

East Ayrshire Local Development Plan

Developer Contributions Supplementary Guidance

June 2017

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1. INTRODUCTION

Definition

- 1.1 New development can impact significantly on a wide range of existing services, facilities and amenities. Where it can be justified, developer contributions will be sought to offset any impacts. The East Ayrshire Local Development Plan (LDP) defines developer contributions as:

‘Contributions made by developers to provide or help provide new infrastructure, facilities or amenities, such as road improvements or new recreational facilities, or to supplement existing provision, where these are required as a consequence of the development being proposed, on its own, or as a result of the cumulative impact of development in the area.’

- 1.2 This supplementary guidance forms part of the East Ayrshire LDP (2017), supporting policy INF5: Developer Contributions.

Purpose of the Guidance

- 1.3 This supplementary guidance sets out the basis for a comprehensive, consistent and transparent approach to implementing the Council's developer contributions policy relating to residential, retail or commercial leisure development as set out in the East Ayrshire LDP. It does not set out the provision for affordable housing within such developments. Separate supplementary guidance on affordable housing is available.
- 1.4 It provides detailed guidance to landowners, developers and others involved in the planning process as to when and where developer contributions will be required and identifies a number of projects towards which contributions will be directed. It also assists those involved in the planning process in terms of the formulation, consideration and costing of their development proposals.
- 1.5 The planning system seeks to ensure that all new developments are sensitively designed and have minimum environmental and amenity impacts. Where development proposals place additional demands on existing infrastructure or facilities that would necessitate new facilities or exacerbate deficiencies in existing provision, as identified in the LDP (2017) the Council will require the developer to meet or contribute to the cost of providing or improving such infrastructure or facilities.
- 1.6 The requirement for developers to make contributions in the form of financial payments or non-financial contributions will not be used by the Council as a reason to approve a residential, retail or commercial leisure development proposal that contravenes planning policy and / or is unacceptable on planning grounds. However, as stated above, where a development is acceptable, developer contributions can provide a valuable mechanism to directly fund or contribute funding towards the provision or improvement of necessary associated infrastructure or facilities.

- 1.7 The Council expects all Council officials and Elected Members to observe the highest ethical standards when carrying out its business. It accordingly undertakes to treat all developers fairly and will ensure that all negotiations between Council officials and developers will be treated with confidence.

2. LEGAL AND POLICY BACKGROUND

Legislation

- 2.1 In line with Planning Circular 3/2012: Planning Obligations and Good Neighbour Agreements Local Authorities may use agreements under Section 75 of the Town & Country Planning (Scotland) Act 1997 to offset the impact of new development.
- 2.2 The use of an agreement under Section 75 of the Town & Country Planning (Scotland) Act 1997 (hereinafter referred to as the 'Section 75 Agreement') to help deliver necessary infrastructure and facilities is considered a legitimate planning objective by the Scottish Government. However, Section 75 Agreements should only be sought where they are required to make a proposal acceptable in land use planning terms and where the use of a planning condition, including a suspensive condition, is not appropriate. Conditions, including suspensive conditions, should be used wherever possible. The criteria upon which a Section 75 Agreement should be based are that the agreement should:
- Be necessary to make the proposed development acceptable in planning terms;
 - Serve a planning purpose;
 - Have a relationship to the proposed development;
 - Be related in scale and kind to the proposed development; and
 - Be reasonable in all other respects.
- 2.3 It is acknowledged that Section 75 Agreements can at times, cause delays in the planning process and place an additional financial burden on developers.
- 2.4 In light of this, the use of agreement under section 69 of the Local Government (Scotland) Act 1973 may also be utilised by the Council to achieve contributions towards provision of necessary infrastructure and facilities. Section 69 of the Local Government (Scotland) Act 1973 states that:
- '(1)...a local authority shall have power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.'**
- 2.5 This provision provides the Council with a general power to enter into an Agreement with developers to achieve the above contributions. This type of Agreement does not have to be limited in its purpose to the restriction or

regulation of the development or use of the land subject to the planning application and could also include the payment of money. Further, in cases where there are no other issues requiring the need for a Section 75 or 69 Agreement other than those relating to developer contributions, the Council may consider accepting the payment of the appropriate contributions prior to the release of the planning consent.

