 un	564.0000 /un	1,184,400	
EVP	2,100.00 un	500.0000 /un	1,050,000	
Access M4(2) - Flats	714.00 un	494.0000 /un	352,716	
Access M4(2) - Houses	1,386.00 un	734.0000 /un	1,017,324	
Access M4(3) - Flats	714.00 un	313.0000 /un	223,482	
Access M4(3) - Houses	1,386.00 un	536.0000 /un	742,896	
				121,246,043

PROFESSIONAL FEES

Professional Fees		10.0000%	30,426,847	30,426,847
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DISPOSAL FEES

Marketing & Sales Agent Fees		3.0000%	17,949,852	
Sales Legal Fee	2,100.00 un	750.0000 /un	1,575,000	
				19,524,852

This appraisal report does not constitute a formal valuation.

**Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update****MISCELLANEOUS FEES**

AH Profit	6.0000%	5,744,904	
Market Profit	20.0000%	100,516,000	
Non-Residential	15.0000%	577,823	
			106,838,727

FINANCE

Timescale	Duration	Commences	
Pre-Construction	24	Sep 2018	
Construction	168	Sep 2020	
Sale	168	Sep 2021	
Total Duration	204		

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)

Total Finance Cost 33,129,533

TOTAL COSTS**601,955,199****PROFIT****0****Performance Measures****This appraisal report does not constitute a formal valuation.**

**Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update**

Table of Profit Amount and Gross Development Value

Sales: Rate /m ²										
Construction: Rate /m ²	-10.000%	-7.500%	-5.000%	-2.500%	0.000%	+2.500%	+5.000%	+7.500%	+10.000%	+12.500%
	3,600.00 /m ²	3,700.00 /m ²	3,800.00 /m ²	3,900.00 /m ²	4,000.00 /m ²	4,100.00 /m ²	4,200.00 /m ²	4,300.00 /m ²	4,400.00 /m ²	4,500.00 /m ²
-10.000%	-£17,145,208	-£1,899,951	£11,568,620	£24,421,552	£36,888,330	£48,834,140	£60,158,428	£71,099,631	£81,658,296	£91,946,427
1,206.90 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
-7.500%	-£29,117,124	-£12,482,125	£1,949,377	£15,316,996	£27,998,268	£40,245,348	£52,018,287	£63,151,877	£73,963,262	£84,383,773
1,240.43 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
-5.000%	-£42,738,780	-£24,080,910	-£8,056,494	£5,784,310	£18,896,666	£31,522,290	£43,579,782	£55,099,517	£66,103,686	£76,757,568
1,273.95 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
-2.500%	-£57,569,515	-£36,868,942	-£19,281,549	-£3,922,378	£9,619,243	£22,476,335	£34,942,672	£46,835,215	£58,114,551	£69,002,353
1,307.47 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
0.000%	-£74,248,636	-£51,144,035	-£31,304,533	-£14,608,093	£0	£13,368,146	£26,049,490	£38,290,473	£49,993,290	£61,090,380
1,341.00 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
+2.500%	-£92,810,549	-£66,599,711	-£44,911,786	-£26,280,100	-£10,100,778	£3,834,933	£16,951,448	£29,566,200	£41,597,006	£53,063,113
1,374.53 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
+5.000%	-£113,008,640	-£84,158,909	-£59,687,402	-£39,044,656	-£21,417,890	-£5,973,044	£7,667,659	£20,531,118	£32,989,627	£44,820,257
1,408.05 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
+7.500%	-£135,630,045	-£103,362,549	-£76,077,084	-£53,302,333	-£33,503,723	-£16,744,434	-£1,961,562	£11,415,820	£24,100,302	£36,326,741
1,441.58 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
+10.000%	-£158,868,122	-£124,575,177	-£94,452,245	-£68,634,751	-£47,085,782	-£28,479,290	-£12,155,704	£1,885,556	£15,006,231	£27,610,077
1,475.10 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
+12.500%	-£182,129,611	-£147,582,938	-£114,303,578	-£85,977,974	-£61,817,861	-£41,220,371	-£23,559,109	-£8,023,710	£5,715,839	£18,585,901
1,508.63 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050

Sensitivity Analysis : Assumptions for Calculation

Sales: Rate /m²

Original Values are varied by Steps of 2.500%.

Heading	Phase	Rate	No. of Steps
Market 1BF	1	£4,000.00	4.50 Up & Down
Market 2BF	1	£4,000.00	4.50 Up & Down
Market 4BH	1	£4,000.00	4.50 Up & Down
Market 2BH	1	£4,000.00	4.50 Up & Down
Market 3BH	1	£4,000.00	4.50 Up & Down

Construction: Rate /m²

Original Values are varied by Steps of 2.500%.

Heading	Phase	Rate	No. of Steps
Market 1BF	1	£1,341.00	4.50 Up & Down

This appraisal report does not constitute a formal valuation.

**Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update**

Market 2BF	1	£1,341.00	4.50 Up & Down
Market 2BH	1	£1,341.00	4.50 Up & Down
Market 3BH	1	£1,341.00	4.50 Up & Down
Market 4BH	1	£1,341.00	4.50 Up & Down
1BF AH	1	£1,341.00	4.50 Up & Down
2BF AH	1	£1,341.00	4.50 Up & Down
2BH AH	1	£1,341.00	4.50 Up & Down
3BH AH	1	£1,341.00	4.50 Up & Down
4BH AH	1	£1,341.00	4.50 Up & Down
Non Residential Uses	1	£1,666.34	4.50 Up & Down

This appraisal report does not constitute a formal valuation.

Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update
20688

Southleigh - 2,100 Residential
30% Affordable Housing
17.5% Profit Private / 6% Profit AH
£250,000/ha BLV
A27 Upgrade £24.4m (2020 update) - Base Sustainability

Development Appraisal
Prepared by DSP
Dixon Searle Partnership
15 June 2020

**Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update**

Appraisal Summary for Phase 1 Residential

Currency in £

REVENUE

Sales Valuation	Units	m ²	Sales Rate m ²	Unit Price	Gross Sales
Market 1BF	265	13,250.00	4,000.00	200,000	53,000,000
Market 2BF	235	16,450.00	4,000.00	280,000	65,800,000
Market 2BH	265	20,935.00	4,000.00	316,000	83,740,000
Market 3BH	559	55,900.00	4,000.00	400,000	223,600,000
Market 4BH	147	19,110.00	4,000.00	520,000	76,440,000
1BF AH	113	5,650.00	1,880.00	94,000	10,622,000
2BF AH	101	7,070.00	1,880.00	131,600	13,291,600
2BH AH	113	8,927.00	1,880.00	148,520	16,782,760
3BH AH	239	22,227.00	1,880.00	174,840	41,786,760
4BH AH	63	7,056.00	1,880.00	210,560	13,265,280
Non Residential Uses	1	1,240.00	1,090.44	1,352,150	1,352,150
Totals	2,101	177,815.00			599,680,550

Investment Valuation

Ground Rent

Current Rent	125,000	YP @	5.0000%	20.0000	2,500,000
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GROSS DEVELOPMENT VALUE

602,180,550

Purchaser's Costs	5.8500%	225,351
Effective Purchaser's Costs Rate	9.0140%	

225,351

NET DEVELOPMENT VALUE

601,955,199

NET REALISATION

601,955,199

OUTLAY

ACQUISITION COSTS

Fixed Price (154.0000 Ha @ 250,000.00 /Hect)		38,500,000	
			38,500,000
Stamp Duty		1,914,500	
Effective Stamp Duty Rate	4.97%		
Agent Fee	1.5000%	577,500	

This appraisal report does not constitute a formal valuation.

