Local Plan Viability Testing Report

Independent Viability Review

Prepared on behalf of Reading Borough Council

4 December 2024

BPS Chartered Surveyors

215a High Street, Dorking RH4 1RU
www.bps-surveyors.co.uk

Contents

1.0 Introduction

1.1 BPS Chartered Surveyors have been instructed by Reading Borough Council to test the proposed planning obligations identified within the *Reading Borough Local Plan (Partial Update) l Pre-Submission, November 2024*. As part of this instruction we have also drawn upon the *Reading Local Housing Needs Assessment: Report of Findings for Reading July 2024.* We have also been provided with data for windfall site completions for the period 2022 to September 2024. We have also been provided with comprehensive data in respect of proposed and allocated sites which has informed this assessment together with Annual Monitoring reports.

1.2 In preparing this report we have had careful regard to National Planning Policy Guidance in particular sections concerning Plan Making, Viability and Planning Obligations.

1.3 This report is broken into **7 Sections.** The second section provides a detailed explanation as to the approach taken in identifying the current development land supply in terms of location, scale and character and how we have identified strategic sites and formed relevant typologies for testing the plan. Section three provides a summary of appraisal inputs in table form and this is further amplified in Section 4 in respect of key appraisal inputs. Section 5 sets out how we have approached the construction of the appraisals for testing purposes and Section 6 sets out the overall conclusions of our analysis. Section 7 considers the relative viability of other forms of residential development.

1.4 The advice set out in this report is provided in the context of negotiating planning obligations and therefore in accordance with PS1 of the RICS Valuation – Global Standards 2022, the provisions of VPS1–5 are not of mandatory application. Accordingly, this report should not be relied upon as a Red Book Valuation. The Valuation Date for this Viability Review is the date of this report, as stated on the title page. This Viability Review has been undertaken in accordance with the Terms & Conditions provided to the Council and with any associated Letters of Engagement and should only be viewed by those parties that have been authorised to do so by the Council.

1.5 This Viability Review adheres to the RICS Professional Statement on Financial Viability in Planning (published May 2019). In accordance with this Statement, we refer you to our standard terms and conditions which incorporate details of our Quality Standards Control & Statement on Limitation of Liability/ Publication.

2.0 Site Type and Distribution – Strategic Sites and Typologies

Classification of the Land Supply

2.1 It should be noted at this stage that no specific sites have been allocated for C2 uses (retirement living/extra care uses), although there is identified need. Similarly, no specific sites have been identified as allocated for Purpose Built Student Living (PBSR), co-living or Homes in Multiple Occupation (HMO). It is recognised that these forms of development can form part of the overall development pipeline in Reading and could possibly be considered on sites otherwise allocated for residential development subject to their planning merits. Within the allocation for C3 uses there is no site distinction between build for sale or build for rent development as both would fall under class C3 development, equally sites are not specifically identified for self build.

2.2 The viability of development types outside of conventional C3 housing development remains relevant to the overall plan in as much as these uses may form part of the future residential development supply. We understand from the latest *ANNUAL MONITORING REPORT 2022-2023 December 2023,* that various assumptions about housing delivery of non standard C3 accommodation have been factored into the land supply assessment in accordance with NPPG. The identified need is assessed over a five year period. The following table summarises these assumptions:

Table 1 – Summary of Housing Need by Development Type

Development Type	Identified Need	Housing Unit Equivalents
C2 Care home	188 Housing with Care 477 housing with support 250 residential care bed spaces	728 units
HMO	None	None

PBSA	1,000 spaces	250 units
Self Build	8 per annum	40 units
Retirement Living	Accounted for within C3 and C2	Not Mentioned

2.3 The identified land supply is focussed on the delivery of conventional C3 development and as described above incorporates an assumption that some of the supply will come forward for other forms of residential development. It is therefore not possible to identify specific sites for these uses within the identified land supply. Land supply has therefore been considered on a generic basis. Consideration of the other forms of residential development is further discussed and tested in section 5 of this report.

2.4 In order to test the impact of the Plan's policies on land supply[1] we have broken the list of sites into provisional types based on the identified residential capacity in terms of units capable of being delivered. This approach provides a platform for assessing the significance of sites both in terms of their individual impact on overall land supply but also the significance of groupings of site types and their collective significance. The following definitions have therefore been adopted through this report:

	Number of C3 Units
Strategic	500 +
Large	150 – 499
Medium	50 – 149
Small	10 – 49
Very Small	5 – 9
Micro	1 - 4

2.5 Also relevant to the land supply is the spatial distribution of sites within the borough. It is accepted that there is potential for sub-markets to exist which may be more or less viable than the overall norm. Through considering location we have allowed for this factor to be tested.

[1] See Annex 1 – Sites currently identified

To achieve this, we have looked at the geographical distribution of these sites by major post codes these being:

RG1
RG2
RG30
RG31
RG4
RG6

2.6 The following major post code map illustrates the relatively tight grouping of these major post codes in comparison to surrounding boroughs

Map 1 - Showing Boundaries of Major Post Codes

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2.7 The use of major post codes to identify local submarkets is consistent with the approach taken in testing previous versions of the Reading Local Plan2. This approach also facilitates use of

[2] See Annex 2 Reading Post Code Map

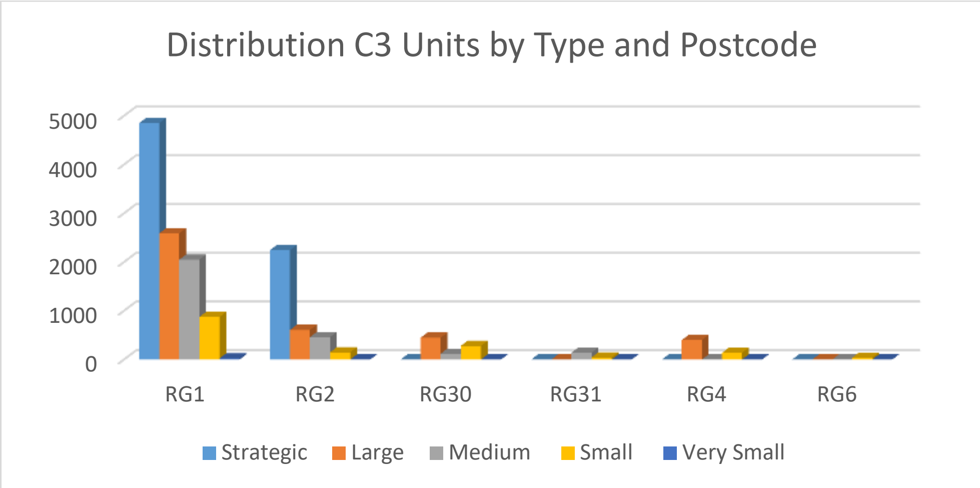
Land Registry sales records, ensuring the most comprehensive data set in available to support the testing of the plan.

2.8 The relevant post codes for the study comprise RG1, RG2, RG4, RG6, RG30 and RG31

Distribution of Housing Units by Site Type and Major Post Code

2.9 The following chart shows the distribution by total unit numbers by site type and post code

Chart 1- Housing Unit Distribution by Post Code



2.10 The following table illustrates the distribution of unit numbers in numeric form:

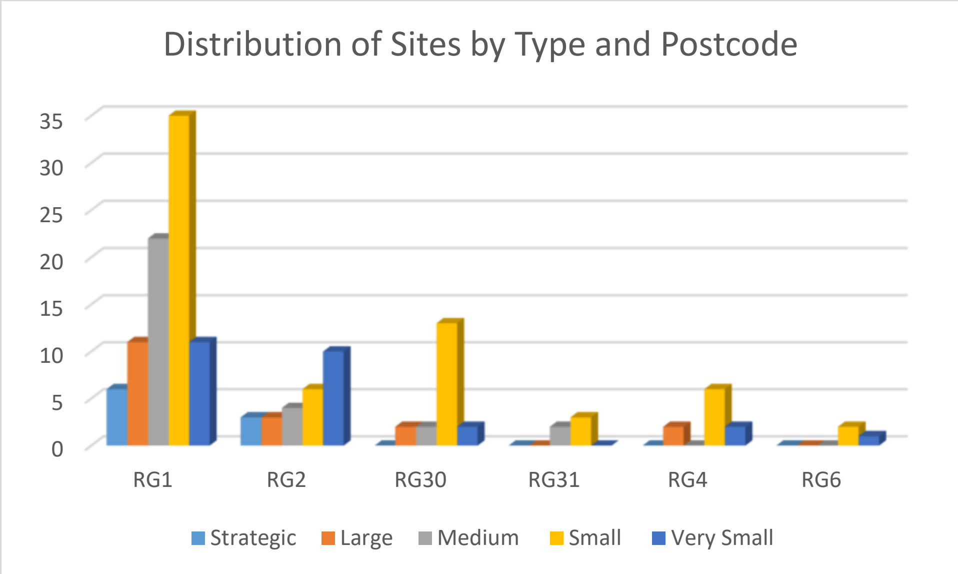
Table 2 - Distribution C3 Units by Type and Postcode

Post Code	Strategic	Large	Medium	Small	Very Small	Total	Overall % of Land Supply
RG1	4,849	2,589	2,050	873	23	**10,384**	67%
RG2	2,241	606	461	148	-	**3,456**	22%
RG30	-	448	120	279	-	**847**	5%
RG31	-	-	140	42	-	**182**	1%
RG4	-	400	-	136	-	**536**	3%
RG6	-	-	-	39	-	**39**	0%
Total Units	**7,090**	**4,043**	**2,771**	**1,517**	**23**	**15,444**	

2.11 It can be seen that predominant supply of development land by capacity sits within the RG1 and RG2 areas which collectively account for 89% of potential housing delivery. With relatively nominal supply in RG31 and RG6 which account for circa 1% of the supply.

2.12 The land supply can also be looked at in terms of the numbers of sites and their distribution. The following Chart assesses the land supply on this basis:

Chart 2 – Distribution of Sites by Type and Postcode



2.13 The following table shows the numeric distribution of sites by type and post code:

Table 3 - Distribution of Sites by Type and Postcode

Post Code	Strategic	Large	Medium	Small	Very Small	Total	Overall % of Sites
RG1	6	11	22	35	11	85	57%
RG2	3	3	4	6	10	26	18%
RG30	0	2	2	13	2	19	13%
RG31	0	0	2	3	0	5	3%
RG4	0	2	0	6	2	10	7%
RG6	0	0	0	2	1	3	2%
Total Sites	**9**	**18**	**30**	**65**	**26**	**148**	

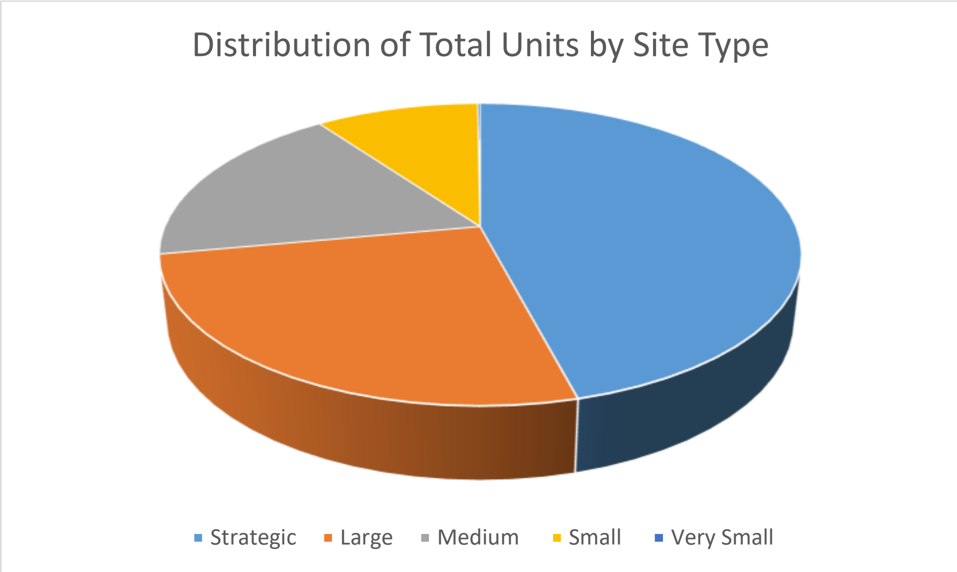
2.14 The chart and table show a slightly more balanced distribution of sites by number rather than development/unit capacity although again RG1 And RG2 post codes still account for 75% of all sites. It could be argued that RG31 and RG6 show limited significance. However, their inclusion is important to ensure a comprehensive overview of viability typologies for each location have been considered when testing viability.

2.15 It is relevant however, to place more weight on the findings of viability in post codes RG1 and RG2 based on the above analysis.

Distribution of Housing Units by Site Type and Post Code

2.16 The following chart looks at where the land supply sits in terms of site type over all post code areas

Chart 3 – Distribution of Units by Site Type



2.17 The same information is also presented in numerical form below:

Table 4 – Distribution of Total Units by Site Type

	Strategic	Large	Medium	Small	Very Small
Unit Numbers	7,090	4,043	2,771	1,517	23
% of Total	46%	26%	18%	10%	0%

2.18 It is evident that there is a significant element of supply falling within Strategic, Large and Medium sized sites totalling 90% of identified unit totals. This picture is potentially misleading as the core source data frequently does not seek to identify a unit capacity from sites classified as small or very small. As will be seen from the analysis regarding total sites the bulk of sites fall within the small or very small categories.

2.19 To address this ambiguity, we have considered information within the Annual Monitoring Report for 2022-2023 issued December 2023 which identifies assumptions about land supply.

Table 5 – AMR 2022-2023 Extract

Site Type	Units	Overall % of Sites
Hard commitments (strategic sites, i.e. 10 dwellings+) to be delivered 2023-2028	3,334	82%
Soft commitments (strategic sites) subject to S106 to be delivered 2023-2028	225	6%
Local Plan allocations to be delivered 2023-2028	0	0%
Allowance for small site windfalls at 106 per annum	530	13%
Total site-specific supply for 5 years 2023/24-2027/28	**4,089**	**100%**

2.20 The above table suggests that 82% of land supply would be met through hard commitments on strategic sites. For the purposes of the AMR strategic sites are defined as delivering more than 10+ dwellings. This definition would encompass all of the site definitions used in this report with the exception of very small and micro sites. Our analysis indicates that 100% of unit delivery would fall within this band, highlighting the largely absent assessments of unit capacity provided by smaller sites. By contrast the AMR identifies some 13% of capacity from very small or micro sites.

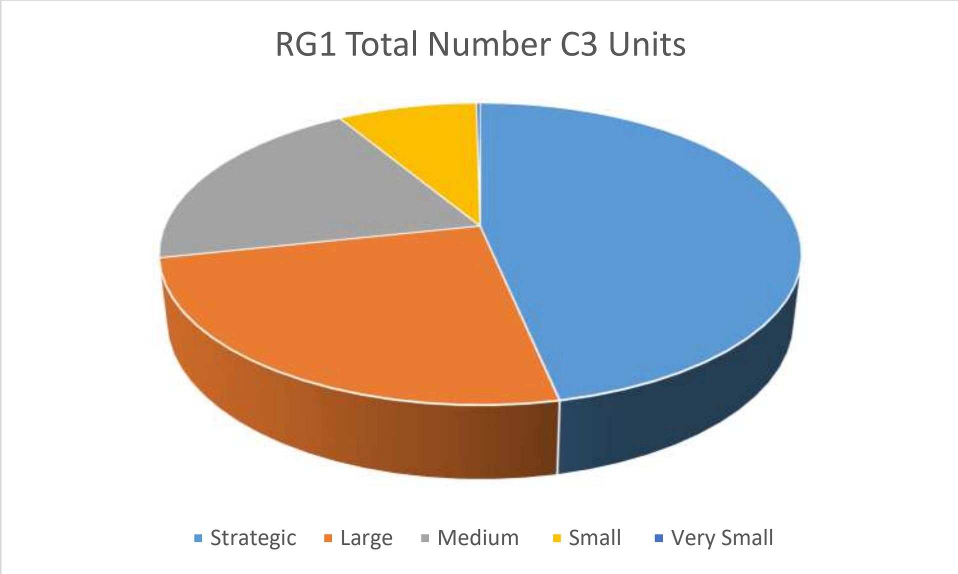
2.21 13% of total unit supply is significant and for this reason we consider very small and micro sites to be of real relevance, albeit this is not shown within our analysis of the available land supply data. This is further underlined when looking at the numbers of sites overall and by post code location, which is considered in the analysis contained in the next sub section.

2.22 Having established that there is a wider distribution of sites, albeit a more concentrated distribution of unit numbers, we have also considered the relative importance of each site type by each major post code area.

2.23 We have looked at the distribution of unit numbers by site type and the distribution of sites by site type through each of the major post codes. Again, because very small sites rarely show a forecast unit number in the data, we have assumed a small sites typology to be appropriate for all major post codes, not least because they form the bulk of windfall sites and this is discussed in our conclusions.

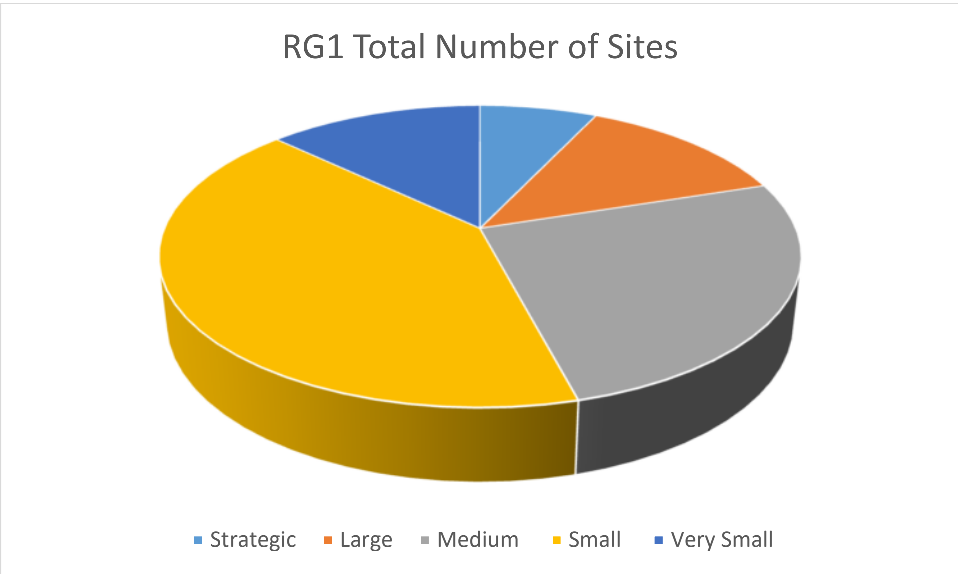
Analysis of Total Units by Site Type and Post Code – Also Total Sites and Post Code

Chart 4 - RG1 Total Number of C3 Units



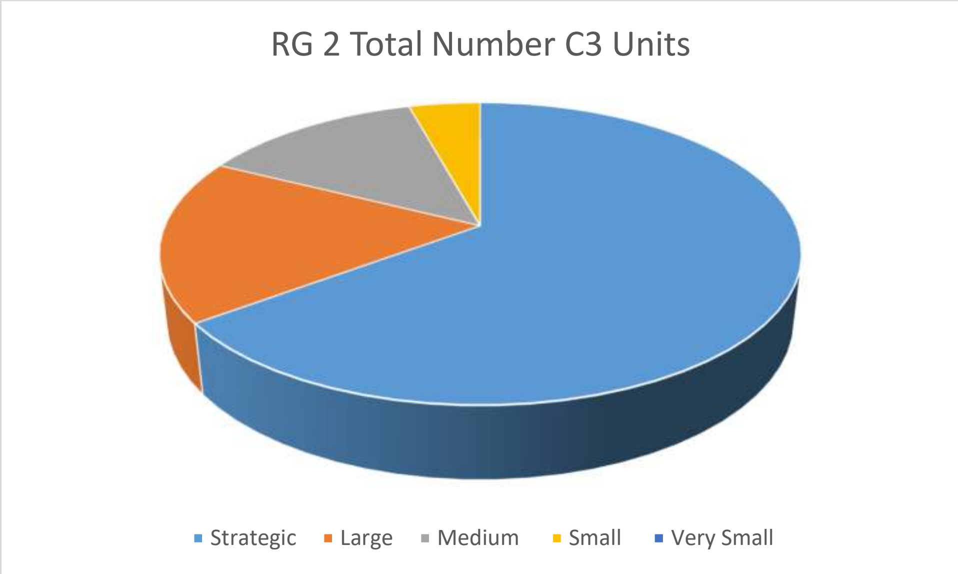
2.24 RG1 has the most significant number of units overall and therefore as each site type is well represented the analysis suggests typologies for each type are appropriate:

Chart 5 - RG1 Total Number of Sites



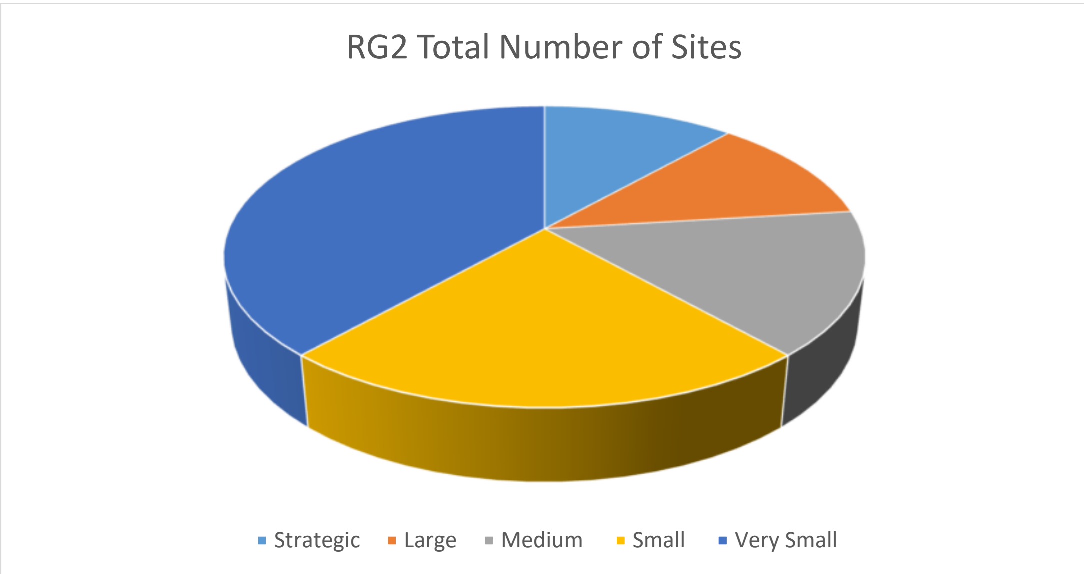
2.25 This conclusion is supported when looking at the numbers of sites as small and very small sites represent the bulk of sites but only a relatively small proportion of unit numbers. This suggests that there is potentially a more diverse range of potential delivery agents for small and very small sites given their significant numbers.