Policy Context

- 2.6 This supplementary guidance has been prepared within the context of the following:
- Scottish Planning Policy (SPP);
 - Circular 3/2012: Planning Obligations and Good Neighbour Agreements; and;
 - East Ayrshire Local Development Plan (2017).
- 2.7 SPP requires supplementary guidance to indicate how new infrastructure or services are to be delivered and phased, and how and by whom any developer contributions will be made.
- 2.8 Circular 3/2012 sets out the circumstances in which planning obligations and good neighbour agreements can be used and how they can be concluded efficiently.
- 2.9 Policy INF 5: Developer Contributions of the Plan states that:

Where a development of 4 or more houses, retail or commercial leisure development either on its own, or in association with existing developments, will place additional demands on facilities, infrastructure or services that would necessitate new facilities or exacerbate deficiencies in existing provision, the Council will require the developer to meet or contribute to the cost of providing or improving such infrastructure, facilities or services. This could include off-site environmental or other enhancements where issues cannot be addressed within the development site. Contributions will relate to the development concerned, including in nature, scale and kind. Where these cannot be secured by planning conditions or other appropriate means, the council will expect developers to complete a Section 75 obligation or other legal agreement. Contributions sought under this policy will be waived or reduced only in exceptional circumstances – for example, where a developer demonstrates that an enabling development or a development would have exceptional development costs, overriding economic, social or other benefits, and where there is no adverse impact on essential services or infrastructure.

A list of specific projects which support placemaking to be funded by developer contributions can be found in Table 6 of the LDP and the Action Programme.

Note: In addition to any contributions made under Policy INF5, developers will require to meet the costs of providing the service infrastructure necessary for their development.

Pre Application Discussions

- 2.10 The Council would encourage prospective developers, where appropriate, to hold pre-application discussions with the East Ayrshire Council Planning and Economic Development Service as early as possible. Early collaborative discussions will ensure that the correct information has been provided to support an application.

3. DEVELOPER CONTRIBUTION FRAMEWORK

- 3.1 A number of projects have been identified in the East Ayrshire Local Development Plan for specific settlements within East Ayrshire. An assessment has been made of the likely pressures to be placed on services, infrastructure, facilities and amenities within these settlements as a result of the housing development opportunity sites identified in the Plan and potential retail or commercial leisure development.
- 3.2 The requirement for a developer to make appropriate developer contributions will be treated as a material planning consideration in the assessment and determination of planning applications. Planning obligations have a limited, but useful, role to play in the development management process where they can be used to overcome obstacles to the grant of planning permission. The Council will ensure that all developer contributions have a planning purpose and are proportionate in scale and kind to the development proposed and, accordingly, many projects identified for implementation may not require to be fully funded by the developer; additional funding being obtained or generated from either the Council or other funding sources. In this regard, the Council will ensure that the developer contribution projects identified in the Plan are closely aligned with, but not substitutes for, projects identified for implementation in the Council's Community Plan.
- 3.3 The projects identified comprise a selective series of service / improvements which will require to be implemented should any retail or commercial leisure development proposals come forward during the lifetime of the Plan and the housing development opportunity sites identified in the particular settlement concerned be developed to the capacities indicated in the local plan. However, it is not possible to anticipate precisely where such new housing and/or retail or commercial leisure development will be built. This is particularly the case in respect of windfall housing sites. Accordingly, the need for individual projects, the lodgement of contributions to help fund the projects and the timing of the delivery of the projects concerned will be monitored by the Council on an annual basis and, where considered appropriate, an alignment of the Council's Community Plan, more detailed environmental improvement/townscape/ heritage plans e.g. Kilmarnock

Integrated Urban Development Plan (IUDP) and Community Led Action Plans will be made. Should there be a requirement to reassess the identified developer contribution projects during the life of the Plan then this supplementary guidance will be reviewed.