APPRAISAL SUMMARY**DIXON SEARLE PARTNERSHIP****Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update**

Legal Fee	0.7500%	288,750		2,780,750
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CONSTRUCTION COSTS

Construction	m ²	Build Rate m ²	Cost	
Market 1BF	15,588.24	1,341.00	20,903,824	
Market 2BF	19,352.94	1,341.00	25,952,294	
Market 2BH	20,935.00	1,341.00	28,073,835	
Market 3BH	55,900.00	1,341.00	74,961,900	
Market 4BH	19,110.00	1,341.00	25,626,510	
1BF AH	6,647.06	1,341.00	8,913,706	
2BF AH	8,317.65	1,341.00	11,153,965	
2BH AH	8,927.00	1,341.00	11,971,107	
3BH AH	22,227.00	1,341.00	29,806,407	
4BH AH	7,056.00	1,341.00	9,462,096	
Non Residential Uses	<u>1,610.00</u>	1,666.34	<u>2,682,805</u>	
Totals	185,670.88 m²		249,508,448	249,508,448

Contingency		5.0000%	15,347,564	
Utilities (Offsite)			7,000,000	
Utilities (Onsite)			5,000,000	
Green Infrastructure			14,000,000	
Primary Road System	2,100.00 un	4,500.0000 /un	9,450,000	
Abnormals			10,493,150	
Primary School			11,499,677	
Site Access / A27			24,400,000	
S106 Surplus		1.0000%	19,825,221	
Sustainable Design / Construction		2.0000%	4,990,169	
Solent SPA	2,100.00 un	564.0000 /un	1,184,400	
EVP	2,100.00 un	500.0000 /un	1,050,000	
Access M4(2) - Flats	714.00 un	494.0000 /un	352,716	
Access M4(2) - Houses	1,386.00 un	734.0000 /un	1,017,324	
Access M4(3) - Flats	714.00 un	313.0000 /un	223,482	
Access M4(3) - Houses	1,386.00 un	536.0000 /un	742,896	
				126,576,598

PROFESSIONAL FEES

Professional Fees		10.0000%	30,426,847	30,426,847
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DISPOSAL FEES

Marketing & Sales Agent Fees		3.0000%	17,949,852	
Sales Legal Fee	2,100.00 un	750.0000 /un	1,575,000	
				19,524,852

This appraisal report does not constitute a formal valuation.

**Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update****MISCELLANEOUS FEES**

AH Profit	6.0000%	5,744,904	
Market Profit	17.5000%	87,951,500	
Non-Residential	15.0000%	577,823	
			94,274,226

FINANCE

Timescale	Duration	Commences
Pre-Construction	24	Sep 2018
Construction	168	Sep 2020
Sale	168	Sep 2021
Total Duration	204	

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)

Total Finance Cost 40,363,477

TOTAL COSTS**601,955,199****PROFIT****0****Performance Measures****This appraisal report does not constitute a formal valuation.**

**Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update**

Table of Profit Amount and Gross Development Value

Sales: Rate /m ²										
Construction: Rate /m ²	-10.000%	-7.500%	-5.000%	-2.500%	0.000%	+2.500%	+5.000%	+7.500%	+10.000%	+12.500%
	3,600.00 /m ²	3,700.00 /m ²	3,800.00 /m ²	3,900.00 /m ²	4,000.00 /m ²	4,100.00 /m ²	4,200.00 /m ²	4,300.00 /m ²	4,400.00 /m ²	4,500.00 /m ²
-10.000%	(£19,494,869)	(£3,201,443)	£11,245,176	£25,013,465	£38,176,091	£51,007,062	£63,328,345	£75,142,889	£86,504,630	£97,566,599
1,206.90 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
-7.500%	(£32,795,833)	(£14,220,792)	£1,313,091	£15,394,222	£29,071,535	£42,069,873	£54,678,327	£66,902,641	£78,490,326	£89,754,162
1,240.43 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
-5.000%	(£47,277,535)	(£26,705,690)	(£9,277,539)	£5,754,207	£19,543,267	£32,965,317	£45,927,983	£58,349,458	£70,371,492	£81,798,341
1,273.95 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
-2.500%	(£64,019,493)	(£40,520,924)	(£20,904,074)	(£4,581,477)	£9,924,024	£23,692,313	£36,859,099	£49,685,826	£61,985,107	£73,744,225
1,307.47 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
0.000%	(£82,594,323)	(£55,957,743)	(£34,199,601)	(£15,656,137)	£0	£14,073,070	£27,753,158	£40,751,439	£53,360,894	£65,529,076
1,341.00 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
+2.500%	(£103,273,907)	(£73,499,681)	(£48,601,720)	(£28,119,871)	(£10,674,451)	£4,437,027	£18,222,116	£31,648,324	£44,601,156	£57,023,938
1,374.53 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
+5.000%	(£126,224,526)	(£92,846,082)	(£65,009,395)	(£41,894,697)	(£22,317,533)	(£5,961,511)	£8,602,873	£22,369,363	£35,542,107	£48,362,668
1,408.05 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
+7.500%	(£149,486,015)	(£114,598,476)	(£83,363,921)	(£57,111,623)	(£35,603,369)	(£17,091,482)	(£1,317,393)	£12,751,918	£26,430,023	£39,430,886
1,441.58 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
+10.000%	(£172,747,504)	(£137,755,457)	(£103,442,907)	(£74,468,133)	(£49,956,497)	(£29,534,053)	(£12,084,481)	£3,116,102	£16,900,964	£30,331,332
1,475.10 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
+12.500%	(£196,008,992)	(£161,016,946)	(£126,047,184)	(£93,383,311)	(£66,068,393)	(£43,277,198)	(£23,735,151)	(£7,341,545)	£7,281,721	£21,045,767
1,508.63 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050

Sensitivity Analysis : Assumptions for Calculation

Sales: Rate /m²

Original Values are varied by Steps of 2.500%.

Heading	Phase	Rate	No. of Steps
Market 1BF	1	£4,000.00	4.50 Up & Down
Market 2BF	1	£4,000.00	4.50 Up & Down
Market 4BH	1	£4,000.00	4.50 Up & Down
Market 2BH	1	£4,000.00	4.50 Up & Down
Market 3BH	1	£4,000.00	4.50 Up & Down

Construction: Rate /m²

Original Values are varied by Steps of 2.500%.

Heading	Phase	Rate	No. of Steps
Market 1BF	1	£1,341.00	4.50 Up & Down

Market 1BF: This appraisal report does not constitute a formal valuation.

**Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update**

Market 2BF	1	£1,341.00	4.50 Up & Down
Market 2BH	1	£1,341.00	4.50 Up & Down
Market 3BH	1	£1,341.00	4.50 Up & Down
Market 4BH	1	£1,341.00	4.50 Up & Down
1BF AH	1	£1,341.00	4.50 Up & Down
2BF AH	1	£1,341.00	4.50 Up & Down
2BH AH	1	£1,341.00	4.50 Up & Down
3BH AH	1	£1,341.00	4.50 Up & Down
4BH AH	1	£1,341.00	4.50 Up & Down
Non Residential Uses	1	£1,666.34	4.50 Up & Down

This appraisal report does not constitute a formal valuation.

Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update
20688

Southleigh - 2,100 Residential
30% Affordable Housing
20% Profit Private / 6% Profit AH
£250,000/ha BLV
A27 Upgrade £24.4m (2020 update) - Increased Sustainability

Development Appraisal
Prepared by DSP
Dixon Searle Partnership
15 June 2020

**Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update**

Appraisal Summary for Phase 1 Residential

Currency in £

REVENUE

Sales Valuation	Units	m ²	Sales Rate m ²	Unit Price	Gross Sales
Market 1BF	265	13,250.00	4,000.00	200,000	53,000,000
Market 2BF	235	16,450.00	4,000.00	280,000	65,800,000
Market 2BH	265	20,935.00	4,000.00	316,000	83,740,000
Market 3BH	559	55,900.00	4,000.00	400,000	223,600,000
Market 4BH	147	19,110.00	4,000.00	520,000	76,440,000
1BF AH	113	5,650.00	1,880.00	94,000	10,622,000
2BF AH	101	7,070.00	1,880.00	131,600	13,291,600
2BH AH	113	8,927.00	1,880.00	148,520	16,782,760
3BH AH	239	22,227.00	1,880.00	174,840	41,786,760
4BH AH	63	7,056.00	1,880.00	210,560	13,265,280
Non Residential Uses	1	1,240.00	1,090.44	1,352,150	1,352,150
Totals	2,101	177,815.00			599,680,550

Investment Valuation

Ground Rent

Current Rent	125,000	YP @	5.0000%	20.0000	2,500,000
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GROSS DEVELOPMENT VALUE

602,180,550

Purchaser's Costs	5.8500%	225,351
Effective Purchaser's Costs Rate	9.0140%	

225,351

NET DEVELOPMENT VALUE

601,955,199

NET REALISATION

601,955,199

OUTLAY

ACQUISITION COSTS

Fixed Price (154.0000 Ha @ 250,000.00 /Hect)		38,500,000	
			38,500,000
Stamp Duty		1,914,500	
Effective Stamp Duty Rate	4.97%		
Agent Fee	1.5000%	577,500	

This appraisal report does not constitute a formal valuation.

APPRAISAL SUMMARY**DIXON SEARLE PARTNERSHIP****Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update**

Legal Fee	0.7500%	288,750	2,780,750
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CONSTRUCTION COSTS

Construction	m ²	Build Rate m ²	Cost	
Market 1BF	15,588.24	1,341.00	20,903,824	
Market 2BF	19,352.94	1,341.00	25,952,294	
Market 2BH	20,935.00	1,341.00	28,073,835	
Market 3BH	55,900.00	1,341.00	74,961,900	
Market 4BH	19,110.00	1,341.00	25,626,510	
1BF AH	6,647.06	1,341.00	8,913,706	
2BF AH	8,317.65	1,341.00	11,153,965	
2BH AH	8,927.00	1,341.00	11,971,107	
3BH AH	22,227.00	1,341.00	29,806,407	
4BH AH	7,056.00	1,341.00	9,462,096	
Non Residential Uses	<u>1,610.00</u>	1,666.34	<u>2,682,805</u>	
Totals	185,670.88 m²		249,508,448	249,508,448

Contingency		5.0000%	15,347,564	
Utilities (Offsite)			7,000,000	
Utilities (Onsite)			5,000,000	
Green Infrastructure			14,000,000	
Primary Road System	2,100.00 un	4,500.0000 /un	9,450,000	
Abnormals			10,493,150	
Primary School			11,499,677	
Site Access / A27			24,400,000	
S106 Surplus		1.0000%	8,834,961	
Sustainable Design / Construction		6.0000%	14,970,507	
Solent SPA	2,100.00 un	564.0000 /un	1,184,400	
EVP	2,100.00 un	500.0000 /un	1,050,000	
Access M4(2) - Flats	714.00 un	494.0000 /un	352,716	
Access M4(2) - Houses	1,386.00 un	734.0000 /un	1,017,324	
Access M4(3) - Flats	714.00 un	313.0000 /un	223,482	
Access M4(3) - Houses	1,386.00 un	536.0000 /un	742,896	
				125,566,677

PROFESSIONAL FEES

Professional Fees		10.0000%	30,426,847	30,426,847
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DISPOSAL FEES

Marketing & Sales Agent Fees		3.0000%	17,949,852	
Sales Legal Fee	2,100.00 un	750.0000 /un	1,575,000	
				19,524,852

This appraisal report does not constitute a formal valuation.

**Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update****MISCELLANEOUS FEES**

AH Profit	6.0000%	5,744,904	
Market Profit	20.0000%	100,516,000	
Non-Residential	15.0000%	577,823	
			106,838,727

FINANCE

Timescale	Duration	Commences
Pre-Construction	24	Sep 2018
Construction	168	Sep 2020
Sale	168	Sep 2021
Total Duration	204	

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)

Total Finance Cost 28,808,899

TOTAL COSTS**601,955,199****PROFIT****0****Performance Measures****This appraisal report does not constitute a formal valuation.**

**Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update**

Table of Profit Amount and Gross Development Value

Sales: Rate /m ²										
Construction: Rate /m ²	-10.000%	-7.500%	-5.000%	-2.500%	0.000%	+2.500%	+5.000%	+7.500%	+10.000%	+12.500%
	3,600.00 /m ²	3,700.00 /m ²	3,800.00 /m ²	3,900.00 /m ²	4,000.00 /m ²	4,100.00 /m ²	4,200.00 /m ²	4,300.00 /m ²	4,400.00 /m ²	4,500.00 /m ²
-10.000%	(£15,495,014)	(£583,884)	£12,823,801	£25,519,697	£37,733,902	£49,350,048	£60,352,647	£70,964,832	£81,247,116	£91,486,385
1,206.90 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
-7.500%	(£27,759,323)	(£11,255,569)	£2,925,631	£16,112,116	£28,734,056	£40,725,852	£52,104,655	£62,960,985	£73,428,778	£83,681,195
1,240.43 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
-5.000%	(£41,616,407)	(£23,157,233)	(£7,285,526)	£6,435,146	£19,383,440	£31,851,617	£43,640,631	£54,799,918	£65,518,017	£75,866,333
1,273.95 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
-2.500%	(£56,851,323)	(£36,225,453)	(£18,796,024)	(£3,579,858)	£9,915,578	£22,649,445	£34,883,089	£46,475,085	£57,440,770	£68,025,401
1,307.47 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
0.000%	(£74,004,864)	(£50,958,650)	(£31,200,751)	(£14,510,791)	£0	£13,241,861	£25,865,639	£37,858,283	£49,222,247	£60,031,501
1,341.00 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
+2.500%	(£93,198,395)	(£66,933,935)	(£45,212,463)	(£26,590,397)	(£10,388,804)	£3,509,515	£16,513,185	£28,994,072	£40,760,555	£51,893,562
1,374.53 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
+5.000%	(£114,165,865)	(£85,149,914)	(£60,538,719)	(£39,810,205)	(£22,098,529)	(£6,659,827)	£6,999,512	£19,779,193	£32,024,270	£43,580,955
1,408.05 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
+7.500%	(£137,661,989)	(£105,154,556)	(£77,655,509)	(£54,619,829)	(£34,650,667)	(£17,811,801)	(£2,964,756)	£10,370,619	£22,990,957	£34,985,484
1,441.58 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
+10.000%	(£161,697,064)	(£127,330,738)	(£96,783,648)	(£70,613,152)	(£48,828,803)	(£30,031,825)	(£13,562,435)	£583,884	£13,642,929	£26,124,585
1,475.10 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
+12.500%	(£185,744,662)	(£151,197,989)	(£117,526,429)	(£88,782,274)	(£64,229,069)	(£43,394,957)	(£25,448,929)	(£9,740,668)	£4,079,961	£16,900,025
1,508.63 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050

Sensitivity Analysis : Assumptions for Calculation

Sales: Rate /m²

Original Values are varied by Steps of 2.500%.

Heading	Phase	Rate	No. of Steps
Market 1BF	1	£4,000.00	4.50 Up & Down
Market 2BF	1	£4,000.00	4.50 Up & Down
Market 4BH	1	£4,000.00	4.50 Up & Down
Market 2BH	1	£4,000.00	4.50 Up & Down
Market 3BH	1	£4,000.00	4.50 Up & Down

Construction: Rate /m²

Original Values are varied by Steps of 2.500%.

Heading	Phase	Rate	No. of Steps
Market 1BF	1	£1,341.00	4.50 Up & Down

Market 1BF: This appraisal report does not constitute a formal valuation.

**Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update**

Market 2BF	1	£1,341.00	4.50 Up & Down
Market 2BH	1	£1,341.00	4.50 Up & Down
Market 3BH	1	£1,341.00	4.50 Up & Down
Market 4BH	1	£1,341.00	4.50 Up & Down
1BF AH	1	£1,341.00	4.50 Up & Down
2BF AH	1	£1,341.00	4.50 Up & Down
2BH AH	1	£1,341.00	4.50 Up & Down
3BH AH	1	£1,341.00	4.50 Up & Down
4BH AH	1	£1,341.00	4.50 Up & Down
Non Residential Uses	1	£1,666.34	4.50 Up & Down

This appraisal report does not constitute a formal valuation.

Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update
20688

Southleigh - 2,100 Residential
30% Affordable Housing
17.5% Profit Private / 6% Profit AH
£250,000/ha BLV
A27 Upgrade £24.4m (2020 update) - Increased Sustainability

Development Appraisal
Prepared by DSP
Dixon Searle Partnership
15 June 2020

**Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update**

Appraisal Summary for Phase 1 Residential

Currency in £

REVENUE

Sales Valuation	Units	m ²	Sales Rate m ²	Unit Price	Gross Sales
Market 1BF	265	13,250.00	4,000.00	200,000	53,000,000
Market 2BF	235	16,450.00	4,000.00	280,000	65,800,000
Market 2BH	265	20,935.00	4,000.00	316,000	83,740,000
Market 3BH	559	55,900.00	4,000.00	400,000	223,600,000
Market 4BH	147	19,110.00	4,000.00	520,000	76,440,000
1BF AH	113	5,650.00	1,880.00	94,000	10,622,000
2BF AH	101	7,070.00	1,880.00	131,600	13,291,600
2BH AH	113	8,927.00	1,880.00	148,520	16,782,760
3BH AH	239	22,227.00	1,880.00	174,840	41,786,760
4BH AH	63	7,056.00	1,880.00	210,560	13,265,280
Non Residential Uses	1	1,240.00	1,090.44	1,352,150	1,352,150
Totals	2,101	177,815.00			599,680,550

Investment Valuation

Ground Rent

Current Rent	125,000	YP @	5.0000%	20.0000	2,500,000
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GROSS DEVELOPMENT VALUE

602,180,550

Purchaser's Costs	5.8500%	225,351
Effective Purchaser's Costs Rate	9.0140%	

225,351

NET DEVELOPMENT VALUE

601,955,199

NET REALISATION

601,955,199

OUTLAY

ACQUISITION COSTS

Fixed Price (154.0000 Ha @ 250,000.00 /Hect)		38,500,000	
			38,500,000
Stamp Duty		1,914,500	
Effective Stamp Duty Rate	4.97%		
Agent Fee	1.5000%	577,500	

This appraisal report does not constitute a formal valuation.

APPRAISAL SUMMARY**DIXON SEARLE PARTNERSHIP****Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update**

Legal Fee	0.7500%	288,750		2,780,750
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CONSTRUCTION COSTS

Construction	m ²	Build Rate m ²	Cost	
Market 1BF	15,588.24	1,341.00	20,903,824	
Market 2BF	19,352.94	1,341.00	25,952,294	
Market 2BH	20,935.00	1,341.00	28,073,835	
Market 3BH	55,900.00	1,341.00	74,961,900	
Market 4BH	19,110.00	1,341.00	25,626,510	
1BF AH	6,647.06	1,341.00	8,913,706	
2BF AH	8,317.65	1,341.00	11,153,965	
2BH AH	8,927.00	1,341.00	11,971,107	
3BH AH	22,227.00	1,341.00	29,806,407	
4BH AH	7,056.00	1,341.00	9,462,096	
Non Residential Uses	<u>1,610.00</u>	1,666.34	<u>2,682,805</u>	
Totals	185,670.88 m²		249,508,448	249,508,448

Contingency		5.0000%	15,347,564	
Utilities (Offsite)			7,000,000	
Utilities (Onsite)			5,000,000	
Green Infrastructure			14,000,000	
Primary Road System	2,100.00 un	4,500.0000 /un	9,450,000	
Abnormals			10,493,150	
Primary School			11,499,677	
Site Access / A27			24,400,000	
S106 Surplus		1.0000%	14,200,759	
Sustainable Design / Construction		6.0000%	14,970,507	
Solent SPA	2,100.00 un	564.0000 /un	1,184,400	
EVP	2,100.00 un	500.0000 /un	1,050,000	
Access M4(2) - Flats	714.00 un	494.0000 /un	352,716	
Access M4(2) - Houses	1,386.00 un	734.0000 /un	1,017,324	
Access M4(3) - Flats	714.00 un	313.0000 /un	223,482	
Access M4(3) - Houses	1,386.00 un	536.0000 /un	742,896	
				130,932,474

PROFESSIONAL FEES

Professional Fees		10.0000%	30,426,847	30,426,847
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DISPOSAL FEES

Marketing & Sales Agent Fees		3.0000%	17,949,852	
Sales Legal Fee	2,100.00 un	750.0000 /un	1,575,000	
				19,524,852

This appraisal report does not constitute a formal valuation.

**Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update****MISCELLANEOUS FEES**

AH Profit	6.0000%	5,744,904	
Market Profit	17.5000%	87,951,500	
Non-Residential	15.0000%	577,823	
			94,274,226

FINANCE

Timescale	Duration	Commences	
Pre-Construction	24	Sep 2018	
Construction	168	Sep 2020	
Sale	168	Sep 2021	
Total Duration	204		

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)

Total Finance Cost 36,007,601

TOTAL COSTS**601,955,199****PROFIT****0****Performance Measures****This appraisal report does not constitute a formal valuation.**

**Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update**

Table of Profit Amount and Gross Development Value

Sales: Rate /m ²										
Construction: Rate /m ²	-10.000%	-7.500%	-5.000%	-2.500%	0.000%	+2.500%	+5.000%	+7.500%	+10.000%	+12.500%
	3,600.00 /m ²	3,700.00 /m ²	3,800.00 /m ²	3,900.00 /m ²	4,000.00 /m ²	4,100.00 /m ²	4,200.00 /m ²	4,300.00 /m ²	4,400.00 /m ²	4,500.00 /m ²
-10.000%	(£17,760,792)	(£1,766,943)	£12,465,796	£26,190,661	£39,203,565	£51,803,780	£63,910,302	£75,374,907	£86,505,902	£97,243,701
1,206.90 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
-7.500%	(£31,331,053)	(£13,056,123)	£2,347,881	£16,289,423	£29,790,663	£42,751,497	£55,164,444	£67,040,269	£78,371,875	£89,355,832
1,240.43 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
-5.000%	(£46,189,961)	(£25,772,726)	(£8,546,601)	£6,344,762	£20,113,051	£33,376,099	£46,217,171	£58,457,787	£70,102,252	£81,320,251
1,273.95 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
-2.500%	(£63,321,128)	(£39,971,535)	(£20,427,083)	(£4,217,496)	£10,168,389	£23,910,270	£36,961,535	£49,598,034	£61,669,302	£73,125,959
1,307.47 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
0.000%	(£82,497,298)	(£55,873,892)	(£34,143,859)	(£15,656,137)	£0	£13,992,017	£27,548,633	£40,514,030	£52,940,252	£64,801,963
1,341.00 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
+2.500%	(£103,921,082)	(£74,024,657)	(£49,043,145)	(£28,507,961)	(£11,049,430)	£4,047,356	£17,815,644	£31,134,069	£43,996,131	£56,220,992
1,374.53 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
+5.000%	(£127,679,013)	(£94,136,485)	(£66,119,152)	(£42,817,355)	(£23,141,684)	(£6,689,474)	£7,870,983	£21,621,983	£34,719,505	£47,389,150
1,408.05 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
+7.500%	(£151,726,611)	(£116,804,617)	(£85,210,454)	(£58,712,041)	(£36,956,664)	(£18,256,151)	(£2,375,144)	£11,694,611	£25,306,404	£38,274,671
1,441.58 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
+10.000%	(£175,774,209)	(£140,782,163)	(£106,236,943)	(£76,807,622)	(£51,900,884)	(£31,253,628)	(£13,620,420)	£1,728,951	£15,518,238	£28,892,038
1,475.10 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050
+12.500%	(£199,821,807)	(£164,829,761)	(£129,839,676)	(£96,692,977)	(£68,922,403)	(£45,669,326)	(£25,876,030)	(£9,161,452)	£5,573,577	£19,330,043
1,508.63 /m ²	£551,922,550	£564,487,050	£577,051,550	£589,616,050	£602,180,550	£614,745,050	£627,309,550	£639,874,050	£652,438,550	£665,003,050

Sensitivity Analysis : Assumptions for Calculation

Sales: Rate /m²

Original Values are varied by Steps of 2.500%.

Heading	Phase	Rate	No. of Steps
Market 1BF	1	£4,000.00	4.50 Up & Down
Market 2BF	1	£4,000.00	4.50 Up & Down
Market 4BH	1	£4,000.00	4.50 Up & Down
Market 2BH	1	£4,000.00	4.50 Up & Down
Market 3BH	1	£4,000.00	4.50 Up & Down

Construction: Rate /m²

Original Values are varied by Steps of 2.500%.

Heading	Phase	Rate	No. of Steps
Market 1BF	1	£1,341.00	4.50 Up & Down

This appraisal report does not constitute a formal valuation.

**Havant Borough Council
Southleigh Strategic Site
2020 Supplementary Update**

Market 2BF	1	£1,341.00	4.50 Up & Down
Market 2BH	1	£1,341.00	4.50 Up & Down
Market 3BH	1	£1,341.00	4.50 Up & Down
Market 4BH	1	£1,341.00	4.50 Up & Down
1BF AH	1	£1,341.00	4.50 Up & Down
2BF AH	1	£1,341.00	4.50 Up & Down
2BH AH	1	£1,341.00	4.50 Up & Down
3BH AH	1	£1,341.00	4.50 Up & Down
4BH AH	1	£1,341.00	4.50 Up & Down
Non Residential Uses	1	£1,666.34	4.50 Up & Down

This appraisal report does not constitute a formal valuation.

Havant Borough Council
Southleigh Strategic Site
Supplementary Update 2020
20688

Southleigh - 2,100 Residential
40% Affordable Housing
20% Profit Private / 6% Profit AH
£250,000/ha BLV
With A27 Upgrade - Base Sustainability Cost

Development Appraisal
Prepared by DSP
Dixon Searle Partnership
15 June 2020

**Havant Borough Council
Southleigh Strategic Site
Supplementary Update 2020**

Appraisal Summary for Phase 1 Residential

Currency in £

REVENUE

Sales Valuation	Units	m ²	Sales Rate m ²	Unit Price	Gross Sales
Market 1BF	227	11,350.00	4,000.00	200,000	45,400,000
Market 2BF	202	14,140.00	4,000.00	280,000	56,560,000
Market 2BH	227	17,933.00	4,000.00	316,000	71,732,000
Market 3BH	479	47,900.00	4,000.00	400,000	191,600,000
Market 4BH	126	16,380.00	4,000.00	520,000	65,520,000
1BF AH	151	7,550.00	1,880.00	94,000	14,194,000
2BF AH	134	9,380.00	1,880.00	131,600	17,634,400
2BH AH	151	11,929.00	1,880.00	148,520	22,426,520
3BH AH	319	29,667.00	1,880.00	174,840	55,773,960
4BH AH	84	9,408.00	1,880.00	210,560	17,687,040
Non Residential Uses	1	1,240.00	1,090.44	1,352,150	1,352,150
Totals	2,101	176,877.00			559,880,070

Investment Valuation

Ground Rent

Current Rent	125,000	YP @	5.0000%	20.0000	2,500,000
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GROSS DEVELOPMENT VALUE

562,380,070

Purchaser's Costs	5.8500%	225,351
Effective Purchaser's Costs Rate	9.0140%	

225,351

NET DEVELOPMENT VALUE

562,154,719

NET REALISATION

562,154,719

OUTLAY

ACQUISITION COSTS

Fixed Price (154.0000 Ha @ 250,000.00 /Hect)		38,500,000	
			38,500,000
Stamp Duty		1,914,500	
Effective Stamp Duty Rate	4.97%		
Agent Fee	1.5000%	577,500	

This appraisal report does not constitute a formal valuation.