Chart 6 – RG2 Total Number of C3 Units



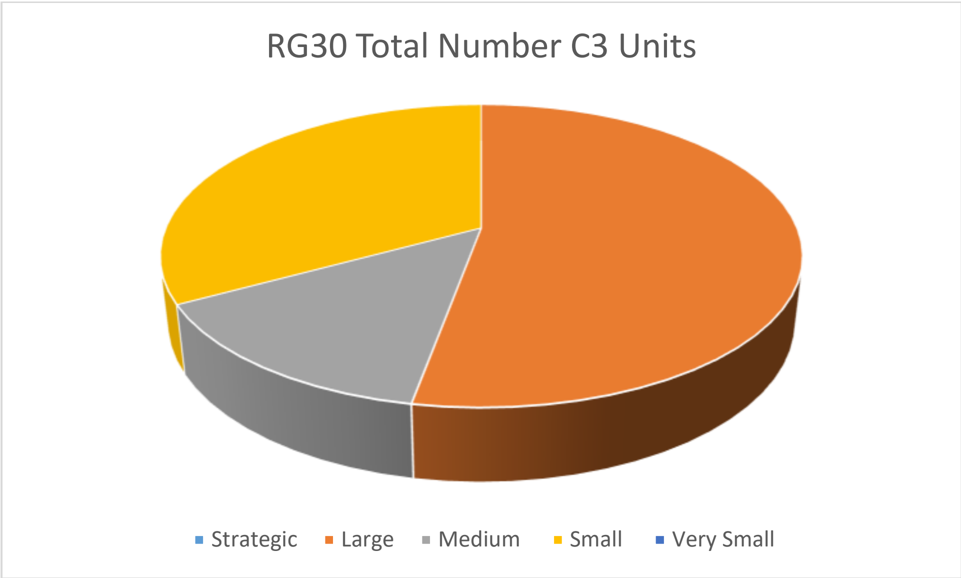
2.26 Again, RG2 provides a considerable number of sites overall and each site type is represented.

Chart 7 – RG2 Total Number of Sites



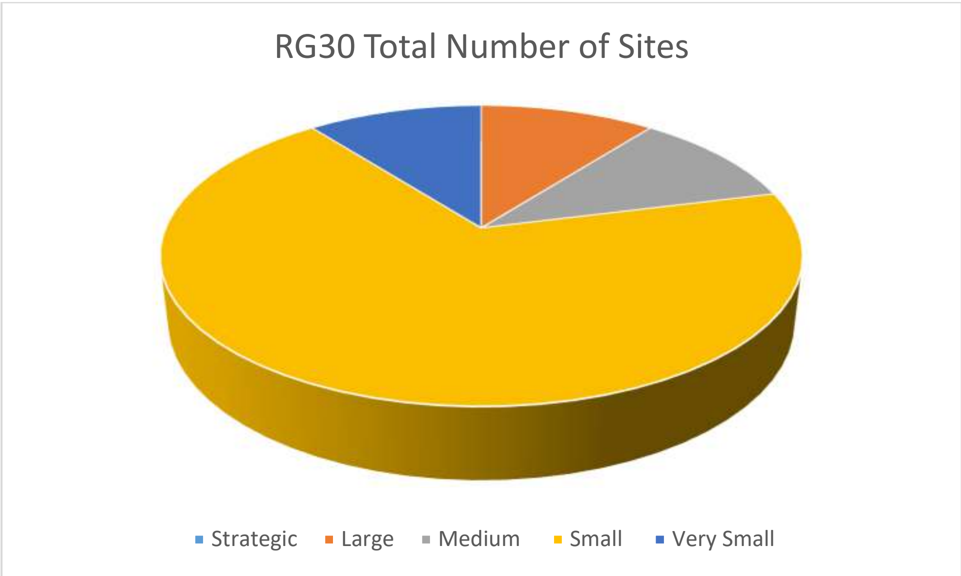
2.27 As with RG1 small and very small sites are much more predominant in site totals compared to overall unit numbers.

Chart 8 – RG30 Total Number of C3 Units



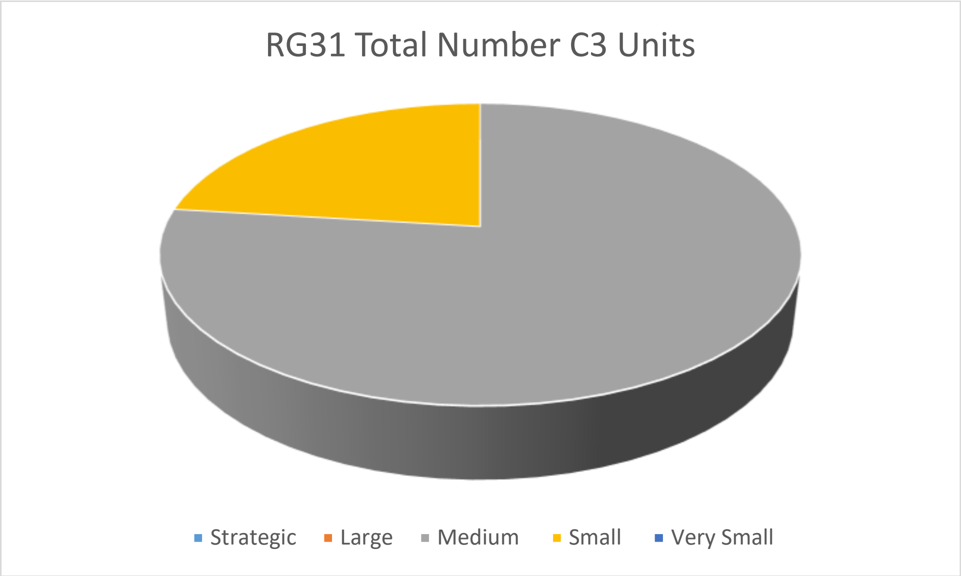
2.28 There are no strategic sites within this post code all other site types are represented.

Chart 9 – RG30 Total Number of Sites



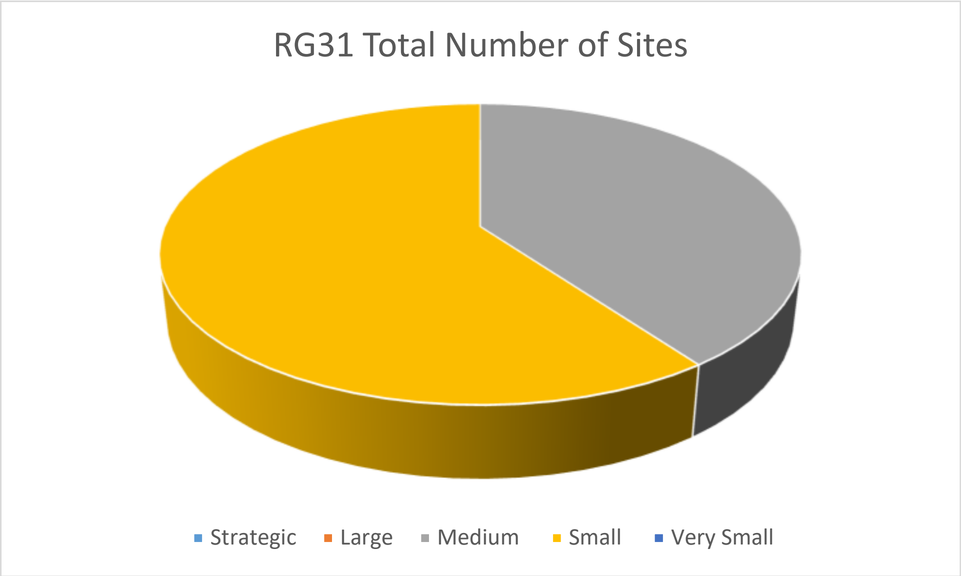
2.29 As with the other areas the significance of small and very small sites increases when simply looking at the numbers of sites.

Chart 10 – RG31 Total Number of C3 Units



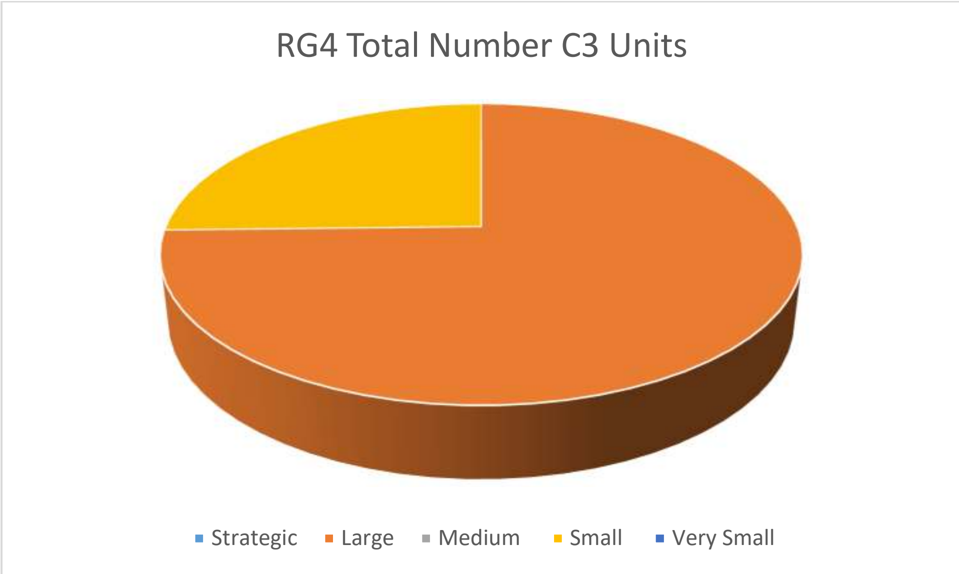
2.30 This chart shows the land supply constrained to medium and small sites.

Chart 11 – RG31 Total Number of Sites



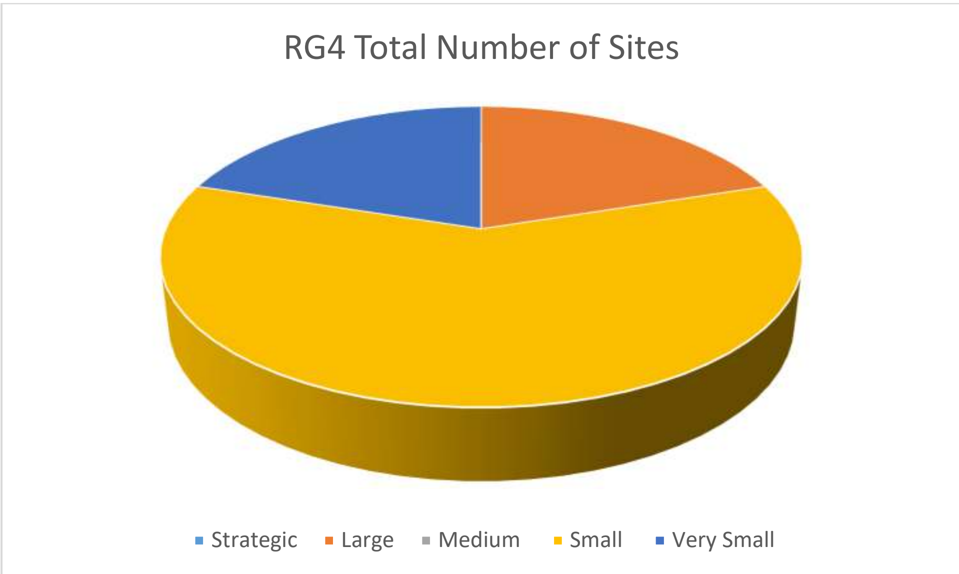
2.31 Although the proportion changes when looking at site numbers on the two site types that were identified from the five sites identified in this postcode.

Chart 12 – RG4 Total Number of C3 Units



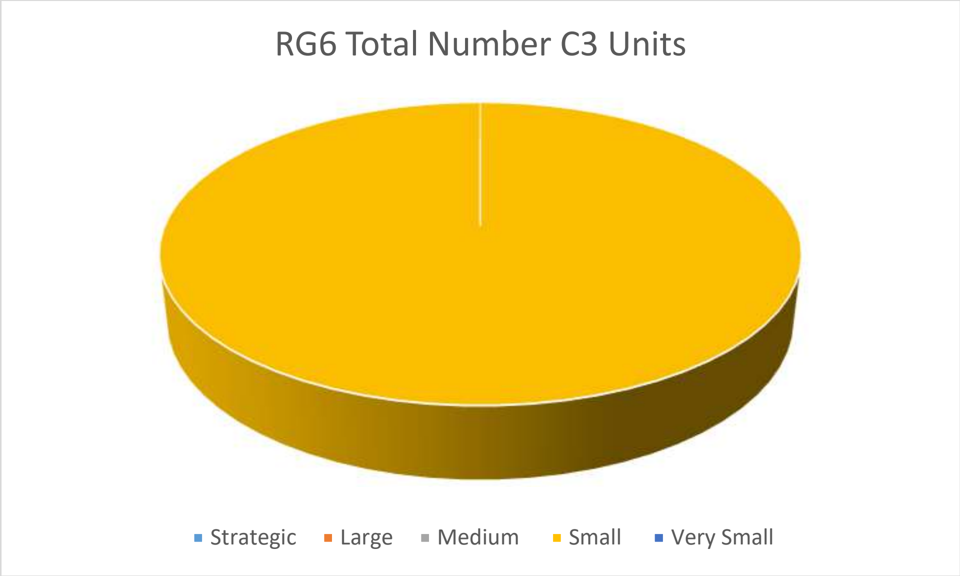
2.32 This chart shows supply limited to large and small sites.

Chart 13 – RG4 Total Number of Sites



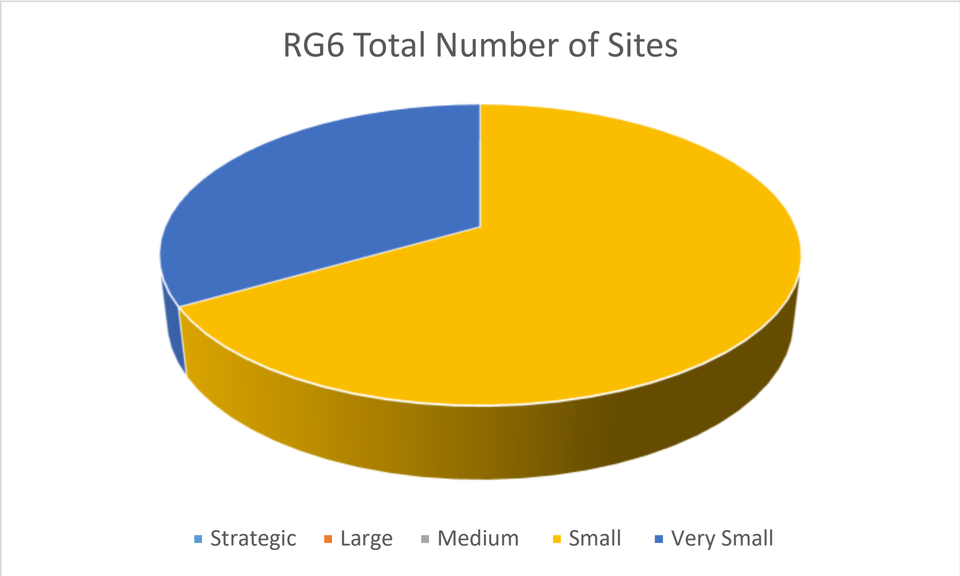
2.33 The chart illustrates the issue with very small sites having no unit totals, although they represent part of the land supply.

Chart 14 – RG6 Total Number of C3 Units



2.34 All units identified are within medium sites.

Chart 15 – RG6 Total Number of Sites



2.35 When assessed on site numbers the relevance of small sites is more apparent.

Summary – Assessed Strategic Sites and Typologies

2.36 Based on the site analysis the following site typologies have been identified as representative of the land supply by type and location.

Large
RG1
RG2
RG4
RG30
Medium
RG1
RG2
RG30
RG31
Small
RG1
RG2
RG4
RG6
RG30
RG31
Very small
RG1
RG2
RG4
RG6
RG30
RG31
Micro
RG1
RG2
RG4
RG6
RG30
RG31

Strategic Sites

2.37 In respect of strategic sites these should be identified by name and modelled separately and include:

RG1

- RG1, Cattle Market
- RG1, Forbury Retail Park
- RG1, Hoiser Street
- RG1, North of Station (remainder)

RG2

- RG2, Land at Madejski Stadium, Shooters way
- RG2, Land North of Manor Farm Road
- RG2, South of Elgar Road Major Opportunity area

Non C3 Uses

2.38 It has been noted that 21 of the 148 identified sites will be providing some element of non C3 use. This ranges from industrial, education, leisure to retail which is the most prevalent use together with other miscellaneous uses. As such there is no ready one use type which could be assumed within any adopted typology. Although mixed use development represents just over 14% of sites.

2.39 Where uses are commercial they are likely to be either:

a) Viable in their own right, or;
b) Essential to supporting the appeal of the development; therefore, having the effect of supporting wider values even if not directly viable

2.40 It is possible therefore to conclude their inclusion is unlikely to have a significant material impact. In all instances residential development is identified as the dominant land use and it is reasonable to assume this element would need to be viable in order for comprehensive development to come forward. In consequence, given the lack of conformity, no commercial development has been included within the typologies. This is consistent with advice from the Council that viable residential development is unlikely to be constrained by requirements for very significant non-viable commercial elements.

2.41 Community based uses ranging from schools to cinemas are likely to come as a net cost to development and should be subject to site specific appraisals, and as such would not form part of the site testing but we acknowledge there is a potential cost impact.

Windfall Sites

2.42 All windfall sites identified fall within the classification of very small sites and micro sites, which have been identified in each of the major post code areas, albeit only 1 site is in RG6. We note that by using our definitions of sites this would effectively exclude micro sites which we have assessed as sites as capable of delivering 1 – 4 units. These sites are frequently not identified within the allocated land supply as they mostly fall within windfall consents. As such, our assessment of the identified land supply has not specifically identified these sites a source of housing delivery.

2.43 Examination of the AMR clearly shows however that there is a significant and relevant supply of housing from very small and micro sites, as such we have included typologies for these sites within our analysis.

3.0 Summary of Appraisals Inputs

3.1 The following table provides a summary of appraisal inputs utilised. A fuller assessment of key inputs is set out in the Section 4. Section 5 sets out the changes in key inputs utilised in sensitivity testing the appraisal results.

