

# For: London Borough of Enfield Calculation Methodology for Financial Contributions

**Final Report**

(July 2016)

DSP15388

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## Notes and Limitations

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This has been a desk-top exercise based on information provided by the London Borough of Enfield Council supplemented with information gathered by and assumptions made by Dixon Searle Partnership (DSP) appropriate to the current stage of review and to inform the Borough Council's application of Policy 3 of the adopted Core Strategy and policies DMD1 and DMD2 of the Development Management Document, thereby informing the development of the Council's Draft Section 106 Supplementary Planning Document (January 2016).

This review has been carried out by consultants highly experienced in the preparation of strategic viability assessments for local authority policy development including on the methodology for calculating financial contributions for affordable housing as well providing as site-specific viability reviews and advice. In order to carry out this type of assessment a large number of assumptions are required alongside a range of information which is intended to provide a broad overview of development viability.

Small changes in assumptions can have a significant individual or cumulative effect on the residual land value (RLV) or other output and the development appraisals for this review will not necessarily reflect site-specific circumstances. Therefore this report (as with similar studies of its type) is not intended to prescribe development assumptions, land values or other assumptions or otherwise substitute for the usual considerations and discussions that will continue to be needed as particular developments having varying characteristics come forward. This is also true in respect of the long timescales over which the economy and development climate, national and more local influences and impacts are very likely to vary.

It should be noted that every scheme is different and no document of this nature can reflect the variances seen in site specific cases. Specific assumptions and values applied within this document are unlikely to be appropriate for all developments and a degree of professional judgment is required. We are confident, however, that our assumptions are reasonable in terms of providing the necessary information to support the Council's development and application of affordable housing policy.

The calculation methodology and supporting information also includes a review of previous work undertaken by DSP in formulating the Council's CIL and given that the CIL has been based on certain assumptions, those have been carried into this work wherever possible for

consistency but noting that some key assumptions have required updating in particular in light of changes to market conditions and to local and National policies where those are known at the point of providing this advice.

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

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

In no way does this study provide formal valuation advice; it provides an overview not intended for other purposes nor to over-ride particular site considerations as the Borough Council's policies continue to be applied practically from case to case.

## Executive Summary

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- Enfield Council adopted a Core Strategy (CS)<sup>1</sup> in November 2010 supported by a S106 Supplementary Planning Document (S106 SPD) (2011) and a Development Management Document (DMD)<sup>2</sup> in November 2014, which includes policies on affordable housing and the collection of financial contributions in-lieu of on-site affordable housing provision on sites of less than 10 dwellings.
- The Council has commenced applying these policies CS Policy 3, DMD1 and DMD2 of the Core Strategy and the Development Management Document. The Council is now in the process of updating and formulating a new draft Section 106 Supplementary Planning Document (S106 SPD).
- As a consequence of the Government's success in re-introducing a minimum threshold of 11 units, and, following receipt of Counsel opinion on the matter, Enfield Council has reluctantly decided to amend its policy position and will no longer be seeking affordable housing and education contributions from residential developments of 10 units (or less) which have a maximum combined gross floorspace area of 1000 sq m, in line with Paragraph 31 of the Planning Obligations section of the National Planning Policy Guidance (NPPG). The Council will now only seek contributions from small sites of 10 units or less if they are above the 1000sq m threshold.
- The purpose of this report is to verify the methodology used to calculate the affordable housing financial contributions, update the assumptions used within the financial contribution calculation to bring it up to date and to provide updated property market information on a Borough-wide basis.
- The financial contributions calculation is as follows:

**A (Open Market Value of the proposed unit) X B (residual land percentage, 38.2%) + C (15% for site acquisition and servicing costs) = D (per unit sum).**

**Per Unit Sum (D) X 20% = Financial Contribution Payable**

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<sup>1</sup> The Enfield Plan Core Strategy (2010)

<sup>2</sup> Development Management Document (2014)

- In particular, the Council wished to have part 'B' of the calculation (the residual land value percentage (RLVP)) both updated (including the assumptions that feed into the appraisals that themselves calculate the residual land value percentage) and potentially varied across the Borough to take into account of varying CIL charging rates and property values.
- DSP have carried out research to update the costs and values assumptions feeding into the calculations and run a number of residual land value appraisals to update the above calculation.
- The result of this exercise has been to provide the Council with an updated view on the calculation methodology so that a varied approach to applying the formula can be adopted depending on the location of the subject development within one of the four CIL Zones in the Borough. The following table summarises the residual land value percentage that can be used in part 'B' of the formula above:

<b>Nil CIL Zone Meridian Water Masterplan Area - Average % of RLV</b>	<b>23.9%</b>
<b>CIL Zone Lower - Average % of RLV</b>	<b>23.0%</b>
<b>CIL Zone Intermediate - Average % of RLV</b>	<b>31.4%</b>
<b>CIL Zone Higher - Average % of RLV</b>	<b>35.7%</b>

- The result of this exercise are appended to this document along with further details of assumptions used and updated property market information.

# 1. Introduction

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## 1.1 Introduction

1.1.1 Enfield Council adopted a Core Strategy (CS) in November 2010 and a Development Management Document (DMD) in November 2014. These documents set out the Council's affordable housing policies as follows and should be read in conjunction with one another, together with the adopted 2011 S106 Supplementary Planning Document (S106 SPD) and draft January 2016 Section 106 Supplementary Planning Document currently in development.

*CS: Policy 3: Affordable Housing*

*"The Council will seek to achieve a borough-wide target of 40% affordable housing units in new developments applicable on sites capable of accommodating ten or more dwellings. ....Affordable housing should be delivered on-site unless in exceptional circumstances.....Some form of contribution towards affordable housing will be expected on all new housing sites. Developments of less than ten dwellings will be assessed in order to determine the level of financial contribution required towards affordable housing off-site. For developments of less than ten dwellings, the Council will seek to achieve a financial contribution to deliver off-site affordable housing based on a borough-wide target of 20% affordable housing."*

*DMD 1: Affordable Housing on Sites Capable of Providing 10 units or more*

*"Development should provide the maximum amount of affordable housing having regard to:*

- a) The borough-wide affordable housing target of 40%, and*
- b) The need to provide an appropriate mix of tenures to meet local housing need and reflect a borough wide target of 70% social rent and Affordable Rent; and 30% intermediate."*

*DMD2: Affordable Housing for Development of Less than 10 units*

*"A financial contribution to deliver off-site affordable housing will be expected for all developments of less than ten units involving a net gain in residential units based on a 20% target set out in the Core Strategy" (outlined above).*

1.1.2 In November 2014, following a Ministerial Statement, the Government revised national policy on s.106 thresholds as follows:

- *'contributions should not be sought from developments of 10-units or less, and which have a maximum combined gross floorspace of no more than 1000sqm (gross internal area).*
- *In designated rural areas, local planning authorities may choose to apply a lower threshold of 5-units or less. No affordable housing or tariff-style contributions should then be sought from these developments. In addition, in a rural area where the lower 5-unit or less threshold is applied, affordable housing and tariff style contributions should be sought from developments of between 6 and 10-units in the form of cash payments which are commuted until after completion of units within the development. This applies to rural areas described under section 157(1) of the Housing Act 1985, which includes National Parks and Areas of Outstanding Natural Beauty.*
- *Affordable housing and tariff-style contributions should not be sought from any development consisting only of the construction of a residential annex or extension to an existing home.*
- *Additionally local planning authorities should not seek section 106 affordable housing contributions, including any tariff-based contributions to general infrastructure pots, from developments of Starter Homes. Local planning authorities will still be able to seek other section 106 contributions to mitigate the impact of development to make it acceptable in planning terms, including addressing any necessary infrastructure'.*

1.1.3 The national policy changes also included a 'vacant building credit'. This intended to incentivise the use of brownfield (previously developed) land, by reducing the affordable housing through a credit based on the floor area of any existing vacant buildings.

1.1.4 The introduction of these policies via the Written Ministerial Statement and subsequent changes to the PPG were subject to a legal challenge by West Berkshire Council and Reading Borough Council. The legal challenge was successful and those

policies quashed as of August 2015. This led to the re-introduction of lower affordable housing thresholds (where viable to do so) or allowed Councils to continue to adopt lower thresholds through the Local Plan process.

- 1.1.5 During the course of this work, in May 2016, the Court of Appeal overturned that decision so that the s106 and affordable housing threshold based on a national minimum development size were re-introduced.
- 1.1.6 As a consequence, and, following receipt of Counsel opinion on the matter, Enfield Council reluctantly decided to amend its policy position and will no longer be seeking affordable housing and education contributions from residential developments of 10 units (or less) which have a maximum combined gross floorspace area of 1000 sq m, in line with Paragraph 31 of the Planning Obligations section of the national Planning Practice Guidance (PPG). The new national policy position has also rendered parts of the adopted 2011 S106 SPD and adopted DMD (November 2014) obsolete, together with parts of Chapter 7 of the draft revised S106 SPD from January 2016. This includes the text on calculating small site contributions.
- 1.1.7 The Council's commission relates primarily to querying whether the residual land value of 38.2% used within the adopted S106 SPD had increased over time, and any associated impacts that a new RLV figure would have on the formula for calculating affordable housing contributions – this work now only relates to developments of less than 10 units which have a combined gross floorspace area of 1,000sq m or more.
- 1.1.8 Following the adoption of the CS and DMD, the Council has commenced applying these policies (CS Policy 3 and DMD1, DMD2). The calculation guidance and assumptions are derived from work previously undertaken based on a methodology set out within the Council's Affordable Housing Viability Study in 2009 and the previous CIL and DMD Economic Viability Assessment carried out by DSP in 2013.
- 1.1.9 The Council's S106 SPD sets out the methodology for calculating the required financial contributions on schemes of less than 10 units and is based on residual land value (RLV), as set out in Figure 1 below.

