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Newcastle-under-Lyme Local Plan Viability Study

Final Report

For:

NEWCASTLE UNDER LYME BOROUGH COUNCIL

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1 Introduction to the Viability Study

Background Context and Study Purpose

1.1 Newcastle-under-Lyme Borough Council (NuLBC) has commissioned Porter Planning Economics Ltd (Porter PE) supported by Urba to provide a high-level economic viability assessment of the emerging Regulation 19 Local Plan 2020-2040. This is to help inform the Council's decisions about the risk and balance between the policy aspirations of achieving sustainable development and the realities of economic viability that would inform the Local Plan.

1.2 There is now a need for NuLBC to replace the Core Strategy (2009). Work commenced on a new Local Plan in January 2021 and since then has undertaken public consultations on the Issues and Strategic Options in late 2021 and 2022, and the Regulation 18 Local Plan in July and August 2023. Following consultations on the preferred approach to housing and employment, and strategic locations, the Council is working towards the Final Draft Local Plan for Regulation 19 consultation targeted for the coming Summer 2024.

1.3 As part of the preparation of the Final Draft Local Plan, Porter PE has iteratively been undertaking a high-level economic viability assessment of the emerging Local Plan policies to help inform the work for the Regulation 19 consultation. This report now viability assesses the emerging Local Plan policies to ensure that they meet the viability assessment requirements in the National Planning Policy Framework (NPPF), as updated in December 2023.

1.4 For clarity and context, no Community Infrastructure Levy (CIL) has been adopted in the Newcastle-Under Lyme borough area and nor is this document to be used for preluding a CIL charging schedule being implemented.

Assessment Approach

1.5 The findings in this report are based on viability assessments that require proportionately 'high-level' testing of a range of hypothetical (typology) sites and a sample of strategic sites, to identify the likely level of development headroom that will be available for securing planning requirements. These requirements may include the level of affordable housing provision or contribution, Future Homes Standards, alongside key infrastructure and/or mitigation required to support development such as education, health, flood and water management, green infrastructure and habitats, and transport.

1.6 The site typologies and strategic sites to be tested represent the current and potential future allocation of sites in the Newcastle-under-Lyme borough area and/or potential types of development that the Final Draft Local Plan expects to come forward over the planning horizon to support the aims of the Plan. In doing so, the viability appraisal testing approach and some of the input assumptions for, yet unknown, factors have been guided by the:

- Planning guidance that sets out the government's recommended approach to viability assessments for local plans[1];
- Harman guidance, which sets out the Royal Town Planning Institute's (RTPI) recommended approach to viability testing local plans[2];

[1] PPG Viability, as last updated in September 2019.
[2] The Local Housing Delivery Group and chaired by Sir John Harman 'Viability Testing Local Plans - advice for planning practitioners', June 2012.

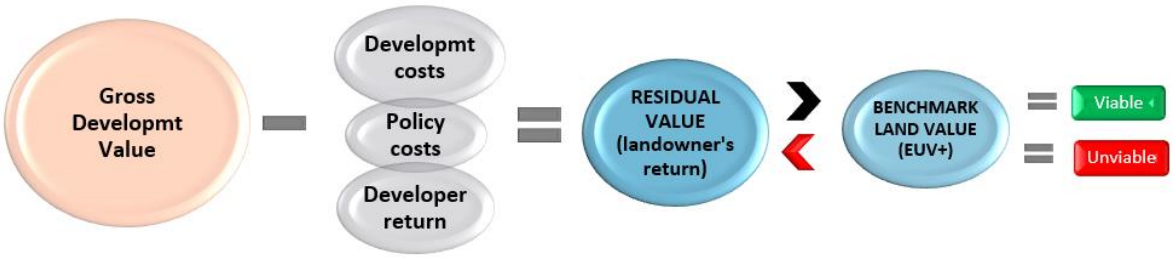
- Royal Institution of Chartered Surveyors (RICS) guidance on assessing viability in planning under the NPPF 2019'[3], on land measurement for planning and development purposes[4], and on conduct and reporting[5].

1.7 Each development viability appraisal identifies a residual land value (RLV). This RLV is the net difference between development values and costs, including likely policy costs, to derive a 'residual value'[6], and compares this with a benchmark land value (BLV). The BLV reflects the minimum required value over and above the existing use value that a landowner would accept to bring the site to market for development (see PPG Viability definition of viability in **Chapter 2** of this report).

1.8 In this approach, if the RLV is greater than the BLV in the bulk of the tested development types, then the tested policy requirements in the Local Plan are considered to be viable. If the site RLV is less than the BLV in the bulk of the tested development types, then the tested policy requirements in the Local Plan are considered to not be viable, and we would recommend that the Council apply some flexibility in the planning requirements where it is possible to do so that the bulk of future development in the Local Plan is not put at risk of coming forward.

1.9 The broad method for the RLV assessment is illustrated in **Figure 1.1**. Examples of the residual value site appraisals (excluding the cashflow breakdown, which are too detailed to include) are provided in the appendices to this report.

Figure 1.1 Example approach to residual land value assessment for Local Plan viability testing



Limitations of the Report

1.10 The arithmetic of RLV appraisal is straightforward (a bespoke spreadsheet model is used for the appraisals). However, the inputs to the calculation are hard to determine for a specific site as can be demonstrated by the complexity of many section 106 negotiations. The difficulties grow when making calculations that represent a typical or average site. Therefore, our viability assessments in this report are necessarily broad approximations, subject to a margin of uncertainty.

1.11 As such, no responsibility whatsoever is accepted to any third party who may seek to rely on the content of the report for investment purposes.

Consultations

1.12 As part of this study, discussions were held with the local development industry to test the assumptions contained within this report. This included the Council arranging a viability workshop

[3] RICS Guidance note, 'Assessing viability in planning under the National Planning Policy Framework 2019 for England', March 2021.
[4] RICS Guidance note, 'Land measurement for planning and development purposes', May 2021.
[5] RICS Professional Standards and Guidance, England, 'Financial viability in planning: conduct and reporting' 1st edition, May 2019.
[6] i.e., what is left over after the cost of building the scheme is deducted from the potential sales value of the completed site/buildings.

with the local development industry, which was to enable Porter PE to test the assumptions for the viability evidence contained within this report.

1.13 The workshop took place on the 10th April 2024 with 12 attendees from a mix of property and development companies, including local agents, housebuilders and land promoters, registered providers and associated service providers. Pre and post the meeting, further evidence to inform the assumptions in this report, especially in relation to build costs, was submitted by three attendees. A copy of the workshop presentation and meeting notes are included in **Appendix A**.

Report Structure

1.14 The reminder of this report is structured as follows:

- Chapter 2 sets out the policy and legal requirements relating to Local Plan viability testing, which this assessment should comply with;
- Chapter 3 sets out the Final Draft Local Plan policies, identifying any that may require testing for their potential impact on viability;
- Chapter 4 outlines the development site typologies to be tested;
- Chapter 5 to 7 outlines the evidence for sales values, development costs, tested policy cost assumptions and benchmark land values informing the viability assessment testing of the residential and non-residential typologies, and strategic sites;
- Chapter 8 reviews the viability appraisal findings for the Final Draft Local Plan policies and Local Plan tested strategic sites; and
- Chapter 9 provides the conclusions from the viability assessment of the Final Draft Local Plan policies.

2 National Policy Context

Introduction

2.1 This chapter considers the relevant national policy context for the viability assessment to demonstrate that the Final Draft Local Plan is deliverable.

2.2 At a national level, this includes the National Planning Policy Framework and the Planning Practice Guidance, as well as best practices set out in the Harman Report and RICS Professional Guidance Note. The key points from these various documents are summarised below.