Table 7 – Base Line Appraisal Inputs

Input	BPS
Open Market Sales	Flats: £248,987 - £546,029 Terraced: £357,071 - £494,828 Semi-detached: £407,903 - £604,999 Detached: £598,067 - £775,871
Affordable Housing Social Rent Shared Ownership	0% / 20% / 30% 0% / 62% 0% / 38%
Car Parking	Nil
Benchmark Land Value	£26,915 per residential unit
Build Costs	£2,695 - £3,054 per sqm
Contingency	5%
Professional Fees	10%
OMS Sale, Marketing & Legal Fees	2.5%
CIL	£179.29 per sqm
Finance	7%
Profit: OMS Affordable Housing	 15% – 20% 6%
Pre-construction Period	6 months
Construction Period	Various

4.0 Appraisal Inputs

4.1 This section provides further background and source evidence to support the summary of appraisals inputs shown above. It focusses on the key appraisal inputs.

Viability Trends

4.2 Viability is conventionally tested in relation to the current market and prevailing costs and values. However, unlike assessments undertaken at application stage Local Plans have a much longer shelf life and in order for the viability assessment to have continued relevance it is also important to consider the cyclical nature of markets to assess how market movements over the life of the plan could impact the relevance of conclusions drawn in this report.

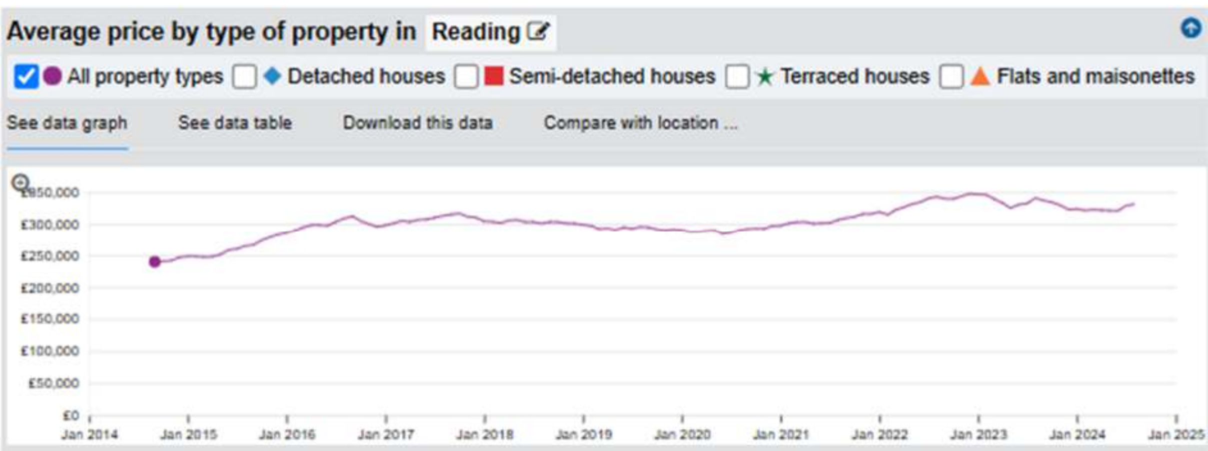
4.3 To attempt this exercise, we have sought to identify market movements over a 11 year period. 10 years typically serves to represent an economic cycle in many economic forecasting models, and we have included the part of 2024 to date, noting this is not a complete year. We consider this illustrates where the current market sits in terms of the economic cycle.

4.4 We have undertaken this exercise looking at costs and values and their relativity to each other over time. Our source data for values is the Land Registry House Price Index and the Tender Price Index (TPI) provided by the Build Cost information Service (BCIS) run by the Royal Institution of Chartered Surveyors (RICS).

Sales Value Movements

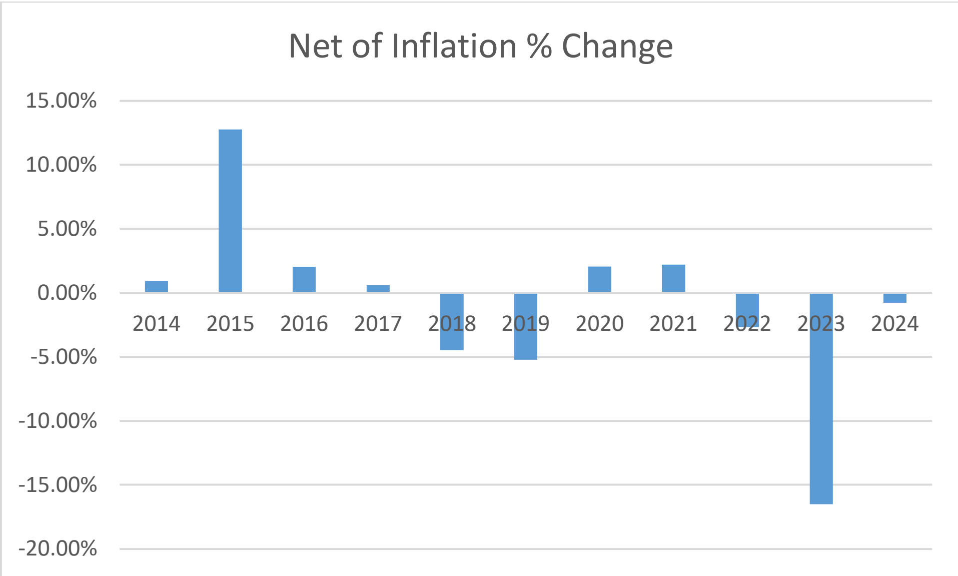
4.5 The following chart shows the changes in house prices over the past 11 years. It gives a general indication of house price increases.

Chart 16 – Land Registry House Price Index



4.6 The picture changes when the price increases shown in the chart are compared to general levels of inflation. For this purpose, we have utilised the RPI index.

Chart 17 - Showing Net of General Inflation House Price Increases

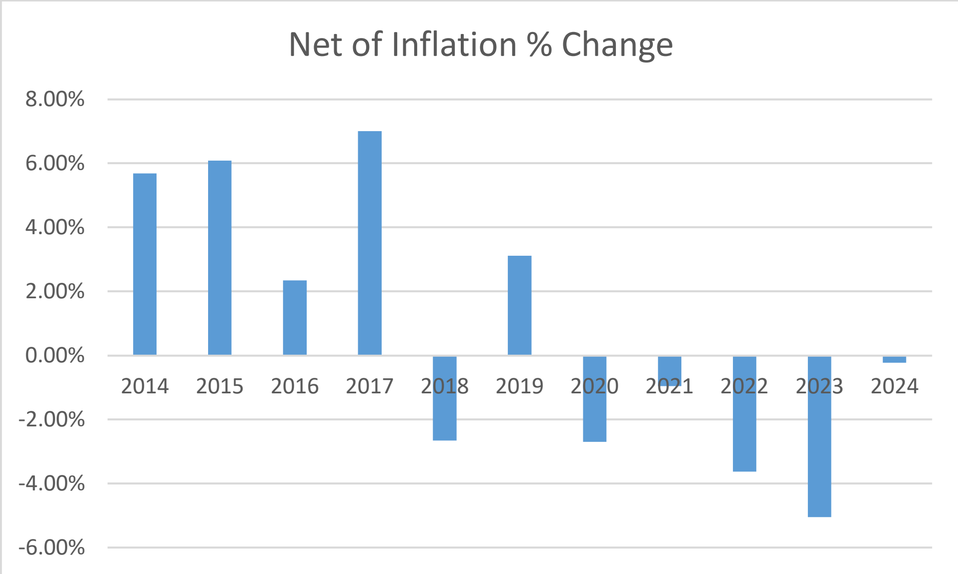


Note The 2024 period is based on a 9 month period.

4.7 It can be seen that five of the last seven years have shown net declining values whereas the first four years of the period show overall positive growth. This analysis suggests that sales values are at a low part of the cycle. Assuming net value changes are cyclical, then it would be assumed that a resumption of net growth is feasible during the life of the Local Plan.

4.8 The following chart shows net change in construction costs net of RPI.

Chart 18 - Showing Net of General Inflation BCIS Construction Cost Increases



4.9 This chart suggests that in recent years costs have fallen relative to general inflation, however inflation has also seen very significant levels since the start of the war in Ukraine. We have therefore sought to contrast the relative percentage changes in values and costs both gross and net of inflation.

Chart 19 - Comparative Changes in Costs and Values Net of Inflation

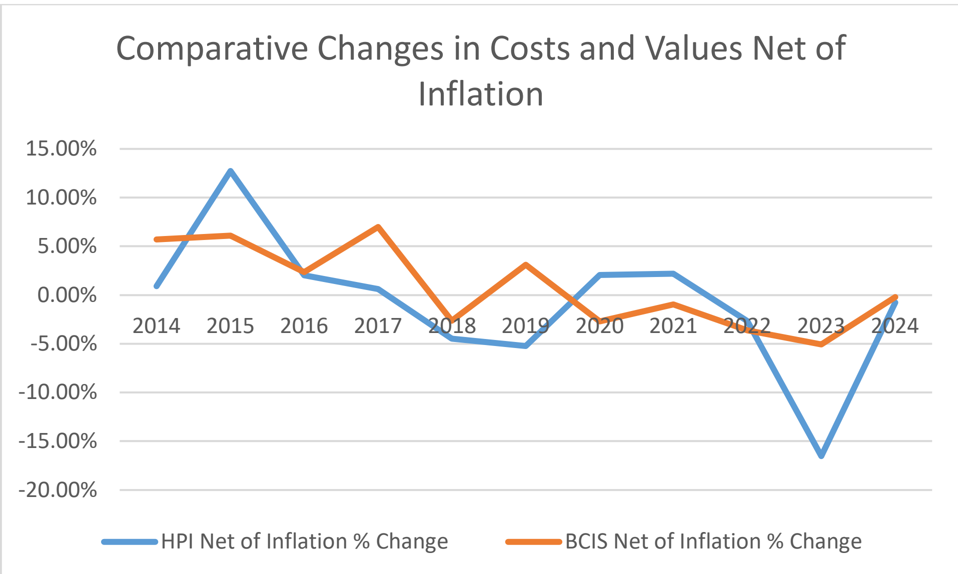
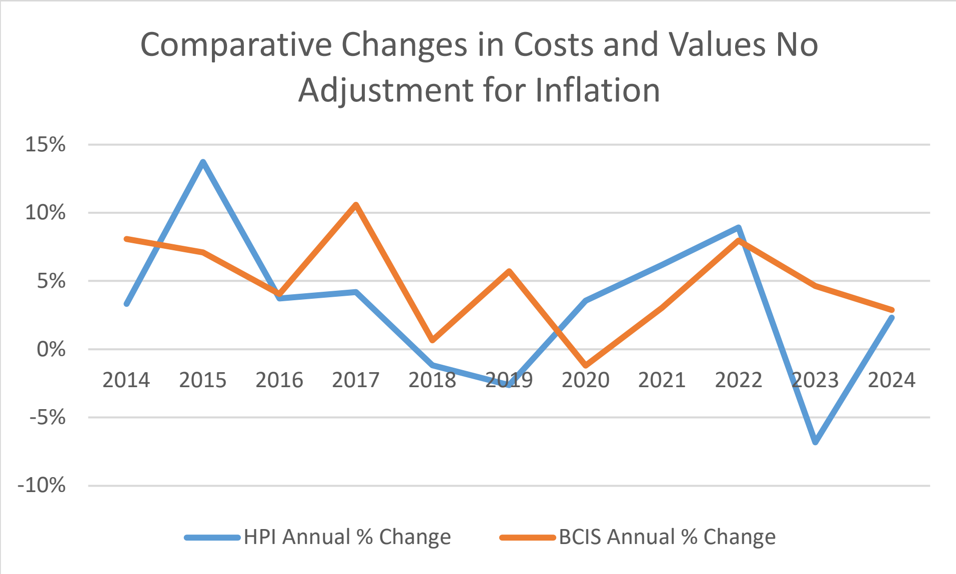


Chart 20 - Comparative Changes in Costs and Values Gross of Inflation



4.10 It can be seen in both charts that cost inflation has generally exceeded price inflation in all but four of the eleven years. Overall, this trend has a generally negative impact on viability. For viability to improve values need to grow relative to costs. The last period of house growth was during the Covid 19 pandemic which could be argued to represent unusual circumstances.

4.11 It is not clear what direction future cost and value trends will take but assuming the market operates cyclically it would be expected that during the life of the plan that sales values are likely grow at a faster pace than costs. To test this conclusion further we have considered inflation predictions issued by the Office of Budgetary Responsibility which are shown below. However, construction cost inflation can run at different rates and to reflect this possibility we have also included BCIS forecast cost changes:

Table 8 - OBR Inflation forecasts

October 2024 forecast	2024	2025	2026	2027	2028	2029
RPI	3.6	3.5	3.3	3.1	2.9	2.9
CPI	2.5	2.6	2.3	2.1	2.1	2.0

Table 9 - BCIS TPI Forecasts

	2024	2025	2026	2027	2028	2029
TPI % Change	2.87%	3.30%	3.69%	4.03%	3.64%	3.52%

4.12 It can be seen BCIS cost increase forecasts generally exceed both the OBR's RPI and CPI inflation forecasts, showing an average growth of 3.51%.

4.13 We have identified house price forecasts which are shown below:

Table 10 - Savills – Autumn Revised Mainstream House Price Forecast

	2024	2025	2026	2027	2028	Total
Average UK house price growth	2.5%	3.5%	4.5%	5.0%	4.5%	21.6%
UK residential transactions	1.05m	1.14m	1.16m	1.16m	1.16m	-
Year-end Bank base rate	4.5%	3.5%	2.5%	2.0%	2.0%	-
Nominal wage growth	2.7%	3.5%	3.2%	2.9%	3.1%	16.4%
Real GDP growth	0.6%	2.0%	2.0%	1.6%	1.6%	8.9%

Table 11 - Knight Frank – August 2024 House Price Forecast

	UK	Greater London	PCL	POL	Prime Country
2024	3.0%	2.0%	-1.0%	2.0%	-2.0%
2025	3.0%	2.0%	3.0%	2.5%	3.0%
2026	4.0%	3.0%	4.0%	3.0%	4.0%
2027	5.0%	4.0%	4.5%	3.0%	4.0%
2028	4.0%	4.0%	5.0%	4.0%	4.0%
5 Year Cumulative	**20.5%**	**15.9%**	**16.4%**	**15.4%**	**13.5%**

4.14 The Savills forecast shows an average growth expectation of 4.32% and Knight Frank 4.1%. Both these forecasts are ahead of the BCIS projected cost inflation estimates and well ahead of the OBR forecasts of general inflation.

4.15 These forecasts cannot be considered solid market evidence, however taken with our examination of the price cost cycle there is a reasonable expectation that house prices will generally exceed cost inflation over the next five years.

4.16 If these predictions are delivered, then it would appear that any viability testing of the emerging Plan's policies at this point in time is likely to show the least positive viability position applicable for the duration of the plan. This suggests that weight should be given to sensitivity analysis, especially scenarios based on net positive growth in values.

Benchmark Land Value

4.17 NPPG currently adopts Existing Use Value EUV plus (landowner premium) as the preferred basis for computing benchmark Land Value (BLV). It is noted that in some circumstances an alternative use value (AUV) approach is also accepted.

4.18 Many assessments undertaken for Local Plans adopt generic land values to represent BLV's for the purpose of testing. This approach is relatively simplistic but potentially suitable where the bulk of the land supply is drawn from largely Greenfield development. However, noting Reading is a generally dense urban and suburban environment, the vast majority of identified sites can best be described as previously developed.

4.19 In practice an in accordance with the NPPG, the EUV Plus approach will form the basis of most BLV's when testing applications for viability at application stage. Where sites are cleared or have no current value generative use, an AUV approach is to be expected. Noting that there could be a wide range of BLV's using these approaches, we have drawn on our considerable knowledge of application schemes in the Borough which have been viability tested and where we can identify agreed BLV's. We have analysed this information to identify the likely range of BLV's which may be encountered at application stage.

4.20 We have identified some 20 sites where BLV's have been agreed with applicants. For the purpose of our analysis, we have reduced this list marginally to exclude outlying cases where either extremely high or low BLV's were identified. The results of this assessment are shown below:

Table 12 – Summary Benchmark Land Value (BLV) Analysis

Calculation	BLV per hectare			BLV per unit
Outliers excluded				
Mean/avg	£5,486,364			£37,560
Median	£5,711,633			£26,915
Standard dev	£2,689,853			£23,531

4.21 For the purposes of our appraisals, we have adopted the Median rate per unit. Through adopting a per unit approach, we have reflected differing site values noting that the draft Local Plan identifies differing target densities as shown by Policy H2. Therefore, sites with capacity for greater densities would reflect higher benchmark site values.

4.22 We accept that our adopted rate of £26,915 is a generic assessment and in cases where viability is tested at application stage this figure should not be taken in substitution for a site specific assessment reflecting the requirements of NPPG.

H2: DENSITY AND MIX (Strategic policy)

1. Density

Residential development will be expected to achieve at least the following minimum densities:

• *Town centre sites: 260 dwellings per hectare*

• *Urban sites: 100 dwellings per hectare*

• *Suburban sites: 42 dwellings per hectare.*

Market Sales Values

4.23 The Land Registry holds details of transactions for all property types across Reading. The data is capable of being sorted into two main categories.

New Build, this data set includes sales of modern property no older than 10 years.

All sales, this data set represents the maximum number of verified transactions and is therefore the most representative of the residential market in the Reading area.

4.24 Both data sets are capable of being subdivided in the following house types

Detached, Semi detached, terraced, flat/maisonette

4.25 Similarly, the data can be sorted by post code.

4.26 The key limitations of the data set are discussed below, together with our approach to address these:

a) We have utilised the last 2 years of sales records in order to access the largest number of representative transactions, which comprises a data set of just under 7,500 transactions. Despite this, the number of transactions in some locations and some types is limited and individual transactions are more capable of distorting representative averages. We have therefore had to exercise judgement in some instances through considering values from adjoining post code areas where data sets are more numerous and excluded transactions which are significantly out of step with other transactions.

b) The New Build data set is much smaller than all transactions and comprises some 397 records. It is therefore much less reliable in informing values through this factor.

c) The data set for new build as with other Land Registry data is limited to address, price, transaction date and property type. It does not per example include floor areas or number of beds. We have therefore sought to cross reference this data set by reference to online transactions identified with property web sites such as Zoopla and Rightmove. The online details provide much more information such as floor areas, number of beds etc, and crucially whether the property is a genuine new build. This together with the Land Registry data has enabled us to assess the average margin of value uplift achievable between the all sales data and new build. We have then applied this identified margin to the all sales Land Registry data in areas where there are no identified new build sales to generate realistic new build values, whilst maintaining a solid relationship to the available all sales data.

d) The all sales data contains a wide range of property values and it is unrealistic to expect that new build developments would reflect values from the lower end of this spectrum. We have tackled issue this in two ways. Firstly, we have omitted outlying transactions which have the capacity to distort overall averages. We have then separated the data into quartiles, taking average values from the upper two quartiles as the baseline for applying the new build margin to second hand values. This avoids skewing data towards lower value property.

e) The Land Registry data does not provide information such as number of beds and floor area. These factors are relevant to identifying appropriate values, especially within some of the Land Registry's broader categories, such as flats/maisonettes. We have therefore relied upon asking price and sold property data sourced from online property websites to identify:

i. Typical floor areas of new build properties of all types
ii. Comparisons of price brackets with known accommodation sales
iii. Establish comparative prices on a £m^2 basis

4.27 Our appraisals for both Strategic and the identified Typologies reflect the target housing mix identified with draft Policy H2.

2. Mix of sizes

Wherever possible, residential development should contribute towards meeting the needs for the mix of housing set out in figure 4.5, and in particular should maximise the provision of family homes of three or more bedrooms. As a minimum, new development for 10 or more dwellings outside the central area will comply with the following, unless it can be clearly demonstrated that this would render a development unviable:

- *In district and local centres, at least 20% of dwellings will be of three bedrooms or more;*

- *In other locations, at least 67% of dwellings will be of three bedrooms or more.*

4.28 The combined mix and base unit values are shown in appendix 1

Construction Costs

4.29 The construction cost inputs have been sourced from BCIS through Neil Powling DipBE FRICS DipProjMan(RICS). A full breakdown of the cost build up for each development type is set out in Appendix 3.

4.30 BCIS produce costing based on either a 5 year or 15 year data set. In this instance data has been sourced from the 15 year data set to ensure sample sizes are large enough to avoid anomalies occurring in costs. The data has been appropriately indexed through reference to the Tender Price Index (TPI) and adjusted by reference to the Reading Location Factor.