*Figure 1: Enfield Council – calculating a financial contribution for schemes of less than 10 units.*

**A (Open Market Value of the proposed unit) X B (residual land percentage, 38.2%) + C (15% for site acquisition and servicing costs) = D (per unit sum).**

**Per Unit Sum (D) X 20% = Financial Contribution Payable**

1.1.10 The Council's wording within the SPD will obviously need to be altered to reflect the latest Government position.

1.1.11 The Council has appointed Dixon Searle to provide an update to ensure that the assumptions behind the residual land value percentage ("B" in Figure 1 above) are up to date leading to an up to date Residual Land Value Percentage (RLVP). This report builds on and updates work undertaken on behalf of the Council previously in 2009<sup>3</sup> in relation to financial contributions on sites of less than 10 units and this report should be read in conjunction with that study together with other studies carried out by DSP in 2013<sup>4</sup> and 2014<sup>5</sup>.

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<sup>3</sup> Adams Integra – Affordable Housing Viability Study (2009)

<sup>4</sup> Dixon Searle – CIL and DMD Economic Viability Assessment (2013)

<sup>5</sup> Dixon Searle – Market Update Report (2014)

## 2. Methodology & Calculation

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### 2.1 Background to the Affordable Housing Financial Contributions Methodology

2.1.1 This report has been produced in the context of and with regard to the NPPF, CIL Regulations, CIL Guidance and other Guidance applicable to studies of this nature. This study has also had regard to the Planning Practice Guidance ('PPG' – the online resource for national planning guidance and now incorporating the previously separate CIL guidance).

2.1.2 Paragraphs 173-174 of the National Planning Policy Framework (NPPF), in particular, deal with the Government's approach by placing an emphasis upon ensuring the viability and deliverability of proposed development, and states that:

*'Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable...'*

*'Local planning authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing. They should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle. Evidence supporting the assessment should be proportionate, using only appropriate available evidence.'*

2.1.3 The NPPF at paragraph 50 also states on affordable housing:

*‘where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.’*

2.1.4 Within the Glossary of the NPPF, the Government defines affordable housing as follows:

***‘Affordable housing:** Social rented, affordable rented and intermediate housing, provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.*

***Social rented** housing is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the national rent regime. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.*

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

***Intermediate housing** is homes for sale and rent provided at a cost above social rent, but below market levels subject to the criteria in the Affordable Housing definition*

*above. These can include shared equity (shared ownership and equity loans), other low cost homes for sale and intermediate rent, but not affordable rented housing.*

*Homes that do not meet the above definition of affordable housing, such as “low cost market” housing, may not be considered as affordable housing for planning purposes.’*

- 2.1.5 It is important that the Council’s policies do not deter development through unduly reducing the supply of land brought forward for residential development more widely. The application of policy must balance delivery of affordable housing and planning obligations with maintaining sufficient incentive (reasonable land value levels) for landowners to release the land – allowing developers to promote and bring forward schemes.
- 2.1.6 These were key drivers behind themes for the Council’s previous affordable housing viability study work and decisions around the level of affordable housing to be sought on sites of less than 10 units and how that provision would be sourced (i.e. through on-site provision or through the collection of financial contributions) – now removed from policy except for sites of 1,000 sq m or more.
- 2.1.7 Dixon Searle had been appointed by Enfield Council to update and verify its approach to the collection of financial contributions towards affordable housing on sites of less than 10 units.
- 2.1.8 The basis for the methodology was set out in a previous study<sup>6</sup> undertaken on behalf of the Council and as also used by Local Authorities elsewhere as devised and supported by Dixon Searle in the past.
- 2.1.9 In summary, effectively this seeks a financial contribution that would allow affordable housing providers to secure the land in lieu of on-site provision. This is based on the land subsidy (cost benefit) that would be provided on-site if the developer were reimbursed reasonable build costs for the on-site affordable homes provision. The approach approximates the market value of the land that would otherwise be occupied by the affordable housing dwellings (in an equivalent on-site affordable housing scenario); i.e. the approach approximates the value of the

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<sup>6</sup> Adams Integra – Affordable Housing Viability Study (2009)

affordable housing plot(s). It also builds in an allowance for buying and servicing the land; envisaging it being ready for development. A financial contribution at this level would enable the funding of land elsewhere (replacement land) on which to provide the affordable homes, in conjunction with the RP's payment that would normally approximate to covering the build costs.

2.1.10 There are many possible routes to calculating a financial contribution and there is no Government or other formal requirement, or widely recognised guidance as to how affordable housing contributions of this type should be calculated or set out. In essence, the precise calculation method and accompanying text is a means to an end in that the important aspects are to arrive at a suitable figure or figures which can be clearly explained; and that do not unduly affect development viability so that site supply is not restricted by the implementation of the approach.

2.1.11 Ultimately, there are various options, depending on the level of complexity thought appropriate in the local circumstances; and the degree of resourcing the various routes might need, in terms of guidance, updating and site specific discussions / negotiations. In this case, Enfield Council have adopted the residual land value approach.

2.1.12 In summary the calculation steps are as follows:

- Step 1 – Open Market Value (OMV) of the relevant or comparative development;
- Step 2 – Multiply the OMV (Step 1) by the residual land value percentage (currently 38.2%<sup>7</sup>);
- Step 3 – Add 15% of the result of Step 2 to reflect site acquisition and servicing costs.
- Step 4 – Apply the affordable housing policy percentage target (i.e. Step 3 x 20%).

2.1.13 The residual land value percentage as a percentage of GDV is itself an average of the results of the appraisals carried out with 0% affordable housing – it is this figure that forms the output and main reason for carrying out this work.

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<sup>7</sup> But review of this figure forms the output of this report.

## 2.2 Residual Land Value Percentage

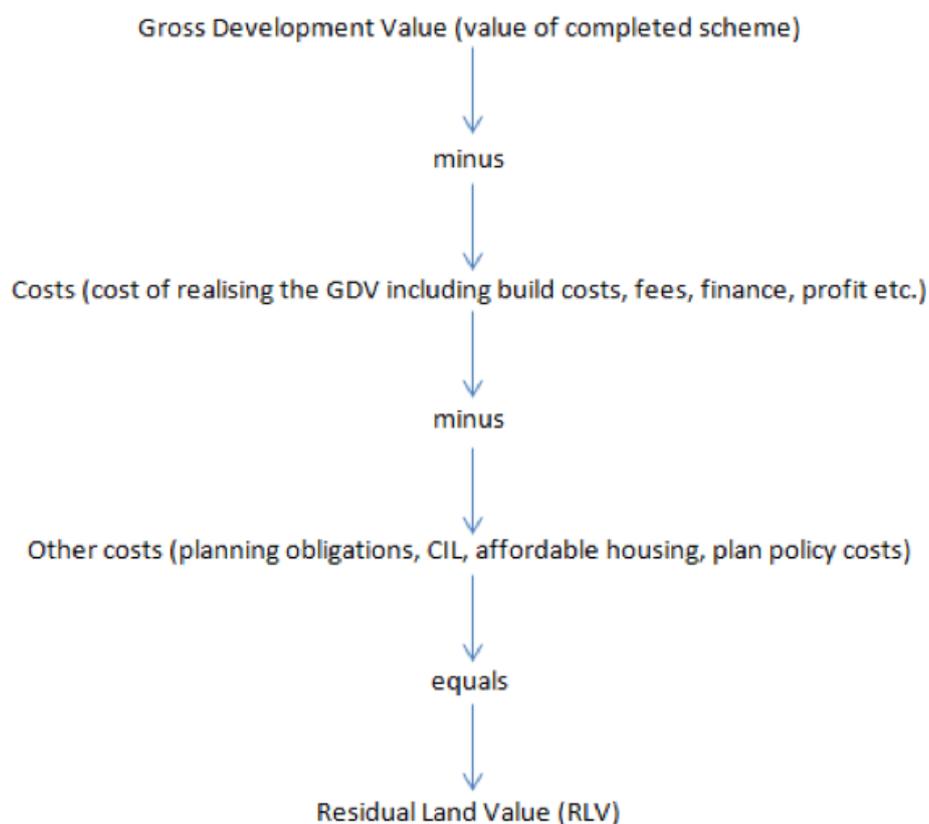
- 2.2.1 The approach to calculating the residual land value percentage of gross development value (RLVP) is based on work devised and undertaken by the authors of this report both for Enfield Council and other Local Authorities in the past. Based on the principles outlined above, a number of development appraisals are carried out on a range of site typologies (sites of less than 10 units in this case) on the basis that no on-site affordable housing is provided. The average residual land value is then calculated from the results for these test schemes containing no affordable housing. This is considered a suitable starting point for the base land value, since in the financial contribution scenarios we are looking at schemes that contain all market housing (no affordable). This is appropriate as it seeks to estimate the level of land value that would need to be paid for land in the market. The WMS dated 28th November 2014 has upped the threshold for seeking affordable housing and other tariff style contributions to 11 units or more. This small site exemption does not affect the findings of this report as the site typologies tested are notional and can't reflect every eventuality. We are however satisfied that the range and types of site typologies selected are suitable for this purpose.
- 2.2.2 The RLV approach is well recognised and this report applies the same principles in running the RLV appraisals as all previous studies with the methodology and many of the same assumptions as used for the Council's previous earlier viability work. We have in this instance updated our assumptions, where necessary, from our previous viability work on CIL and affordable housing in 2009<sup>8</sup>. This report therefore does not repeat the methodology and assumptions again here in full and this report should be read alongside, and in the context of the existing evidence base noted previously.
- 2.2.3 Put simply, the residual land value (RLV) produced by the potential development under review is calculated by subtracting the costs of achieving that development from the revenue generated by the completed scheme (again, the GDV). The application of these principles is consistent with the approach that underpins the wider viability assessment work and with the established approach used in most similar viability studies as well as for more detailed site-specific assessments; an area of work that DSP is also engaged with on a daily basis.

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<sup>8</sup> Adams Integra – Affordable Housing Viability Study (2009)

2.2.4 The diagram below (Figure 2: Residual Land Value) illustrates the principal by showing the basic relationship in a residual land value calculation:

*Figure 2: Residual Land Value*



2.2.5 DSP were asked to consider the potential to determine an RLVP for different areas across the Borough due to differential CIL rates applied across the Borough depending on location. This requires reviewing property values that drive the gross development value in a residual land value appraisal to test for any variations across the Borough. In our opinion, the most appropriate approach is to provide and assign a specific RLVP to each of the Council's recently adopted Community Infrastructure Levy (CIL) Zones as those were based on viability evidence which included making an appropriate allowance for affordable housing in each case and taking into account property market conditions (hence the reason for recommending those Zones). As CIL and affordable housing viability are inextricably linked, any variation in the calculation of financial contributions geographically across the Borough needs to respect the CIL Zones.