National Framework

National Planning Policy Framework (NPPF)

2.3 The revised National Planning Policy Framework (NPPF) was published in December 2023. It sets out the government's planning policies for England and how these are expected to be applied, which may impact on setting local plan policies to ensure the delivery of sites.

Sustainable development

2.4 The revised NPPF sets out the government's planning policies for England and how these are expected to be applied.

2.5 NPPF paragraph 8 makes very clear that sustainable development needs to be achieved in part by:

"…ensuring that sufficient land of the right types is available in the right places and at the right time to support growth".

2.6 As such, through plan-making the NPPF states in paragraph 20 that strategic policies need to:

"…set out an overall strategy for the pattern, scale and design quality of places (to ensure outcomes support beauty and placemaking), and make sufficient provision11 for…housing (including affordable housing), employment, retail, leisure and other commercial development;…infrastructure…community facilities…conservation and enhancement of the natural, built and historic environment, including landscapes and green infrastructure, and planning measures to address climate change mitigation and adaptation."

2.7 Along with ensuring that the right sites are able to come forward in meeting needs, the NPPF in paragraph 128 requires local planning authorities to consider the impact of viability and infrastructure on the future delivery of the Plan, so that…

"Planning policies and decisions should support development that makes efficient use of land, taking into account: …local market conditions and viability…the availability and capacity of infrastructure and services – both existing and proposed – as well as their potential for further improvement".

2.8 This is specifically noted in paragraph 86, which says the local authorities should address any local infrastructure deficiencies to support development and…:

"…seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment;".

Development contributions

2.9 To secure the right levels of infrastructure through sustainable plan making, the NPPF sets out the requirement for Plans to secure developer contributions to balance with deliverability to avoid undermining the deliverability of the plan. As such, in supporting sustainability by maintaining deliverable sites, the NPPF is concerned with ensuring that the bulk of the development is not rendered unviable by unrealistic policy costs, as noted in paragraph 34:

"Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan."

2.10 To secure the right levels of infrastructure through sustainable plan making, the NPPF sets out the requirement for Plans to secure developer contributions, as noted above in paragraph 34. Also, when preparing plans that may include developer contributions (including CIL charging) towards infrastructure funding, paragraph 31 of the NPPF states that:

"The preparation and review of all policies should be underpinned by relevant and up-to-date evidence. This should be adequate and proportionate, focused tightly on supporting and justifying the policies concerned, and take into account relevant market signals."

2.11 So, testing sites should be informed by a review of current local market conditions for informing viability assessments. The NPPF considers the issue of viability more closely in paragraph 58, which notes:

"All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available."

2.12 The planning practice guidance for viability sets out some key principles of how development viability should be considered in planning practice, and provides recommendations for standardised inputs. This guidance is considered later in this chapter.

Residential development

2.13 For housing land assessment, this report is seeking to comply with the NPPF paragraph 69, which states that there needs to be:

"Strategic policy-making authorities should have a clear understanding of the land available in their area through the preparation of a strategic housing land availability assessment. From this, planning policies should identify a sufficient supply and mix of sites, taking into account their availability, suitability and likely economic viability."

2.14 It is important to recognise that economic viability will be subject to economic and market variations over the Local Plan timescale. Concerning housing development, the NPPF in paragraph 69 creates the two concepts of 'deliverability' and 'developability'. In doing so the following sites need identifying (our emphasis is included):

"a) specific, deliverable sites five years following the intended date of adoption; and b) specific, developable sites or broad locations for growth, for the subsequent years 6-10 and, where possible, for years 11-15 of the remaining plan period."

2.15 So, in the shorter term, to generate more certainty by maintaining a deliverable supply of sites in meeting housing needs, the NPPF at paragraph 74 notes:

"Local planning authorities should identify and update annually a supply of specific deliverable sites sufficient to provide either a minimum of five years' worth of housing or a minimum of four years' worth of housing if the provisions in paragraph 226 apply."

2.16 For the longer period of the plan, the NPPF is advising that a more flexible approach may be taken to the sites coming forward from year six onwards. These sites might not be viable now and might instead only become viable at a future point in time (e.g., when a lease for the land expires or property values improve). This recognises the impact of economic cycles and variations in values and policy changes over time.

2.17 Consequently, some sites might be identified with marginal viability, however a small change in market conditions over the Plan may make them viable. Such sites could contribute towards the Local Plan housing target in the latter period of the Plan.

Non-residential development

2.18 Regarding economic land development, the NPPF paragraph 86 states that local planning authorities should:

"…set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth…local policies for economic development and regeneration…seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment… and to enable a rapid response to changes in economic circumstances."

2.19 This is quite different from housing because local authorities are expected to have only a general understanding of possible obstacles to delivery, including viability. They are not under specific requirements to predict the timing of delivery or demonstrate that sites are deliverable / developable according to precise criteria or within a given time frame. For instance, paragraph 87 notes that:

"Planning policies and decisions should recognise and address the specific locational requirements of different sectors."

2.20 This is a less demanding test than for housing. It implies that authorities should allocate sites for employment only if they expect those sites to be viable to develop (or, if already built up, viable to maintain) for employment uses. But for economic uses, unlike housing, this requirement relates to the plan period as a whole; and sites/areas should be allocated where this meets requirements but not necessarily only where it is viable to do so.

2.21 In this regard, the commercial property market works differently from the residential one, which would also make it difficult to provide evidence for viability within a plan making horizon. This is because viability assessments often suggest that speculative development for employment uses is not viable, since the open market value of the completed development would be below the cost of delivering it. The implication is that the development would not be worthwhile for an institutional investor. But for an owner-occupied or pre-let development the same scheme may well be worthwhile. This may be because the property is worth more to the business than its open market price, for example, its location or other features are an especially good match to the requirements of a particular business.

2.22 Consequently, the delivery of non-residential uses cannot be captured in a standard viability appraisal because they are specific to individual occupier businesses and individual sites.

That notwithstanding, in terms of allocating non-residential uses in the borough, planning authorities also rely on different evidence comprising market indicators and qualitative criteria, normally through strategic retail studies and employment land reviews.

National policy on affordable housing

2.23 When informing future policy on affordable housing, national policy in paragraphs 34, 63 and 64, states that it is important to understand the national policy on affordable housing, and plans should set out the contributions expected from development, and these must not undermine the deliverability of the plan. This includes setting out the levels and the types (i.e. tenure) of affordable housing provision required.

2.24 A national requirement for the threshold is the key to when affordable housing should be sought from development. The NPPF sets a threshold for seeking affordable housing on sites with major development, which in planning terms should be from sites with 10 or more residential dwellings or sites with 6 or more dwellings in rural parishes, as noted in the NPPF paragraph 65:

"Provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer).

2.25 Paragraph 65 also notes that affordable housing may not always be possible on brownfield sites, and incorporating a degree of flexibility is sensible to reflect supply side circumstances:

"To support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount."

2.26 The proportionate amount is equivalent to the existing gross floorspace of the existing (in us or vacant but not abandoned) buildings.

2.27 Where required, the NPPF expects affordable housing to be delivered onsite but also accepts that, in some instances, off site provision or a financial contribution of a broadly equivalent value may contribute towards creating mixed and balanced communities, as stated in paragraph 64:

"Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless: a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and b) the agreed approach contributes to the objective of creating mixed and balanced communities."

2.28 It is also anticipated in national policy paragraph 66 that 10% of dwellings on appropriate sites should be for affordable home ownership (such as shared ownership intermediate housing), subject to certain conditions. Exemptions to this 10% requirement should be possible where sites:

"a) provides solely for Build to Rent homes; b) provides specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students); c) is proposed to be developed by people who wish to build or commission their own homes; or d) is exclusively for affordable housing, an entry-level exception site or a rural exception site."