4.31 In addition to base build costs an allowance of 15% has been included to address costs associated with Local Plan requirements such as targeting zero carbon emissions for development by 2030 as well as relevant building regulations. Constituents forming this allowance are referenced in Appendix 5.A further 4% addition has been made for facilitating works and a further 10% allowance in respect of external works. An overall 5% contingency allowance has also been included.

4.32 Costs have been taken from the BCIS Mean. This data set is widely used for benchmarking new build development in all but very high value developments where a premium specification would be expected to generate higher costs.

Developer Profit

4.33 At plan making stage weight is given to the NPPG return expectations which are generally quoted as a range between 15-20% of Gross Development Value (GDV). The NPPG is clear however that other lower rates may also be appropriate:

How should a return to developers be defined for the purpose of viability assessment?

Potential risk is accounted for in the assumed return for developers at the plan making stage. It is the role of developers, not plan makers or decision makers, to mitigate these risks. The cost of fully complying with policy requirements should be accounted for in benchmark land value. Under no circumstances will the price paid for land be relevant justification for failing to accord with relevant policies in the plan.

For the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development. A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances *where this guarantees an end sale at a known value and reduces risk. Alternative figures may also be appropriate for different development types.*

Paragraph: 018 Reference ID: 10-018-20190509

4.34 At application stage these rates are frequently used as a minimum profit target and form part of the calculation to assess whether schemes are operating in surplus or deficit to assess the ability of schemes to provide planning obligations.

4.35 Where deficits are identified at application stage it is to be presumed that the applicant is still willing develop, albeit at a profit level below the suggested target. It is reasonable therefore to assume that in such circumstances that stated minimum profit targets do not in fact represent required minimum levels of return, rather the actual minimum return is established by the applicant's own assessment of the scheme's profitability. Adoption of higher profit targets can be assumed to be simply aspirational, rather than a precondition to commencing development.

4.36 Therefore, at application stage it should be considered that adoption of profit targets used to assess the viability of the Local Plan have much less relevance when compared to the minimum reruns identified by the applicant's own submissions.

4.37 For Plan testing purposes it is acknowledged that assessments should be robust and therefore higher profit targets are more appropriate.

4.38 It is relevant to consider that land value capture is central to national planning policy and this is achieved through only two interventions in the operation of the development market. The first is to impose a limit on the value of land to its current market value without the benefit of planning consents for higher value uses through the adoption of an EUV plus approach. The plus or land owner premium reflect a recognition that where consents raise land value, this should be shared with the land owner but only where compliance with policy requirements has been achieved

How should the premium to the landowner be defined for viability assessment?

The premium (or the 'plus' in EUV+) is the second component of benchmark land value. It is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements.

Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector *collaboration. Market evidence can include benchmark land values from other viability assessments. Land transactions can be used but only as a cross check to the other evidence. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners. Policy compliance means that the development complies fully with up to date plan policies including any policy requirements for contributions towards affordable housing requirements at the relevant levels set out in the plan. A decision maker can give appropriate weight to emerging policies. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement).*

Paragraph: 016 Reference ID: 10-016-20190509

4.39 The second intervention is to cap the return available to the developer to prevent any uplift in land value generated by the consent sought being channelled into higher levels of developer return.

4.40 An appreciation of development risk is fundamental to the assessment of the level of return considered appropriate to the development under consideration. Risk factors being project length, scale and complexity. General market conditions are common to all developments and are not simply a basis for assuming a default to maximum profit requirements, especially where the applicant's own assessment indicates a lower level of return is acceptable.

4.41 For plan making purposes we have adopted the following default profit assumptions:

Market sale housing 17.5% - 20% GDV

(includes specialist housing types such as retirement living)

Affordable housing	6% GDV
Commercial Development	15% GDV
Build for Rent	12% GDV
PBSA	14% GDV
C2 Care	15% GDV

5.0 Construction of Appraisals

5.1 We have utilised an excel based appraisal package which was used in testing previous versions of the Reading Local Plan. This follows a standard residual valuation format which can be summarised by the formula below:

Gross Development Value – Development Costs (including Developer's Profit)

= Residual Value

5.2 The residual value is then compared to a benchmark land value to establish whether the scheme is in surplus of deficit.

5.3 NPPG provides the framework for plan testing. The following paragraph indicates that Local Plans need to set policy requirements which reflect affordable housing and infrastructure needs whilst ensuring that viability would not need to be tested at application stage in respect of the planned development

How should plan makers and site promoters ensure that policy requirements for contributions from development are deliverable?

The role for viability assessment is primarily at the plan making stage. Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan.

It is the responsibility of plan makers in collaboration with the local community, developers and other stakeholders, to create realistic, deliverable policies. Drafting of plan policies should be iterative and informed by engagement with developers, landowners, and infrastructure and affordable housing providers.

Policy requirements, particularly for affordable housing, should be set at a level that takes account of affordable housing and infrastructure needs and allows for the planned types of sites and development to be deliverable, without the need for further viability assessment at the decision making stage.

It is the responsibility of site promoters to engage in plan making, take into account any costs including their own profit expectations and risks, and ensure that proposals for development are policy compliant. Policy compliant means development which fully complies with up to date plan policies. A decision maker can give appropriate weight to emerging policies. The price *paid for land is not a relevant justification for failing to accord with relevant policies in the plan. Landowners and site purchasers should consider this when agreeing land transactions.*

Paragraph: 002 Reference ID: 10-002-20190509

5.4 In testing the Local Plan we have incorporated the current CIL Charging Schedule cost (incl. annual indexation) into our appraisals. This is summarised below:

Schedule of rates

Use	Charging zone location	Index figure for 2015	Index figure for 2024	Charge £/m²
Residential / Hotels / Sheltered Housing/ Private Rented Hostel Accommodation (including student accommodation)	Boroughwide	255	381	£179.29
Care homes (those providing nursing care and fully catered)	Boroughwide	255	381	£0.00
A1 Retail	Central Reading*	255	381	£0.00
A1 Retail of 2000m² and over (including food stores)	Remainder of Borough	255	381	£224.12
A1 Retail of under 2000m² (including food stores)	Remainder of Borough	255	381	£0.00
Offices	Central Core**	255	381	£44.82
All other chargeable developments	Boroughwide	255	381	£0.00

5.5 No separate additional allowance has been made for infrastructure. Our appraisals have therefore focussed on testing the emerging Plan Policy H3 which addresses affordable housing:

H3: AFFORDABLE HOUSING (Strategic policy)

1. Residential development will make appropriate contribution towards affordable housing to meet the needs of Reading

• on sites of 10 or more dwellings, 30% of the total dwellings will be in the form of affordable housing, with provision made on site in the first instance with a financial contribution being negotiated to make up the full requirement as appropriate;

• on sites of 5 – 9 dwellings, a financial contribution will be made that will enable the equivalent of 20% of the housing to be provided as affordable housing elsewhere in the Borough; and

• on sites of 1 – 4 dwellings, a financial contribution will be made that will enable the equivalent of 10% of the housing to be provided as affordable housing elsewhere in the Borough.

2. In all cases where proposals fall short of the policy target as a result of viability considerations, an open-book approach will be taken and the onus will be on the applicant to clearly demonstrate the circumstances justifying a lower affordable housing contribution.

3. In the event that a policy-compliant affordable housing contribution cannot be secured at application stage, a deferred contribution mechanism will be included in a Section 106 agreement that, based on the conclusion of a later viability review, secures an appropriate proportion of any increased profits over and above those identified at application stage as a financial contribution towards affordable housing.

4. In determining residential applications the site size, suitability and type of units to be delivered in relation to the current evidence of identified needs will be assessed. The following tenure mix will be sought:

• At least 62% of the affordable housing to be provided as Reading Affordable Rent;

• A maximum of 38% of the affordable housing to be provided as affordable home ownership products, which may include First Homes and shared ownership.

5. Any on-site affordable units provided should be integrated into the development.

6. Where on-site affordable housing units are agreed, a cascade mechanism will be secured in a Section 106 agreement in the event that a Registered Provider cannot be found to take on the units. This cascade mechanism will ensure that units are offered to the Council in the first instance, and, should the Council not take on the units, an equivalent financial contribution provided.

7. Priority needs are currently for housing with two or more bedrooms that can house families. The Council will regularly monitor and review the need for, and delivery of, affordable housing.

8. The following types of residential development will be exempt from the requirement to provide affordable housing:

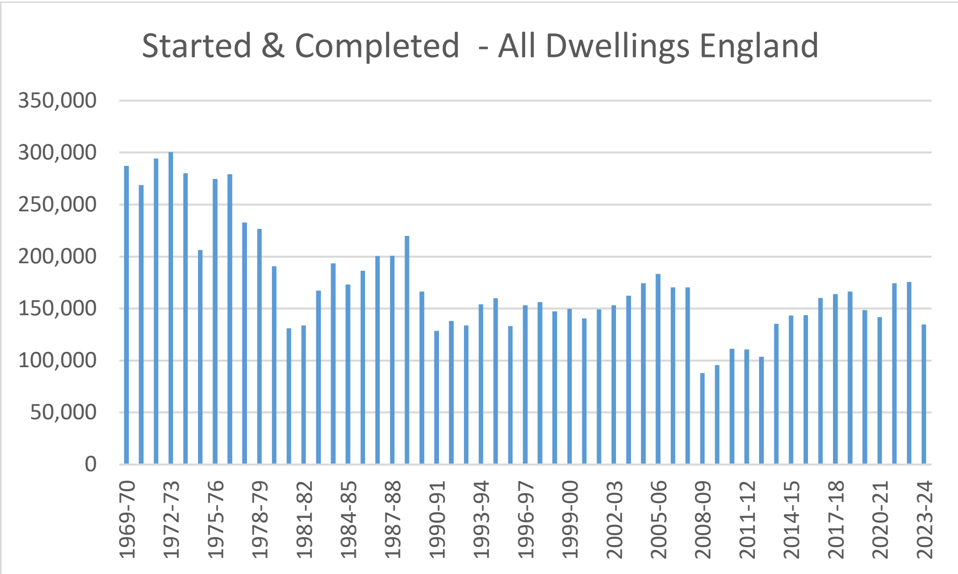
• Replacement of a single dwelling with another single dwelling; and

• Conversion of a dwelling to self-contained flats where there is no new floorspace.

5.6 The Plan targets reflect identified housing need and stresses the importance that the identified land supply is enabled through policy to help meet that need. In line with national policy, H2 provides for a viability tested route at application should development be unable to meet the obligations sought by the Policy.

5.7 In testing the Plan NPPG suggests that the bulk of development should be able to deliver at the identified policy targets. Noting the very considerable requirement for additional affordable housing identified through the Housing Needs Assessment (HNA) published 2024 the plan also needs to be aspirational whilst reflecting the market circumstances prevailing over the effective life of the plan. In practice therefore it is accepted that not all sites need to show a positive net surplus position on a current day basis. This also reflects national macro economic trends. The following chart has been extracted from ONS data for dwelling start and completions for England:

<u>Chart 21 – Showing Dwellings started and Completed In England</u>



5.8 It is evident that the supply of new housing in 2023/24 at 134,000 is near the all time lowest levels of delivery over the last 55 years. Whilst there are a host of reasons for low delivery levels, it is reasonable to assume that development economics play a very significant role in this process. It would be reasonable, in looking at the above chart, to assume that much of the Countries allocated development land is currently not viable otherwise there would be a much higher rate of delivery.

5.9 If limited viability is currently affecting delivery across England, it would be reasonable to expect that Reading would also share similar characteristics in its land supply.

5.10 For this reason, when testing viability, we have also sought to run a number of appraisals reflecting differing policy requirements as well as sensitivity testing changes to cost and value inputs. These sensitivity tests are shown through the matrix below:

Affordable Policy Requirement	Developer Profit			Growth in Sales Values		Build Cost Variations	
30%	**20%**	**17.50%**	**15%**				
20%	**20%**	**17.50%**	**15%**				
0%	**20%**						
30%	**20%**			**5%**	**-5%**		
20%	**20%**			**5%**	**-5%**		
30%	**20%**					**5%**	**-5%**
20%	**20%**					**5%**	**-5%**

5.11 It can be seen that we have not sought to test combinations of sensitivity inputs, though it is accepted that these possibilities may occur. The approach taken was intended simply to assess the impact of specific operands.

5.12 In addition to the above we have also tested a 20% affordable housing scenario with a reduction in the social rent requirement from 62% to 50%.

5.13 It should be noted that draft Policy H3 allows for a sliding scale of contributions from sites under 10 units.

on sites of 5 – 9 dwellings, a financial contribution will be made that will enable the equivalent of 20% of the housing to be provided as affordable housing elsewhere in the Borough; and

on sites of 1 – 4 dwellings, a financial contribution will be made that will enable the equivalent of 10% of the housing to be provided as affordable housing elsewhere in the Borough.

5.14 The draft policy requires small sites to deliver these contributions as payments in lieu. For the purposes of modelling, however our calculations have been based on the notional provision of affordable units, noting this involves rounding to the nearest whole unit, our assessment generally overstates the impact of these contributions on small and micro sites viability. However, to ensure a robust assessment we have not sought to adjust this approach at this stage.

5.15 Although we acknowledge the draft policy references this sliding scale on small sites, we have expressed the policy target by reference to sites over 10 units so that step changes in modelling different levels of affordable housing can be shown clearly when undertaking sensitivity testing.

6.0 Overall Conclusions

6.1 We have set out in the table below the results of our testing.

Table – Modelling Results & Sensitivity Testing Results

Level of Affordable Housing Modelled	Affordable Tenure	Sensitivity Tested	Residual Value: Viable Strategic Sites	Residual Value: Overall Numbers Viable Sites	Overall Surplus: Viable Strategic Sites	Overall Surplus: Overall Numbers Viable Sites
Policy Compliance	62/38 Tenure		43%	58%	43%	30%
Nil Affordable	62/38 Tenure		43%	73%	43%	73%
20% AH	50/50 Tenure		43%	73%	43%	67%
Policy Compliance	62/38 Tenure	Sales Values + 5%	43%	64%	43%	52%
Policy Compliance	62/38 Tenure	Sales Values -5%	43%	52%	0%	6%
20% AH	50/50 Tenure	Sales Values + 5%	43%	73%	43%	73%
20% AH	50/50 Tenure	Sales Values -5%	43%	73%	14%	39%
Policy Compliance	62/38 Tenure	Profit 17.5% GDV	43%	61%	43%	48%
Policy Compliance	62/38 Tenure	Profit 15% GDV	43%	61%	43%	55%
20% AH	50/50 Tenure	Profit 17.5% GDV	43%	73%	43%	73%
20% AH	50/50 Tenure	Profit 15% GDV	43%	73%	43%	73%
Policy Compliance	62/38 Tenure	Build Cost +5%	43%	52%	0%	6%
Policy Compliance	62/38 Tenure	Build Cost -5%	43%	61%	43%	55%
20% AH	50/50 Tenure	Build Cost +5%	43%	73%	43%	48%
20% AH	50/50 Tenure	Build Cost -5%	43%	73%	43%	73%

6.2 We have identified residual value separately from the overall viability. This reflects the fact that for the purposes of modelling we have adopted a generic average BLV per unit. The identified land supply comprises largely pre-developed sites, as such there is likely to be a range of BLV's applicable, even assuming these were all based on an EUV plus approach. Consequently, it is important to assess if the development scenario tested is capable of generating a surplus residual value before deducting the BLV.

Policy Compliance

6.3 The first line entry results reference the baseline appraisal reflecting full compliance with the Policy Targets set out in the draft Local Plan. It can be seen that 43% of strategic sites generate a positive residual value a percentage which stays at 43% when allowing for BLV. As can be seen from Section 2 that some 46% of housing numbers are located within strategic sites. Our analysis suggests that 20% of housing overall would be viable just within the strategic sites at a policy compliant affordable housing level, housing mix and tenure split.

6.4 Overall, 58% of all appraisals produce positive residual values which falls to 30% when allowing for BLV.

6.5 Noting that we have highlighted that nationally, development starts and completions are at a low level and that our analysis suggests the current market is towards the bottom of the economic cycle, we consider this to be a relatively high percentage.

Nil Affordable Housing

6.6 It is apparent that the numbers of viable strategic sites do not change even without an affordable housing obligation. However, the overall number of sites which are in surplus almost doubles but still does not exceed 73%. This implies wider changes to the current development market would be needed to unlock these sites, rather than simply modifications to Policy requirements.

20% Affordable Housing Reduction in Tenure Mix to 50/50

6.7 We have also tested a 20% affordable housing scenario and also a small shift in rented tenure from 62% to 50%. Both these adjustments improve overall viability as would be expected and show improved results close to the level shown by the nil affordable scenario. Again, this indicates a significant viability buffer exists before a nil affordable scenario would need to be considered.

6.8 We have similarly tested the changed tenure mix within all 20% affordable housing scenarios where we have tested other variables.

Sensitivity Testing Sales Values & Build Costs

6.9 We have tested both marginal upwards and downwards movements in sales values. This test indicates that a relatively small growth in sales values would ensure more than half of all sites are able to deliver an overall surplus at policy compliance. By contrast the numbers in surplus falls to 6% of sites with a reduction of 5% in sales values. It should be noted that despite this downturn, more than half of the sites still show a positive residual value.

6.10 The overall results are particularly sensitive to relatively small movements in sales values noting that very similar impacts are evidenced by 5% changes in build costs.

Developer Profit

6.11 We have tested developer profit on market sales GDV at 20% within the policy compliant scenario, 17.5% and 15% to explore a range of commonly adopted profit inputs.

6.12 The difference between 20% profit and 17.5% profit is an increase in 18% of the sites being viable. At 17.5% it is evident that 48% or almost half of the sites are fully viable at policy compliance. This percentage rises marginally to 55% with a reduction in profit to 15%. This is only a relatively small margin of increase of 7%.

Summary

6.13 All of the scenarios tested show that more than 50% of all sites, produce positive residual values. Considering strategic sites in isolation 43% of sites are viable. This falls to 39% when assessed by potential unit delivery.

6.14 Allowing for a BLV generates a wider range of results spanning 6% to 73% of sites being viable. The overall average is however just above halfway at 51%

6.15 It is apparent that a significant proportion of the land supply is viable at policy compliance and only relatively small changes are needed to bring more than 50% of sites into full viability.

6.16 Given the high levels of evidenced affordable housing need, which must be reflected within the Plan's policy requirements, the targets proposed would not significantly impact housing delivery.

6.17 It is noted that because viability can be challenged at application stage, it is a recognised step for many developers to do this as a means of managing or reducing costs. Where viability is genuinely challenged by the Policy Targets proposed, the ability to challenge would prevent sites from being stalled. It is noted however that wider changes to development economics would be needed to bring all sites into being viable, not just adjustments in affordable housing levels.

6.18 Noting that the land supply does not differentiate between housing types through specific allocations. We have sought to assess relative viability of these additional residential development forms in the next section. The only residential use which is currently caught by draft Policy H3 would be retirement living schemes falling under C3 use designation.

7.0 Viability of Different Residential Development Types

PBSA

7.1 We have identified typical rents from the Reading Market summarised as follows:

Shared bathroom and kitchen rooms	£150.50	to	£181.72	per week
Ensuite rooms	£196.42	to	£251.72	per week
Flats/Studios	£253.33	to	£329.98	per week

7.2 Reflecting typical OPEX assumptions of 17-20% including voids and applying a market capitalisation yield of 5.25% on stabilised income we estimate GDV on £/sqm basis to be in the region of £4,750.

7.3 Our estimated residential sales value rates fall between £4,000 and £6,000 psm depending on type, scale and location. This suggests on a purely GDV basis PBSA could readily form part of the land supply.

7.4 We have also considered its relative costs of construction and note BCIS base build mean costs of £2,260 sqm. This compares to the identified base build residential costs which range from £1,669 to £2,231 with an average of £1,854.

7.5 This suggests student house will generally be more expensive to develop with values towards the lower end of the residential spectrum meaning viability will be more challenged.

Retirement Living

7.6 There is limited market evidence of recently achieved new build retirement living sales values, such evidence as is available is from a scheme located in relatively high value Caversham. This indicates achieved sales values indicates 1 and 2 bed unit values 15-20% above general C3 values or rates of £5,900 sq m (1 bed) and £5,465 sqm. This assessment is a little misleading in that extra care developments are also capable of delivering higher values through event fees but generally also have higher corresponding costs of construction.

7.7 Other factors impact the viability of retirement living schemes with generally slower sales rates and higher associated costs as well as non value generative areas such as common lounge and guest accommodation, though facilities vary. Construction costs vary according to the scheme design, number of floors etc., with base BCIS mean build costs (2 storeys) showing £1,944 sqm. This is around 5% higher than average residential costs.