- 2.2.6 Research was therefore undertaken through a mixture of updating existing evidence (property market values research carried out most recently by DSP in 2013<sup>9</sup> and 2014<sup>10</sup>), through the use of Land Registry indexing; a refreshed review of current new build activity and pricing data as well as a review of current information on house prices from web based resources such as Zoopla. Detailed explanations of the research carried out are set out in detail in Appendix III along with more general market commentary and again will not be repeated here.
- 2.2.7 The result of the research was to provide average values for the properties across the Borough based on settlement areas. As explained above, those were then aggregated to provide average values within each CIL Zone. The CIL Zones and corresponding values are both tabulated in Appendix III. The resultant values are based on updated values research carried out by DSP for previous viability work in 2013<sup>11</sup> and 2014<sup>12</sup>. Figure 3 below is taken from Appendix III to indicate the values assumed within the RLVP appraisals. The nil CIL Zone for the Meridian Water Masterplan Area sits directly adjacent to the Lower CIL Zone which would otherwise form part of this lower rate, as such we have applied the same level of value.

*Figure 3: Values used within RLVP Appraisals*

CIL Zone	Overall Average by CIL Zone £/m <sup>2</sup>
Nil CIL Zone - Meridian Water Master Plan Area	£4,127
Lower Eastern Rate at £40/m2	£4,127
Intermediate Zone at £60/m2	£5,147
High Zone at £120/m2	£6,084

- 2.2.8 In running the development appraisals, a number of other assumptions (aside from those on property values) need to be made in relation to development costs including build costs, site costs, fees, contingencies, finance and profit. These are set out in Appendix I and will not be repeated in detail here.
- 2.2.9 In general, where possible we have utilised the same assumptions as included within our previous CIL Study. However a number of assumptions have been necessarily

<sup>9</sup> Dixon Searle – CIL and DMD Economic Viability Assessment (2013)

<sup>10</sup> Dixon Searle – Market Update Report (2014)

<sup>11</sup> Dixon Searle – CIL and DMD Economic Viability Assessment (2013)

<sup>12</sup> Dixon Searle – Market Update Report (2014)

updated due to the passing of time including changes in the market conditions and national policy. For example these include value assumptions, build cost assumptions and allowances for policy costs such as Code for Sustainable Homes. As a result of the Housing Standards Review, the Council will need to remove any reference to achievement of the Code for Sustainable Homes.

2.2.10 This report assumes that the Sustainable Design / Construction Standards costs have reduced from those assumed for the existing evidence base (most recently the DSP CIL and DMD Economic Viability Study in 2013) due to the Government's withdrawal of the Code for Sustainable Homes. Appendix I provides the detail but data taken from the DCLG Housing Standards Review Impact Assessment (average £ per unit E/O cost) for meeting the energy requirements for Code for Sustainable Homes Level 4 has been used as proxy for building regulation compliance.

2.2.11 No allowances have been made in relation to nationally described space standards or optional access to and use of building costs.

2.2.12 Build costs have been based on updated data taken from the Building Cost Information Service (BCIS). We have used a median<sup>13</sup> build costs for both flats generally and houses generally and also applied an allowance for additional costs of development incurred on sites of 10 units or less reflecting a recent BCIS report for the Federation of Small Businesses<sup>14</sup>. In addition to the above, further allowances have also been made to cover external works, demolition and site preparation have also been made (see Appendix I).

2.2.13 The result of the RLVP appraisals is a residual land value. This is then converted shown as a percentage of gross development value (GDV) to provide the RLVP – in this case a separate RLVP for each CIL Zone. The results of these appraisals are shown in Appendix II. In summary these indicate that the currently adopted RLVP (38.2%) is probably too high across the Borough. A summary of the results (the RLVP for each CIL Zone) is shown in Figure 4 below:

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<sup>13</sup> According to the BCIS in their notes accompanying the data, Median figure gives a better figure than the Mean as it is not so influenced by rogue figures that can distort the mean on small sample sizes.

<sup>14</sup> BCIS on Behalf of Federation of Small Businesses: Housing development: the economics of small sites – the effect of project size on the cost of housing construction (August 2015)

*Figure 4: Average RLV as a percentage of GDV for each CIL Zone*

<b>Nil CIL Zone Meridian Water Masterplan Area - Average % of RLV</b>	<b>23.9%</b>
<b>CIL Zone Lower - Average % of RLV</b>	<b>23.0%</b>
<b>CIL Zone Intermediate - Average % of RLV</b>	<b>31.4%</b>
<b>CIL Zone Higher - Average % of RLV</b>	<b>35.7%</b>

2.2.14 As Figure 4 above illustrates, there is a significant difference between the highest CIL Zone rate and the lowest CIL Zone rate in terms of RLVP generated. For comparison, the overall average RLVP (if taken and used across the Borough as a whole) would be 28.5%. Given the significant variance seen across the Borough through the impact of both values changes and the level CIL, it is considered that a variable approach to the RLVP that matches the CIL Zones would provide the most suitable method. This will help to provide sensitivity to location within the affordable housing financial contribution.

2.2.15 The reduction in RLVP since the previous calculations were carried out a number of years ago is caused by a number of factors including varying input assumptions over time feeding into the appraisal process. However possibly the greatest factors affecting the RLVP are the level of build cost increase in the intervening period and the inclusion of CIL as part of the input to the appraisal.

2.2.16 In all cases however, it needs to be remembered that viability is not an exact science, every site that comes forward will have different characteristics and that flexibility in policy application may still be required in exceptional circumstances, including the reduction in the affordable housing contribution where viability dictates (and as set out by the Council in CP3, DMD1 and DMD2).

### **2.3 Residential open market sales values**

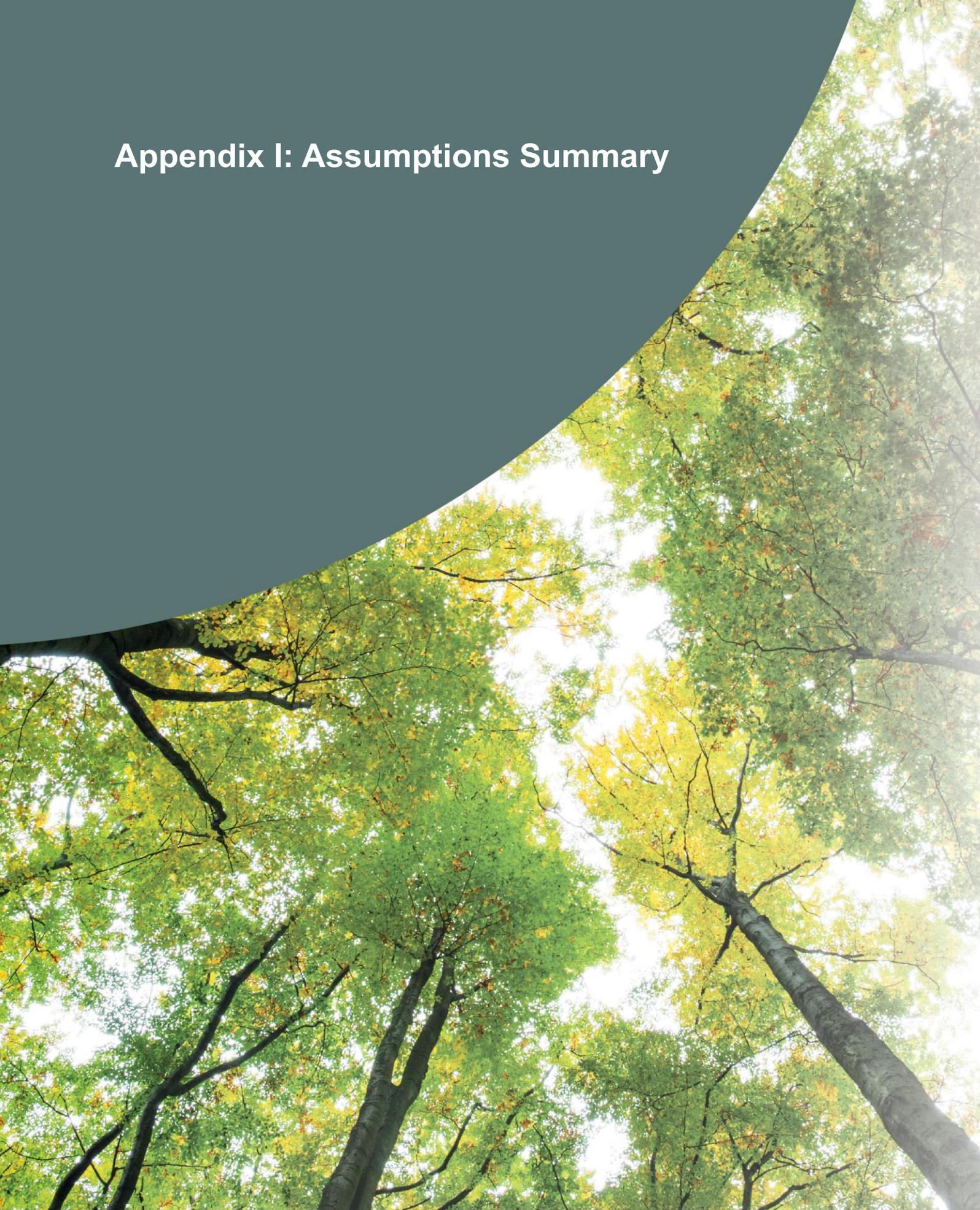
2.3.1 As part of this work, Dixon Searle has also provided updated data on property values across the Borough. This has been carried out as an intrinsic part of providing the advice in relation to the RLVP and all the data and associated explanations behind the sources and calculations are set out in Appendix III to this report.

