
Appendix 6

Early Review Mechanism Formula

Formula to calculate the surplus affordable housing contribution for the early review mechanism

$$X = ((A - B) - (D - E)) - P$$

X = Surplus profit available for additional on-site affordable housing

A = Estimated GDV for private residential component of development as determined for the time of review (£)

B = $A \div (C + 1)$
Assumed application stage GDV for private residential component at the date of planning permission (£)

C = Percentage change in value for the private residential component of the development from grant of planning permission to review date (HPI) (%)

D = Estimated build costs as determined at the time of review (£)

E = $D \div (F + 1)$
Assumed application stage build costs at the date of planning permission (£)

F = Percentage change in build costs from grant of planning permission to review (BCIS TPI) (%)

P = $(A - B) * Y$
Developer profit on change in GDV of private residential component (£)

Y = Developer profit as a percentage of GDV for the private residential component as determined as part of the review (%)

Notes:

(A - B) = Change in GDV of the private residential component of development from the date of planning permission to the date of review (£)

(D - E) = Change in build costs from the date of planning permission to the date of review (£)