7.8 On balance, such schemes are able to compete alongside conventional C3 uses noting they are widespread across the UK, although as discussed above, they are subject to scheme specific cost and value considerations.

7.9 Viability is generally towards the lower end of residential development.

Build for Rent (BTR)

7.10 Build for rent developments fall within C3 use and there is no planning requirement to differentiate between rented and for sale tenures. Across the Southeast there has been a significant preference for developing BTR in the current more difficult market sale conditions as it is less susceptible to the mortgage market and has benefitted from widespread rental growth.

7.11 Well located schemes close to public transport infrastructure and Town Centre facilities could achieve values in excess of £7,000 sq m which is currently well ahead of the equivalent sales market. However, there will be comparatively few sites which can deliver an optimum scheme to achieve such values and it is expected that the bulk of housing delivery will comprise conventional build for sale housing.

7.12 The limited number of BTR schemes coming forward should more than match the viability of equivalent build for sale schemes.

7.13 Construction costs are likely to closely match conventional C3 construction costs.

Appendix 1: Housing Mix and Base Unit Pricing

Strategic Sites (500+ Units)

RG1

Forbury Retail Park

	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
1 bed flat	546	60	£4,435	£266,071
2 bed flat	615	75	£4,637	£347,786
3 bed flat	205	85	£5,941	£504,988
Total	1366			

North of Station (remainder)

	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
1 bed flat	379	60	£4,435	£266,071
2 bed flat	427	75	£4,637	£347,786
3 bed flat	142	85	£5,941	£504,988
Total	948			

Hosier Street

	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
1 bed flat	280	60	£4,435	£266,071
2 bed flat	315	75	£4,637	£347,786
3 bed flat	105	85	£5,941	£504,988
Total	700			

Cattle Market

	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
1 bed flat	279	60	£4,435	£266,071
2 bed flat	314	75	£4,637	£347,786
3 bed flat	105	85	£5,941	£504,988
Total	697			

RG2

Land North of Manor Farm Road

	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
1 bed flat	41	60	£4,434	£266,068
2 bed flat	122	75	£4,637	£347,781
2 bed terrace	143	80	£4,625	£369,963
3 bed terrace	184	95	£4,907	£466,212
3 bed semi	153	100	£4,125	£412,500
4 bed semi	143	110	£5,045	£554,988
3 bed detached	133	105	£5,951	£624,864
4 bed detached	102	140	£4,975	£696,443
Total	1020			

Land at Madejski Stadium, Shooters Way

	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
1 bed flat	25	60	£4,434	£266,068
2 bed flat	74	75	£4,637	£347,781
2 bed terrace	87	80	£4,625	£369,963
3 bed terrace	111	95	£4,907	£466,212
3 bed semi	93	100	£4,125	£412,500
4 bed semi	87	110	£5,045	£554,988
3 bed detached	80	105	£5,951	£624,864
4 bed detached	62	140	£4,975	£696,443
Total	618			

South of Elgar Road Major Opportunity Area

	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
1 bed flat	20	60	£4,434	£266,068
2 bed flat	60	75	£4,637	£347,781
2 bed terrace	70	80	£4,625	£369,963
3 bed terrace	90	95	£4,907	£466,212
3 bed semi	75	100	£4,125	£412,500
4 bed semi	70	110	£5,045	£554,988
3 bed detached	65	105	£5,951	£624,864
4 bed detached	50	140	£4,975	£696,443
Total	500			

Large Sites (325 Unit example)

RG1

	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
1 bed flat	130	60	£4,435	£266,071
2 bed flat	146	75	£4,637	£347,786
3 bed flat	49	85	£5,941	£504,988
Total	325			

RG2

	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
1 bed flat	13	60	£4,434	£266,068
2 bed flat	39	75	£4,637	£347,781
2 bed terrace	46	80	£4,625	£369,963
3 bed terrace	59	95	£4,907	£466,212
3 bed semi	49	100	£4,125	£412,500
4 bed semi	46	110	£5,045	£554,988
3 bed detached	42	105	£5,951	£624,864
4 bed detached	33	140	£4,975	£696,443
Total	325			

RG30

	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
1 bed flat	13	60	£4,259	£255,566
2 bed flat	39	75	£4,454	£334,054
2 bed terrace	46	80	£4,463	£357,071
3 bed terrace	59	95	£4,736	£449,966
3 bed semi	49	100	£4,079	£407,903
4 bed semi	46	110	£4,989	£548,802
3 bed detached	42	105	£5,771	£605,973
4 bed detached	33	140	£4,824	£675,388
Total	325			

RG4

	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
1 bed flat	13	60	£4,593	£275,577
2 bed flat	39	75	£4,803	£360,210
2 bed terrace	46	80	£4,763	£381,040
3 bed terrace	59	95	£5,054	£480,170
3 bed semi	49	100	£4,421	£442,134
4 bed semi	46	110	£5,408	£594,858
3 bed detached	42	105	£6,329	£664,537
4 bed detached	33	140	£5,290	£740,661
Total	325			

Medium Sites (100 Unit example)

RG1

	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
1 bed flat	40	60	£4,435	£266,071
2 bed flat	45	75	£4,637	£347,786
3 bed flat	15	85	£5,941	£504,988
Total	100			

RG2

	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
1 bed flat	4	60	£4,434	£266,068
2 bed flat	12	75	£4,637	£347,781
2 bed terrace	14	80	£4,625	£369,963
3 bed terrace	18	95	£4,907	£466,212
3 bed semi	15	100	£4,125	£412,500
4 bed semi	14	110	£5,045	£554,988
3 bed detached	13	105	£5,951	£624,864
4 bed detached	10	140	£4,975	£696,443
Total	100			

RG30

	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
1 bed flat	4	60	£4,259	£255,566
2 bed flat	12	75	£4,454	£334,054
2 bed terrace	14	80	£4,463	£357,071
3 bed terrace	18	95	£4,736	£449,966
3 bed semi	15	100	£4,079	£407,903
4 bed semi	14	110	£4,989	£548,802
3 bed detached	13	105	£5,771	£605,973
4 bed detached	10	140	£4,824	£675,388
Total	100			

RG31

	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
1 bed flat	4	60	£4,150	£248,987
2 bed flat	12	75	£4,339	£325,454
2 bed terrace	14	80	£4,552	£364,147
3 bed terrace	18	95	£4,830	£458,882
3 bed semi	15	100	£4,116	£411,647
4 bed semi	14	110	£5,035	£553,840
3 bed detached	13	105	£5,817	£610,767
4 bed detached	10	140	£4,862	£680,731
Total	100			

Small Sites (30 Unit example)				
RG1				
	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
1 bed flat	12	60	£4,435	£266,071
2 bed flat	14	75	£4,637	£347,786
3 bed flat	5	85	£5,941	£504,988
Total	30			
RG2				
	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
1 bed flat	1	60	£4,434	£266,068
2 bed flat	4	75	£4,637	£347,781
2 bed terrace	4	80	£4,625	£369,963
3 bed terrace	5	95	£4,907	£466,212
3 bed semi	5	100	£4,125	£412,500
4 bed semi	4	110	£5,045	£554,988
3 bed detached	4	105	£5,951	£624,864
4 bed detached	3	140	£4,975	£696,443
Total	30			
RG30				
	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
1 bed flat	1	60	£4,259	£255,566
2 bed flat	4	75	£4,454	£334,054
2 bed terrace	4	80	£4,463	£357,071
3 bed terrace	5	95	£4,736	£449,966
3 bed semi	5	100	£4,079	£407,903
4 bed semi	4	110	£4,989	£548,802
3 bed detached	4	105	£5,771	£605,973
4 bed detached	3	140	£4,824	£675,388
Total	30			
RG31				
	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
1 bed flat	1	60	£4,150	£248,987
2 bed flat	4	75	£4,339	£325,454
2 bed terrace	4	80	£4,552	£364,147
3 bed terrace	5	95	£4,830	£458,882
3 bed semi	5	100	£4,116	£411,647
4 bed semi	4	110	£5,035	£553,840
3 bed detached	4	105	£5,817	£610,767
4 bed detached	3	140	£4,862	£680,731
Total	30			
RG4				
	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
1 bed flat	1	60	£4,593	£275,577
2 bed flat	4	75	£4,803	£360,210
2 bed terrace	4	80	£4,763	£381,040
3 bed terrace	5	95	£5,054	£480,170
3 bed semi	5	100	£4,421	£442,134
4 bed semi	4	110	£5,408	£594,858
3 bed detached	4	105	£6,329	£664,537
4 bed detached	3	140	£5,290	£740,661
Total	30			
RG6				
	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	
1 bed flat	1	60	£4,237	£254,212
2 bed flat	4	75	£4,430	£332,284
2 bed terrace	4	80	£4,514	£361,092
3 bed terrace	5	95	£4,790	£455,032
3 bed semi	5	100	£4,335	£433,526
4 bed semi	4	110	£5,303	£583,276
3 bed detached	4	105	£5,839	£613,075
4 bed detached	3	140	£4,881	£683,303
Total	30			

Very Small Sites (7 Unit example)				
RG1				
	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
1 bed flat	3	60	£4,435	£266,071
2 bed flat	3	75	£4,637	£347,786
3 bed flat	1	85	£5,941	£504,988
Total	7			
RG2				
	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
3 bed semi	2	100	£4,125	£412,500
4 bed semi	2	110	£5,045	£554,988
3 bed detached	2	105	£5,951	£624,864
4 bed detached	1	140	£4,975	£696,443
Total	7			
RG30				
	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
3 bed semi	2	100	£4,079	£407,903
4 bed semi	2	110	£4,989	£548,802
3 bed detached	2	105	£5,771	£605,973
4 bed detached	1	140	£4,824	£675,388
Total	7			
RG31				
	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
3 bed semi	2	100	£4,116	£411,647
4 bed semi	2	110	£5,035	£553,840
3 bed detached	2	105	£5,817	£610,767
4 bed detached	1	140	£4,862	£680,731
Total	7			
RG4				
	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
3 bed semi	2	100	£4,421	£442,134
4 bed semi	2	110	£5,408	£594,858
3 bed detached	2	105	£6,329	£664,537
4 bed detached	1	140	£5,290	£740,661
Total	7			
RG6				
	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
3 bed semi	2	100	£4,335	£433,526
4 bed semi	2	110	£5,303	£583,276
3 bed detached	2	105	£5,839	£613,075
4 bed detached	1	140	£4,881	£683,303
Total	7			

Micro Sites (2 Unit example)				
RG1				
	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
1 bed flat	1	60	£4,435	£266,071
2 bed flat	1	75	£4,637	£347,786
Total	2			
RG2				
	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
3 bed detachec	2	105	£5,951	£624,864
Total	2			
RG30				
	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
3 bed detachec	2	105	£5,771	£605,973
Total	2			
RG31				
	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
3 bed detachec	2	105	£5,817	£610,767
Total	2			
RG4				
	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
3 bed detachec	2	105	£6,329	£664,537
Total	2			
RG6				
	Numbers of Units	Net sales Area Sq m	Input Value per Sq M	Unit Value
3 bed detachec	2	105	£5,839	£613,075
Total	2			

Appendix 2: Appraisal Results

Base Case - Policy Compliance

Reading viability scenarios								
Typologies	**Affordable (%)**	**Social Rent (%)**	**Sales values (%)**	**Build costs (%)**	**Developers profit (%)**	**Residual Value**	**BLV**	**Surplus/Deficit**
Strategic								
RG1, Cattle Market	30%	62%	0%	0%	20%	-£27,147,550	£18,759,755	-£45,907,305
RG1, Forbury Retail Park	30%	62%	0%	0%	20%	-£53,203,390	£36,765,890	-£89,969,280
RG1, Hoiser Street	30%	62%	0%	0%	20%	-£27,092,260	£18,840,500	-£45,932,760
RG1, North of Station (remainder)	30%	62%	0%	0%	20%	-£36,790,299	£25,515,420	-£62,305,719
RG2, Land at Madejski Stadium, Shooters way	30%	62%	0%	0%	20%	£18,326,846	£16,633,470	£1,693,376
RG2, Land North of Manor Farm Road	30%	62%	0%	0%	20%	£30,242,490	£27,453,300	£2,789,190
RG2, South of Elgar Road Major Opportunity a	30%	62%	0%	0%	20%	£14,938,655	£13,457,500	£1,481,155
Large								
RG1	30%	62%	0%	0%	20%	-£12,635,240	£8,747,375	-£21,382,615
RG2	30%	62%	0%	0%	20%	£9,583,799	£8,747,375	£836,424
RG4	30%	62%	0%	0%	20%	£14,731,668	£8,747,375	£5,984,293
RG30	30%	62%	0%	0%	20%	£6,977,647	£8,747,375	-£1,769,728
Medium								
RG1	30%	62%	0%	0%	20%	-£3,731,229	£2,691,500	-£6,422,729
RG2	30%	62%	0%	0%	20%	£3,185,960	£2,691,500	£494,460
RG30	30%	62%	0%	0%	20%	£2,370,980	£2,691,500	-£320,520
RG31	30%	62%	0%	0%	20%	£2,606,864	£2,691,500	-£84,636
Small								
RG1	30%	62%	0%	0%	20%	-£1,237,032	£807,450	-£2,044,482
RG2	30%	62%	0%	0%	20%	£852,233	£807,450	£44,783
RG4	30%	62%	0%	0%	20%	£1,308,230	£807,450	£500,780
RG6	30%	62%	0%	0%	20%	£827,362	£807,450	£19,912
RG30	30%	62%	0%	0%	20%	£619,673	£807,450	-£187,777
RG31	30%	62%	0%	0%	20%	£674,564	£807,450	-£132,886
Very small								
RG1	30%	62%	0%	0%	20%	-£240,380	£188,405	-£428,785
RG2	30%	62%	0%	0%	20%	£96,132	£188,405	-£92,273
RG4	30%	62%	0%	0%	20%	£216,220	£188,405	£27,815
RG6	30%	62%	0%	0%	20%	£121,377	£188,405	-£67,028
RG30	30%	62%	0%	0%	20%	£56,024	£188,405	-£132,381
RG31	30%	62%	0%	0%	20%	£72,335	£188,405	-£116,070
Micro								
RG1	30%	62%	0%	0%	20%	-£46,474	£53,830	-£100,304
RG2	30%	62%	0%	0%	20%	-£45,481	£53,830	-£99,311
RG4	30%	62%	0%	0%	20%	-£13,218	£53,830	-£67,048
RG6	30%	62%	0%	0%	20%	-£53,183	£53,830	-£107,013
RG30	30%	62%	0%	0%	20%	-£61,798	£53,830	-£115,628
RG31	30%	62%	0%	0%	20%	-£52,733	£53,830	-£106,563

Nil Affordable Housing

Reading viability scenarios								
Typologies	**Affordable (%)**	**Social Rent (%)**	**Sales values (%)**	**Build costs (%)**	**Developers profit (%)**	**Residual Value**	**BLV**	**Surplus/Deficit**
Strategic								
RG1, Cattle Market	0%	0%	0%	0%	20%	-£12,669,595	£18,759,755	-£31,429,350
RG1, Forbury Retail Park	0%	0%	0%	0%	20%	-£25,381,270	£36,765,890	-£62,147,160
RG1, Hoiser Street	0%	0%	0%	0%	20%	-£13,023,984	£18,840,500	-£31,864,484
RG1, North of Station (remainder)	0%	0%	0%	0%	20%	-£17,639,299	£25,515,420	-£43,154,719
RG2, Land at Madejski Stadium, Shooters way	0%	0%	0%	0%	20%	£37,837,406	£16,633,470	£21,203,936
RG2, Land North of Manor Farm Road	0%	0%	0%	0%	20%	£62,453,996	£27,453,300	£35,000,696
RG2, South of Elgar Road Major Opportunity a	0%	0%	0%	0%	20%	£30,565,123	£13,457,500	£17,107,623
Large								
RG1	0%	0%	0%	0%	20%	-£6,015,257	£8,747,375	-£14,762,632
RG2	0%	0%	0%	0%	20%	£20,004,105	£8,747,375	£11,256,730
RG4	0%	0%	0%	0%	20%	£26,532,202	£8,747,375	£17,784,827
RG30	0%	0%	0%	0%	20%	£16,700,682	£8,747,375	£7,953,307
Medium								
RG1	0%	0%	0%	0%	20%	-£1,857,712	£2,691,500	-£4,549,212
RG2	0%	0%	0%	0%	20%	£6,113,025	£2,691,500	£3,421,525
RG30	0%	0%	0%	0%	20%	£5,105,879	£2,691,500	£2,414,379
RG31	0%	0%	0%	0%	20%	£5,393,897	£2,691,500	£2,702,397
Small								
RG1	0%	0%	0%	0%	20%	-£236,117	£807,450	-£1,043,567
RG2	0%	0%	0%	0%	20%	£1,849,346	£807,450	£1,041,896
RG4	0%	0%	0%	0%	20%	£2,458,428	£807,450	£1,650,978
RG6	0%	0%	0%	0%	20%	£1,826,275	£807,450	£1,018,825
RG30	0%	0%	0%	0%	20%	£1,554,703	£807,450	£747,253
RG31	0%	0%	0%	0%	20%	£1,634,254	£807,450	£826,804
Very small								
RG1	0%	0%	0%	0%	20%	-£131,606	£188,405	-£320,011
RG2	0%	0%	0%	0%	20%	£553,516	£188,405	£365,111
RG4	0%	0%	0%	0%	20%	£762,315	£188,405	£573,910
RG6	0%	0%	0%	0%	20%	£601,443	£188,405	£413,038
RG30	0%	0%	0%	0%	20%	£499,195	£188,405	£310,790
RG31	0%	0%	0%	0%	20%	£522,858	£188,405	£334,453
Micro								
RG1	0%	0%	0%	0%	20%	-£46,474	£53,830	-£100,304
RG2	0%	0%	0%	0%	20%	£207,169	£53,830	£153,339
RG4	0%	0%	0%	0%	20%	£271,696	£53,830	£217,866
RG6	0%	0%	0%	0%	20%	£191,767	£53,830	£137,937
RG30	0%	0%	0%	0%	20%	£174,536	£53,830	£120,706
RG31	0%	0%	0%	0%	20%	£182,667	£53,830	£128,837

20% Affordable Housing and 50% Social 50 Intermediate Tenure

Reading viability scenarios								
Typologies	**Affordable (%)**	**Social Rent (%)**	**Sales values (%)**	**Build costs (%)**	**Developers profit (%)**	**Residual Value**	**BLV**	**Surplus/Deficit**
Strategic								
RG1, Cattle Market	20%	50%	0%	0%	20%	-£21,520,665	£18,759,755	-£40,280,420
RG1, Forbury Retail Park	20%	50%	0%	0%	20%	-£42,261,954	£36,765,890	-£79,027,844
RG1, Hoiser Street	20%	50%	0%	0%	20%	-£21,762,305	£18,840,500	-£40,602,805
RG1, North of Station (remainder)	20%	50%	0%	0%	20%	-£29,382,051	£25,515,420	-£54,897,471
RG2, Land at Madejski Stadium, Shooters way	20%	50%	0%	0%	20%	£26,023,089	£16,633,470	£9,389,619
RG2, Land North of Manor Farm Road	20%	50%	0%	0%	20%	£42,656,802	£27,453,300	£15,203,502
RG2, South of Elgar Road Major Opportunity area	20%	50%	0%	0%	20%	£20,896,761	£13,457,500	£7,439,261
Large								
RG1	20%	50%	0%	0%	20%	-£10,103,460	£8,747,375	-£18,850,835
RG2	20%	50%	0%	0%	20%	£13,582,899	£8,747,375	£4,835,524
RG4	20%	50%	0%	0%	20%	£19,287,424	£8,747,375	£10,540,049
RG30	20%	50%	0%	0%	20%	£10,698,529	£8,747,375	£1,951,154
Medium								
RG1	20%	50%	0%	0%	20%	-£3,167,959	£2,691,500	-£5,859,459
RG2	20%	50%	0%	0%	20%	£3,910,758	£2,691,500	£1,219,258
RG30	20%	50%	0%	0%	20%	£3,044,629	£2,691,500	£353,129
RG31	20%	50%	0%	0%	20%	£3,287,634	£2,691,500	£596,134
Small								
RG1	20%	50%	0%	0%	20%	-£825,850	£807,450	-£1,633,300
RG2	20%	50%	0%	0%	20%	£852,233	£807,450	£44,783
RG4	20%	50%	0%	0%	20%	£1,308,230	£807,450	£500,780
RG6	20%	50%	0%	0%	20%	£827,362	£807,450	£19,912
RG30	20%	50%	0%	0%	20%	£619,673	£807,450	-£187,777
RG31	20%	50%	0%	0%	20%	£674,564	£807,450	-£132,886
Very small								
RG1	20%	50%	0%	0%	20%	-£166,361	£188,405	-£354,766
RG2	20%	50%	0%	0%	20%	£553,516	£188,405	£365,111
RG4	20%	50%	0%	0%	20%	£762,315	£188,405	£573,910
RG6	20%	50%	0%	0%	20%	£601,443	£188,405	£413,038
RG30	20%	50%	0%	0%	20%	£499,195	£188,405	£310,790
RG31	20%	50%	0%	0%	20%	£522,858	£188,405	£334,453
Micro								
RG1	20%	50%	0%	0%	20%	-£46,474	£53,830	-£100,304
RG2	20%	50%	0%	0%	20%	£207,169	£53,830	£153,339
RG4	20%	50%	0%	0%	20%	£271,696	£53,830	£217,866
RG6	20%	50%	0%	0%	20%	£191,767	£53,830	£137,937
RG30	20%	50%	0%	0%	20%	£174,536	£53,830	£120,706
RG31	20%	50%	0%	0%	20%	£182,667	£53,830	£128,837