## **2.4 General Commentary**

2.4.1 Although this report provides information on the calculation methodology and updates values and costs assumptions in calculating the RLVP whilst also providing updated property market research (including updated values by type and floor area), there will always be a requirement to review each site on its own merits in terms of calculating the affordable housing contribution. This will include reviewing the market values of the proposed dwellings on any scheme, as although Appendix III to this report provides comprehensive and updated information, house prices can change quickly both over time and geographically – no study of this type can provide an all-encompassing ready reckoner to house prices. The Council will still need to review submitted sales values and be satisfied that those submitted are appropriate for the scheme in question. There are numerous online resources that can help the Council do this including Land Registry data, RightMove, Zoopla etc. Note that this is separate from a review of viability of the scheme where the Council anticipates that only exceptional circumstances will prompt a review of viability.

**Report Ends**  
**Final Report – July 2016**

# Appendix I: Assumptions Summary



**Appendix I - London Borough of Enfield - Calculation Methodology for Financial Contributions Assumptions**

LB Enfield	
Scenario type Appraised	Dwelling Mix (BF = Bed Flat; BH = Bed House)*
1 House	1 x 4-bed house
2 Houses	2 x 3-bed houses
4 Houses	1 x 2-bed house / 2 x 3-bed houses / 1 x 4-bed house
5 Houses	1 x 2-bed house / 3 x 3-bed houses / 1 x 4-bed house
5 Flats	2 x 1-bed flats / 3 x 2-bed flats
6 Houses	1 x 2-bed house / 3 x 3-bed houses / 2 x 4-bed house
6 Flats	3 x 1-bed flats / 3 x 2-bed flats
9 Houses	2 x 2-bed house / 5 x 3-bed houses / 2 x 4-bed house
9 Flats	4 x 1-bed flats / 5 x 2-bed flats

\*based on CP5 Housing type - Market Mixes

Unit Sizes (sq. m)	Private (market)
1-bed flat	50
2-bed flat	70
2-bed house	83
3-bed house	96
4-bed house	125

Market Value Level by CIL Zone	NII CIL Rate Meridian Water Master Plan Area	Lower Rate £40/m <sup>2</sup>	Intermediate Rate £60/m <sup>2</sup>	Higher Rate £120/m <sup>2</sup>
1 Bed Flat	£206,350	£206,350	£257,350	£304,200
2 Bed Flat	£288,890	£288,890	£360,290	£425,880
2 Bed House	£342,541	£342,541	£427,201	£504,972
3 Bed House	£396,192	£396,192	£494,112	£584,064
4 Bed House	£515,875	£515,875	£643,375	£760,500
<b>Value (£/m<sup>2</sup>)</b>	<b>£4,127</b>	<b>£4,127</b>	<b>£5,147</b>	<b>£6,084</b>

Market Value Level LR uplift by 48%	VL 1	VL 2	VL 3	VL 4	VL 5	VL 6	VL 7
1 Bed Flat	£177,600	£207,200	£236,800	£266,400	£296,000	£325,600	£355,200
2 Bed Flat	£248,640	£290,080	£331,520	£372,960	£414,400	£455,840	£497,280
2 Bed House	£294,816	£343,952	£393,088	£442,224	£491,360	£540,496	£589,632
3 Bed House	£340,992	£397,824	£454,656	£511,488	£568,320	£625,152	£681,984
4 Bed House	£444,000	£518,000	£592,000	£666,000	£740,000	£814,000	£888,000
<b>Value (£/m<sup>2</sup>)</b>	<b>£3,552</b>	<b>£4,144</b>	<b>£4,736</b>	<b>£5,328</b>	<b>£5,920</b>	<b>£6,512</b>	<b>£7,104</b>

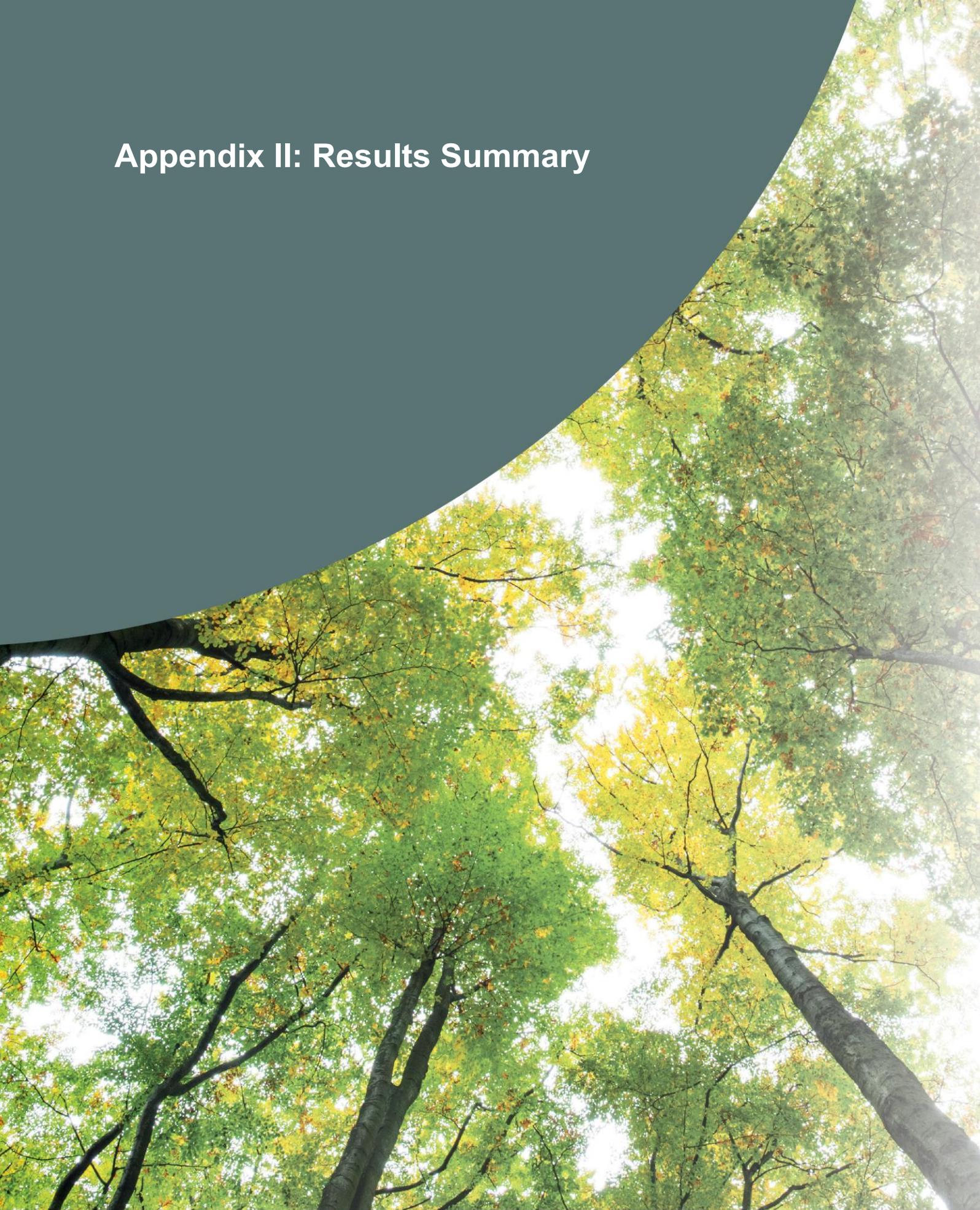
Development / Policy Costs	LBE 2016	Comments
<b>RESIDENTIAL BUILDING, MARKETING &amp; S106 COSTS</b>		
Build Costs Flats (Generally) (£/m <sup>2</sup> ) <sup>2</sup>	£1,757	
Build Costs Houses (Estate Housing - Generally) (£/m <sup>2</sup> ) <sup>2</sup>	£1,596	
Additional 10% allowance for small sites following FSB report <sup>3</sup>		
Contingencies (% of build cost)	5%	
Professional & Other Fees (% of build cost)	10.0%	
Sustainable Design / Construction Standards (% of build cost) <sup>4</sup>	2.00%	Latest data suggests allowances in the range of 1% to 1.5% to meet building regulations
Residual s106 / s278 / non-CIL costs (£ per unit)	£3,000	
Community Infrastructure Levy (£/m <sup>2</sup> )	Meridian Water Masterplan Area Lower Rate Intermediate Rate Higher Rate	Adopted CIL Charging Schedule
Mayoral CIL (£/m <sup>2</sup> )	£20	Adopted Mayoral CIL Charging Schedule
Marketing & Sales Costs (% of GDV)	3%	
Legal Fees on sale (£ per unit)	£750	
<b>DEVELOPER'S RETURN FOR RISK AND PROFIT</b>		
Open Market Housing Profit (% of GDV)	20.0%	
<b>FINANCE &amp; ACQUISITION COSTS</b>		
Arrangement Fees - (% of loan)	2.0%	
Miscellaneous (Surveyors etc) - per unit	0.00%	
Agents Fees (% of site value)	1.50%	
Legal Fees (% of site value)	0.75%	
Stamp Duty (% of site value)	0% to 5% HMRC scale	
Finance Rate - Build (%)	6.5%	
Finance Rate - Land (%)	6.5%	

<sup>2</sup> Build cost taken as "Median" figure from BCIS for that build type - e.g. flats ; houses storey heights etc. and then rounded. Median figure gives a better figure than the Mean as it is not so influenced by rogue figures that can distort the mean on small sample sizes. Includes allowance for external works (10%), site prep and surveys and uplift to build costs based on BCIS / FSB research for sites of 10 or fewer dwellings.

<sup>3</sup> BCIS report for the Federation of Small Businesses - Housing development: the economics of small sites - the effect of project size on the cost of housing construction (August 2015)

<sup>4</sup> The above costs are based on the DCLG Housing Standards Review Impact Assessment costings assuming equivalent CFSH L4 energy costs only base. Appraisals assume cost uplift in line with figures above assuming average cost uplift from each unit type (£1,932 per unit average, equating to the 2% assumed above).