- 3.4 In general, the Council will require developers to make their developer contributions to the Council at an early stage in the development process. However, in certain circumstances where a particular development is programmed over a prolonged period of time and it is not possible for the developer to make a full contribution to an essential identified project at an early stage in the development process, the Council will consider funding the early implementation of the project, subject to adequate funding being available. In such a case, the proposed developer will be expected to reimburse the Council at a later date to be agreed by all parties concerned.
- 3.5 It is likely that the costs of implementing the developer contribution projects identified in the Plan will increase over time and, consequently, it is considered imperative that project costs are kept in line with inflation. It is therefore proposed that project costs be index linked, with costs being revised on the 1st April each year using the General Building Cost Index (GBCI). Developer contributions will also be index linked to the same standard index to reflect increased project costs as they arise. However, if the GBCI falls then developer contributions will continue at the same rate as in the previous year.
- 3.6 It is proposed that an Annual Report on Developer Contributions will be presented to the Council for consideration, the report detailing the level of contributions received and the degree to which developer contribution projects identified in the Plan have been implemented.

4. IMPLEMENTATION

- 4.1 When a planning application relating to residential development or retail or commercial leisure development is submitted to the Council for consideration, it will assess the requirement for the prospective developer to make an appropriate developer contribution in accordance with the provisions of this supplementary guidance.
- 4.2 Contributions will be sought for developments of 4 or more houses and retail or commercial leisure development of 1,000 square metres gross floorspace or more either on its own or in association with existing developments (new or uplift of floorspace).
- 4.3 Developers will be required to make a contribution at the levels set for the particular settlement and project within which the development is proposed together with an additional contribution for the administration of the Developers Contribution Fund. Appendices 1 and 2 contain worked examples of developer contributions. Alternatively, and where considered appropriate

by the Council, developers may opt to deliver one or more of the projects identified on the relevant project list in table 5.1 below in lieu of a financial contribution with ownership of the completed asset being transferred to the appropriate party. The value of works involved in delivering the particular project concerned will be calculated at the equivalent rate for that settlement. In exceptional circumstances, the Council will consider alternative projects identified by the developer, again to an equivalent rate set for that settlement/corridor. It will be ensured that any alternative projects are consistent those plans referred to in paragraph 3.3 above. For the avoidance of doubt, in cases where the developer opts to deliver a project in lieu of a financial contribution, the additional contribution for staffing as outlined in paragraph 3.6 will still be required by the Council. It should be noted that the Council is not obliged to accept any alternative project, offer or other scenario as may be suggested or proposed by a developer.

- 4.4 In addition to making an appropriate developer contribution, prospective developers will be required to meet the full costs of providing necessary services and infrastructure required to serve their individual developments and to meet the required open space provisions of the LDP. In only exceptional circumstances will consideration be given to abnormal development costs. In such cases, a development appraisal will require to be submitted to the Council for assessment following which a reduced contribution may be sought where it is considered appropriate.
- 4.5 For the avoidance of doubt, developer contributions will be treated as material consideration in the Council's assessment of the planning application to which the contribution relates.
- 4.6 Where it can be demonstrated that paying the full contribution would make the development unviable, prospective developers may be permitted to negotiate a reduced contribution. In such cases, the prospective developer will be required to submit a full development appraisal, including costs, to the Council for consideration in this regard and, for verification purposes, the Council may seek an assessment of the submitted appraisal from the District Valuer or other mutually agreed financial advisors independent of both parties. Appendix 3 of this guidance gives detail on what level of information will be required in the development appraisal and how this will be assessed by the Council. In addition to developers being able to negotiate reduced contributions, the Council also provides flexible methods of developer contribution payments. Consequently, developers depending on the particular circumstances of their proposed development, may be able to enter into an agreement with the Council in order to arrange for the payment of developer contributions at a later stage in the development process. This flexibility reflects the current state of the economy; although there is more economic stability than in previous years, there still remains some uncertainty and accordingly these provisions will continue to apply if required. The Council will monitor the state of the economy and review the supplementary guidance when necessary.