Sensitivity Testing Policy Compliance +5% Sales Value Growth

Reading viability scenarios								
Typologies	**Affordable (%)**	**Social Rent (%)**	**Sales values (%)**	**Build costs (%)**	**Developers profit (%)**	**Residual Value**	**BLV**	**Surplus/Deficit**
Strategic								
RG1, Cattle Market	30%	62%	5%	0%	20%	-£20,603,076	£18,759,755	-£39,362,831
RG1, Forbury Retail Park	30%	62%	5%	0%	20%	-£40,403,908	£36,765,890	-£77,169,798
RG1, Hoiser Street	30%	62%	5%	0%	20%	-£20,508,806	£18,840,500	-£39,349,306
RG1, North of Station (remainder)	30%	62%	5%	0%	20%	-£27,886,941	£25,515,420	-£53,402,361
RG2, Land at Madejski Stadium, Shooters way	30%	62%	5%	0%	20%	£26,431,442	£16,633,470	£9,797,972
RG2, Land North of Manor Farm Road	30%	62%	5%	0%	20%	£43,608,919	£27,453,300	£16,155,619
RG2, South of Elgar Road Major Opportunity area	30%	62%	5%	0%	20%	£21,515,957	£13,457,500	£8,058,457
Large								
RG1	30%	62%	5%	0%	20%	-£9,595,824	£8,747,375	-£18,343,199
RG2	30%	62%	5%	0%	20%	£13,841,370	£8,747,375	£5,093,995
RG4	30%	62%	5%	0%	20%	£19,212,594	£8,747,375	£10,465,219
RG30	30%	62%	5%	0%	20%	£11,113,905	£8,747,375	£2,366,530
Medium								
RG1	30%	62%	5%	0%	20%	-£2,780,061	£2,691,500	-£5,471,561
RG2	30%	62%	5%	0%	20%	£4,514,289	£2,691,500	£1,822,789
RG30	30%	62%	5%	0%	20%	£3,658,230	£2,691,500	£966,730
RG31	30%	62%	5%	0%	20%	£3,911,500	£2,691,500	£1,220,000
Small								
RG1	30%	62%	5%	0%	20%	-£964,066	£807,450	-£1,771,516
RG2	30%	62%	5%	0%	20%	£1,275,953	£807,450	£468,503
RG4	30%	62%	5%	0%	20%	£1,756,270	£807,450	£948,820
RG6	30%	62%	5%	0%	20%	£1,251,315	£807,450	£443,865
RG30	30%	62%	5%	0%	20%	£1,026,245	£807,450	£218,795
RG31	30%	62%	5%	0%	20%	£1,090,366	£807,450	£282,916
Very small								
RG1	30%	62%	5%	0%	20%	-£177,495	£188,405	-£365,900
RG2	30%	62%	5%	0%	20%	£193,816	£188,405	£5,411
RG4	30%	62%	5%	0%	20%	£312,409	£188,405	£124,004
RG6	30%	62%	5%	0%	20%	£208,823	£188,405	£20,418
RG30	30%	62%	5%	0%	20%	£144,203	£188,405	-£44,202
RG31	30%	62%	5%	0%	20%	£160,329	£188,405	-£28,076
Micro								
RG1	30%	62%	5%	0%	20%	-£22,570	£53,830	-£76,400
RG2	30%	62%	5%	0%	20%	-£21,574	£53,830	-£75,404
RG4	30%	62%	5%	0%	20%	£10,303	£53,830	-£43,527
RG6	30%	62%	5%	0%	20%	-£29,160	£53,830	-£82,990
RG30	30%	62%	5%	0%	20%	-£37,706	£53,830	-£91,536
RG31	30%	62%	5%	0%	20%	-£28,688	£53,830	-£82,518

Sensitivity Testing Policy Compliance -5% Sales Value Growth

Reading viability scenarios								
Typologies	**Affordable (%)**	**Social Rent (%)**	**Sales values (%)**	**Build costs (%)**	**Developers profit (%)**	**Residual Value**	**BLV**	**Surplus/Deficit**
Strategic								
RG1, Cattle Market	30%	62%	-5%	0%	20%	-£33,692,024	£18,759,755	-£52,451,779
RG1, Forbury Retail Park	30%	62%	-5%	0%	20%	-£66,002,873	£36,765,890	-£102,768,763
RG1, Hoiser Street	30%	62%	-5%	0%	20%	-£33,675,715	£18,840,500	-£52,516,215
RG1, North of Station (remainder)	30%	62%	-5%	0%	20%	-£45,703,657	£25,515,420	-£71,219,077
RG2, Land at Madejski Stadium, Shooters way	30%	62%	-5%	0%	20%	£10,222,249	£16,633,470	-£6,411,221
RG2, Land North of Manor Farm Road	30%	62%	-5%	0%	20%	£16,866,062	£27,453,300	-£10,587,238
RG2, South of Elgar Road Major Opportunity area	30%	62%	-5%	0%	20%	£8,371,354	£13,457,500	-£5,086,146
Large								
RG1	30%	62%	-5%	0%	20%	-£15,684,657	£8,747,375	-£24,432,032
RG2	30%	62%	-5%	0%	20%	£5,336,228	£8,747,375	-£3,411,147
RG4	30%	62%	-5%	0%	20%	£10,260,742	£8,747,375	£1,513,367
RG30	30%	62%	-5%	0%	20%	£2,841,390	£8,747,375	-£5,905,985
Medium								
RG1	30%	62%	-5%	0%	20%	-£4,692,398	£2,691,500	-£7,383,898
RG2	30%	62%	-5%	0%	20%	£1,867,630	£2,691,500	-£823,870
RG30	30%	62%	-5%	0%	20%	£1,083,731	£2,691,500	-£1,607,769
RG31	30%	62%	-5%	0%	20%	£1,312,227	£2,691,500	-£1,379,273
Small								
RG1	30%	62%	-5%	0%	20%	-£1,499,998	£807,450	-£2,307,448
RG2	30%	62%	-5%	0%	20%	£428,512	£807,450	-£378,938
RG4	30%	62%	-5%	0%	20%	£860,191	£807,450	£52,741
RG6	30%	62%	-5%	0%	20%	£403,409	£807,450	-£404,041
RG30	30%	62%	-5%	0%	20%	£203,102	£807,450	-£604,348
RG31	30%	62%	-5%	0%	20%	£258,761	£807,450	-£548,689
Very small								
RG1	30%	62%	-5%	0%	20%	-£313,266	£188,405	-£501,671
RG2	30%	62%	-5%	0%	20%	£8,448	£188,405	-£179,957
RG4	30%	62%	-5%	0%	20%	£120,031	£188,405	-£68,374
RG6	30%	62%	-5%	0%	20%	£33,930	£188,405	-£154,475
RG30	30%	62%	-5%	0%	20%	-£22,155	£188,405	-£210,560
RG31	30%	62%	-5%	0%	20%	-£15,660	£188,405	-£204,065
Micro								
RG1	30%	62%	-5%	0%	20%	-£70,379	£53,830	-£124,209
RG2	30%	62%	-5%	0%	20%	-£69,389	£53,830	-£123,219
RG4	30%	62%	-5%	0%	20%	-£36,739	£53,830	-£90,569
RG6	30%	62%	-5%	0%	20%	-£77,205	£53,830	-£131,035
RG30	30%	62%	-5%	0%	20%	-£85,890	£53,830	-£139,720
RG31	30%	62%	-5%	0%	20%	-£76,778	£53,830	-£130,608

Sensitivity Testing 20% Affordable Housing +5% Sales Value Growth

Reading viability scenarios								
Typologies	**Affordable (%)**	**Social Rent (%)**	**Sales values (%)**	**Build costs (%)**	**Developers profit (%)**	**Residual Value**	**BLV**	**Surplus/Deficit**
Strategic								
RG1, Cattle Market	20%	50%	5%	0%	20%	-£14,031,522	£18,759,755	-£32,791,277
RG1, Forbury Retail Park	20%	50%	5%	0%	20%	-£27,605,615	£36,765,890	-£64,371,505
RG1, Hoiser Street	20%	50%	5%	0%	20%	-£14,249,257	£18,840,500	-£33,089,757
RG1, North of Station (remainder)	20%	50%	5%	0%	20%	-£19,213,248	£25,515,420	-£44,728,668
RG2, Land at Madejski Stadium, Shooters way	20%	50%	5%	0%	20%	£35,311,761	£16,633,470	£18,678,291
RG2, Land North of Manor Farm Road	20%	50%	5%	0%	20%	£57,928,542	£27,453,300	£30,475,242
RG2, South of Elgar Road Major Opportunity area	20%	50%	5%	0%	20%	£28,385,170	£13,457,500	£14,927,670
Large								
RG1	20%	50%	5%	0%	20%	-£6,614,902	£8,747,375	-£15,362,277
RG2	20%	50%	5%	0%	20%	£18,470,565	£8,747,375	£9,723,190
RG4	20%	50%	5%	0%	20%	£24,439,879	£8,747,375	£15,692,504
RG30	20%	50%	5%	0%	20%	£15,449,177	£8,747,375	£6,701,802
Medium								
RG1	20%	50%	5%	0%	20%	-£2,096,095	£2,691,500	-£4,787,595
RG2	20%	50%	5%	0%	20%	£5,381,617	£2,691,500	£2,690,117
RG30	20%	50%	5%	0%	20%	£4,475,463	£2,691,500	£1,783,963
RG31	20%	50%	5%	0%	20%	£4,735,688	£2,691,500	£2,044,188
Small								
RG1	20%	50%	5%	0%	20%	-£479,998	£807,450	-£1,287,448
RG2	20%	50%	5%	0%	20%	£1,275,953	£807,450	£468,503
RG4	20%	50%	5%	0%	20%	£1,756,270	£807,450	£948,820
RG6	20%	50%	5%	0%	20%	£1,251,315	£807,450	£443,865
RG30	20%	50%	5%	0%	20%	£1,026,245	£807,450	£218,795
RG31	20%	50%	5%	0%	20%	£1,090,366	£807,450	£282,916
Very small								
RG1	20%	50%	5%	0%	20%	-£76,977	£188,405	-£265,382
RG2	20%	50%	5%	0%	20%	£705,675	£188,405	£517,270
RG4	20%	50%	5%	0%	20%	£921,913	£188,405	£733,508
RG6	20%	50%	5%	0%	20%	£762,999	£188,405	£574,594
RG30	20%	50%	5%	0%	20%	£642,137	£188,405	£453,732
RG31	20%	50%	5%	0%	20%	£665,484	£188,405	£477,079
Micro								
RG1	20%	50%	5%	0%	20%	-£22,570	£53,830	-£76,400
RG2	20%	50%	5%	0%	20%	£254,984	£53,830	£201,154
RG4	20%	50%	5%	0%	20%	£318,738	£53,830	£264,908
RG6	20%	50%	5%	0%	20%	£239,812	£53,830	£185,982
RG30	20%	50%	5%	0%	20%	£222,720	£53,830	£168,890
RG31	20%	50%	5%	0%	20%	£230,757	£53,830	£176,927

Sensitivity Testing 20% Affordable Housing -5% Sales Value Growth

Reading viability scenarios								
Typologies	**Affordable (%)**	**Social Rent (%)**	**Sales values (%)**	**Build costs (%)**	**Developers profit (%)**	**Residual Value**	**BLV**	**Surplus/Deficit**
Strategic								
RG1, Cattle Market	20%	50%	-5%	0%	20%	-£28,999,808	£18,759,755	-£47,759,563
RG1, Forbury Retail Park	20%	50%	-5%	0%	20%	-£56,918,293	£36,765,890	-£93,684,183
RG1, Hoiser Street	20%	50%	-5%	0%	20%	-£29,265,353	£18,840,500	-£48,105,853
RG1, North of Station (remainder)	20%	50%	-5%	0%	20%	-£39,540,854	£25,515,420	-£65,056,274
RG2, Land at Madejski Stadium, Shooters way	20%	50%	-5%	0%	20%	£16,744,416	£16,633,470	£110,946
RG2, Land North of Manor Farm Road	20%	50%	-5%	0%	20%	£27,375,062	£27,453,300	-£78,238
RG2, South of Elgar Road Major Opportunity area	20%	50%	-5%	0%	20%	£13,408,351	£13,457,500	-£49,149
Large								
RG1	20%	50%	-5%	0%	20%	-£13,582,018	£8,747,375	-£22,329,393
RG2	20%	50%	-5%	0%	20%	£8,695,234	£8,747,375	-£52,141
RG4	20%	50%	-5%	0%	20%	£14,144,969	£8,747,375	£5,397,594
RG30	20%	50%	-5%	0%	20%	£5,937,881	£8,747,375	-£2,809,494
Medium								
RG1	20%	50%	-5%	0%	20%	-£4,239,823	£2,691,500	-£6,931,323
RG2	20%	50%	-5%	0%	20%	£2,429,899	£2,691,500	-£261,601
RG30	20%	50%	-5%	0%	20%	£1,603,795	£2,691,500	-£1,087,705
RG31	20%	50%	-5%	0%	20%	£1,839,581	£2,691,500	-£851,919
Small								
RG1	20%	50%	-5%	0%	20%	-£1,161,702	£807,450	-£1,969,152
RG2	20%	50%	-5%	0%	20%	£428,512	£807,450	-£378,938
RG4	20%	50%	-5%	0%	20%	£860,191	£807,450	£52,741
RG6	20%	50%	-5%	0%	20%	£403,409	£807,450	-£404,041
RG30	20%	50%	-5%	0%	20%	£203,102	£807,450	-£604,348
RG31	20%	50%	-5%	0%	20%	£258,761	£807,450	-£548,689
Very small								
RG1	20%	50%	-5%	0%	20%	-£245,746	£188,405	-£434,151
RG2	20%	50%	-5%	0%	20%	£401,357	£188,405	£212,952
RG4	20%	50%	-5%	0%	20%	£602,716	£188,405	£414,311
RG6	20%	50%	-5%	0%	20%	£449,888	£188,405	£261,483
RG30	20%	50%	-5%	0%	20%	£346,252	£188,405	£157,847
RG31	20%	50%	-5%	0%	20%	£370,232	£188,405	£181,827
Micro								
RG1	20%	50%	-5%	0%	20%	-£70,379	£53,830	-£124,209
RG2	20%	50%	-5%	0%	20%	£159,354	£53,830	£105,524
RG4	20%	50%	-5%	0%	20%	£214,655	£53,830	£160,825
RG6	20%	50%	-5%	0%	20%	£143,721	£53,830	£89,891
RG30	20%	50%	-5%	0%	20%	£126,353	£53,830	£72,523
RG31	20%	50%	-5%	0%	20%	£134,577	£53,830	£80,747

Sensitivity Testing Policy Compliant Affordable Housing 17.5% Sales GDV Profit

Reading viability scenarios								
Typologies	**Affordable (%)**	**Social Rent (%)**	**Sales values (%)**	**Build costs (%)**	**Developers profit (%)**	**Residual Value**	**BLV**	**Surplus/Deficit**
Strategic								
RG1, Cattle Market	30%	62%	0%	0%	17.5%	-£23,058,734	£18,759,755	-£41,818,489
RG1, Forbury Retail Park	30%	62%	0%	0%	17.5%	-£45,202,096	£36,765,890	-£81,967,986
RG1, Hoiser Street	30%	62%	0%	0%	17.5%	-£22,975,897	£18,840,500	-£41,816,397
RG1, North of Station (remainder)	30%	62%	0%	0%	17.5%	-£31,223,694	£25,515,420	-£56,739,114
RG2, Land at Madejski Stadium, Shooters way	30%	62%	0%	0%	17.5%	£23,390,354	£16,633,470	£6,756,884
RG2, Land North of Manor Farm Road	30%	62%	0%	0%	17.5%	£38,601,419	£27,453,300	£11,148,119
RG2, South of Elgar Road Major Opportunity area	30%	62%	0%	0%	17.5%	£19,045,402	£13,457,500	£5,587,902
Large								
RG1	30%	62%	0%	0%	17.5%	-£10,733,782	£8,747,375	-£19,481,157
RG2	30%	62%	0%	0%	17.5%	£12,239,872	£8,747,375	£3,492,497
RG4	30%	62%	0%	0%	17.5%	£17,529,354	£8,747,375	£8,781,979
RG30	30%	62%	0%	0%	17.5%	£9,562,005	£8,747,375	£814,630
Medium								
RG1	30%	62%	0%	0%	17.5%	-£3,134,151	£2,691,500	-£5,825,651
RG2	30%	62%	0%	0%	17.5%	£4,015,136	£2,691,500	£1,323,636
RG30	30%	62%	0%	0%	17.5%	£3,177,857	£2,691,500	£486,357
RG31	30%	62%	0%	0%	17.5%	£3,420,273	£2,691,500	£728,773
Small								
RG1	30%	62%	0%	0%	17.5%	-£1,069,447	£807,450	-£1,876,897
RG2	30%	62%	0%	0%	17.5%	£1,117,932	£807,450	£310,482
RG4	30%	62%	0%	0%	17.5%	£1,588,132	£807,450	£780,682
RG6	30%	62%	0%	0%	17.5%	£1,092,479	£807,450	£285,029
RG30	30%	62%	0%	0%	17.5%	£878,245	£807,450	£70,795
RG31	30%	62%	0%	0%	17.5%	£935,057	£807,450	£127,607
Very small								
RG1	30%	62%	0%	0%	17.5%	-£197,595	£188,405	-£386,000
RG2	30%	62%	0%	0%	17.5%	£151,921	£188,405	-£36,484
RG4	30%	62%	0%	0%	17.5%	£275,748	£188,405	£87,343
RG6	30%	62%	0%	0%	17.5%	£177,760	£188,405	-£10,645
RG30	30%	62%	0%	0%	17.5%	£110,577	£188,405	-£77,828
RG31	30%	62%	0%	0%	17.5%	£127,349	£188,405	-£61,056
Micro								
RG1	30%	62%	0%	0%	17.5%	-£31,236	£53,830	-£85,066
RG2	30%	62%	0%	0%	17.5%	-£30,250	£53,830	-£84,080
RG4	30%	62%	0%	0%	17.5%	-£13,218	£53,830	-£67,048
RG6	30%	62%	0%	0%	17.5%	-£38,239	£53,830	-£92,069
RG30	30%	62%	0%	0%	17.5%	-£47,027	£53,830	-£100,857
RG31	30%	62%	0%	0%	17.5%	-£37,845	£53,830	-£91,675