National policy on infrastructure provision

2.29 Along with meeting housing needs, the NPPF in paragraph 128 requires local planning authorities to consider the impact of infrastructure on the future delivery of the Plan so that…

"Planning policies and decisions should support development that makes efficient use of land, taking into account: …the availability and capacity of infrastructure and services – both existing and proposed – as well as their potential for further improvement…"

2.30 This is specifically noted in paragraph 86, which says the local authorities should address any local infrastructure deficiencies to support development and…

"…seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment;"

2.31 To secure the right levels of infrastructure through sustainable plan making, the NPPF sets out the requirement for Plans to secure developer contributions, as noted in paragraph 34 (covered earlier in this chapter), to balance with deliverability to avoid undermining the deliverability of the plan.

Relevant Planning Guidance

Practice Guidance – Viability (February 2024)

2.32 The PPG guides viability testing for plan making and decision making. The PPG reiterates the national framework's regard to plan viability evidence, highlighting the underlying principles of the need for viability in planning. Specifically, concerning this, it states:

"The role for viability assessment is primarily at the plan making stage. Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan."[7]

2.33 A '*consistent approach*' is sought when assessing the impact of planning on development viability to inform policies and decision making. In doing so, the planning authority needs to

"…to strike a balance between the aspirations of developers and landowners, in terms of returns against risk, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission."[8]

2.34 This suggests that there needs to be a balance between meeting the local plan policy requirements through development and the economic reality regarding the delivery of development. To help inform this balance, a '*collaborative*' approach to viability assessments is sought by the PPG involving both the development industry and local authorities, with transparency of evidence being encouraged where possible.

2.35 In doing so, the PPG notes that this should be based on a high-level understanding of viability, as follows:

"…policy requirements should be informed by evidence of infrastructure and affordable housing need, and a proportionate assessment of viability that takes into account all relevant

[7] PPG Viability (para: 002)
[8] Ibid para: 010

policies, and local and national standards, including the cost implications of the Community Infrastructure Levy (CIL) and section 106. Policy requirements should be clear so that they clear so that they can be accurately accounted for in the price paid for land."[9]

2.36 Therefore, the purpose of viability testing, in line with the NPPF, is concerned with ensuring that the bulk of the development is not rendered unviable by unrealistic policy costs including planning obligations and CIL. Therefore, not all sites are required or expected to meet full requirements within a Local Plan and in any CIL rates that have been set. As the PPG notes:

"Assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable. Plan makers can use site typologies to determine viability at the plan making stage. Assessment of samples of sites may be helpful to support evidence".[10]

2.37 So the PPG notes that typologies can be used to reflect the allocation of sites when defining suitable sites to test. In doing so, the PPG notes that they should include:

"…the type of sites that are likely to come forward for development over the plan period.

In following this process plan makers can first group sites by shared characteristics such as location, whether Brownfield or Greenfield, size of site and current and proposed use or type of development."[11]

2.38 However, the PPG also notes the importance of viability testing specific sites where:

"In some circumstances more detailed assessment may be necessary for particular areas or key sites on which the delivery of the plan relies." [12]

2.39 Such sites normally include those sites supporting the delivery of many homes as part of the housing target, or smaller sites within key locations where place making/regeneration activities are a key component of the Local Plan.

2.40 In assessing typologies and/or any key sites, the PPG sets out the government's recommended approach to viability assessment for planning, especially in setting the benchmark land value, which is discussed next. But also, importantly, it notes that:

"Any viability assessment should follow the government's recommended approach to assessing viability as set out in this National Planning Guidance and be proportionate, simple, transparent and publicly available."[13]

2.41 As noted earlier, the PPG for viability provides recommendations for standardised inputs with estimating build costs on appropriate data such as using the Building Cost Information Service (BCIS), the inclusion of contingency sums only for scheme specific viability assessments, and in setting rates of profit at between 15 to 20% depending on risk, which should be lower for affordable housing. These assumptions are considered later in this report.

[9] Ibid para: 001
[10] Ibid para: 003
[11] Ibid para: 004
[12] Ibid para: 003
[13] Ibid para: 010

Defining Viability and Benchmark Land Value (BLV)

2.42 PPG Viability sets out the government's recommended approach to viability assessment for planning. Importantly, in defining viability it states that a residual land value (RLV) after costs are deducted from revenue, should be compared to:

"…the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions." [14]

2.43 In this case, if the viability RLV is equal to or above the EUV with a minimum premium (referred to as EUV+), the site viability is deemed viable.

2.44 In assessing the premium to be added to a EUV, to assess the viability of the local plan, the PPG states that this should be:

"…an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. Market evidence can include benchmark land values from other viability assessments. Land transactions can be used but only as a cross check to the other evidence. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance … or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners."[15]

2.45 The BLVs should therefore reflect both existing and anticipated policy requirements and planning obligations, and be informed by comparable market evidence, which may or may not have anticipated policy requirements. In certain circumstances, as defined in the PPG, it may also be appropriate to apply alternative use values as the benchmark land value, but this should include no land value premium and should be limited to:

"…those uses which would fully comply with up to date development plan policies, including any policy requirements for contributions towards affordable housing at the relevant levels set out in the plan."[16]

2.46 To incentivise delivery, the PPG provides guidance on the level of developer return (profit) that should be assessed within plan viability, as follows:

"*…an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development. A lower figure may be more appropriate in consideration of delivery of affordable housing…"*[17]

[14] Ibid para: 013
[15] Ibid para: 016
[16] Ibid para: 017
[17] Ibid para: 018

Practice Guidance – Planning Obligations (September 2019)

2.47 The PPG guides planning obligations that may be relevant when viability testing for plan making and decision making.

2.48 The PPG states that where planning obligations set in the local plan apply concerning site delivery, which is to be secured through section 106 (s106), then this must meet the statutory tests set out in the Community Infrastructure Levy (CIL) Regulations 2010 and as policy tests in the NPPF. As the PPG notes,

"Planning obligations assist in mitigating the impact of unacceptable development to make it acceptable in planning terms. Planning obligations may only constitute a reason for granting planning permission if they meet the tests that they are necessary to make the development acceptable in planning terms, directly related to the development, and fairly and reasonably related in scale and kind."[18]

2.49 Concerning affordable housing, the PPG Planning Obligation note provides an incentive for bringing back into use Brownfield sites where affordable housing may be required through the application of a Vacant Building Credit (VBC). Specifically, concerning this, it states:

"National policy provides an incentive for Brownfield development on sites containing vacant buildings. Where a vacant building is brought back into any lawful use, or is demolished to be replaced by a new building, the developer should be offered a financial credit equivalent to the existing gross floorspace of relevant vacant buildings when the local planning authority calculates any affordable housing contribution which will be sought. Affordable housing contributions may be required for any increase in floorspace."[19]

2.50 PPG also provides advice for local authorities on how to plan for new school places that are required due to housing growth, through the provision of new schools or expansions to existing schools. It outlines general principles, such as that central government grants and other forms of direct funding do not negate the need for developers to mitigate the impact of development on education, and an assumption that land and funding for schools will be provided within housing developments. This is covered within PPG topic notes on Planning Obligations, which states:

"Government provides funding to local authorities for the provision of new school places, based on forecast shortfalls in school capacity.

(Government) Funding is reduced … to take account of developer contributions, to avoid double funding of new school places. Government funding and delivery programmes do not replace the requirement for developer contributions in principle.

Plan makers and local authorities for education should therefore agree the most appropriate developer funding mechanisms for education, assessing the extent to which developments should be required to mitigate their direct impacts."[20]

2.51 Also, PPG Viability notes the following points to be considered:

"It is important that costs and land requirements for education provision are known to inform site typologies and site-specific viability assessments, with an initial assumption that

[18] PPG Planning Obligations Paragraph: 002 Reference ID: 23b-002-20190315
[19] Ibid para: 026
[20] Ibid para: 007

development will provide both funding for construction and land for new schools required onsite, commensurate with the level of education need generated by the development.