# Appendix II: Results Summary



**Table 1: RLV as % of GDV for AH FC Calculation - London Borough of Enfield**

Scheme Size	CIL Zone	GDV	RLV	GDV as % of RLV	Average	Overall Average
1 House	Nil CIL - Meridian Water Masterplan Area	£515,875	£137,084	26.6%	31.2%	28.5%
	Lower	£515,875	£132,343	25.7%		
	Intermediate	£643,375	£219,363	34.1%		
	Higher	£760,500	£291,964	38.4%		
2 Houses	Nil CIL - Meridian Water Masterplan Area	£792,384	£207,506	26.2%	30.7%	
	Lower	£792,384	£200,225	25.3%		
	Intermediate	£988,224	£330,021	33.4%		
	Higher	£1,168,128	£441,242	37.8%		
4 Houses	Nil CIL - Meridian Water Masterplan Area	£1,650,800	£422,572	25.6%	30.1%	
	Lower	£1,650,800	£407,914	24.7%		
	Intermediate	£2,058,800	£676,755	32.9%		
	Higher	£2,433,600	£902,358	37.1%		
5 Houses	Nil CIL - Meridian Water Masterplan Area	£2,046,992	£521,334	25.5%	29.8%	
	Lower	£2,046,992	£503,159	24.6%		
	Intermediate	£2,552,912	£834,483	32.7%		
	Higher	£3,017,664	£1,104,636	36.6%		
5 Flats	Nil CIL - Meridian Water Masterplan Area	£1,279,370	£269,740	21.1%	26.2%	
	Lower	£1,279,370	£258,380	20.2%		
	Intermediate	£1,595,570	£466,731	29.3%		
	Higher	£1,886,040	£646,307	34.3%		
6 Houses	Nil CIL - Meridian Water Masterplan Area	£2,562,867	£650,969	25.4%	29.6%	
	Lower	£2,562,867	£628,214	24.5%		
	Intermediate	£3,196,287	£1,030,760	32.2%		
	Higher	£3,778,164	£1,366,529	36.2%		
6 Flats	Nil CIL - Meridian Water Masterplan Area	£1,485,720	£310,886	20.9%	26.1%	
	Lower	£1,485,720	£297,694	20.0%		
	Intermediate	£1,852,920	£539,651	29.1%		
	Higher	£2,190,240	£748,190	34.2%		
9 Houses	Nil CIL - Meridian Water Masterplan Area	£3,697,792	£892,694	24.1%	28.1%	
	Lower	£3,697,792	£862,179	23.3%		
	Intermediate	£4,611,712	£1,410,889	30.6%		
	Higher	£5,451,264	£1,875,026	34.4%		
9 Flats	Nil CIL - Meridian Water Masterplan Area	£2,269,850	£451,245	19.9%	24.8%	
	Lower	£2,269,850	£431,313	19.0%		
	Intermediate	£2,830,850	£792,684	28.0%		
	Higher	£3,346,200	£1,085,314	32.4%		

**Table 2: Average % of RLV for Each CIL Zone**

Nil CIL Zone Meridian Water Masterplan Area - Average % of RLV	23.9%
CIL Zone Lower - Average % of RLV	23.0%
CIL Zone Intermediate - Average % of RLV	31.4%
CIL Zone Higher - Average % of RLV	35.7%



## Appendix III: Residential Market Update

For: London Borough of Enfield Council

Affordable Housing Contributions Update

Final - May 2016

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## 1.0 Introduction

- 1.1 This Appendix provides updated residential market information and analysis, its purpose is to further inform Enfield Council's existing affordable housing contributions approach.
- 1.2 This information will also assist the Council in reviewing and monitoring trends in the source data and update where necessary in the future if required e.g. also building towards and maintaining a topical evidence base for future planning policy or CIL charging schedule scenarios. New build information at Table 4a also includes analysis of the impact of a 10% increase / reduction from the asking prices set out.
- 1.3 Note: It should be acknowledged that this is high level work and a great deal of variance may be seen in practice from one development to another (with site-specific characteristics). This data gathering process adopted by DSP involves the review of a range of information sources, so as to inform an overview that is relevant to and appropriate for the project context. The aim here is to consider changes and trends and therefore enable us to assess with the Councils an updated context picture so far as is suitable and practically possible. Note – this document pre-dates the UK referendum result and as such does not take into account the impact of the result of that vote.

## 2.0 Economic Context

### Bank of England

- 2.1 The current official Bank Rate (Base Rate) has remained at 0.5% - since being reduced to that level in March 2009. The Agent's Summary of Business Conditions (May 2016) stated:
- *“Annual output growth had eased slightly on the month, in part reflecting the effects of increased uncertainty on business services activity. There was some evidence of businesses delaying investment expenditure decisions on account of the uncertainty around the outcome of the EU referendum.*
  - *The pattern of housing market activity had been affected by the bringing forward of buy-to-let transactions ahead of the introduction of the rise in stamp duty on*

*additional properties in April. Commercial real estate investment transactions had slowed markedly on a year ago in London.*

- *Labour cost growth had edged higher, following the introduction of the National Living Wage. Price inflation had remained negative for goods and modestly positive for services.”*

### 3.0 Housing Market Context

#### Land Registry

3.1 The **March 2016 Land Registry House Price Index Report** (released 28<sup>th</sup> April 2016) provided the following information, in summary, in terms of market trends:

3.2 Sales Volumes

- *“The March data shows a monthly price increase of -0.5%.*
- *The annual price change now stands at 6.7 per cent, bringing the average house price in England and Wales to £189,901*
- *The number of property transactions has increased over the last year. From October 2014 to January 2015 there was an average of 73,744 sales per month. In the same months a year later, the figure was 74,374.”*

3.3 The March 2016 report stated: -

For England Wales overall:

- Annual change in average house prices 6.7% (positive)
- Monthly change in average house prices -0.5% (negative)
- Average price £189,901

For London overall:

- Annual change in average house prices 13.9% (positive)
- Monthly change in average house prices 0.2% (positive)
- Average price £534,785

For Enfield Borough overall:

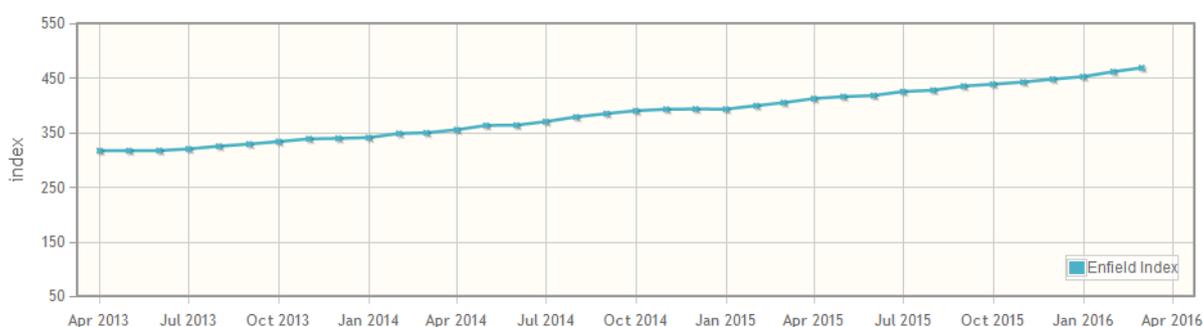
- Annual change in average house prices 15.8% (positive)

- Monthly change in average house prices 1.5% (positive)
- Average price £386,047

3.4 This data indicates that although the Enfield Borough is outperforming the London overall picture. Figure 1 below shows the trends in the house price index for the Enfield Borough between the date of the original DSP viability work in 2013 and the most recent available data at March 2016.

Source: [www.landregistry.gov.uk](http://www.landregistry.gov.uk)

Figure 1 – HPI data April 2013 – March 2016



3.5 This HPI data for the Enfield Borough from April 2013 to March 2016 shows approximately a 48% increase in values since the date of DSP’s original viability work in April 2013. This data also indicates an increase of approximately 20% between the date of DSP’s most recent property market update work for the Council in October 2014.

Table 1 – HPI data April 2013 – March 2016

Date	Index	Date	Index
Mar-16	468.41	Sep-14	384.45
Feb-16	461.35	Aug-14	378.33
Jan-16	452.22	Jul-14	369.76
Dec-15	447.64	Jun-14	363.24
Nov-15	442.27	May-14	362.8
Oct-15	438.32	Apr-14	354.86
Sep-15	434.9	Mar-14	349.31
Aug-15	427.26	Feb-14	348.04
Jul-15	424.88	Jan-14	340.46
Jun-15	417.61	Dec-13	339.05

Date	Index	Date	Index
May-15	415.62	Nov-13	338.31
Apr-15	412.03	Oct-13	333.12
Mar-15	404.52	Sep-13	328.67
Feb-15	398.97	Aug-13	324.69
Jan-15	392.66	Jul-13	319.71
Dec-14	392.95	Jun-13	316.78
Nov-14	392.48	May-13	316.43
Oct-14	389.65	Apr-13	316.54

Please note that very small changes in the HPI for the same month are apparent between data collected for previous reports and this report<sup>1</sup>.

### Office for National Statistics (ONS) – House Price Index (January 2016)

- *“UK house prices increased by 9.0% in the year to March 2016, up from 7.6% in the year to February 2016.*
- *House price annual inflation was 10.1% in England, 2.1% in Wales, -6.1% in Scotland and 6.4% in Northern Ireland.*
- *Annual house price increases in England were driven by an annual increase in London (13.0%), the South East (12.2%) and the East of England (12.1%).*
- *Excluding London and the South East, UK house prices increased by 5.9% in the 12 months to March 2016.*
- *On a seasonally adjusted basis, average house prices increased by 2.5% between February 2016 and March 2016.*
- *In March 2016, prices paid by first-time buyers were 9.7% higher on average than in March 2015.*
- *For owner-occupiers (existing owners), prices increased by 8.7% for the same period*
- *UK average mix-adjusted house price in March 2016 was £292,000.*

<sup>1</sup> Land Registry FAQ's (<https://www.gov.uk/government/publications/about-the-house-price-index/about-the-house-price-index>) explains:

#### Monthly HPI revision Historic data published as part of the HPI are revised primarily for two reasons:

- data capture lag: there is a time-lag between the sale of a property and the subsequent registration of this information with Land Registry. This means the transaction data for the previous month will be incomplete when the monthly report is prepared. The missing data is included as it becomes available.
- HPI based on repeat transactions: when Land Registry publishes its HPI reports each month, the index represents the best available view on historic house price movements at the time. As new information becomes available, the published indices are revised to reflect any new data. It is seen as statistical best practice for time-series indices to restate historic data as new information becomes available.

