

The GLA Affordable Housing Toolkit

The GLA Toolkit provides the user with an assessment of the economics of residential development for specific schemes. It allows the user to test the economic implications of different types and amounts of planning obligation and, in particular, the amount and mix of affordable housing. The user can alter a range of different assumptions including house prices, TCI levels, density and build costs and compare the results these generate.

The Toolkit compares the potential revenue from a site with the potential costs of development before a payment for land is made. In estimating the potential revenue, the income from selling dwellings in the market and the income from producing specific forms of affordable housing are considered. The estimates involve (1) assumptions about how the development process and the subsidy system operate and (2) assumptions about the values for specific inputs such as house prices and building costs. These assumptions are made explicit in the guidance notes. If the user has reason to believe that reality in specific cases differs from the assumptions used, the user may either take account of this in interpreting the results or may use different assumptions.

The main output of the Toolkit is the residual value. This is the sum of money that is available to be shared between the developer and the landowner. It is a surplus that remains after all development costs, except land costs, have been met from revenue. Development costs include a standard return for the developer and contractor. The residual value will have to cover the costs of land acquisition. Any surplus remaining after land acquisition becomes 'supra-normal' profit. The residual value is thus not the same as the land costs, although land costs will normally have to be met from the residual. So, for development to be economically viable the residual must be large enough to at least cover the cost of acquiring the site.

The screenshot below is taken from the Results sheet of the Toolkit. This provides the key outputs from the Model. It shows (example data only):

- 1 Hectare site brownfield site in London with key base data (site reference, grid ref, etc);
- The number of units and the proposed density;
- The tenure split here 70% market housing and 30% Social rent;
- The total revenue and total costs of the scheme (here £16 million and £11 million respectively);
- The Residual value; this is the key output and is the difference between total costs and total revenue; here £4.7 million;
- The amount of subsidy required to achieve a residual value of £4.7 million (here £2.9 million).

Scheme Results

Site Reference Details	
Site Reference Number	ABC XYZ
Application Number	1
NLUD Reference Number	100
UPRN or Grid Reference	123 456

Site Details	
Site	1 London Road
Address	
Scheme	Brownfield Site
Description	

TOTAL NUMBER OF UNITS	
Dwellings	65
Habitable rooms	No Info
Bedspaces	No Info
% Wheelchair Units	0%

DENSITY (per hectare)	
Dwellings	65.0
Habitable rooms	No Info
Bedspaces	No Info

AFFORDABLE UNITS		
	Quantity	% of All Units
Total	19.5	30%
Social rent	19.5	30%
Intermediate	0.0	0%

REVENUE AND COSTS	
Total scheme revenue	£ 16,121,047
Total scheme costs	£ 11,399,784
Contribution to revenue from:	
Market housing	£ 12,295,465
Social rent and shared ownership	£ 3,825,582
Other affordable housing	£ -
Capital Contribution	£ -

RESIDUAL VALUE	
Whole scheme	£ 4,721,263
Per hectare	£ 4,721,263
Per dwelling	£ 72,635
Per market dwelling	£ 103,764
Per habitable room	No Info
Per bedspace	No Info

PUBLIC SUBSIDY (GRANT)	
Whole scheme	£ 2,922,917
Per social rental dwelling	£ 149,893
Per shared ownership dwelling	N/A
Per Newbuild Homebuy dwelling	N/A

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The sheet provides a summary of one scenario only. Different residual values results from the Toolkit user being able to input different values for house prices, development costs, development mix, density and different amounts of affordable housing. Planning contributions can also be varied to show their impact on residual value.