The total cumulative cost of all relevant policies should not be of a scale that will make development unviable. Local planning authorities should set out future spending priorities for developer contributions in an Infrastructure Funding Statement."[21]

2.52 As such, education contributions may need This has been considered within the balance of sustainable development and economic realities, along with other local plan policy requirements.

Practice Guidance – First Homes (December 2021)

2.53 The Government's PPG First Homes identifies changes to the way affordable housing is provided through planning obligations. As such, these requirements only apply to affordable housing secured through section 106 agreements.

2.54 First Homes are defined as…:

"a specific kind of discounted market sale housing and should be considered to meet the definition of 'affordable housing' for planning purposes. Specifically, First Homes are discounted market sale units which:

a) must be discounted by a minimum of 30% against the market value;

b) are sold to a person or persons meeting the First Homes eligibility criteria (see below);

c) on their first sale, will have a restriction registered on the title at HM Land Registry to ensure this discount (as a percentage of current market value) and certain other restrictions are passed on at each subsequent title transfer; and,

d) after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London)."[22]

2.55 The PPG requires First Homes to be offered for sale with a minimum discount of 30% on open market value, subject to a price cap of £250,000[23] outside of Greater London. However, as set out in paragraph 004, local authorities and neighbourhood planning groups can set a minimum discount of either 40% or 50% if they can demonstrate a need for this based on local evidence.[24]

2.56 The PPG requires liable developments to set aside 25% of the total affordable housing for provision as First Homes before other tenures. It also ensures that social rent homes would be delivered in the same percentage as set out in the Local Plan, as noted in the following statement:

"Once a minimum of 25% of First Homes has been accounted for, social rent should be delivered in the same percentage as set out in the local plan. The remainder of the affordable

[21] Ibid para: 029
[22] PPG First Homes Paragraph: 001 Reference ID: 70-001-20210524
[23] The price cap is the maximum that can be set but this can be lowered by the local authority, again, based on demonstrating a need for this.
[24] PPG First Homes, para: 005.

housing tenures should be delivered in line with the proportions set out in the local plan policy."[25]

2.57 Lastly, since First Homes are defined as affordable housing, CIL relief will be available for First Homes based on Regulations 49-54 of the Community Infrastructure Levy Regulations (as amended).

Practice Guidance – Build to Rent (September 2018)

2.58 The PPG provides guidance on the build to rent (BtR) sector to simplify its treatment within the planning system. The PPG notes that 'affordable private rent' should be the default affordable housing on BtR schemes and that 20% affordable private rent homes should be the proportion they should set in the policy in their local plans.

2.59 Should policy differ from this, then the PPG notes that this would need to be justified by viability, as follows:

"20% is generally a suitable benchmark for the level of affordable private rent homes to be provided (and maintained in perpetuity) in any build to rent scheme. If local authorities wish to set a different proportion they should justify this using the evidence emerging from their local housing need assessment, and set the policy out in their local plan. Similarly, the guidance on viability permits developers, in exception, the opportunity to make a case seeking to differ from this benchmark."

Other Potential Planning Policy Influences

The Levelling Up and Regeneration Act

2.60 In October 2023, the Government's Levelling Up and Regeneration Bill was given royal ascent to propose changes to the planning system. In October 2023, this became law.

2.61 This is seeking to introduce radical changes to the current system of local plans, development management and developer contributions, including CIL. As part of the proposed changes, the Government will be introducing an Infrastructure Levy ('the Levy'), which is intended to replace developer contributions currently encompassed by Section 106 (S106) agreements and the Community Infrastructure Levy (CIL).

2.62 The proposed Infrastructure Levy is proposed to be a locally set flat rate charge by the charging authority, and would be based on the final value (or likely sales value) of development with payment at completion. The intention is for the new levy to be used to capture a greater proportion of the land value uplift occurring through planning permission and through permitted development rights to enhance infrastructure delivery, which would also include affordable housing normally captured through s106. But, as currently required by the NPPF, this would need to be balanced against risks to development viability.

2.63 As for CIL, councils would also be able to set varying rates within their authoritative area, so when setting rates consideration must be given to the viability of development within the area and the desirability that rates can deliver affordable housing at a level equalling or exceeding the current rate in that area. Developers would therefore be able to price the value of contributions into the value of the land, while also enabling Levy liabilities to reflect market conditions, thereby removing the need for planning obligations to be renegotiated.

[25] Ibid para: 015

2.64 The suggested key changes will require secondary legislation, with the expectation for new local plans under this system to not be in place much before the late 2020's and on the basis that the current Conservative government remains in power. Consequently, the existing NPPF and related practice guidance (the relevant ones were considered earlier) should be relied on for guiding the viability testing of local plans (as discussed earlier in this chapter), and for continuing to set CIL.

2.65 Also, it proposes to introduce a 'simpler to prepare' alternative to neighbourhood plans through a new neighbourhood planning tool called a 'neighbourhood priorities statement'. The intention is to provide communities with a simpler and more accessible way to set out their key priorities and preferences for their local areas that local authorities will need to take into account, where relevant, when preparing their local plans.

2.66 The Levelling-up and Regeneration Act also is looking for Design Codes to become part of all local authority development plans. They aim to switch emphasis from what good design looks like to how good design is achieved.

Environment Act

2.67 The Government's Environmental Bill was given Royal Assent in June 2023, nearly three years after it first appeared in Parliament. Its purpose is to make provision for targets, plans and policies for improving the natural environment through environmental protection, including a special focus on waste and resource efficiency, air quality, water, nature and biodiversity.

2.68 One major implication of the new Act is that once regulations have passed through parliament (anticipated late January 2024 subject to parliamentary timetabling) all new developments (with a few exceptions) will be required to deliver a 10% net increase in biodiversity, which would have to be managed for at least 30 years. This will require developments to be assessed for the type of habitats and their conditions at the application stage, and then identifying how they will be improving biodiversity, such as through the creation of green corridors, planting more trees, forming local nature spaces or through off-site mitigations by paying a levy for habitat creation or improvement elsewhere. This will impact development densities as well as incurring direct development costs.

2.69 Also, the Act requires the secretary of state for the Department for Environment, Food and Rural Affairs (DEFRA) to set long-term legally binding targets on air quality, biodiversity, water, resource efficiency, and waste reduction. These targets must be at least 15 years in duration.

Building Safety Act

2.70 The Building Safety Act 2022 received Royal Assent on 28 April 2022 and will take full effect from April 2024, although much of the secondary legislation that will explain how its core policies will be enacted is still coming to fruition. The new Act introduced several measures intended to make buildings and residents safer, with greater accountability for fire and structural safety.

2.71 One of the biggest changes is to apply to the Building Regulations with a new category of building higher-risk buildings (HRBs) that will be at least 18 metres in height or have at least seven storeys, and contain at least two residential units but including those where people reside temporarily for a period of time such as student accommodation, hospitals and care homes. HRBs will be required to develop a second staircase, while a lower threshold for sprinkler systems to be required in new apartment buildings being reduced from 30 meters to 11 meters.

2.72 Included in the Act is a proposal for a new developer tax, a levy on developers, to ensure that the industry contributes to the costs of correcting existing defects in buildings. However, this is not yet required, although the Government has undertaken a recent consultation on this that closed in February 2024, although no government response has been made at the time of preparing this report.