- 4.7 Notwithstanding the above provisions and exemptions, all developers will be required to meet all costs directly related to their developments e.g. road infrastructure improvements, water and waste infrastructure costs, open space requirements etc. Whilst the requirements of this supplementary guidance could also form a part of a Section 75 agreement, these requirements are separate from the direct infrastructure costs and open space requirements mentioned above.
- 4.8 In most cases, developer contributions will be delivered through either a Section 75 or Section 69 agreement. In some instances, where it is considered appropriate, the Council may consider accepting payment of an appropriate contribution without the necessity of an agreement prior to the issue of planning consent. Where it has been agreed that payment will not be made at the time of concluding the legal agreement, i.e. where phased payments have been agreed, the sums involved will be index linked to the General Building Cost Index (GBCI). However, if the GBCI falls then developer contributions will continue at the same rate as in the previous period. In certain instances, the party to the agreement may also be required to guarantee the availability of funds, for example through a bond with a bank or insurance company in order to prevent any default in payment through bankruptcy, liquidation or refusal to pay. Late payments may also incur interest charges which will be calculated at 5% per annum above the base rate of the Bank of England.

5. IDENTIFIED DEVELOPER CONTRIBUTION PROJECTS

- 5.1 The list of projects to be funded by developer contributions contained within policy INF 5 is set out below:

Settlement	Project
Kilmarnock	Kilmarnock Green Infrastructure Project
Kilmarnock	Environmental/Junction Improvements to the one way system
Cumnock	Improvements to Woodroad Park including new accessible bridge
Cumnock	Improvements to streetscape within the town centre
Stewarton	Improvements to civic space at the Cross
Stewarton	Improve links to the B778 – Stewarton to Fenwick Road
Dalmellington	Streetscape and public realm improvements within the town centre
Dalmellington	Improvement to playing fields including access improvements
Galston	Streetscape and public realm improvements in the town centre

Developer Contributions from Residential Development

- 5.2 For all projects, developers will be required to make a proportionate contribution. In order to establish an appropriate rate, an indicative cost per

unit has been established. In terms of housing, the number of existing units within a settlement has been calculated using Scottish Neighbourhood Statistics 2013. The rate per unit is calculated by dividing the cost of the project by the sum of the existing and proposed housing units within the settlement as at 2013.

- 5.3 As outlined in the Action Programme, placemaking maps will be produced for all other East Ayrshire settlements. As new placemaking maps are produced and adopted as supplementary guidance, further developer contribution projects will be identified as appropriate and included in future reviews of the LDP and in the Action Programme. However future projects may also be identified that do not relate to the placemaking maps and these may also be included in future reviews of the LDP and in the Action Programme. The amount of developer contributions sought for emerging projects in relation to the placemaking maps will be similar to those contributions outlined in the tables below.
- 5.5 The following tables outline the projects to which developer contributions will be directed, giving an indicative cost of the particular projects concerned and the indicative contributions which developers will be expected to make towards the implementation of these projects. Appendix 1 sets out a number of worked examples to show how the amount of developer contributions sought will be calculated.

Kilmarnock

Project	Timescales	No. of units proposed within settlement	Existing Units in settlement	Indicative Cost	Indicative Cost Per Unit
Green Infrastructure Project	2015-2020	2802	20723	£2,897,199	£124
Environmental /Junction Improvements to one way system	2015-2025			£1,750,000	£75

Green Infrastructure Project Seeks to connect key open spaces throughout Kilmarnock focussing on sustainable transport, biodiversity and community engagement and the upgrading of existing footpaths, construction of a new cycle route.

