

# VALUING DEVELOPMENT SITES. LOCATION; LOCATION; RENEWABLES

*“In future will the selection and value of development sites be influenced by the sites natural ability to generate renewable energy within its boundaries?”*

## Building a greener future

The governments policy to have all new homes ‘zero carbon’ by 2016 has been well publicised. With the introduction of the Code for Sustainable Homes and the Building a Greener Future policy statement the route map to achieve this within the residential market has been sketched out. Since this announcement the Government has also announced its intention that all new schools will be zero carbon by 2016, and there are indications that prisons and hospitals may follow suit.

In the budget of March 2008 it was announced that the Government intends to make all new non-domestic building zero carbon by 2019 with public sector buildings reaching that target one year earlier in 2018. The culmination of all these targets is that by 2020 every new building constructed in England and Wales<sup>1</sup> will be zero carbon.

The various definitions of ‘zero carbon’ are currently being harmonised and require the building to be net zero of carbon emissions during one year of operation, (this does not include embodied carbon of the materials, or carbon from the construction, demolition or transport to and from the building). The definitions are also looking for on-site renewable generation and the zero carbon requirements will result in all heat and power demands being met from renewables. In effect this will create a ‘Merton Rule’ of 100+% in just over 10 year’s time to all areas of the UK.

## The zero carbon debate

A debate currently exists around whether this is technically feasible and commercially viable or even represents the most efficient and sustainable response to the zero carbon challenge. As the targets get closer we may see the ‘on-site’ requirement being relaxed to a ‘near site’ or even an ‘off site’ generation under strict conditions, however the clear preference for on-site renewable energy generation remains.

As renewable energy generation become a significant proportion of a sites development costs it is conceivable that sites where more on-site renewable generation is easier/ cheaper will become more valuable.

## What makes a valuable site?

More valuable sites could include those with a large, un-shaded southerly aspect, those next to a body of water with a height differential (such as a canal lock) or those with a strong wind profile. Sites located on a local district heating network will also have some benefit. Constrained urban sites may find the forthcoming zero carbon requirements impossible to meet.

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<sup>1</sup> The Scottish Government is currently considering very similar zero carbon target dates in response to the Sullivan report.

A further opportunity exists for the development of renewable 'hub' sites where over-sized systems such as CHP are installed and surplus provided to surrounding sites. Future appraisals may not just include provision of accommodation to its occupants but also provision of energy to the locality.

Such issues will require careful consideration in acquisition due diligence and the development of feasibility studies.

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