Sensitivity Testing Policy Compliant Affordable Housing 15% Sales GDV Profit

Reading viability scenarios								
Typologies	**Affordable (%)**	**Social Rent (%)**	**Sales values (%)**	**Build costs (%)**	**Developers profit (%)**	**Residual Value**	**BLV**	**Surplus/Deficit**
Strategic								
RG1, Cattle Market	30%	62%	0%	0%	15%	-£18,969,918	£18,759,755	-£37,729,673
RG1, Forbury Retail Park	30%	62%	0%	0%	15%	-£37,200,801	£36,765,890	-£73,966,691
RG1, Hoiser Street	30%	62%	0%	0%	15%	-£18,859,534	£18,840,500	-£37,700,034
RG1, North of Station (remainder)	30%	62%	0%	0%	15%	-£25,657,089	£25,515,420	-£51,172,509
RG2, Land at Madejski Stadium, Shooters way	30%	62%	0%	0%	15%	£28,453,863	£16,633,470	£11,820,393
RG2, Land North of Manor Farm Road	30%	62%	0%	0%	15%	£46,960,349	£27,453,300	£19,507,049
RG2, South of Elgar Road Major Opportunity area	30%	62%	0%	0%	15%	£23,152,149	£13,457,500	£9,694,649
Large								
RG1	30%	62%	0%	0%	15%	-£8,832,323	£8,747,375	-£17,579,698
RG2	30%	62%	0%	0%	15%	£14,895,944	£8,747,375	£6,148,569
RG4	30%	62%	0%	0%	15%	£20,327,039	£8,747,375	£11,579,664
RG30	30%	62%	0%	0%	15%	£12,146,362	£8,747,375	£3,398,987
Medium								
RG1	30%	62%	0%	0%	15%	-£2,537,073	£2,691,500	-£5,228,573
RG2	30%	62%	0%	0%	15%	£4,844,311	£2,691,500	£2,152,811
RG30	30%	62%	0%	0%	15%	£3,984,734	£2,691,500	£1,293,234
RG31	30%	62%	0%	0%	15%	£4,233,683	£2,691,500	£1,542,183
Small								
RG1	30%	62%	0%	0%	15%	-£901,862	£807,450	-£1,709,312
RG2	30%	62%	0%	0%	15%	£1,383,631	£807,450	£576,181
RG4	30%	62%	0%	0%	15%	£1,868,034	£807,450	£1,060,584
RG6	30%	62%	0%	0%	15%	£1,357,597	£807,450	£550,147
RG30	30%	62%	0%	0%	15%	£1,136,817	£807,450	£329,367
RG31	30%	62%	0%	0%	15%	£1,195,551	£807,450	£388,101
Very small								
RG1	30%	62%	0%	0%	15%	-£154,810	£188,405	-£343,215
RG2	30%	62%	0%	0%	15%	£207,711	£188,405	£19,306
RG4	30%	62%	0%	0%	15%	£335,277	£188,405	£146,872
RG6	30%	62%	0%	0%	15%	£234,144	£188,405	£45,739
RG30	30%	62%	0%	0%	15%	£165,130	£188,405	-£23,275
RG31	30%	62%	0%	0%	15%	£182,363	£188,405	-£6,042
Micro								
RG1	30%	62%	0%	0%	15%	-£15,998	£53,830	-£69,828
RG2	30%	62%	0%	0%	15%	-£15,019	£53,830	-£68,849
RG4	30%	62%	0%	0%	15%	-£13,218	£53,830	-£67,048
RG6	30%	62%	0%	0%	15%	-£23,295	£53,830	-£77,125
RG30	30%	62%	0%	0%	15%	-£32,257	£53,830	-£86,087
RG31	30%	62%	0%	0%	15%	-£22,958	£53,830	-£76,788

Sensitivity Testing 20% Affordable Housing 17.5% Sales GDV Profit

Reading viability scenarios								
Typologies	**Affordable (%)**	**Social Rent (%)**	**Sales values (%)**	**Build costs (%)**	**Developers profit (%)**	**Residual Value**	**BLV**	**Surplus/Deficit**
Strategic								
RG1, Cattle Market	20%	50%	0%	0%	17.5%	-£16,843,523	£18,759,755	-£35,603,278
RG1, Forbury Retail Park	20%	50%	0%	0%	17.5%	-£33,102,803	£36,765,890	-£69,868,693
RG1, Hoiser Street	20%	50%	0%	0%	17.5%	-£17,069,925	£18,840,500	-£35,910,425
RG1, North of Station (remainder)	20%	50%	0%	0%	17.5%	-£23,029,059	£25,515,420	-£48,544,479
RG2, Land at Madejski Stadium, Shooters way	20%	50%	0%	0%	17.5%	£31,826,406	£16,633,470	£15,192,936
RG2, Land North of Manor Farm Road	20%	50%	0%	0%	17.5%	£52,202,451	£27,453,300	£24,749,151
RG2, South of Elgar Road Major Opportunity area	20%	50%	0%	0%	17.5%	£25,575,737	£13,457,500	£12,118,237
Large								
RG1	20%	50%	0%	0%	17.5%	-£7,924,855	£8,747,375	-£16,672,230
RG2	20%	50%	0%	0%	17.5%	£16,638,735	£8,747,375	£7,891,360
RG4	20%	50%	0%	0%	17.5%	£22,506,287	£8,747,375	£13,758,912
RG30	20%	50%	0%	0%	17.5%	£13,671,909	£8,747,375	£4,924,534
Medium								
RG1	20%	50%	0%	0%	17.5%	-£2,497,619	£2,691,500	-£5,189,119
RG2	20%	50%	0%	0%	17.5%	£4,833,610	£2,691,500	£2,142,110
RG30	20%	50%	0%	0%	17.5%	£3,942,544	£2,691,500	£1,251,044
RG31	20%	50%	0%	0%	17.5%	£4,192,501	£2,691,500	£1,501,001
Small								
RG1	20%	50%	0%	0%	17.5%	-£615,480	£807,450	-£1,422,930
RG2	20%	50%	0%	0%	17.5%	£1,117,932	£807,450	£310,482
RG4	20%	50%	0%	0%	17.5%	£1,588,132	£807,450	£780,682
RG6	20%	50%	0%	0%	17.5%	£1,092,479	£807,450	£285,029
RG30	20%	50%	0%	0%	17.5%	£878,245	£807,450	£70,795
RG31	20%	50%	0%	0%	17.5%	£935,057	£807,450	£127,607
Very small								
RG1	20%	50%	0%	0%	17.5%	-£114,823	£188,405	-£303,228
RG2	20%	50%	0%	0%	17.5%	£648,119	£188,405	£459,714
RG4	20%	50%	0%	0%	17.5%	£863,318	£188,405	£674,913
RG6	20%	50%	0%	0%	17.5%	£697,555	£188,405	£509,150
RG30	20%	50%	0%	0%	17.5%	£591,838	£188,405	£403,433
RG31	20%	50%	0%	0%	17.5%	£616,293	£188,405	£427,888
Micro								
RG1	20%	50%	0%	0%	17.5%	-£31,236	£53,830	-£85,066
RG2	20%	50%	0%	0%	17.5%	£237,631	£53,830	£183,801
RG4	20%	50%	0%	0%	17.5%	£271,696	£53,830	£217,866
RG6	20%	50%	0%	0%	17.5%	£221,654	£53,830	£167,824
RG30	20%	50%	0%	0%	17.5%	£204,077	£53,830	£150,247
RG31	20%	50%	0%	0%	17.5%	£212,441	£53,830	£158,611

Sensitivity Testing 20% Affordable Housing 15% Sales GDV Profit Sensitivity Testing Policy

Reading viability scenarios								
Typologies	**Affordable (%)**	**Social Rent (%)**	**Sales values (%)**	**Build costs (%)**	**Developers profit (%)**	**Residual Value**	**BLV**	**Surplus/Deficit**
Strategic								
RG1, Cattle Market	20%	50%	0%	0%	15%	-£12,166,381	£18,759,755	-£30,926,136
RG1, Forbury Retail Park	20%	50%	0%	0%	15%	-£23,943,651	£36,765,890	-£60,709,541
RG1, Hoiser Street	20%	50%	0%	0%	15%	-£12,377,545	£18,840,500	-£31,218,045
RG1, North of Station (remainder)	20%	50%	0%	0%	15%	-£16,676,068	£25,515,420	-£42,191,488
RG2, Land at Madejski Stadium, Shooters way	20%	50%	0%	0%	15%	£37,629,724	£16,633,470	£20,996,254
RG2, Land North of Manor Farm Road	20%	50%	0%	0%	15%	£61,748,100	£27,453,300	£34,294,800
RG2, South of Elgar Road Major Opportunity area	20%	50%	0%	0%	15%	£30,254,713	£13,457,500	£16,797,213
Large								
RG1	20%	50%	0%	0%	15%	-£5,746,250	£8,747,375	-£14,493,625
RG2	20%	50%	0%	0%	15%	£19,694,571	£8,747,375	£10,947,196
RG4	20%	50%	0%	0%	15%	£25,725,150	£8,747,375	£16,977,775
RG30	20%	50%	0%	0%	15%	£16,645,289	£8,747,375	£7,897,914
Medium								
RG1	20%	50%	0%	0%	15%	-£1,827,279	£2,691,500	-£4,518,779
RG2	20%	50%	0%	0%	15%	£5,756,462	£2,691,500	£3,064,962
RG30	20%	50%	0%	0%	15%	£4,840,459	£2,691,500	£2,148,959
RG31	20%	50%	0%	0%	15%	£5,097,367	£2,691,500	£2,405,867
Small								
RG1	20%	50%	0%	0%	15%	-£405,110	£807,450	-£1,212,560
RG2	20%	50%	0%	0%	15%	£1,383,631	£807,450	£576,181
RG4	20%	50%	0%	0%	15%	£1,868,034	£807,450	£1,060,584
RG6	20%	50%	0%	0%	15%	£1,357,597	£807,450	£550,147
RG30	20%	50%	0%	0%	15%	£1,136,817	£807,450	£329,367
RG31	20%	50%	0%	0%	15%	£1,195,551	£807,450	£388,101
Very small								
RG1	20%	50%	0%	0%	15%	-£63,285	£188,405	-£251,690
RG2	20%	50%	0%	0%	15%	£742,722	£188,405	£554,317
RG4	20%	50%	0%	0%	15%	£964,321	£188,405	£775,916
RG6	20%	50%	0%	0%	15%	£793,668	£188,405	£605,263
RG30	20%	50%	0%	0%	15%	£684,481	£188,405	£496,076
RG31	20%	50%	0%	0%	15%	£709,728	£188,405	£521,323
Micro								
RG1	20%	50%	0%	0%	15%	-£15,998	£53,830	-£69,828
RG2	20%	50%	0%	0%	15%	£268,093	£53,830	£214,263
RG4	20%	50%	0%	0%	15%	£271,696	£53,830	£217,866
RG6	20%	50%	0%	0%	15%	£251,541	£53,830	£197,711
RG30	20%	50%	0%	0%	15%	£233,619	£53,830	£179,789
RG31	20%	50%	0%	0%	15%	£242,216	£53,830	£188,386

Compliant Affordable Housing +5% increase in Build Costs

Reading viability scenarios								
Typologies	**Affordable (%)**	**Social Rent (%)**	**Sales values (%)**	**Build costs (%)**	**Developers profit (%)**	**Residual Value**	**BLV**	**Surplus/Deficit**
Strategic								
RG1, Cattle Market	30%	62%	0%	5%	20%	-£36,570,648	£18,759,755	-£55,330,403
RG1, Forbury Retail Park	30%	62%	0%	5%	20%	-£71,671,041	£36,765,890	-£108,436,931
RG1, Hoiser Street	30%	62%	0%	5%	20%	-£36,555,917	£18,840,500	-£55,396,417
RG1, North of Station (remainder)	30%	62%	0%	5%	20%	-£49,606,794	£25,515,420	-£75,122,214
RG2, Land at Madejski Stadium, Shooters way	30%	62%	0%	5%	20%	£9,214,454	£16,633,470	-£7,419,016
RG2, Land North of Manor Farm Road	30%	62%	0%	5%	20%	£15,204,549	£27,453,300	-£12,248,751
RG2, South of Elgar Road Major Opportunity area	30%	62%	0%	5%	20%	£7,575,596	£13,457,500	-£5,881,904
Large								
RG1	30%	62%	0%	5%	20%	-£17,029,081	£8,747,375	-£25,776,456
RG2	30%	62%	0%	5%	20%	£4,768,143	£8,747,375	-£3,979,232
RG4	30%	62%	0%	5%	20%	£9,916,013	£8,747,375	£1,168,638
RG30	30%	62%	0%	5%	20%	£2,161,992	£8,747,375	-£6,585,383
Medium								
RG1	30%	62%	0%	5%	20%	-£5,083,180	£2,691,500	-£7,774,680
RG2	30%	62%	0%	5%	20%	£1,713,348	£2,691,500	-£978,152
RG30	30%	62%	0%	5%	20%	£898,368	£2,691,500	-£1,793,132
RG31	30%	62%	0%	5%	20%	£1,134,252	£2,691,500	-£1,557,248
Small								
RG1	30%	62%	0%	5%	20%	-£1,642,617	£807,450	-£2,450,067
RG2	30%	62%	0%	5%	20%	£412,016	£807,450	-£395,434
RG4	30%	62%	0%	5%	20%	£868,013	£807,450	£60,563
RG6	30%	62%	0%	5%	20%	£387,145	£807,450	-£420,305
RG30	30%	62%	0%	5%	20%	£179,456	£807,450	-£627,994
RG31	30%	62%	0%	5%	20%	£234,347	£807,450	-£573,103
Very small								
RG1	30%	62%	0%	5%	20%	-£335,017	£188,405	-£523,422
RG2	30%	62%	0%	5%	20%	-£20,207	£188,405	-£208,612
RG4	30%	62%	0%	5%	20%	£99,881	£188,405	-£88,524
RG6	30%	62%	0%	5%	20%	£5,038	£188,405	-£183,367
RG30	30%	62%	0%	5%	20%	-£60,315	£188,405	-£248,720
RG31	30%	62%	0%	5%	20%	-£44,004	£188,405	-£232,409
Micro								
RG1	30%	62%	0%	5%	20%	-£73,513	£53,830	-£127,343
RG2	30%	62%	0%	5%	20%	-£81,990	£53,830	-£135,820
RG4	30%	62%	0%	5%	20%	-£49,726	£53,830	-£103,556
RG6	30%	62%	0%	5%	20%	-£89,691	£53,830	-£143,521
RG30	30%	62%	0%	5%	20%	-£98,306	£53,830	-£152,136
RG31	30%	62%	0%	5%	20%	-£89,241	£53,830	-£143,071

Sensitivity Testing Policy Compliant Affordable Housing -5% decrease in Build Costs

Reading viability scenarios								
Typologies	**Affordable (%)**	**Social Rent (%)**	**Sales values (%)**	**Build costs (%)**	**Developers profit (%)**	**Residual Value**	**BLV**	**Surplus/Deficit**
Strategic								
RG1, Cattle Market	30%	62%	0%	-5%	20%	-£17,724,452	£18,759,755	-£36,484,207
RG1, Forbury Retail Park	30%	62%	0%	-5%	20%	-£34,735,740	£36,765,890	-£71,501,630
RG1, Hoiser Street	30%	62%	0%	-5%	20%	-£17,628,604	£18,840,500	-£36,469,104
RG1, North of Station (remainder)	30%	62%	0%	-5%	20%	-£23,973,804	£25,515,420	-£49,489,224
RG2, Land at Madejski Stadium, Shooters way	30%	62%	0%	-5%	20%	£27,439,237	£16,633,470	£10,805,767
RG2, Land North of Manor Farm Road	30%	62%	0%	-5%	20%	£45,280,432	£27,453,300	£17,827,132
RG2, South of Elgar Road Major Opportunity area	30%	62%	0%	-5%	20%	£22,301,715	£13,457,500	£8,844,215
Large								
RG1	30%	62%	0%	-5%	20%	-£8,241,400	£8,747,375	-£16,988,775
RG2	30%	62%	0%	-5%	20%	£14,399,454	£8,747,375	£5,652,079
RG4	30%	62%	0%	-5%	20%	£19,547,324	£8,747,375	£10,799,949
RG30	30%	62%	0%	-5%	20%	£11,793,303	£8,747,375	£3,045,928
Medium								
RG1	30%	62%	0%	-5%	20%	-£2,379,278	£2,691,500	-£5,070,778
RG2	30%	62%	0%	-5%	20%	£4,658,572	£2,691,500	£1,967,072
RG30	30%	62%	0%	-5%	20%	£3,843,592	£2,691,500	£1,152,092
RG31	30%	62%	0%	-5%	20%	£4,079,475	£2,691,500	£1,387,975
Small								
RG1	30%	62%	0%	-5%	20%	-£831,446	£807,450	-£1,638,896
RG2	30%	62%	0%	-5%	20%	£1,292,449	£807,450	£484,999
RG4	30%	62%	0%	-5%	20%	£1,748,447	£807,450	£940,997
RG6	30%	62%	0%	-5%	20%	£1,267,579	£807,450	£460,129
RG30	30%	62%	0%	-5%	20%	£1,059,890	£807,450	£252,440
RG31	30%	62%	0%	-5%	20%	£1,114,781	£807,450	£307,331
Very small								
RG1	30%	62%	0%	-5%	20%	-£145,744	£188,405	-£334,149
RG2	30%	62%	0%	-5%	20%	£212,471	£188,405	£24,066
RG4	30%	62%	0%	-5%	20%	£332,559	£188,405	£144,154
RG6	30%	62%	0%	-5%	20%	£237,715	£188,405	£49,310
RG30	30%	62%	0%	-5%	20%	£172,363	£188,405	-£16,042
RG31	30%	62%	0%	-5%	20%	£188,673	£188,405	£268
Micro								
RG1	30%	62%	0%	-5%	20%	-£19,435	£53,830	-£73,265
RG2	30%	62%	0%	-5%	20%	-£8,973	£53,830	-£62,803
RG4	30%	62%	0%	-5%	20%	£23,290	£53,830	-£30,540
RG6	30%	62%	0%	-5%	20%	-£16,674	£53,830	-£70,504
RG30	30%	62%	0%	-5%	20%	-£25,289	£53,830	-£79,119
RG31	30%	62%	0%	-5%	20%	-£16,224	£53,830	-£70,054

Sensitivity Testing 20% Affordable Housing +5% Increase in Build Costs

Reading viability scenarios								
Typologies	**Affordable (%)**	**Social Rent (%)**	**Sales values (%)**	**Build costs (%)**	**Developers profit (%)**	**Residual Value**	**BLV**	**Surplus/Deficit**
Strategic								
RG1, Cattle Market	20%	50%	0%	5%	20%	-£30,943,763	£18,759,755	-£49,703,518
RG1, Forbury Retail Park	20%	50%	0%	5%	20%	-£60,729,604	£36,765,890	-£97,495,494
RG1, Hoiser Street	20%	50%	0%	5%	20%	-£31,225,962	£18,840,500	-£50,066,462
RG1, North of Station (remainder)	20%	50%	0%	5%	20%	-£42,198,546	£25,515,420	-£67,713,966
RG2, Land at Madejski Stadium, Shooters way	20%	50%	0%	5%	20%	£16,910,697	£16,633,470	£277,227
RG2, Land North of Manor Farm Road	20%	50%	0%	5%	20%	£27,618,861	£27,453,300	£165,561
RG2, South of Elgar Road Major Opportunity area	20%	50%	0%	5%	20%	£13,533,701	£13,457,500	£76,201
Large								
RG1	20%	50%	0%	5%	20%	-£14,497,301	£8,747,375	-£23,244,676
RG2	20%	50%	0%	5%	20%	£8,767,244	£8,747,375	£19,869
RG4	20%	50%	0%	5%	20%	£14,471,769	£8,747,375	£5,724,394
RG30	20%	50%	0%	5%	20%	£5,882,874	£8,747,375	-£2,864,501
Medium								
RG1	20%	50%	0%	5%	20%	-£4,519,910	£2,691,500	-£7,211,410
RG2	20%	50%	0%	5%	20%	£2,438,146	£2,691,500	-£253,354
RG30	20%	50%	0%	5%	20%	£1,572,017	£2,691,500	-£1,119,483
RG31	20%	50%	0%	5%	20%	£1,815,022	£2,691,500	-£876,478
Small								
RG1	20%	50%	0%	5%	20%	-£1,231,436	£807,450	-£2,038,886
RG2	20%	50%	0%	5%	20%	£412,016	£807,450	-£395,434
RG4	20%	50%	0%	5%	20%	£868,013	£807,450	£60,563
RG6	20%	50%	0%	5%	20%	£387,145	£807,450	-£420,305
RG30	20%	50%	0%	5%	20%	£179,456	£807,450	-£627,994
RG31	20%	50%	0%	5%	20%	£234,347	£807,450	-£573,103
Very small								
RG1	20%	50%	0%	5%	20%	-£260,998	£188,405	-£449,403
RG2	20%	50%	0%	5%	20%	£437,177	£188,405	£248,772
RG4	20%	50%	0%	5%	20%	£645,976	£188,405	£457,571
RG6	20%	50%	0%	5%	20%	£485,105	£188,405	£296,700
RG30	20%	50%	0%	5%	20%	£382,856	£188,405	£194,451
RG31	20%	50%	0%	5%	20%	£406,519	£188,405	£218,114
Micro								
RG1	20%	50%	0%	5%	20%	-£73,513	£53,830	-£127,343
RG2	20%	50%	0%	5%	20%	£170,661	£53,830	£116,831
RG4	20%	50%	0%	5%	20%	£235,188	£53,830	£181,358
RG6	20%	50%	0%	5%	20%	£155,258	£53,830	£101,428
RG30	20%	50%	0%	5%	20%	£138,028	£53,830	£84,198
RG31	20%	50%	0%	5%	20%	£146,158	£53,830	£92,328