- *This is the final release of the ONS House Price Index (HPI) which will be replaced by the new UK House Price Index from June 2016.”*

### **RICS Residential Market Report (April 2016)**

- 3.6 *Headline reads: “Buyer demand contracts as April Stamp Duty deadline passes”*
- *“Buyer demand contracts for the first time since March 2015*
  - *Price momentum remains firm with tight supply conditions supporting growth*
  - *Near term sales expectations point to stabilisation in activity over the coming months.”*
- 3.7 *“The April RICS Residential Market Survey shows demand in cooling off following a period of increased activity in some segments of the market, as buyers brought forward transactions to beat the introduction of an impending change to stamp duty. An additional layer of stamp duty on second and buy-to-let homes became effective as the beginning of April and surveyors reported an easing in demand from these tranches of buyers relative to the previous month.*
- 3.8 *A net balance of 22% of contributors reported a decline in new buyer enquiries, with the fall widespread across most parts of the UK (only Scotland and East Anglia saw some modest growth). This represents the first decrease in enquiries since March 2015. While reduced demand from buy-to-let and second home buyers appears to have been the main cause of this fall, it may also reflect some uncertainty (highlighted in the comments) beginning to enter the market in the run up to the UK’s referendum on its EU membership.*
- 3.9 *Meanwhile, supply conditions remain tight with 8% more surveyors reporting a fall in new instructions to sell rather than a rise. Once again, this decline was quite widespread the majority of areas seeing a decrease in the number of new properties coming on to agent’s books.*
- 3.10 *Respondents envisage sales remaining broadly flat over the coming three months with the more sluggish demand and tight supply conditions restraining activity. The outlook for transactions in London is worse than all other parts, with a net balance of 22% of respondents expecting sales to fall better reflection of central/prime London rather than the outer boroughs). However, contributors still foresee an upward trend*

*in activity over the remainder of the year with a net balance of 34% expecting growth over the coming 12 months, and the outlook positive in all areas of the UK.*

- 3.11 *Despite the fall in demand, price momentum remains firm with a net balance of 41% of contributors seeing further growth in April. Respondents in most parts of the UK reported solid price increase, with London and the North of England the only exceptions. In London, surveyors reported a second consecutive, albeit modest, monthly decline while in the North prices remained broadly unchanged. Perhaps reflecting the aforementioned uncertainty that the upcoming referendum is instilling in the market, but also greater economic uncertainty more generally, the near term price expectations net balance continues to moderate: only 5% more surveyors envisage prices increasing rather than falling in the three months to come. However, once again, the longer term picture remains more upbeat, with a net balance of 61% of respondents expecting prices to increase at the 12 month horizon.*
- 3.12 *In London, expectation for growth are less firm, with respondents expecting prices to remain broadly flat over the coming year. Looking further into the future, the outlook for prices remains positive in each part of the UK with contributors envisaging growth of between 3% and 5.5% per annum, on average, over the course of the next five years.*
- 3.13 *Across the UK, 62% of contributors perceive current market prices to be around fair value, relative to fundamentals. However, in South Eastern parts of England, a significant proportion of respondents believe that prices are stretched. Indeed, in London and the outer South East respectively, 68% and 70% of contributors think their local markets are expensive, to some degree. This represents a rise from the 60% and 62% who held this view the previous month.*
- 3.14 *In the lettings market, tenant demand continues to increase with 22% more contributors seeing a rise rather than a fall. As yet, there has been no noticeable increase in new landlord instructions as a result of the recent rise in demand from buy-to-let investors. Comments from several members suggest that the recent policy changed towards the sector, which have increased costs for landlords are leading them to reconsider their positions in the market and this is likely to drive rents higher in the future. A net balance of 18% of contributors foresee rents rising over the coming three months, and on average respondents expect growth of 3.4% over the*

*year to come. Reflecting the lack stock of all tenures, rental growth is expected to accurate thereafter, to an average of 4.6% per annum, (3 month average) over the course of the next five years.”*

3.15 The RICS Residential Market Survey also includes comments about current market conditions from local surveyors. Relevant extracts for the Borough of Enfield are noted below: -

- *“Things are pretty quiet, probably because of current political uncertainties. However the sales that are being achieved show no let-up in buyer competition.”*

## 4.0 Residential Market Review – March 2016

Source: [www.rightmove.co.uk](http://www.rightmove.co.uk)

4.1 The residential market review has been researched on settlements within the Borough (21 in total), as researched for DSP’s previous viability work in 2013. This review includes research and detailed analysis of available new build property data across the Borough and re-sale value data.

### **Re-sale residential market review – Uplifted Rightmove re-sale values from previous study (April 2013).**

4.2 The original overall residential market (re-sales based) research for a range of different housing types from 1-bed flats to detached 4-bed houses, utilising property search engine RightMove, was based on both settlements areas and gathered for an overview of the values patterns seen across the Council area for DSP’s previous viability assessment in 2013.

4.3 As a part of building an updated picture appropriate to inform the further work, for current high-level viability review purposes DSP has applied increases of 48% (based on Land Registry data for the Enfield Borough) to that previous research as illustrated in tables 2a – 2b) as follows: -

- Table 2a shows the previous average asking prices in £ per sq. m. based on settlements from April 2013 (date of original research) alongside the respective figures that result from applying a 48% uplift, as above.
- Table 2b shows the equivalent information to table 1a based on property price.

*Table 2a - Uplifted average asking prices in £ per sq. m. (Settlements) – sorted by ‘All Properties’*

Settlement	April 2013 Data					LR uplifted by 48%
	1 Bed Flats	2 Bed Flats	2 Bed House	3 Bed House	4 Bed House	All Properties
Chase	n/a	n/a	n/a	n/a	n/a	n/a
Cockfosters	n/a	n/a	n/a	n/a	n/a	n/a
Grange	n/a	n/a	n/a	n/a	n/a	n/a
Highlands	n/a	n/a	n/a	n/a	n/a	n/a
Southgate	n/a	n/a	n/a	n/a	n/a	n/a
Town	n/a	n/a	n/a	n/a	n/a	n/a
Winchmore Hill	n/a	n/a	n/a	n/a	n/a	n/a
Southgate Green	£4,271	£4,496	£4,616	£5,187	£6,102	<b>£7,506</b>
Bush Hill Park	£2,761	£3,649	£3,300	£4,194	£4,718	<b>£5,725</b>
Palmers Green	£4,311	£3,646	£4,046	£4,263	£4,320	<b>£6,115</b>
Bowes	£3,566	£3,477	£3,948	£4,397	£4,558	<b>£6,033</b>
Southbury	£3,067	£2,728	£3,354	£3,126	£3,220	<b>£4,614</b>
Enfield Highway	£2,311	£2,496	£2,771	£2,927	£2,952	<b>£4,061</b>
Haselbury	£2,481	£2,421	£2,772	£2,997	£3,092	<b>£4,154</b>
Upper Edmonton	£2,406	£2,271	£2,760	£2,997	£2,925	<b>£4,030</b>
Ponders End	£2,500	£2,361	£2,627	£2,905	£3,350	<b>£4,169</b>
Lower Edmonton	£2,544	£2,321	£2,809	£2,822	£3,230	<b>£4,147</b>
Turkey Street	£2,603	£2,382	£2,913	£2,929	£3,150	<b>£4,209</b>
Jubilee	£2,447	£2,288	£2,854	£2,892	£2,886	<b>£4,020</b>
Edmonton Green	£2,543	£2,317	£2,838	£2,879	£3,200	<b>£4,161</b>
Enfield Lock	£2,790	£2,458	£2,811	£2,886	£3,179	<b>£4,233</b>
<b>Overall</b>	<b>£3,002</b>	<b>£2,911</b>	<b>£3,011</b>	<b>£3,329</b>	<b>£4,228</b>	<b>£5,012</b>

*See Table 2b on the following page below.*

*Table 2b - Uplifted average asking prices (Settlements) – sorted by 'All Properties'*

Settlement	April 2013 Data					LR uplifted by 48%
	1 Bed Flats	2 Bed Flats	2 Bed House	3 Bed House	4 Bed House	All Properties
Chase	n/a	n/a	n/a	n/a	n/a	n/a
Cockfosters	n/a	n/a	n/a	n/a	n/a	n/a
Grange	n/a	n/a	n/a	n/a	n/a	n/a
Highlands	n/a	n/a	n/a	n/a	n/a	n/a
Southgate	n/a	n/a	n/a	n/a	n/a	n/a
Town	n/a	n/a	n/a	n/a	n/a	n/a
Winchmore Hill	n/a	n/a	n/a	n/a	n/a	n/a
Southgate Green	£213,539	£301,225	£346,213	£440,932	£610,219	<b>£651,932</b>
Bush Hill Park	£138,029	£244,500	£247,495	£356,512	£471,761	<b>£476,325</b>
Palmers Green	£215,573	£244,297	£303,475	£362,388	£431,954	<b>£456,602</b>
Bowes	£178,276	£232,964	£296,129	£373,742	£455,754	<b>£435,936</b>
Southbury	£153,342	£182,785	£251,534	£265,736	£321,996	<b>£339,930</b>
Enfield Highway	£115,553	£167,216	£207,809	£248,759	£295,175	<b>£335,736</b>
Haselbury	£124,050	£162,214	£207,894	£254,725	£309,210	<b>£334,898</b>
Upper Edmonton	£120,323	£152,166	£206,994	£254,721	£292,473	<b>£329,326</b>
Ponders End	£124,995	£158,207	£196,995	£246,884	£334,986	<b>£327,257</b>
Lower Edmonton	£127,192	£155,491	£210,686	£239,912	£322,996	<b>£323,561</b>
Turkey Street	£130,172	£159,601	£218,482	£248,981	£314,995	<b>£322,940</b>
Jubilee	£122,350	£153,321	£214,015	£245,780	£288,567	<b>£317,073</b>
Edmonton Green	£127,132	£155,242	£212,852	£244,696	£319,996	<b>£300,218</b>
Enfield Lock	£139,486	£164,654	£210,815	£245,324	£317,913	<b>£288,568</b>
<b>Overall</b>	<b>£150,115</b>	<b>£195,023</b>	<b>£225,837</b>	<b>£282,966</b>	<b>£422,781</b>	<b>£375,357</b>

#### Re-sale residential market review – Zoopla sourced average values data (March 2016)

- 4.4 The tables below provide a quick analysis (by DSP 2016) of the Zoopla 'Average Current Values Estimate' data, which has been sorted to represent a values hierarchy of the Borough. This data is not available for all settlements, but provide a further source for considering house price trends; in making judgements over an appropriate uplift level to the previous values basis to inform assumptions for the sample development scenario appraisals. Those settlements with no available data are listed below.