APPRAISAL SUMMARY**DIXON SEARLE PARTNERSHIP****Havant Borough Council
Southleigh Strategic Site
Supplementary Update 2020**

Legal Fee	0.7500%	288,750		2,780,750
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CONSTRUCTION COSTS

Construction	m ²	Build Rate m ²	Cost	
Market 1BF	13,352.94	1,341.00	17,906,294	
Market 2BF	16,635.29	1,341.00	22,307,929	
Market 2BH	17,933.00	1,341.00	24,048,153	
Market 3BH	47,900.00	1,341.00	64,233,900	
Market 4BH	16,380.00	1,341.00	21,965,580	
1BF AH	8,882.35	1,341.00	11,911,235	
2BF AH	11,035.29	1,341.00	14,798,329	
2BH AH	11,929.00	1,341.00	15,996,789	
3BH AH	29,667.00	1,341.00	39,783,447	
4BH AH	9,408.00	1,341.00	12,616,128	
Non Residential Uses	<u>1,610.00</u>	1,666.34	<u>2,682,805</u>	
Totals	184,732.88 m²		248,250,590	248,250,590

Contingency		5.0000%	15,284,671	
Utilities (Offsite)			7,000,000	
Utilities (Onsite)			5,000,000	
Green Infrastructure			14,000,000	
Primary Road System	2,100.00 un	4,500.0000 /un	9,450,000	
Abnormals			10,493,150	
Primary School			11,499,677	
Site Access / A27			24,400,000	
S106 Surplus		1.0000%	1,495,577	
Sustainable Design / Construction		2.0000%	4,965,012	
Solent SPA	2,100.00 un	564.0000 /un	1,184,400	
EVP	2,100.00 un	500.0000 /un	1,050,000	
Access M4(2) - Flats	714.00 un	494.0000 /un	352,716	
Access M4(2) - Houses	1,386.00 un	734.0000 /un	1,017,324	
Access M4(3) - Flats	714.00 un	313.0000 /un	223,482	
Access M4(3) - Houses	1,386.00 un	536.0000 /un	742,896	
				105,167,751

PROFESSIONAL FEES

Professional Fees		10.0000%	30,301,061	30,301,061
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DISPOSAL FEES

Marketing & Sales Agent Fees		3.0000%	16,755,838	
Sales Legal Fee	2,100.00 un	750.0000 /un	1,575,000	
				18,330,838

This appraisal report does not constitute a formal valuation.

APPRAISAL SUMMARY**DIXON SEARLE PARTNERSHIP****Havant Borough Council
Southleigh Strategic Site
Supplementary Update 2020****MISCELLANEOUS FEES**

AH Profit	6.0000%	7,662,955	
Market Profit	20.0000%	86,162,400	
Non-Residential	15.0000%	577,823	
			94,403,178

FINANCE

Timescale	Duration	Commences
Pre-Construction	24	Sep 2018
Construction	168	Sep 2020
Sale	168	Sep 2021
Total Duration	204	

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)

Total Finance Cost 24,420,552

TOTAL COSTS**562,154,719****PROFIT****0****Performance Measures****This appraisal report does not constitute a formal valuation.**

Havant Borough Council
 Southleigh Strategic Site
 Supplementary Update 2020

Table of Profit Amount and Gross Development Value

Sales: Rate /m ²										
Construction: Rate /m ²	-10.000%	-7.500%	-5.000%	-2.500%	0.000%	+2.500%	+5.000%	+7.500%	+10.000%	+12.500%
	3,600.00 /m ²	3,700.00 /m ²	3,800.00 /m ²	3,900.00 /m ²	4,000.00 /m ²	4,100.00 /m ²	4,200.00 /m ²	4,300.00 /m ²	4,400.00 /m ²	4,500.00 /m ²
-10.000%	(£8,692,689)	£3,684,512	£15,213,625	£26,163,505	£36,718,967	£46,726,222	£56,149,611	£65,213,027	£74,014,077	£82,743,130
1,206.90 /m ²	£519,298,870	£530,069,170	£540,839,470	£551,609,770	£562,380,070	£573,150,370	£583,920,670	£594,690,970	£605,461,270	£616,231,570
-7.500%	(£20,157,273)	(£6,433,166)	£5,646,595	£17,104,842	£27,964,342	£38,354,793	£48,222,168	£57,517,819	£66,497,439	£75,265,196
1,240.43 /m ²	£519,298,870	£530,069,170	£540,839,470	£551,609,770	£562,380,070	£573,150,370	£583,920,670	£594,690,970	£605,461,270	£616,231,570
-5.000%	(£33,342,307)	(£17,625,567)	(£4,177,287)	£7,608,678	£18,919,031	£29,729,591	£39,969,191	£49,668,447	£58,862,845	£67,762,791
1,273.95 /m ²	£519,298,870	£530,069,170	£540,839,470	£551,609,770	£562,380,070	£573,150,370	£583,920,670	£594,690,970	£605,461,270	£616,231,570
-2.500%	(£47,829,247)	(£30,233,283)	(£15,199,600)	(£1,981,697)	£9,570,761	£20,733,221	£31,446,195	£41,539,940	£51,069,481	£60,185,980
1,307.47 /m ²	£519,298,870	£530,069,170	£540,839,470	£551,609,770	£562,380,070	£573,150,370	£583,920,670	£594,690,970	£605,461,270	£616,231,570
0.000%	(£64,499,341)	(£44,420,414)	(£27,256,679)	(£12,775,547)	£0	£11,531,178	£22,538,697	£33,112,223	£43,060,596	£52,447,171
1,341.00 /m ²	£519,298,870	£530,069,170	£540,839,470	£551,609,770	£562,380,070	£573,150,370	£583,920,670	£594,690,970	£605,461,270	£616,231,570
+2.500%	(£83,119,707)	(£60,141,988)	(£41,039,350)	(£24,486,247)	(£10,395,278)	£1,962,083	£13,457,920	£24,329,762	£34,736,124	£44,535,106
1,374.53 /m ²	£519,298,870	£530,069,170	£540,839,470	£551,609,770	£562,380,070	£573,150,370	£583,920,670	£594,690,970	£605,461,270	£616,231,570
+5.000%	(£104,011,059)	(£78,236,677)	(£56,187,075)	(£37,841,789)	(£21,867,906)	(£8,121,595)	£3,924,166	£15,302,937	£26,089,687	£36,321,956
1,408.05 /m ²	£519,298,870	£530,069,170	£540,839,470	£551,609,770	£562,380,070	£573,150,370	£583,920,670	£594,690,970	£605,461,270	£616,231,570
+7.500%	(£126,831,107)	(£98,087,222)	(£73,496,873)	(£52,440,653)	(£34,732,634)	(£19,353,798)	(£5,872,909)	£5,886,249	£17,107,366	£27,807,701
1,441.58 /m ²	£519,298,870	£530,069,170	£540,839,470	£551,609,770	£562,380,070	£573,150,370	£583,920,670	£594,690,970	£605,461,270	£616,231,570
+10.000%	(£149,975,367)	(£120,406,775)	(£92,668,599)	(£69,051,567)	(£49,010,853)	(£31,655,082)	(£16,928,768)	(£3,770,475)	£7,848,332	£18,904,202
1,475.10 /m ²	£519,298,870	£530,069,170	£540,839,470	£551,609,770	£562,380,070	£573,150,370	£583,920,670	£594,690,970	£605,461,270	£616,231,570
+12.500%	(£173,119,627)	(£143,506,456)	(£114,095,328)	(£87,567,069)	(£64,723,967)	(£45,625,052)	(£28,817,523)	(£14,504,715)	(£1,732,759)	£9,788,795
1,508.63 /m ²	£519,298,870	£530,069,170	£540,839,470	£551,609,770	£562,380,070	£573,150,370	£583,920,670	£594,690,970	£605,461,270	£616,231,570