Future Homes Standards

2.73 As part of its plan to achieve 'net zero' greenhouse gas emissions by 2050, the Government is proposing to set new energy efficiency standards for new homes and extensions. The Government published its findings and responses to various consultations on 'The Future Homes Standard' (FHS) between 2020 and 2023, with the necessary legislation expected to be introduced to ensure that new homes built from 2025 will produce 75-80% less carbon emissions than homes delivered under current regulations. It is also expected that in meeting this requirement new homes will be zero carbon ready homes, so that once the national grid has moved to being carbon neutral then so will the new homes built from 2025 onwards.

2.74 The full details of the full standard are still to be mapped out, with legislative enactment expected in 2024 to officially introduce the FHS, but this is looking unlikely given the disruption from a general election. However, in the Interim, the Government has introduced changes to the Building Regulations which came into force in June 2022. These include the updated Approved Documents F (ventilation) and L (energy and carbon emissions), and new Building Regulations O (overheating) and S (electric vehicles), which seek to introduce higher standards of energy efficiency, intended to reduce carbon emissions from new houses by 31% (compared with the 2013 Building Regulations) as an interim step towards the Future Homes Standard in 2025. This includes mandatory requirements under Part S for new homes and other new buildings such as supermarkets and workplaces, and those undergoing large-scale renovation, to have electric vehicle charging points.

2.75 A Government Ministerial Statement in December 2023 also notes the Government does not expect plan-makers to set local energy efficiency standards for buildings that go beyond current or planned buildings regulations. So local authorities are not allowed to set higher energy efficiency standards for new homes in their area if they do not have a well-reasoned and robustly costed rationale that ensures that development remains viable.

National Space Standards for Housing, March 2015

2.76 The Government 'Technical Housing Standards – Nationally Described Space Standard' (NSS) replaces the existing different space standards used by local authorities. It is not a building regulation and remains solely within the planning system as a new form of technical planning standard.

2.77 The NSS deals with the internal space of new dwellings and sets out the requirement for Gross Internal Area (GIA). GIA is defined as the total floor space measured between the internal faces of perimeter walls. The standard is organised by the number of bedrooms, number of bed spaces, and provides an inclusive area for built-in storage.

2.78 NSS states that the minimum prescribed GIA:

'…will not be adequate for wheelchair housing (Category 3 homes in Part M of the Building Regulations) where additional internal area is required to accommodate increased circulation and functionality to meet the needs of wheelchair households.' [26]

2.79 The criteria for meeting accessible homes and wheelchair user homes categories, are now included within Building Regulations as Category M2 (Accessible and adaptable buildings) and Category M3 (wheelchair user liveable) dwellings. The M3 category is also split into two sub-categories, M4(3)A (adaptable) standards and the more costly M4(3)B (accessible) standards. Local authorities only have the right to request that housing be built to meet M4(3)B accessible compliance from homes for which they have nomination rights, therefore these will likely be affordable homes.

2.80 This national standard on new homes is likely to impact build costs through processes/adaptability requirements within new homes and the sizes of new homes.

Raising accessibility standards for new homes

2.81 The Government is focussing accessibility at the heart of the design process, and published its response in 2022 to the consultation raising accessibility standards for new homes in September 2020. The consultation considers options for higher accessibility standards in new homes. This particularly focusses on the need for suitable homes for older and disabled people based on the accessible and adaptable standard for homes (known as M4(2) in Part M of the Building Regulations) and the wheelchair user standard (known as M4(3)).

2.82 These requirements will be supported by statutory guidance in Approved Document M informing the current Part M (Access to and Use of Buildings) of the Building Regulations, which sets minimum access standards for all new buildings. The Approved Document sets out one way in which new building work, material change of use or material alterations to dwellings in most common situations should make reasonable provision for accessibility. It sets out five options that it consulted, which are:

- Option 1: Maintaining the existing use of optional technical standards impacts the NPPF.
- Option 2: To mandate the current M4(2) requirement in Building Regulations as a minimum standard for all new homes, with M4(1), which covers wheelchair accessible homes being acceptable in exceptional circumstances, and M4(3) would apply where there is a local planning policy in place in which a need has been identified and evidenced. This is the Government's preferred option, with M4(2) becoming the mandatory minimum standard across England.
- Option 3: Same as option 2 but removing M4(1) altogether.
- Option 4: Same as option 2 but set a percentage of M4(3) homes to be applied in all areas.
- Option 5: Create a revised M4(1) minimum standard. This revised standard could be pitched between the existing requirements of M4(1) and M4(2), adding more accessible features to the minimum standard.

2.83 In response, the Government proposes option 2 in the consultation, which is the M4(2) (Category 2: Accessible and adaptable dwellings) requirement to be mandated in Building Regulations as a minimum standard for all new homes. The Government will consult further on the technical changes to the Building Regulations to mandate the higher M4(2) accessibility standard, changes to Approved Document M (volume 1).

[26] Para. 9, Technical Housing Standards, CLG (March 2015).

2.84 The Government proposal for M4(3) (Category 3: Wheelchair user dwellings) is that this category will continue to be optional and subject to a Local Plan policy requirement justified by an identified and evidenced need.

Good Practice for Defining and Testing Plan Viability

The Harman Report: Local Housing Delivery Group Chaired by Sir John Harman (2012) Viability Testing Local Plans

2.85 The cross industry and the Department for Communities and Local Government (DCLG), now the Department for Levelling Up, Housing and Communities (DLUHC) supported Harman Report provides detailed guidance regarding viability testing and provides practical advice for plan making (including CIL) viability testing that limits delivery risk. Along with the relevant PPG Viability, the Harman Report forms the basis for the approach to Local Plan viability testing in this report.

2.86 As an expansion on the PPG, the Harman Report defines viability as:

"An individual development can be said to be viable if, after taking account of all costs, including central and local government policy and regulatory costs, and the cost and availability of development finance, the scheme provides a competitive return to the developer to ensure that development takes place, and generates a land value sufficient to persuade the land owner to sell the land for the development proposed." (p.14)

2.87 Concerning viability testing in plan making, the Harman Report acknowledges that this is a high level assessment to provide some assurance that the development industry will not be excessively affected by the cumulative costs of settling any planning obligations (including CIL) due for a scheme, therefore making projects unviable:

"…plan-wide test will only ever provide evidence of policies being 'broadly viable.' The assumptions that need to be made to carry out a test at plan level mean that any specific development site may still present a range of challenges that render it unviable given the policies in the Local Plan, even if those policies have passed the viability test at the plan level. This is one reason why our advice advocates a 'viability cushion' to manage these risks."

2.88 It should be noted that the Harman Report approach to viability assessment does not require all sites in the plan to be viable. The Harman Report says that a site typologies approach (i.e., assessing a range of example development sites likely to come forward) to understanding plan viability is sensible. That is, the whole plan viability:

"…does not require a detailed viability appraisal of every site anticipated to come forward over the plan period… (p.11)

…[we suggest] rather it is to provide high level assurance that the policies within the plan are set in a way that is compatible with the likely economic viability of development needed to deliver the plan. (p.15)

A more proportionate and practical approach in which local authorities create and test a range of appropriate site typologies reflecting the mix of sites upon which the plan relies." (p.11).

2.89 The Harman Report states that the role of the typologies testing is not required to provide a precise answer as to the viability of every development likely to take place during the plan period.

"No assessment could realistically provide this level of detail…rather, [the role of the typologies testing] is to provide high level assurance that the policies within the plan are set in a way that is compatible with the likely economic viability of development needed to deliver the plan." (p.18)

2.90 The Harman Report points out the importance of minimising risk to the delivery of the plan. Risks can come from policy requirements that are either too high or too low. So, planning authorities must have regard for the risks of damaging plan delivery with excessive policy costs - but equally, they need to be aware of lowering standards to the point where the sustainable delivery of the plan is not possible. Good planning in this respect is about '*striking a balance*' between the competing demands for policy and plan viability.