Environmental/Junction Improvements to one way system Aims to soften the appearance of, and slow traffic on the one way system around Kilmarnock Town Centre in order to improve safety, the amenity of the town centre and connections between the town centre and neighbouring areas.

Cumnock

Project	Timescales	No. of units proposed within settlement	Existing units in Settlement	Indicative Cost	Indicative Cost Per Unit
Improvements to Woodroad Park including new accessible bridge	2016-2020	998	4119	£525,000	£102
Improvements to Streetscape within Town Centre	2015-2025			£389,000	£76

Improvements to Woodroad Park including new accessible bridge Primarily aims to make the park more accessible and attractive to local communities and visitors to the area. It is also proposed to improve links to Dumfries Estate and the River Ayr Walk from Woodroad Park.

Improvements to Streetscape within Town Centre Upgrading of road and footpath surfaces within Cumnock Town Centre and additional landscaping at The Square, in support of the Cumnock CARS project.

Stewarton

Project	Timescales	No. of units proposed within settlement	Existing units in Settlement	Indicative Cost	Indicative Cost Per Unit
Improvements to Civic Space at the Cross	2017-2019	404	3544	£70,000	£17
Improvements to Links to B778 – Stewarton to Fenwick Road	2015-2025			£1,462,900	£362

Improvements to Civic Space at the Cross Public realm improvements to the civic space at the Cross in Stewarton.

Improvements to Links to B778 - Stewarton to Fenwick Road Requires upgrading to improve safety. This is a developer contribution project carried forward from the EALP 2010.

Galston

Project	Timescales	No. of units proposed within settlement	Existing units in Settlement	Indicative Cost	Indicative Cost Per Residential Unit
Streetscape and public realm improvements within the town centre	2013-2018	190	2229	£30,000	£13

Streetscape and public realm improvements within the town centre Upgrade of the road and footpath surfaces within Galston Conservation Area and the introduction of new seating and planting at key locations.

Dalmellington

Project	Timescales	No. of units proposed within settlement	Existing units in Settlement	Indicative Cost	Indicative Cost Per Residential Unit
Streetscape and public realm improvements within the town centre	2016-2020	133	1541	£204,510	£123
Improvement to playing fields including access improvements	2017-2025			£150,000	£90

Streetscape and public realm improvements within the town centre Repair works in relation to the Kirkyard and the Motte within Dalmellington.

Improvement to playing fields including access improvements Upgrade and enhancement of playing fields including access improvements and opportunities for a wider group of people.

Developer Contributions from Retail or Commercial Leisure Development

- 5.6 As with residential development of 4 or more houses, for all projects, developers will be required to make a proportionate contribution. In terms of determining the level of developer contributions sought from retail or commercial leisure development of 1,000sqm or more (new or uplift in floorspace) the formula in paragraphs 6.2 and 6.3 for calculating per-house-equivalent will be used to inform how costs will be arrived at.
- 5.7 In order to determine the amount of developer contributions to be sought from retail or commercial leisure developments of 1,000sqm or more there is a need to have a formula in place. The formula for calculating the per-house-equivalent cost is based on the gross floor area (GFA) (building footprint) a commercial premises plus a calculation based on the external area. The external calculation is based on 50% of concrete/tarmac areas and 25% of hard core areas (Gross External Area GEA) to give an equivalent number of house units at 10 units per acre that could have been erected on a similar area. Where the number of car parking spaces has been indicated the standard area required for a parking space of 24 m² will be used.

$$(GFA + (GEA/2)) / 400 = \text{HUE (House Unit Equivalent) @ 10 per acre.}$$

E.g. 2,000 m² food store + 4,000 m² car park = $(2,000 + 2,000) / 400 = 10$ HUE.