Sensitivity Analysis : Assumptions for Calculation

Sales: Rate /m²

Original Values are varied by Steps of 2.500%.

Heading	Phase	Rate	No. of Steps
Market 1BF	1	£4,000.00	4.50 Up & Down
Market 2BF	1	£4,000.00	4.50 Up & Down
Market 4BH	1	£4,000.00	4.50 Up & Down
Market 2BH	1	£4,000.00	4.50 Up & Down
Market 3BH	1	£4,000.00	4.50 Up & Down

Construction: Rate /m²

Original Values are varied by Steps of 2.500%.

Heading	Phase	Rate	No. of Steps
Market 1BF	1	£1,341.00	4.50 Up & Down

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**Havant Borough Council
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Market 2BF	1	£1,341.00	4.50 Up & Down
Market 2BH	1	£1,341.00	4.50 Up & Down
Market 3BH	1	£1,341.00	4.50 Up & Down
Market 4BH	1	£1,341.00	4.50 Up & Down
1BF AH	1	£1,341.00	4.50 Up & Down
2BF AH	1	£1,341.00	4.50 Up & Down
2BH AH	1	£1,341.00	4.50 Up & Down
3BH AH	1	£1,341.00	4.50 Up & Down
4BH AH	1	£1,341.00	4.50 Up & Down
Non Residential Uses	1	£1,666.34	4.50 Up & Down

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Southleigh - 2,100 Residential
40% Affordable Housing
17.5% Profit Private / 6% Profit AH
£250,000/ha BLV
With A27 Upgrade - Base Sustainability Cost

Development Appraisal
Prepared by DSP
Dixon Searle Partnership
15 June 2020

**Havant Borough Council
Southleigh Strategic Site
Supplementary Update 2020**

Appraisal Summary for Phase 1 Residential

Currency in £

REVENUE

Sales Valuation	Units	m ²	Sales Rate m ²	Unit Price	Gross Sales
Market 1BF	227	11,350.00	4,000.00	200,000	45,400,000
Market 2BF	202	14,140.00	4,000.00	280,000	56,560,000
Market 2BH	227	17,933.00	4,000.00	316,000	71,732,000
Market 3BH	479	47,900.00	4,000.00	400,000	191,600,000
Market 4BH	126	16,380.00	4,000.00	520,000	65,520,000
1BF AH	151	7,550.00	1,880.00	94,000	14,194,000
2BF AH	134	9,380.00	1,880.00	131,600	17,634,400
2BH AH	151	11,929.00	1,880.00	148,520	22,426,520
3BH AH	319	29,667.00	1,880.00	174,840	55,773,960
4BH AH	84	9,408.00	1,880.00	210,560	17,687,040
Non Residential Uses	1	1,240.00	1,090.44	1,352,150	1,352,150
Totals	2,101	176,877.00			559,880,070

Investment Valuation

Ground Rent

Current Rent	125,000	YP @	5.0000%	20.0000	2,500,000
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GROSS DEVELOPMENT VALUE

562,380,070

Purchaser's Costs	5.8500%	225,351
Effective Purchaser's Costs Rate	9.0140%	

225,351

NET DEVELOPMENT VALUE

562,154,719

NET REALISATION

562,154,719

OUTLAY

ACQUISITION COSTS

Fixed Price (154.0000 Ha @ 250,000.00 /Hect)		38,500,000	
			38,500,000
Stamp Duty		1,914,500	
Effective Stamp Duty Rate	4.97%		
Agent Fee	1.5000%	577,500	

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APPRAISAL SUMMARY**DIXON SEARLE PARTNERSHIP****Havant Borough Council
Southleigh Strategic Site
Supplementary Update 2020**

Legal Fee	0.7500%	288,750		2,780,750
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CONSTRUCTION COSTS

Construction	m ²	Build Rate m ²	Cost	
Market 1BF	13,352.94	1,341.00	17,906,294	
Market 2BF	16,635.29	1,341.00	22,307,929	
Market 2BH	17,933.00	1,341.00	24,048,153	
Market 3BH	47,900.00	1,341.00	64,233,900	
Market 4BH	16,380.00	1,341.00	21,965,580	
1BF AH	8,882.35	1,341.00	11,911,235	
2BF AH	11,035.29	1,341.00	14,798,329	
2BH AH	11,929.00	1,341.00	15,996,789	
3BH AH	29,667.00	1,341.00	39,783,447	
4BH AH	9,408.00	1,341.00	12,616,128	
Non Residential Uses	<u>1,610.00</u>	1,666.34	<u>2,682,805</u>	
Totals	184,732.88 m²		248,250,590	248,250,590

Contingency		5.0000%	15,284,671	
Utilities (Offsite)			7,000,000	
Utilities (Onsite)			5,000,000	
Green Infrastructure			14,000,000	
Primary Road System	2,100.00 un	4,500.0000 /un	9,450,000	
Abnormals			10,493,150	
Primary School			11,499,677	
Site Access / A27			24,400,000	
S106 Surplus		1.0000%	2,981,931	
Sustainable Design / Construction		2.0000%	4,965,012	
Solent SPA	2,100.00 un	564.0000 /un	1,184,400	
EVP	2,100.00 un	500.0000 /un	1,050,000	
Access M4(2) - Flats	714.00 un	494.0000 /un	352,716	
Access M4(2) - Houses	1,386.00 un	734.0000 /un	1,017,324	
Access M4(3) - Flats	714.00 un	313.0000 /un	223,482	
Access M4(3) - Houses	1,386.00 un	536.0000 /un	742,896	
				109,645,259

