



Report for Hart District Council

Hart Community Infrastructure Levy

Viability Assessment – September 2021

Three Dragons

This report is not a formal land valuation or scheme appraisal. It has been prepared using the Three Dragons toolkit and is based on district level data supplied by Hart District Council, consultant team inputs and quoted published data sources. The toolkit provides a review of the development economics of illustrative schemes and the results depend on the data inputs provided. This analysis should not be used for individual scheme appraisal.

No responsibility whatsoever is accepted to any third party who may seek to rely on the content of the report unless previously agreed.

The assessment has been undertaken following national and professional standards, with objectivity, impartially, without interference and with reference to all appropriate available sources of information. No performance related or contingent fees have been sought.

Three Dragons

EXECUTIVE SUMMARY

1. Three Dragons, have been commissioned by Hart District Council to provide viability advice to inform a potential Community Infrastructure Levy (CIL) rate.
2. Hart District Council wishes to set a CIL rate that is fair and reasonable and that will contribute to funding infrastructure and meeting the needs of the local community but not set at a level that prevents development coming forward. The supporting evidence contained within this report presents a cautious approach including on residential values and no allowances for any offsetting or grants.
3. Whilst the majority of development identified in the adopted local plan is already committed (i.e. has planning permission or a resolution to grant permission), it is still important that this report demonstrates impact of policies (both local and national) to help the council inform its CIL rates.
4. The study, following national guidance, assesses the residual value of development and compares this with a benchmark land value. The residual value of a scheme is calculated as the difference between its total value and costs.
5. For the assessment, a typology approach is used. The typologies selected were identified in discussion with Hart. They are not intended to represent specific development proposals but to reflect typical forms of development that could come forward over the plan period.
6. For each typology a mix of home types was identified, based on the housing market assessment and the viability work that support the adopted Local Plan and a review of a selection of recent planning applications. The testing has included greenfield and brownfield sites with no allowances for offsetting existing floorspace. The percentages and tenures of affordable homes used in the testing are based on discussions with the council and reflect the targets in the adopted Local Plan.
7. The set of the market values used in the study was derived from an analysis of Land Registry and floorspace data for new build homes giving the size and values of homes, for the past five years.
8. A review of property sites, EGi, agent reports and other web based data was used to inform the assumed values for the specialist residential and the non residential uses i.e. older person homes and the non residential typologies (employment, retail and leisure).
9. The information gathered was used to inform a set of viability tests, the results of which were used to help guide the council to a range of potential CIL rates. Guidance is provided as to important considerations for the council in setting rates including, simplicity, avoiding market shock, focussing on most likely future development scenarios and risk to delivery and meeting planning policy.
10. Using this guidance, a range of CIL rates have been recommended for the council, although guidance is clear that whilst the rates should be reasonable there is no requirement for a proposed rate to exactly mirror the evidence and that there is room for pragmatism.

11. The rates set out reflect the viability evidence in terms of residential development, older persons and retail. Other tested uses are not able to support a CIL on a speculative build basis. However, the Council has made it clear that in addition to setting CIL rates for viable development in the standard way, there is some interest in setting a nominal low charge for other development. We have illustrated the proportion of GDV and cost including land for nominal rates of £20/sq m, £35/sq m, £50/sq m and £65/sq m. The following sets out the potential CIL rates:

| Zone and/or use | Proposed CIL rate |
|---|---|
| Standard residential development | £273 / sq m |
| Residential development exceeding 400 homes | £0 / sq m |
| Hartland Village (all uses) | £0 / sq m |
| Older persons (excluding 'care/nursing' homes) | £80 / sq m |
| All retail | £80 / sq m |
| All other development | £0 / sq m or nominal low rate e.g. £20/ sq m - £65/ sq m |