RICS: Assessing viability in planning under the National Planning Policy Framework 2019 for England

2.91 In April 2021, RICS published updated guidance titled 'Assessing viability in planning under the National Planning Policy Framework 2019 for England'. The guidance has been published in response to changes under the revised NPPF and updated national PPG. The guidance aims to provide clarity on certain aspects within the PPG, rather than necessarily conflict or contradict. The guidance is, however, understood to replace the original RICS guidance, 'Financial viability in planning' published in 2012, and is to guide plan making viability from late July 2021. Along with the relevant PPG Viability and the Harman Report, this informs the basis for our approach to testing the Final Draft Local Plan viability in this report.

2.92 One area of particular focus in the new RICS guidance is about how values are used to derive appropriate Benchmark Land Values. Consistent with the PPG, the guidance accepts that the Existing Use Plus methodology (EUV+) is the method that should be used first and foremost when testing viability for plan-making purposes. Not least, this is to address the issue of 'circularity' that RICS has identified to be a problem with basing the BLV on market prices.[27] To reduce this problem, the revised guidance introduces a five-step approach. This approach advocates a thorough analysis of individual components of an appropriate land value including an existing use, a suitable premium, an alternative use, a residual valuation of a policy compliant scheme and market comparison evidence.

2.93 Further to considering an appropriate BLV based on EUV+, the guidance also notes:

"…development land value…to be a function of a residual value of the potential development of the site….once all relevant costs have been deducted."[28]

2.94 This is the point where viability then needs This has been considered based on the residual value supporting a suitable premium for a generic/typical (not a specific) landowner to become a willing seller against any other options for the site.

2.95 The guidance states that due to value over time and inherent valuation variation, the viability assessment should undertake alternative testing that considers other economic scenarios (such as changes in the willingness of site owners to sell their land) and sensitivity testing of future values and costs based on projections. This is identified as a mandatory

[27] Where inflated BLVs were used to reduce the levels of policy requirements, since the more a developer pays for the land, the less the contribution can be argued to be supportable. This circularity leads to a reduction of public gain since higher land prices reduce developer contributions and reduced developer contribution expectations can fuel higher land values.

[28] RICS (2021), Paragraph 2.3.7, p18.

requirement for all viability assessments in the RICS professional standards and guidance on conduct and reporting.[29]

2.96 Aside from benchmark land values, the guidance also places a greater focus on site-specific assumptions rather than standardised assumptions, and advocates a greater role of sensitivity testing of different scenarios and outcomes.

[29] RICS (2019), op cit.

3 Local Policy Impacts on Viability

Introduction

3.1 To identify the implications of local policies on development viability covering the Newcastle-under-Lyme borough area, the emerging policy requirements within the Final Draft Local Plan have been reviewed. This is to identify those policies that may have a cost implication and hence an impact on viability.

3.2 The policies that have been identified in this chapter to have a likely and notable cost implication over and above that expected through standard delivery by the market are then considered in later chapters in this report.

Newcastle-under-Lyme Final Draft Local Plan Emerging Policies

3.3 This review of the Final Draft Local Plan likely impact on development is provided in **Table 3.1**, which uses a 'traffic light' system, with a green colour indicating the assessed policy is assumed to have no cost to the development, therefore negating a need to test; amber indicates either no impact or a slight impact able to be addressed through design with little bearing on viability; and red is for policies that would have some bearing on the viability of sites and should be included when assessing the potential residential sites viability.

3.4 Key to 'policy cost implication' colour coding:

Unlikely to have any significant impact	
May have an impact so needs This has been considered and possibly tested	
Expected to have an impact and will need to be tested	

3.5 It should be noted that within the Final Draft Local Plan there are policies relating to good planning principles in line with the national framework (NPPF) and Town and Country Planning Acts. These might cover specific site and area policies and general good layout/design considerations, which the market would be expected to comply with without direction. Such policies are not considered to impose an unnecessary burden on the delivery of the Plan since all past and future developments need to comply with such generally sound planning principles to obtain planning permission. Therefore, where such planning principles are set within local policies, in most cases there is no need to test the impact of these specific requirements because developers should already have considered them by default. But where there are policies that are not necessary for meeting the Town and Country Planning Acts and national planning framework (NPPF), or where there is some flexibility, such as in meeting higher than regulation required housing standards or affordable housing, then where such policies are considered to impact viability, and these are highlighted in the policy review matrix **Table 3.1**.

Table 3.1 Viability Policy Matrix for the Newcastle-under-Lyme Final Draft Local Plan, at May 2024

Final Draft Local Plan policies	Cost impact?	Policy details affecting viability	Nature of costs & how this should be treated
PSD1: Overall Development Strategy		A minimum of 8,000 dwellings and 63 ha of employment land will be delivered over the Plan period 2020 – 2040. Development will be directed into: • residential sites allocated in the local plan (see Policy PSD3; • two strategic employment sites at J16 of the M6 to support a sub-regional logistics, and at Land adjacent to Keele University to support the expansion of the existing science park. • Windfall development, including the redevelopment / re-use of previously developed land and buildings • Land that does not require major investment in new infrastructure.	Sets out the overall type and volume of development expected, which may affect the realised value of development. Typology sites reflect the future site allocations in this plan plus windfall sites based on the distribution of SHLAA site. This has been considered in **Chapter 4.**
PSD2: Settlement Hierarchy			
PSD3: Distribution of Development		The following areas are expected to deliver the following number of new homes: • strategic centre of Newcastle-under-Lyme is c. 5,200 new homes; • The urban centre of Kidsgrove c.800 new homes • Rural centres, as follows: ▪ Audley and Bignall End (joint) c.250 new homes ▪ Betley & Wrinehill (joint) and Madeley & Madeley Heath (joint) c. 250 new homes ▪ Loggerheads c. 450 new homes ▪ Baldwins Gate c.250 new homes	Sets out the overall type and volume of development expected, which may affect the realised value of development. Typology sites reflect the future site allocations in this plan plus windfall sites based on the distribution of SHLAA site. This has been considered in **Chapter 4.**

Final Draft Local Plan policies	Cost impact?	Policy details affecting viability	Nature of costs & how this should be treated
		▪ Keele and Keele University (joint) c.800 new homes:	
PSD4: Development Boundaries and the Open Countryside			
PSD5: Green Belt and Safeguarded Land			
PSD6: Health and Wellbeing			
PSD7: Design			
CRE1: Climate Change		Non-domestic developments, as a minimum, to meet the BREEAM 'very good' standard, but should be designed to meet the BREEAM 'Excellent Standard', including on water efficiency, unless demonstrated as not feasible or viable. BREEAM Outstanding Standard will be afforded positive weight where this is achieved. Residential developments should be designed to achieve a maximum of 110 litres per person per day, in line the optional standard of Building Regulations, Part G. All new residential development will be expected to exceed that carbon emission targets set by UK Building Regulations (Part L as amended / updated).	Various aspects of the policy introduce new requirements around carbon dioxide reductions, etc. which are viability tested. Viability testing includes an uplift in build costs to account for achieving reduced Carbon Homes as presented in the emerging Building Regulation changes to Part F & L. This has been considered in **Chapter 6** and tested in **Chapter 8**. The BREEAM 'Outstanding' cost uplift on commercial developments is known to include additional costs so it is assumed to have a notable viability impact. This has been considered in **Chapter 7** and tested in **Chapter 8**.
CRE2: Renewable Energy		All 'major' proposals for residential and non-residential development should provide an energy statement which demonstrates the maximum feasible and viable use of onsite renewable energy generation for at least 10% of their energy needs from renewable or low carbon energy generation on site unless the applicant can clearly demonstrate that having regard to the type of development and its design, this is not feasible or viable.	As part of the testing of Policy CRE2, noted above, this has been considered in **Chapter 6** and **Chapter 7**, and tested in **Chapter 8** and C**hapter 9**.