PROFESSIONAL FEES

Professional Fees		10.0000%	30,301,061	30,301,061
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DISPOSAL FEES

Marketing & Sales Agent Fees		3.0000%	16,755,838	
Sales Legal Fee	2,100.00 un	750.0000 /un	1,575,000	
				18,330,838

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**Havant Borough Council
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AH Profit	6.0000%	7,662,955	
Market Profit	17.5000%	75,392,100	
Non-Residential	15.0000%	577,823	
			83,632,878

FINANCE

Timescale	Duration	Commences	
Pre-Construction	24	Sep 2018	
Construction	168	Sep 2020	
Sale	168	Sep 2021	
Total Duration	204		

Debit Rate 6.500%, Credit Rate 0.000% (Nominal)

Total Finance Cost 30,713,343

TOTAL COSTS**562,154,719****PROFIT****0****Performance Measures****This appraisal report does not constitute a formal valuation.**

**Havant Borough Council
Southleigh Strategic Site
Supplementary Update 2020**

Table of Profit Amount and Gross Development Value

Sales: Rate /m ²										
Construction: Rate /m ²	-10.000%	-7.500%	-5.000%	-2.500%	0.000%	+2.500%	+5.000%	+7.500%	+10.000%	+12.500%
	3,600.00 /m ²	3,700.00 /m ²	3,800.00 /m ²	3,900.00 /m ²	4,000.00 /m ²	4,100.00 /m ²	4,200.00 /m ²	4,300.00 /m ²	4,400.00 /m ²	4,500.00 /m ²
-10.000%	(£10,198,094)	£2,937,860	£15,151,342	£26,948,938	£38,151,883	£49,046,078	£59,433,998	£69,288,028	£78,772,665	£87,925,782
1,206.90 /m ²	£519,298,870	£530,069,170	£540,839,470	£551,609,770	£562,380,070	£573,150,370	£583,920,670	£594,690,970	£605,461,270	£616,231,570
-7.500%	(£22,706,592)	(£7,524,036)	£5,342,332	£17,382,682	£29,093,219	£40,232,896	£50,976,415	£61,247,198	£70,972,179	£80,367,266
1,240.43 /m ²	£519,298,870	£530,069,170	£540,839,470	£551,609,770	£562,380,070	£573,150,370	£583,920,670	£594,690,970	£605,461,270	£616,231,570
-5.000%	(£36,676,099)	(£19,523,417)	(£4,983,662)	£7,746,804	£19,614,022	£31,176,666	£42,291,213	£52,885,250	£63,017,752	£72,629,068
1,273.95 /m ²	£519,298,870	£530,069,170	£540,839,470	£551,609,770	£562,380,070	£573,150,370	£583,920,670	£594,690,970	£605,461,270	£616,231,570
-2.500%	(£52,867,475)	(£32,999,825)	(£16,390,825)	(£2,446,530)	£10,043,261	£21,845,363	£33,260,113	£44,302,244	£54,768,203	£64,743,819
1,307.47 /m ²	£519,298,870	£530,069,170	£540,839,470	£551,609,770	£562,380,070	£573,150,370	£583,920,670	£594,690,970	£605,461,270	£616,231,570
0.000%	(£71,285,340)	(£48,385,903)	(£29,551,869)	(£13,461,237)	£0	£12,274,602	£24,074,263	£35,343,560	£46,265,678	£56,612,751
1,341.00 /m ²	£519,298,870	£530,069,170	£540,839,470	£551,609,770	£562,380,070	£573,150,370	£583,920,670	£594,690,970	£605,461,270	£616,231,570
+2.500%	(£92,187,437)	(£66,041,315)	(£44,097,796)	(£26,144,788)	(£10,697,000)	£2,404,472	£14,505,942	£26,264,792	£37,420,956	£48,183,813
1,374.53 /m ²	£519,298,870	£530,069,170	£540,839,470	£551,609,770	£562,380,070	£573,150,370	£583,920,670	£594,690,970	£605,461,270	£616,231,570
+5.000%	(£115,068,851)	(£85,830,382)	(£61,120,528)	(£40,224,979)	(£22,937,445)	(£8,076,609)	£4,808,944	£16,737,283	£28,368,344	£39,472,890
1,408.05 /m ²	£519,298,870	£530,069,170	£540,839,470	£551,609,770	£562,380,070	£573,150,370	£583,920,670	£594,690,970	£605,461,270	£616,231,570
+7.500%	(£138,213,111)	(£108,250,223)	(£80,002,913)	(£56,347,030)	(£36,527,913)	(£19,755,416)	(£5,536,942)	£7,166,521	£18,968,623	£30,451,791
1,441.58 /m ²	£519,298,870	£530,069,170	£540,839,470	£551,609,770	£562,380,070	£573,150,370	£583,920,670	£594,690,970	£605,461,270	£616,231,570
+10.000%	(£161,357,370)	(£131,362,425)	(£101,525,596)	(£74,622,698)	(£51,899,530)	(£33,058,781)	(£16,728,306)	(£2,997,796)	£9,397,862	£21,199,588
1,475.10 /m ²	£519,298,870	£530,069,170	£540,839,470	£551,609,770	£562,380,070	£573,150,370	£583,920,670	£594,690,970	£605,461,270	£616,231,570
+12.500%	(£184,501,630)	(£154,506,685)	(£124,511,740)	(£94,947,864)	(£69,418,667)	(£47,630,046)	(£29,621,655)	(£13,947,722)	(£533,387)	£11,629,202
1,508.63 /m ²	£519,298,870	£530,069,170	£540,839,470	£551,609,770	£562,380,070	£573,150,370	£583,920,670	£594,690,970	£605,461,270	£616,231,570

Sensitivity Analysis : Assumptions for Calculation

Sales: Rate /m²

Original Values are varied by Steps of 2.500%.

Heading	Phase	Rate	No. of Steps
Market 1BF	1	£4,000.00	4.50 Up & Down
Market 2BF	1	£4,000.00	4.50 Up & Down
Market 4BH	1	£4,000.00	4.50 Up & Down
Market 2BH	1	£4,000.00	4.50 Up & Down
Market 3BH	1	£4,000.00	4.50 Up & Down

Construction: Rate /m²

Original Values are varied by Steps of 2.500%.

Heading	Phase	Rate	No. of Steps
Market 1BF	1	£1,341.00	4.50 Up & Down

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Southleigh Strategic Site
Supplementary Update 2020**

Market 2BF	1	£1,341.00	4.50 Up & Down
Market 2BH	1	£1,341.00	4.50 Up & Down
Market 3BH	1	£1,341.00	4.50 Up & Down
Market 4BH	1	£1,341.00	4.50 Up & Down
1BF AH	1	£1,341.00	4.50 Up & Down
2BF AH	1	£1,341.00	4.50 Up & Down
2BH AH	1	£1,341.00	4.50 Up & Down
3BH AH	1	£1,341.00	4.50 Up & Down
4BH AH	1	£1,341.00	4.50 Up & Down
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