Table 3 – Zoopla Average Price Data – May 2016

Settlement	Houses		Flats	
	Average Price per sq.ft	Average Price per sq.m.	Average Price per sq.ft	Average Price per sq.m.
Chase	n/a			
Cockfosters	n/a			
Highlands	n/a			
Southbury	n/a			
Enfield Highway	n/a			
Haselbury	n/a			
Turkey Street	n/a			
Jubilee	n/a			
Grange	£552	£5,940	£481	£5,176
Southgate	£529	£5,692	£497	£5,348
Southgate Green	£529	£5,692	£497	£5,348
Winchmore Hill	£517	£5,563	£498	£5,358
Bowes	£515	£5,541	£529	£5,692
Palmers Green	£513	£5,520	£521	£5,606
Edmonton Green	£484	£5,208	£469	£5,046
Enfield Lock	£484	£5,208	£469	£5,046
Bush Hill Park	£453	£4,874	£460	£4,950
Town	£447	£4,810	£454	£4,885
Lower Edmonton	£362	£3,895	£380	£4,089
Ponders End	£318	£3,422	£351	£3,777
Upper Edmonton	£289	£3,110	£337	£3,626
<b>Average</b>	<b>£461</b>	<b>£4,960</b>	<b>£457</b>	<b>£4,919</b>

### New Build Properties for Sale – May 2016

- 4.5 The tables below provide information, so far as found through web-searching and enquiries, on new build properties for sale in May 2016. The data has been collected from Rightmove and based on settlements within the Borough. Property sizes are as supplied with details or, where those were not stated, estimated – e.g. from agents' or other floor plans are noted in *italics*.

Source: DSP research - [www.rightmove.co.uk](http://www.rightmove.co.uk); various house builders' & estate agents' websites

*See table on the following page.*

Table 4a: Available New Build Research – May 2016

Address	Description	Price	Size (m2)	Price per m2	Price Less 5%	Price Less 10%	Price Plus 10%	Developer / Agent
<b>Cockfosters</b>								
<b>Flats</b>								
Cockfosters Road	2 Bed Flat	£1,350,000	166.3	£8,118	£7,712	£7,306	£8,930	Cala Homes
Cockfosters Road	3 Bed Flat	£2,300,000	216.9	£10,604	£10,074	£9,544	£11,664	Statons
Cockfosters Road	3 Bed Flat	£2,150,000	247.9	£8,673	£8,239	£7,806	£9,540	Statons
Cockfosters Road	3 Bed Flat	£1,800,000	184.9	£9,735	£9,248	£8,761	£10,708	Statons
Cockfosters Road	3 Bed Flat	£1,550,000	166.3	£9,321	£8,854	£8,388	£10,253	Cala Homes
Cockfosters Road	3 Bed Flat	£1,535,000	150	£10,233	£9,722	£9,210	£11,257	Cala Homes
Cockfosters Road	2 Bed Flat	£1,350,000	166.3	£8,118	£7,712	£7,306	£8,930	Cala Homes
<b>Average:</b>		<b>£1,719,286</b>	<b>185.5</b>	<b>£9,257</b>	<b>£8,794</b>	<b>£8,332</b>	<b>£10,183</b>	
<b>Houses</b>								
Fairgreen East	6 Bed Detached	£1,645,000	281	£5,854	£5,561	£5,269	£6,440	Statons
Belmont Avenue	4 Bed Semi	£849,950	161.9	£5,250	£4,987	£4,725	£5,775	Jason Oliver
<b>Average:</b>		<b>£1,247,475</b>	<b>221.5</b>	<b>£5,552</b>	<b>£5,274</b>	<b>£4,997</b>	<b>£6,107</b>	
<b>Southgate</b>								
<b>Flats</b>								
Chelmsford Road	3 Bed Flat	£695,000	107.9	£6,441	£6,119	£5,797	£7,085	Reliable Homes
Chase Side	3 Bed Flat	£555,000	105	£5,286	£5,021	£4,757	£5,814	Bollingbroke Park
Chase Side	3 Bed Flat	£545,000	105	£5,190	£4,931	£4,671	£5,710	Bollingbroke Park
Chase Side	3 Bed Flat	£540,000	105	£5,143	£4,886	£4,629	£5,657	Bollingbroke Park
Chase Side	2 Bed Flat	£490,000	85	£5,765	£5,476	£5,188	£6,341	Bollingbroke Park
Chase Side	2 Bed Flat	£485,000	85	£5,706	£5,421	£5,135	£6,276	Bollingbroke Park
Chase Side	2 Bed Flat	£482,500	80	£6,031	£5,730	£5,428	£6,634	Bollingbroke Park

Address	Description	Price	Size (m2)	Price per m2	Price Less 5%	Price Less 10%	Price Plus 10%	Developer / Agent
Chase Side	2 Bed Flat	£475,750	80	£5,947	£5,650	£5,352	£6,542	Bollingbroke Park
<b>Average:</b>		<b>£533,531</b>	<b>94.1</b>	<b>£5,689</b>	<b>£5,404</b>	<b>£5,120</b>	<b>£6,257</b>	
<b>Houses</b>								
Chase Side	4 Bed Terrace	£730,000	139.7	£5,225	£4,964	£4,703	£5,748	Bollingbroke Park
Chase Side	3 Bed Terrace	£685,000	115.5	£5,931	£5,634	£5,338	£6,524	Bollingbroke Park
Chase Side	3 Bed Terrace	£670,000	115.5	£5,801	£5,511	£5,221	£6,381	Bollingbroke Park
<b>Average:</b>		<b>£695,000</b>	<b>123.6</b>	<b>£5,652</b>	<b>£5,370</b>	<b>£5,087</b>	<b>£6,218</b>	
<b>Enfield Town</b>								
<b>Flats</b>								
Ladysmith Road	2 Bed Flat	£320,000	70	£4,571	£4,343	£4,114	£5,029	Atkinsons Residential
<b>Houses</b>								
College Gardens	3 Bed Semi	£525,000	126.74	£4,142	£3,935	£3,728	£4,557	Mortimor Mackay
<b>Winchmore Hill</b>								
<b>Flats</b>								
Elm Park Road	3 Bed Flat	£450,000	90	£5,000	£4,750	£4,500	£5,500	Easy Poperties
Elm Park Road	2 Bed Flat	£415,000	70	£5,929	£5,632	£5,336	£6,521	Easy Poperties
Elm Park Road	1 Bed Flat	£325,000	50	£6,500	£6,175	£5,850	£7,150	Easy Poperties
<b>Average:</b>		<b>£396,667</b>	<b>70.00</b>	<b>£5,810</b>	<b>£5,519</b>	<b>£5,229</b>	<b>£6,390</b>	
<b>Bush Hill Park</b>								
<b>Flats</b>								
Wellington Road	3 Bed Flat	£495,000	70.2	£7,051	£6,699	£6,346	£7,756	Grange Homes
Wellington Road	2 Bed Flat	£465,000	60.8	£7,648	£7,266	£6,883	£8,413	Grange Homes
Wellington Road	2 Bed Flat	£450,000	51.1	£8,806	£8,366	£7,926	£9,687	Grange Homes
Wellington Road	2 Bed Flat	£445,000	80	£5,563	£5,284	£5,006	£6,119	Grange Homes

Address	Description	Price	Size (m2)	Price per m2	Price Less 5%	Price Less 10%	Price Plus 10%	Developer / Agent
Wellington Road	1 Bed Flat	£350,000	50.8	£6,890	£6,545	£6,201	£7,579	Grange Homes
<b>Average:</b>		<b>£441,000</b>	<b>62.6</b>	<b>£7,192</b>	<b>£6,832</b>	<b>£6,472</b>	<b>£7,911</b>	
<b>Palmers Green</b>								
<b>Flats</b>								
Green Lanes	2 Bed Flat	£691,557	94.5	£7,318	£6,952	£6,586	£8,050	Comer Homes Group
Green Lanes	2 Bed Flat	£643,316	94.5	£6,808	£6,467	£6,127	£7,488	Comer Homes Group
Green Lanes	2 Bed Flat	£625,000	83.9	£7,449	£7,077	£6,704	£8,194	Winkworth
Green Lanes	2 Bed Flat	£600,000	74	£8,108	£7,703	£7,297	£8,919	Winkworth
Green Lanes	2 Bed Flat	£525,000	85.7	£6,126	£5,820	£5,513	£6,739	Winkworth
Green Lanes	2 Bed Flat	£515,000	75	£6,867	£6,523	£6,180	£7,553	Winkworth
Green Lanes	2 Bed Flat	£495,000	61.4	£8,062	£7,659	£7,256	£8,868	Winkworth
Green Lanes	2 Bed Flat	£485,000	61.4	£7,899	£7,504	£7,109	£8,689	Winkworth
Green Lanes	2 Bed Flat	£470,000	60	£7,833	£7,442	£7,050	£8,617	Winkworth
Green Lanes	2 Bed Flat	£460,000	60	£7,667	£7,283	£6,900	£8,433	Winkworth
Green Lanes	1 Bed Flat	£415,000	57.8	£7,180	£6,821	£6,462	£7,898	Winkworth
<b>Average:</b>		<b>£538,625</b>	<b>73.47</b>	<b>£7,392</b>	<b>£7,023</b>	<b>£6,653</b>	<b>£8,132</b>	
<b>Houses</b>								
Green Lanes	4 Bed Detached	£2,950,000	419.5	£7,032	£6,681	£6,329	£7,735	Comer Homes Group
Green Lanes	3 Bed Detached	£1,372,175	209	£6,565	£6,237	£5,909	£7,222	Comer Homes Group
Palmadium Close	4 Bed Detached	£975,000	192.8	£5,057	£4,804	£4,551	£5,563	Winkworth
Palmadium Close	3 Bed Semi	£755,000	117.73	£6,413	£6,092	£5,772	£7,054	Winkworth
Palmadium Close	3 Bed Semi	£749,950	117.73	£6,370	£6,052	£5,733	£7,007	Winkworth
<b>Average:</b>		<b>£1,360,425</b>	<b>211.4</b>	<b>£6,288</b>	<b>£5,973</b>	<b>£5,659</b>	<b>£6,916</b>	
<b>Southbury</b>								
<b>Houses</b>								
Durants Road	4 Bed Detached	£450,000	122.9	£3,662	£3,478	£3,295	£4,028	WJ Meade
<b>Lower Edmonton</b>								
<b>Flats</b>								