- 5.8 An individual site usage weighting factor (WF) is then applied to reflect the probable occupation level of the site. The weighting factor takes account of use factors. A site with a small number of users, such as a warehouse, has a low weighting factor. In contrast a site with a large number of users, such as a supermarket, has a higher weighting factor. The weighting factors are as follows:

Bulky Goods - retail w/house	0.25
Assembly and Leisure (Class 11)	0.25
Non Food retail	0.5
Office and other commercial including sui generis uses*	0.75
Retail food	1

*If you require further clarification as to which category a proposal falls under please contact the Development Planning and Regeneration team.

6. MONITORING

- 6.1 The Council will monitor this supplementary guidance and policy INF5: Developer Contributions on an annual basis and will prepare an annual report for consideration by Council which will outline:

- The number of residential units approved in the preceding year;
 - The number of retail and commercial leisure developments in the preceding year or completed floorspace figure in preceding year;
 - Total amount of developer contributions agreed per annum;
 - Total amount of developer contributions received per annum;
 - Total amount of developer contributions committed to specific projects per annum;
 - Total amount of developer contributions spent per annum;
 - The number of Section 75 and 69 Agreements executed;
 - The status of individual projects; and
 - New projects proposed for inclusion (in exceptional circumstances)
- 6.2 Approval to commence new projects (where appropriate levels of funds for existing identified projects have been achieved) will also be sought from the Council, as considered appropriate.
- 6.3 It is not the Council's intention to review the detailed project list as part of the annual monitoring process. However, in exceptional circumstances where this is deemed essential, a re-assessment of identified projects will be undertaken as part of a review of this supplementary guidance.

7. FUTURE REVIEW OF THE SUPPLEMENTARY GUIDANCE

- 7.1 Scottish Planning Policy requires that supplementary guidance adopted in connection with a plan falls when that plan is replaced. This guidance will therefore be revised in the future to reflect the developer contributions policy framework to be contained in the next Local Development plan for East Ayrshire (LDP2). LDP2 and associated SG are likely to reflect, amongst other matters, the potential impact that residential development can have on school infrastructure and will identify school projects within East Ayrshire Council's School Buildings Capital Programme as developer contribution projects.

APPENDIX 1: WORKED EXAMPLES OF DEVELOPER CONTRIBUTIONS FOR RESIDENTIAL DEVELOPMENT

Example 1 - A 24 unit flatted development is proposed in Kilmarnock. The required developer contribution is calculated as follows:-

Settlement Area:	Kilmarnock	
Project:	Green Infrastructure Project	£124 per unit
	Environmental/Junction Improvements to One Way System	£75 per unit
Total per unit		£199
Total Payable (24 x £259)		£4,776

Example 2 – A 10 unit residential development is proposed in Galston. The required developer contribution is calculated as follows:-

Settlement Area:	Galston	
Project:	Streetscape and Public Realm Improvements	£157 per unit
Total per unit		£157
Total Payable (10 x £217)		£1,570

Example 3 – A large housing scheme of 200 houses is proposed in Stewarton. The required developer contribution is calculated as follows:-

Settlement Area:	Stewarton	
Project:	Improvements to Civic Space at the Cross	£17 per unit
	Improvements to Links to B778	£362 per unit
Total per unit		£379
Payable (200 x 439)		£75,800

APPENDIX 2: WORKED EXAMPLES OF DEVELOPER CONTRIBUTIONS FOR RETAIL OR COMMERCIAL LEISURE DEVELOPMENT

In order to determine the developer contributions to be sought from retail or commercial leisure development it is useful to calculate the per-house-equivalent to the retail or commercial leisure development floorspace. This calculation will help to determine the 'indicative cost per unit' for these types of developments.

