

Approach	Payment in Lieu Calculation	Comment
<p><b>Method 1:</b> The equivalent value of providing affordable housing on site</p>	<p><i>Equals</i> <b>The value of affordable housing</b> <i>Less</i> <b>Registered Provider (RP) on costs</b></p>	<p>This calculation is in effect the offer a Registered Provider would make for the affordable housing element of a scheme.</p>
<p><b>Method 2:</b> The equivalent value of providing affordable housing on site (alternative calculation)</p>	<p><i>Equals</i> <b>Open market value of affordable units</b> <i>Multiplied by</i> <b>Average residual land value percentage</b> <i>Plus</i> <b>Cost of site acquisition</b></p>	<p>This calculation is similar to the above method but uses a different approach to calculating the value of the affordable housing. The Council would need to undertake a study to determine the average residual land value percentage, as well as determining an appropriate cost to the site acquisition.</p>
<p><b>Method 3:</b> The equivalent value of the increase in the residual land value gained by substituting private for affordable</p>	<p><i>Equals</i> <b>Number of private units gained</b> <i>Multiplied by</i> <b>Average open market value</b> <i>Multiplied by</i> <b>Average residual land value percentage</b></p>	<p>This calculation attempts to determine the increase in land value through the additional private housing and attempts to strip the developer of that value.</p>
<p><b>Method 4:</b> The equivalent value of the additional benefit of providing additional market sale properties on the development</p>	<p><i>Equals</i> <b>The open market value of the affordable housing</b> <i>Less</i> <b>Value of the affordable housing (less RP fees)</b> <i>Less</i> <b>Additional developer costs</b></p>	<p>This calculation attempts to remove the additional value that is achieved through providing additional private sale – it does allow additional costs.</p>