Final Draft Local Plan policies	Cost impact?	Policy details affecting viability	Nature of costs & how this should be treated
HOU1: Affordable Housing		Development that creates 10 or more dwellings on individual sites or with an area of 0.5 hectares or more, must contribute to the provision of affordable housing, as follows: • 30% of all units on greenfield sites; • 15% of all units on brownfield sites within the 'low value zone'; and • 25% of units on brownfield sites within the 'high value zone'. Developments with affordable housing on-site, should deliver the following tenures: • At least 25% of affordable housing being First Homes discounted at 30%; • 65% of affordable housing to be for social rent; and • 10% of affordable housing to be other forms of affordable housing in line with national policy.	This policy is likely to have a key impact in viability terms. This full policy cost has been considered in **Chapter 6** and tested in **Chapter 8**.
HOU2: Housing Mix and Density		Residential development proposals will generally be expected to achieve the following net densities per hectare (dph): • Sites within the strategic centre @ 30-50 dph; • Sites within the urban centre @ 30-40 dph; and • Sites within the rural centres @ 20-30 dph. Residential type and size to be consistent with the most up to date Housing and Economic Development Needs Assessment (HEDNA) and Housing Needs Assessments (HNA). Major development to provision should be made for the needs of the older persons through provision of specialist housing.	Typologies have been tested to reflect the local policy on mix/type/size of units, and this has been considered in **Chapter 4** and tested in **Chapter 8**.
HOU3: Housing Standards		New residential developments are expected to: • Comply with the Nationally Described Space Standard;	Policy requires new developments to comply with NDSS, and the standards and accessible standards

Final Draft Local Plan policies	Cost impact?	Policy details affecting viability	Nature of costs & how this should be treated
		• Meet additional requirements for housing design standards set at M4(category 2) standard (Accessible Adaptable Dwellings) • Major residential developments to include 10% open market homes to meet Building Regulations M4(category 3) wheelchair adaptable homes standard and 10% of affordable / social rented housing should meet the requirements of Part M4(3)B accessible homes standard.	set. This has been considered in **Chapter 6** and tested in **Chapter 8**.
HOU4: Gypsy, Travellers and Travelling Showpeople			
HOU5: Specialist Needs Housing			
HOU6: Self Build and Custom Dwellings			
HOU7: Houses of Multiple Occupation			
HOU8: Rural and First Homes Exception Sites			
HOU9: Community Led Exception Sites			
HOU10: Extensions, Alterations and Relationships between Dwellings			
HOU11: Backland Development			
EMP1:Employment			
EMP2: Existing Employment Sites			
EMP3: Tourism			
RET1: Retail			
RET2: Shop Fronts, Advertisements, New Signage			
RET3: Restaurants, Cafes, Pubs and Hot Food Takeaways			
RET1: Retail			

Final Draft Local Plan policies	Cost impact?	Policy details affecting viability	Nature of costs & how this should be treated
RET4: Newcastle-under-Lyme Town Centre			
RET 5: Kidsgrove Town Centre			
IN1: Infrastructure		Where new or improved infrastructure is required to meet needs arising directly from a development or to mitigate any adverse impacts of a development on existing infrastructure, the development will make provision either through the direct allocation of land and / or planning obligation made under Section 106 or any other future 'developer contributions' regime towards the provision of infrastructure. Development should have regard to the latest Infrastructure Delivery Plan (IDP).	Typologies have been tested to allow for planning obligations based on typical s106 payments and/or the IDP supporting the Final Draft Local Plan. This has been considered in **Chapter 6** and tested in **Chapter 8**.
IN2: Transport and Accessibility		Major development should make appropriate provision for access by sustainable modes of transport and active travel alternatives (such as walking, cycling or public transport use). Proposals that are likely to generate significant travel movements should be supported by a Transport Assessment and a Travel Plan.	Typologies have been tested to allow for planning obligations based on typical s106 payments and/or the IDP supporting the First Draft Local Plan. Transport Assessments and Travel Plans, along with other required technical studies for planning purposes are considered to impact on the professional fees required for developments. These factors have been considered in **Chapter 6** and tested in **Chapter 8**.
IN3: Access and Parking		Appropriate levels of parking provision should be made in accordance with the required standards. Developments should also include provision for electric vehicle charging points (EVCP) in accordance with building regulations.	Typologies have been tested to allow for car parking, including the provision of garages, and EVCPs within the allowances for 'external' costs relating to each development plot. This has been considered in **Chapter 6** and tested in **Chapter 8**.
IN4: Cycleways, Bridleways and Public Rights of Way			

Final Draft Local Plan policies	Cost impact?	Policy details affecting viability	Nature of costs & how this should be treated
IN5: Provision of Community Facilities			
IN6: Telecommunications Development			
IN7: Utilities			
SE1: Pollution and Air Quality			
SE2: Land Contamination			
SE1: Pollution and Air Quality			
SE2: Land Contamination			
SE3: Flood Risk Management			
SE4: Sustainable Drainage Systems		Development proposals should manage and discharge surface water through a sustainable drainage system and a maintenance plan should outline the long-term funding mechanism for the SuDS scheme. Smaller developments may be exempt from full Sustainable Drainage Systems (SuDs) implementation.	This is standard for most new developments, with such costs already normalised in development cost allowances.
SE5: Water Resources and Water Quality			
SE6: Open Space, Sports and Leisure Provision		Developers and other stakeholders to provide Enhance and maintain open space and aid the Council's strategy of Carbon Capture Areas, and contribute towards sports and leisure provision in line with Playing Pitch Strategy (2019) and the Sports England Sport Pitch Calculator. Major development to provide at least 4ha per 1,000 population, and demonstrate how the management and maintenance of additional open space provision will be provided for and will be secured by condition / planning obligation.	Typologies have been tested to allow for open space that is additional to the net developable areas is specifying the gross and net site areas. Additional costs to be identified in site's external and/or opening costs, and mitigations have been included in the policy testing as a s106 allowance. This has been considered in **Chapter 6** and tested in **Chapter 8.**

Final Draft Local Plan policies	Cost impact?	Policy details affecting viability	Nature of costs & how this should be treated
		Smaller developments of up to 10 dwellings may be required to provide a financial contribution to off-site provision of open space.	
SE7: Biodiversity Net Gain		Development will be permitted subject to delivering at least a 10% measurable net gain of biodiversity habitat using the relevant statutory (official) Biodiversity Net Gain (BNG) Metric. This will be secured and maintained for a period of 30 years.	The Environment Act requires all new developments to achieve a minimum of 10% BNG, which is not a Local Plan cost but an England-wide mandatory cost has been factored into the viability testing in **Chapter 7**.[30]
SE8: Biodiversity and Geodiversity		Where a development is likely to have a harm to biodiversity and geodiversity on local, national and/or international nature conservation designations, compensation measures should be provided.	The cost of mitigations within specific sites is unknown, and is therefore balanced by the cost being discounted from the site's benchmark land value, in accordance with PPG Viability.
SE9: Historic Environment			
SE10: Landscape			
SE11: Trees, Hedgerows and Woodland			
SE12: Amenity			
SE13: Soil and Agricultural Land			
SE14: Green and Blue Infrastructure			
RUR1: Rural Economy			
RUR2: Rural Workers Dwellings			
RUR3: Extensions and Alterations to Buildings Outside of Settlement Boundaries			
RUR4: Replacement Buildings Outside of Settlement Boundaries			
RUR5: Re-use of Rural Buildings for Residential Use			

[30] For more information see PPG Bio-diversity Net Gain.