The formula for calculating per-house-equivalent is based on the gross floor area (GFA) of the retail or commercial leisure premises plus 50% of concrete/tarmac areas and 25% of hard core areas (Gross External Area GEA) to give an equivalent number of house units at 10 units per acre that could have been erected on a similar area. Where the number of car parking spaces has been indicated the standard area required for a parking space of 24 sq.m will be used. The formula is as follows:

$(GFA + (GEA/2)) / 400 = \text{HUE (House Unit Equivalent) @ 10 per acre.}$

E.g. 2,000 sq.m food store + 4,000 sq.m car park = $(2,000 + 2,000) / 400 = 10 \text{ HUE.}$

An individual site usage weighting factor (WF) is then applied to reflect the probable occupation level of the site. The weighting factor takes account of use factors, where a site with a smaller number of users, such as a commercial leisure use, has a low weighting factor. In contrast a site with a large number of users, such as a supermarket, has a higher weighting factor. The weighting factors are as follows:

Bulky Goods- retail w/house	0.25
Assembly and Leisure (Class 11)	0.25
Non Food retail	0.5
Office and other commercial including sui generis uses	0.75
Retail food	1

Administration fees in relation to retail or commercial leisure development are calculated based on the equivalent of 2.5 housing units to 1,000 square metres of retail or commercial leisure gross floorspace.

Example 1 - A 5,000 square metres gross floorspace non-food retail development with a 10,000 square metres car park is proposed in Kilmarnock. The required developer contribution is calculated as follows:-

$(GFA + (GEA/2)) / 400 = \text{HUE (House Unit Equivalent)} @ 10 \text{ per acre.}$

$$(5000 + (10000/2))/400 = 25$$

Apply Weighting Factor = 0.5

$$25 \times 0.5 = 12.5 \text{ Housing Unit Equivalent (HUE)}$$

Settlement Area: Kilmarnock

Project:	Green Infrastructure Project	£124 per house unit equivalent
	Environmental/Junction Improvements to One Way System	£80 per house unit equivalent

Total Payable	£2,550
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Example 2 – A 1,000 square metres gross floorspace food retail development with 3,000 sq.m car park is proposed in Cumnock. The required developer contribution is calculated as follows:-

$(GFA + (GEA/2)) / 400 = \text{HUE (House Unit Equivalent)} @ 10 \text{ per acre.}$

$$(1000 + (3000/2))/400 = 6.25$$

Apply Weighting Factor = 1

$$6.25 \times 1 = 6.25 \text{ Housing Unit Equivalent (HUE)}$$

Settlement Area: Cumnock

Project:	Improvements to Woodroad Park including new accessible bridge	£102 per house unit equivalent
	Improvements to Streetscape within Town Centre	£76 per house unit equivalent
Total payable:		£1,113

APPENDIX 3: INFORMATION REQUIRED IN DEVELOPMENT APPRAISALS

This appendix expands on what applicants should include in their development appraisals when applying for a reduced or waived fee.

The Development Appraisal

The basic calculation for calculating whether a contribution should be waived is as follows:-

A - Estimated Sale Value of Completed Development.

B - Total costs of development including any land purchase. The required developer contribution is also a development cost and should be included here.

A minus B gives the **profit level** expected from the development.

Developers will usually expect a profit of at least 10-20% of development costs (B) before proceeding with a development. Therefore, if the submitted appraisal shows that profit levels fall to an unacceptable level when the developer contribution is included as a cost, the Council will give consideration to waiving or reducing the fee.

A greater level of detail than the top line numbers set out in the basic calculation is required. The estimated sale value of the development (A) should be broken down into house types to allow the figures to be easily verified.

For example:-

12 no. 4 bed detached houses @ £180k = £2.16m

4 no. 2 bed semi-detached houses @ £135k each = £0.54m

Total estimated value of completed development - £2.7million

Total development costs (B) should be broken down into the following general headings:

- (i) Land purchase costs
- (ii) Professional Fees including legal, project management, architect and estate agents
- (iii) Finance Costs i.e. Bank Interest charges
- (iv) Build Costs including all site infrastructure costs
- (v) Developer Contribution Fee

All of the above information should be provided by the developer on an “open book” basis to allow the Council to verify the costs shown by developers if considered necessary. Wherever possible, costs should be confirmed and certified by consultants employed by the developer.

Once all of the above information has been submitted, the Council may seek internal or external expertise to verify it and then a decision about whether the contribution should be reduced or waived will be made.