Sensitivity Testing 20% Affordable Housing -5% Decrease in Build Costs

Reading viability scenarios								
Typologies	**Affordable (%)**	**Social Rent (%)**	**Sales values (%)**	**Build costs (%)**	**Developers profit (%)**	**Residual Value**	**BLV**	**Surplus/Deficit**
Strategic								
RG1, Cattle Market	20%	50%	0%	-5%	20%	-£12,097,567	£18,759,755	-£30,857,322
RG1, Forbury Retail Park	20%	50%	0%	-5%	20%	-£23,794,304	£36,765,890	-£60,560,194
RG1, Hoiser Street	20%	50%	0%	-5%	20%	-£12,298,648	£18,840,500	-£31,139,148
RG1, North of Station (remainder)	20%	50%	0%	-5%	20%	-£16,565,556	£25,515,420	-£42,080,976
RG2, Land at Madejski Stadium, Shooters way	20%	50%	0%	-5%	20%	£35,135,480	£16,633,470	£18,502,010
RG2, Land North of Manor Farm Road	20%	50%	0%	-5%	20%	£57,694,743	£27,453,300	£30,241,443
RG2, South of Elgar Road Major Opportunity area	20%	50%	0%	-5%	20%	£28,259,820	£13,457,500	£14,802,320
Large								
RG1	20%	50%	0%	-5%	20%	-£5,709,620	£8,747,375	-£14,456,995
RG2	20%	50%	0%	-5%	20%	£18,398,554	£8,747,375	£9,651,179
RG4	20%	50%	0%	-5%	20%	£24,103,080	£8,747,375	£15,355,705
RG30	20%	50%	0%	-5%	20%	£15,514,185	£8,747,375	£6,766,810
Medium								
RG1	20%	50%	0%	-5%	20%	-£1,816,008	£2,691,500	-£4,507,508
RG2	20%	50%	0%	-5%	20%	£5,383,370	£2,691,500	£2,691,870
RG30	20%	50%	0%	-5%	20%	£4,517,241	£2,691,500	£1,825,741
RG31	20%	50%	0%	-5%	20%	£4,760,246	£2,691,500	£2,068,746
Small								
RG1	20%	50%	0%	-5%	20%	-£420,265	£807,450	-£1,227,715
RG2	20%	50%	0%	-5%	20%	£1,292,449	£807,450	£484,999
RG4	20%	50%	0%	-5%	20%	£1,748,447	£807,450	£940,997
RG6	20%	50%	0%	-5%	20%	£1,267,579	£807,450	£460,129
RG30	20%	50%	0%	-5%	20%	£1,059,890	£807,450	£252,440
RG31	20%	50%	0%	-5%	20%	£1,114,781	£807,450	£307,331
Very small								
RG1	20%	50%	0%	-5%	20%	-£71,725	£188,405	-£260,130
RG2	20%	50%	0%	-5%	20%	£669,855	£188,405	£481,450
RG4	20%	50%	0%	-5%	20%	£878,653	£188,405	£690,248
RG6	20%	50%	0%	-5%	20%	£717,782	£188,405	£529,377
RG30	20%	50%	0%	-5%	20%	£615,533	£188,405	£427,128
RG31	20%	50%	0%	-5%	20%	£639,197	£188,405	£450,792
Micro								
RG1	20%	50%	0%	-5%	20%	-£19,435	£53,830	-£73,265
RG2	20%	50%	0%	-5%	20%	£243,677	£53,830	£189,847
RG4	20%	50%	0%	-5%	20%	£308,204	£53,830	£254,374
RG6	20%	50%	0%	-5%	20%	£228,275	£53,830	£174,445
RG30	20%	50%	0%	-5%	20%	£211,045	£53,830	£157,215
RG31	20%	50%	0%	-5%	20%	£219,175	£53,830	£165,345

Appendix 3: Assessment of Construction Costs

It will be noted that the overall construction cost rates do not vary between the assessed high and low value areas. The floor areas assumed do however vary as such overall costs do vary

			BCIS £/m²	Sustainability BCIS+	Facilitating Wks	Sub-total	Ext Wks	Sub-total	Contingency	Total	Total unit cost
High & Medium value areas:			LF 108	15%			10%		5%		
	Numbers of Units	Net sales Area Sq m	£/m²	£/m²	£/m²	£/m²	£/m²	£/m²	£/m²	£/m²	£
1 bed flat	-	65	1,961	294	78.3	2,334	233	2,567	128	2,695	175,206
2 bed flat	-	75	1,961	294	78.3	2,334	233	2,567	128	2,695	202,161
3 bed flat	-	85	1,961	294	78.3	2,334	233	2,567	128	2,695	229,116
2 bed terrace	12	90	1,669	250	78.3	1,997	200	2,197	110	2,307	207,606
3 bed terrace	15	105	1,669	250	78.3	1,997	200	2,197	110	2,307	242,207
4 bed terrace	5	130	1,669	250	78.3	1,997	200	2,197	110	2,307	299,875
2 bed semi	-	95	1,679	252	78.3	2,010	201	2,211	111	2,321	220,502
3 bed semi	5	110	1,679	252	78.3	2,010	201	2,211	111	2,321	255,318
4 bed semi	7	140	1,679	252	78.3	2,010	201	2,211	111	2,321	324,950
3 bed detached	-	150	2,231	335	78.3	2,644	264	2,909	145	3,054	458,116
4 bed detached	-	190	2,231	335	78.3	2,644	264	2,909	145	3,054	580,281

Low Value Areas:	Numbers of Units	Net sales Area Sq m									
1 bed flat	46	60	1,961	294	78.3	2,334	233	2,567	128	2,695	161,729
2 bed flat	46	75	1,961	294	78.3	2,334	233	2,567	128	2,695	202,161
3 bed flat	-	90	1,961	294	78.3	2,334	233	2,567	128	2,695	242,593
2 bed terrace	61	80	1,669	250	78.3	1,997	200	2,197	110	2,307	184,538
3 bed terrace	46	95	1,669	250	78.3	1,997	200	2,197	110	2,307	219,139
4 bed terrace	-	105	1,669	250	78.3	1,997	200	2,197	110	2,307	242,207
2 bed semi	-	85	1,679	252	78.3	2,010	201	2,211	111	2,321	197,291
3 bed semi	46	100	1,679	252	78.3	2,010	201	2,211	111	2,321	232,107
4 bed semi	30	110	1,679	252	78.3	2,010	201	2,211	111	2,321	255,318
3 bed detached	15	105	2,231	335	78.3	2,644	264	2,909	145	3,054	320,681
4 bed detached	15	140	2,231	335	78.3	2,644	264	2,909	145	3,054	427,575

Appendix 4: Glossary

Term	**Definition** (links provided for further information)
Actual Developer Return (or profit)	As opposed to target return, the actual return is what developers are due to receive from a development scheme.
Affordable Rent:	Affordable rent is rent that is set at up to 80% of market rent (including service charges). Includes SR, LAR and DMR housing.
Social Rent (SR)	Social rent is usually rent that is paid to registered providers and local authorities. It is low-cost rent that is set by a government formula.
Discounted Market Rent (DMR)	Usually at 80% or less of open market rent, or to LAR levels.
Alternative Use Value (AUV)	Ultimately, AUV considers other options for a property to ascertain the highest value and best use for the land. There's usually more than one thing that can be done to release value in a site, and it's logical that the landowner should consider all avenues before bringing a scheme forward. Government guidance allows viability assessors to consider the alternative use value of a building as a benchmark, provided this relates to a lawful use which complies with the adopted development plan. This alternative use can therefore be: - a legal permitted change of use or development (which does not require planning permission) - an existing planning permission (for example a smaller scheme) - or a proposal which fully complies with all development plan policies. Existing Use Value remains the preferred method of assessing BLV under PPG and AUV use is limited by a number of specific conditions. NPPG
Benchmark Land Value (BLV)	The benchmark land value (BLV) is the hypothetical land value used to assess planning viability; it does not include hope value. Established based on either the existing use value (EUV) or the Alternative Use Value (AUV) of the land and may include a Landowner Premium. NPPG
Construction Costs	Total build costs associated with the development.
Build to Rent (BTR)	Build to Rent is a property development that is designed with the sole intention of appealing to the rental market as opposed to long-term home ownership. The London Plan
Co-Living	the practice of living with other people in a group of homes that include some shared facilities (typically shared working, leisure spaces and kitchens). The London Plan
Community Infrastructure Levy (CIL)	The Community Infrastructure Levy (CIL) is a levy on development that councils across the country, are implementing. It helps to pay for local infrastructure including schools, paths, parks, open spaces and healthcare facilities.
Developer Return (or profit)	The amount or percentage return retained or retainable by the developer. NPPG
Developer return on cost	The amount of developer Return expressed as a percentage of Build Costs. NPPG
Developer return on GDV	The amount of Developer Return expressed as a percentage of GDV. NPPG
Development Appraisal	A financial appraisal of a development. It is normally used to calculate either the residual site value or the residual development profit, but it can be used to calculate other outputs. RICS Development Valuation
Existing Use Value (EUV)	What property or land is worth in its current form. In other words, the hypothetical price that it can be sold for on the open market, assuming it will only be used for the existing use for the foreseeable future and that no capital works will be undertaken. It excludes hope value for redevelopment. NPPG
Extra Care	The term 'extra care' housing is used to describe developments that comprise self-contained homes with design features and support services available to enable self- care and independent living.
Fair Value	'The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.' (This definition derives from international Financial Reporting Standards IFRS 13.) The Red Book
Gross Development Value (GDV)	The value of a development once construction has been completed, or the total sum of the sales values for the finished development. NPPG
Gross External Area (GEA)	Broadly speaking the whole area of a building taking each floor into account, including the thickness of the external walls. Most similar to IPMS 1. Code of Measuring Practice IPMS

Gross Internal Area (GIA)	Broadly speaking the whole enclosed area of a building taking each floor into account and excluding the thickness of the external walls. Most similar to IPMS 2. Code of Measuring Practice IPMS
Ground Rent	An additional amount which many people who own leasehold properties must pay. It's charged by a "landlord", although the more accurate term is perhaps "freeholder" – the person who owns the land, and ultimately owns the lease. No longer applied on new dwellings.
House of Multiple Occupation (HMO)	A property shared by at least 3 people who are not from 1 'household' (for example a family) and share facilities like the bathroom and kitchen. You must have a licence if you're renting out a large HMO in England or Wales. Your property is defined as a large HMO if all of the following apply: • it is rented to 5 or more people who form more than 1 household. • some or all tenants share toilet, bathroom, or kitchen facilities. • at least 1 tenant pays rent (or their employer pays it for them) The London Plan
Internal Rate of Return (IRR)	The rate of interest (expressed as a percentage) at which all future project cash flows (positive and negative) will be discounted in order that the net present value (NPV) of those cash flows, including the initial investment, be equal to zero. IRR can be assessed on both gross and net of finance. RICS Development Valuation
Shared Ownership (SO)	The purchaser pays a mortgage on the share they own and pays a subsidised rent to a housing association on the remaining share. The purchaser has the option to increase their share during their time in the property via a process known as 'staircasing', and in most cases can staircase all the way to 100%. It is a form of intermediate housing.
ITZA	ITZA is surveyor-abbreviation meaning 'area in terms of Zone A'. Totalling the Zone A equivalent of each zone (i.e. Zone B/2, Zone C/4 etc) and expressing the total in terms of Zone A is a method of analysing rents. Code of Measuring Practice
Landowner Premium	The premium (or the 'plus' in EUV+) is a component of benchmark land value. It is the amount (if any) above existing use value (EUV) that goes to the landowner and reflects an incentive for the landowner to dispose of the land for development. NPPG
Market Value	The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. The Red Book
National Planning Policy Framework (NPPF)	The revised National Planning Policy Framework sets out government's planning policies for England and how these are expected to be applied. National Planning Policy Framework
Net Internal Area (NIA)	Broadly speaking the usable area within a building measured to the face of the internal finish of perimeter or party walls, excluding corridors and WCs etc and taking each floor into account. Most similar to IPMS 3. Code of Measuring Practice IPMS
Net Sales Area (NSA)	Net Sales Area is the GIA of a new or existing residential dwelling, including basements, mezzanines, galleries and hallways, but excluding garages, conservatories, balconies, outbuildings, terraces and restricted height areas under 1.5m. Code of Measuring Practice
Net Lettable Area (NLA)	As above, expressing the area to be rentalised. Code of Measuring Practice
Planning Obligations	Planning obligations are legal obligations entered into to mitigate the impacts of a development proposal. This is usually via s106 agreement. Planning obligations run with the land, are legally binding and enforceable. They can include affordable housing, infrastructure contributions, CIL etc.
NPPG	The National Planning Practice Guidance adds further context to the National Planning Policy Framework (NPPF) and it is intended that the two documents should be read together. Plan makers must have regard to national policies and advice contained in the guidance when developing their plans. The guidance is also a 'material consideration' when taking decisions on planning applications. This means that if a local policy is deemed out of date, local authorities may be directed by the national guidance's requirements.
Open Market Sale (OMS)	Housing that is to be sold at Market Value.
Residual Value	The amount remaining once the gross development cost of a project is deducted from its gross development value (GDV) and an appropriate return has been deducted. RICS Development Valuation
Retirement Living	A retirement village or development built specifically for older adults - often those aged 55, 60 or 65 and over. They come with a range of onsite facilities and can offer on-site care.
RICS	Royal Institution of Chartered Surveyors.

Target Developer Return (or profit)	The target profit required by the developer. NPPG
The Red Book	The Red Book is issued by RICS and details mandatory practices for RICS members undertaking valuation services. It also offers a useful reference resource for valuation users and other stakeholders. The Red Book
Zoning	In retail property valuation, Zoning is the area closest to the street and the most valuable area of retail, with the value decreasing with distance from the frontage: Zone B is the next 6 metres and then Zone C until the entire depth of the retail area is allocated into a zone. Anything after Zone C is usually delegated as the remainder (of space). Code of Measuring Practice

The above definitions are indicative only and are not to be relied upon. Professional advice should always be sought. We have referenced the London Plan in some definitions noting that the GLA is a leading planning authority

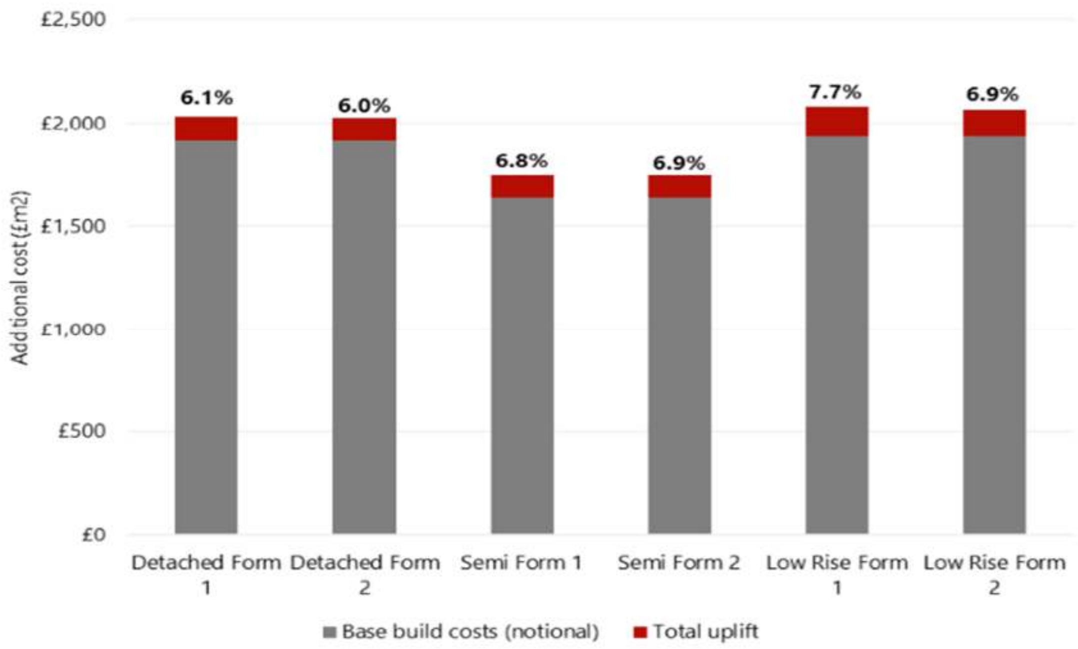
Appendix 5:

Evidence supporting the allowance for Local Plan requirements and building regulation costs

1. We have adopted a generic 15% additional costs allowance associated with Local Plan requirements, specifically with Policy H5 of the 2019 Reading Local Plan, which sets out the council's goal of achieving net zero carbon by 2030. This is also predominantly reflected through the recently approved new Part L of building regulations. The allowance also encompasses compliance with other elements of the building regulations which are unlikely to be fully reflected in BCIS default costs.

2. It should be noted that there are a range of estimates assessing similar impacts. Also, the source reporting spans sizeable time periods, noting that standards, costs and industry innovation all change with time. It is recognised that plan testing should take a robust approach which reflects a balanced view of potential costs, as such in arriving at a 15% cost uplift this represents our assessment of a realistic mid to upper end cost allowance.

3. In reaching this allowance we have considered a number of source documents. The additional cost of building net zero carbon homes is addressed by Currie & Brown, Introba and Etude's September 2024 net zero policy report commissioned on behalf of 18 London Boroughs, which estimates the following costs:



Graph 11.1: Domestic typologies capital cost per square meter and cost uplift % of Net Zero policy over Building Regulations Part L 2021 Notional Building.

Cost Uplift per m2 GIA	Detached Form1	Detached Form 2	Semi Form 1	Semi Form 2	Low Rise Form 1	Low Rise Form 2
Fabric	£67	£65	£40	£42	£53	£45
MEP	£56	£56	£68	£68	£102	£101
Solar	-£7	-£7	£4	£3	-£6	-£13
Total (£/m²)*	£116	£114	£111	£112	£149	£133
Total per home	£16,356	£16,074	£11,322	£11,424	£9,103	£8,125

* totals may not sum exactly due to rounding

4. As Reading is primarily a mid-to-high density urban area, the supply of new housing is less likely to provide significant levels of detached housing and thus higher build cost uplifts can be expected as seen in the other building typologies which range from 6.8% to 7.7%.

5. Other Local Plan viability reviews also make mention of draft versions of this report and state similar figures, such as BNPPRE's Local Plan and Community Infrastructure Levy Viability Study August 2024 for Wokingham Council which mentions:

6. Research by Currie and Brown, Introba and Etude indicates that the additional costs of achieving net zero homes is estimated to be 6% to 7.5% of construction costs, depending on house type. It will also depend on construction materials.

7. However, estimated cost uplifts stemming from Part L and other new building regulations appear to be met with uncertainty. For example, in a survey conducted by BCIS[3], a range between 1.8% and 7% regarding the cost implications of Part L was recorded, contrarily the most recent BCIS survey (2023[4]) reports an expected average cost uplift from Part L of just 2.8%. As for Part F (Ventilation), Part O (Overheating) and Part S (Infrastructure for Charging Electric Vehicles) the expected cost uplift of meeting the new regulations were expected to be 0.4%, 0.7% and 0.8% respectively.

8. Where possible, other sustainable measures are also expected by Reading's existing Local Plan, including provision of green infrastructure (incl. green rooves, roof gardens, etc.), which can add costs of circa £100psm and biodiversity net gain, which can add net gain delivery costs per unit on brownfield sites of £207 per unit of housing and £948 per unit of housing on greenfield sites (DEFRA Biodiversity net gain and local nature recovery strategies Impact Assessment 2019).

9. Policy H5 also mentions other considerations including accessibility and adaptability, which on developments of 20 or more new build dwellings should makeup at least 5% of dwellings, in line with M4(3) of the building regulations. The percentage uplift on build costs has been estimated based on DCLG's Housing Standards Review Cost Impacts September 2014: Cost Impacts' study is estimated below. Caution should be applied to these figures given the date of the report and the BCIS base cost sample being the last 15 years

Standard	Flats	Houses
M4(2) accessible and adaptable	1.15%	0.54%
M4(3) (a) wheelchair user – adaptable	9.28%	10.77%
M4(3) (b) wheelchair user – accessible	9.47%	23.80%

Reading also incurs additional costs in development via policy TR5 as additional costs will be incurred through EV charging points. HM Government (Department for Transport), Electric Vehicle Charging in Residential and Non-Residential Building (July 2019) approximate that these costs are around £1,000 per unit house or £2,500 per 4 flats.

[3] BCIS online survey Published: 03/04/2023
[4] BCIS online survey Published: 18/09/2023