Address	Description	Price	Size (m2)	Price per m2	Price Less 5%	Price Less 10%	Price Plus 10%	Developer / Agent
The Concourse	2 Bed Flat	£279,995	70	£4,000	£3,800	£3,600	£4,400	IC Property

No available data for: -

Grange, Highlands, Southgate Green, Bowes, Enfield Highway, Haselbury, Upper Edmonton, Ponders End, Turkey Street, Jubilee, Edmonton Green, Enfield Lock.

Table 4b - New Build research – average £ per sq. m. analysis.

Settlement	Houses		Flats		Overall Average Price Less 5%
	Average Price per m2	Average Price Less 5%	Average Price per m2	Average Price Less 5%	
<b>Cockfosters</b>	£5,552	£5,274	£9,257	£8,794	<b>£8,012</b>
<b>Southgate</b>	£5,652	£5,370	£5,689	£5,404	<b>£5,395</b>
<b>Enfield Town*</b>	£4,142	£3,935	£4,571	£4,343	<b>£4,139</b>
<b>Winchmore Hill*</b>	n/a	n/a	£5,417	£5,146	<b>£5,519</b>
<b>Bush Hill Park</b>	n/a	n/a	£7,392	£7,023	<b>£6,832</b>
<b>Palmers Green</b>	£6,288	£5,973	£7,392	£7,023	<b>£6,695</b>
<b>Southbury*</b>	£3,662	£3,478	n/a	n/a	<b>£3,478</b>
<b>Lower Edmonton*</b>	n/a	n/a	£4,000	£3,800	<b>£3,800</b>

\*small sample

\*\*overall average taken as the average across the individual entries for both houses and flats

See Overall Analysis on the following pages.

## 5.0 Overall Market Analysis

5.1 The tables below provide an overall analysis of all of the above values research in comparison with the values research data collected in 2013 for the previous CIL and DMD Viability Study, as follows: -

- Table 5a shows the analysis of the previous new build values research from the DSP Property Market Update in October 2014 and the current new builds research in order to illustrate the positive change in new build property values since the previous study.
- Table 5b shows the analysis between the current new builds values research in comparison with the uplifted re-sale data.
- Table 5c shows the comparison between all of the current values research (uplifted re-sale, new builds and Zoopla) and provides an overall average figure for each settlement area, which have also been grouped into the existing CIL charging Zones.
- Table 5d shows the previous Value Levels uplifted by Land Registry data.
- Table 5e shows the average values by CIL zone for the uplifted re-sale research, new builds and Zoopla data.

*Table 5a - New Builds Analysis by settlement area (February 2012 and April 2016)*

Settlement	Houses		Flats		Overall Average Less 5%
	Average Price per m2	Average Price Less 5%	Average Price per m2	Average Price Less 5%	
<b>Cockfosters</b>	£5,552	£5,274	£9,257	£8,794	<b>£8,012</b>
<b>Southgate</b>	£5,652	£5,370	£5,689	£5,404	<b>£5,395</b>
<b>Enfield Town*</b>	£4,142	£3,935	£4,571	£4,343	<b>£4,139</b>
<b>Winchmore Hill*</b>	n/a	n/a	£5,417	£5,146	<b>£5,519</b>
<b>Bush Hill Park</b>	n/a	n/a	£7,392	£7,023	<b>£6,832</b>
<b>Palmers Green</b>	£6,288	£5,973	£7,392	£7,023	<b>£6,695</b>
<b>Southbury*</b>	£3,662	£3,478	n/a	n/a	<b>£3,478</b>
<b>Lower Edmonton*</b>	n/a	n/a	£4,000	£3,800	<b>£3,800</b>

*\*small sample relating to April 2016 data only*

*\*\*overall average taken as the average across the individual entries for both houses and flats*

Table 5b - New Builds and uplifted Re-sale Analysis by settlement area

Settlement	Houses		Flats		Overall Average Less 5%	Re-sale LR uplifted by 48% All Properties
	Average Price per m2	Average Price Less 5%	Average Price per m2	Average Price Less 5%		
Cockfosters	£5,552	£5,274	£9,257	£8,794	<b>£8,012</b>	n/a
Southgate	£5,652	£5,370	£5,689	£5,404	<b>£5,395</b>	n/a
Enfield Town*	£4,142	£3,935	£4,571	£4,343	<b>£4,139</b>	n/a
Winchmore Hill*	n/a	n/a	£5,417	£5,146	<b>£5,519</b>	n/a
Bush Hill Park	n/a	n/a	£7,392	£7,023	<b>£6,832</b>	<b>£5,725</b>
Palmers Green	£6,288	£5,973	£7,392	£7,023	<b>£6,695</b>	<b>£6,115</b>
Southbury*	£3,662	£3,478	n/a	n/a	<b>£3,478</b>	<b>£4,614</b>
Lower Edmonton*	n/a	n/a	£4,000	£3,800	<b>£3,800</b>	<b>£4,147</b>

\*small sample relating to April 2016 data only

\*\*overall average taken as the average across the individual entries for both houses and flats

Table 5c - Overall current values research analysis by settlement area (also see Key below)

Settlement	Re-sale LR uplifted by 48%	New Builds May-16	Zoopla
	All Properties	Overall Average Less 5%	Overall Average
Chase	n/a		
Cockfosters	n/a	£8,012	
Grange	n/a		£5,746
Highlands	n/a		
Southgate	n/a	£5,395	£5,606
Town	n/a	£4,139	£4,831
Winchmore Hill	n/a	£5,519	£5,509
Southgate Green	£7,506		
Bush Hill Park	£5,725	£6,832	£4,896
Palmers Green	£6,115	£6,695	£5,541
Bowes	£6,033		£5,584
Southbury	£4,614	£3,478	
Enfield Highway	£4,061		
Haselbury	£4,154		
Upper Edmonton	£4,030		£3,282
Ponders End	£4,169		£3,508
Lower Edmonton	£4,147	£3,800	£3,949

Settlement	Re-sale LR uplifted by 48%	New Builds May-16	Zoopla
	All Properties	Overall Average Less 5%	Overall Average
Turkey Street	£4,209		
Jubilee	£4,020		
Edmonton Green	£4,161		£5,176
Enfield Lock	£4,233		£5,176
<b>Overall</b>	<b>£5,012</b>	<b>£5,484</b>	<b>£5,175*</b>

*\*based on the Enfield (whole) area stats*

*Note: The Nil CIL Zone for the Meridian Water Masterplan Area adopts the same value level as the Lower CIL Zone.*

### Key:

	Nil CIL Zone Meridian Water Masterplan Area ( <i>adopts same value basis as the Lower Eastern Rate below</i> )
	Lower Eastern Rate at £40/m <sup>2</sup>
	Intermediate Zone at £60/m <sup>2</sup>
	High Zone at £120/m <sup>2</sup>

*Table 5d – Value Level Analysis – uplifted by Land Registry*

VLs scale – lower to higher	Base (£/sq. m)	Update +48% (£/sq. m)*
VL 1	2,400	£3,552 (VL3-VL4)
VL 2	2,800	£4,144 (VL5-VL6)
VL 3	3,200	£4,736 (VL6-VL7)
VL 4	3,600	£5,328 (>VL7)
VL 5	4,000	£5,920 (>VL7)
VL 6	4,400	£6,512 (>VL7)
VL 7	4,800	£7,104 (>VL7)

*\*updated by Land Registry as supported by other DSP Values analysis comparisons*

The following table shows the average values by CIL Zone for the DSP uplifted re-sale data, new builds and Zoopla data. In order to provide a more accurate overall average value rate per sq. m. for each CIL Zone, we have taken the individual figures behind each of the above datasets (DSP re-sale, new build and Zoopla) and calculated the overall average figure. These figures form the values assumption basis

of our appraisal testing (as discussed within the main report text) and are highlighted yellow below. The nil CIL Zone for the Meridian Water Masterplan Area sits directly adjacent to the Lower CIL Zone which would otherwise form part of this lower rate, as such we have applied the same level of value.

*Table 5e: Average Values Analysis by CIL Zone*

CIL Zone	Overall Average by CIL Zone £/m <sup>2</sup>
Nil CIL Zone Meridian Water Masterplan Area	£4,127
Lower Eastern Rate at £40/m <sup>2</sup>	£4,127
Intermediate Zone at £60/m <sup>2</sup>	£5,147
High Zone at £120/m <sup>2</sup>	£6,084

*Note: The 'Overall Average' column above provide the values per sq. m. adopted within the DSP appraisal sets (as described above)*

**DSP LB Enfield Council Affordable Housing Contributions Update - Appendix III ends  
(May 2016)**