4 Typology Assumptions for Viability Testing

Introduction

4.1 It is not possible to get a perfect fit between a site, the site profile and cost/revenue categories for every site likely to come forward within the Newcastle-under-Lyme borough area. So, as identified earlier in **Chapter 2**, the national guidance PPG for viability testing does not state that all sites must be tested to be assured that they are viable now to appear in Local Plans.

4.2 Also, viability testing of a Local Plan can utilise typologies (hypothetical developments) to reflect a range of sites that are expected to come forward in the Local Plan. This is because typologies reflect hypothetical characteristics of known development sites, which allows the study to deal efficiently with the extremely high level of detail that would otherwise be generated by an attempt to viability test every likely site.

4.3 This approach to testing typologies is also acknowledged in the Harman Report, which states:

"No assessment could realistically provide this level of detail…rather, [the role of the typologies testing] is to provide high level assurance that the policies within the plan are set in a way that is compatible with the likely economic viability of development needed to deliver the plan."[31]

4.4 In the viability testing, as noted in the PPG on viability, the typologies should reflect sites based on:

"…shared characteristics such as location, whether brownfield or greenfield, size of the site and current and proposed use or type of development."[32]

4.5 The objective of this chapter is to formulate a list of typologies that broadly represent potential site allocations within the Final Draft Local Plan. This includes a series of assumptions about site types (Greenfield, Brownfield), site coverage and built floorspace mix, which will generate an overall sales turnover and value of land that are discussed in the following chapter.

Residential Development Typologies

4.6 To identify suitable site specific typologies, the Final Draft Local Plan Table 6: Proposed Residential And Employment Allocations has been considered, along with the Strategic Housing and Employment Land Availability Assessment ('SHELAA') 2022[33] list of suitable, available and achievable sites have been considered. In summary, this identified the following site characteristics:

- There are a mix of Greenfield and Brownfield sites, with
  - 57% of (total number) sites listed as Brownfield or 33% of (total) units
  - 43% of sites listed as Greenfield or 66% of units

[31] Local Housing Delivery Group (2012), op cit (para 15).
[32] PPG Viability, Paragraph: 004
[33] A 2024 SHELAA will be produced to accompany the Regulation 19 Local Plan.

- There are no Greenfield sites over 65 dwellings per gross ha, which suggests few flats on greenfield sites.
- There are very few flatted sites in general, including very few with more than 50 units on brownfield sites.

4.7 Owing to the varied characteristics of the potential site allocations (along with windfall sites within the SHELAA), there is a need to test a range of housing based site typologies to reflect future residential delivery in the Newcastle-under-Lyme borough area.

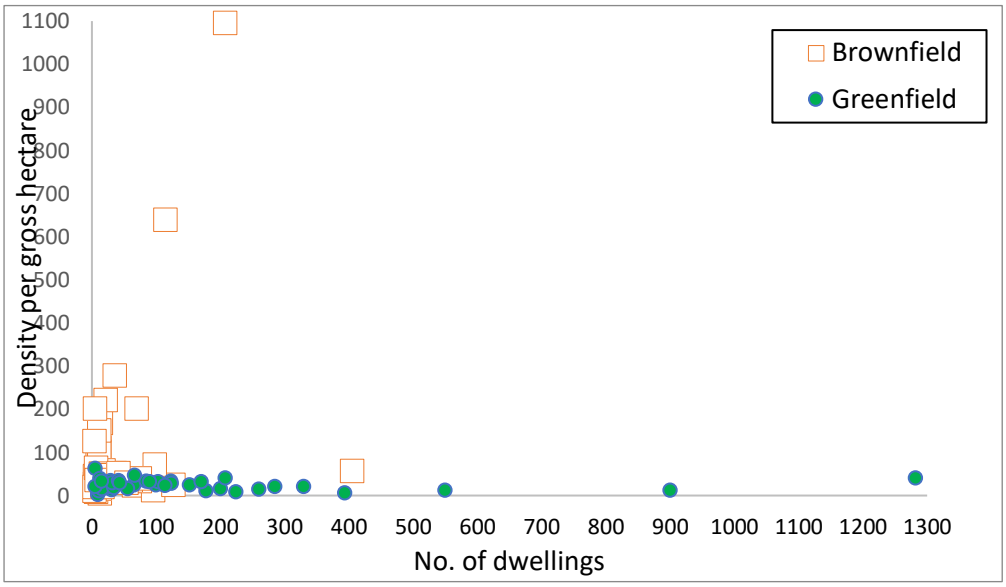
Densities and Storey Height

4.8 Densities will have an important impact on viability, since the more units (or rather floorspace) that can be sold relative to the site area, the more income that is likely to be generated, which significantly affects viability. Storey heights also impact viability due to the greater per square metre build costs due to the need for shared circulation spaces and cores, stairs and lifts, plus the likelihood of deeper foundations. There are also likely to be additional costs for tall buildings (HRBs[34]) considered a higher risk, which is defined as being over 18 metre tall and/or over six storeys, which are likely to be subject to greater building regulations compliance following the emergence of the new Building Safety Act (for more information, see **Chapter 2**).

4.9 Densities will vary to some degree between sites depending on their locations and site characteristics. The Council's SHELAA lists the assumed capacity densities for each SHELAA site. These sites have been plotted to show the pattern of site scale by density in **Figure 4.1**. This shows that sites of up to 100 dwellings have a narrow range of densities from 20 to less than 300 dph. For larger Greenfield sites, there is less requirement to test at a range of densities since there are far fewer sites (and variations in typical densities are closely around 35 dph). For the few Brownfield sites with more than 100 dwellings, the densities are mostly more than 200 dph and could be up to 1,100 dph, suggesting that a high proportion of flats will form part of this supply.

[34] This provides a new framework for the design, construction and occupation of high-risk residential buildings (HRB), defined as those having at least 18 metres or 7 storeys in height and comprise of at least two domestic premises. This will typically apply to high-rise apartment blocks and student accommodation in the Newcastle-under-Lyme borough area. Hotels are not currently included in scope of the new controls.

Figure 4.1 Density by the capacity of SHELAA (2022) sites



Source: Derived from the Newcastle-under-Lyme SHLAA 2022

4.10 The Final Draft Local Plan Policy PSD3 identifies broad locations of development and Policy HOU2 provides the indicative densities for sites likely to come forward. These are summarised in **Table 4.1**.

Table 4.1 Broad locations of development with dwelling numbers and indicative densities

Broad locations	Dwellings		Indicative density
	Approx no.	%	Dwgs/net ha
Strategic centre of Newcastle-under-Lyme	5,200	65%	30-50
Urban centre of Kidsgrove	800	10%	30-40
Rural centres	2,000	25%	20-30

Source: Derived from the Final Draft Local Plan Polices PSD3 and HOU2

4.11 We have provided an assumption for the likely storey heights at each density range in **Table 4.2**, which has informed the typologies of sites to be tested.

Table 4.2 Density of site typologies

Dph	No. of storeys
30	1-3 storey
35	1-3 storey
40	1-4 storey
120	1-5 storey
250	1-5 storey
300	6+ storey

Sale Values Locations

4.12 Sales values will differ across Newcastle-under-Lyme, and this will affect site viability. Sales values may also significantly differ between neighbouring streets due to factors such as being on a main road or next to a park or a well performing school, but this level of granular differences is hard to account for within this high level study. So instead, we have analysed average prices and mapped this against the potential planned growth to generate value zones to use in the testing. Such an approach is consistent with the PPG Viability, which states that:

'…for broad area-wide or site typology assessment at the plan making stage, average figures can be used, with adjustment to take into account land use, form, scale, location, rents and yields, disregarding outliers in the data.'

4.13 Energy Performance Certificate (EPC) data has been used to find the unit size for each Land Registry entry. The indexed linked Land Registry data has been cross-referenced with the EPC data to generate adjusted values on a per square metre (£psm) basis.

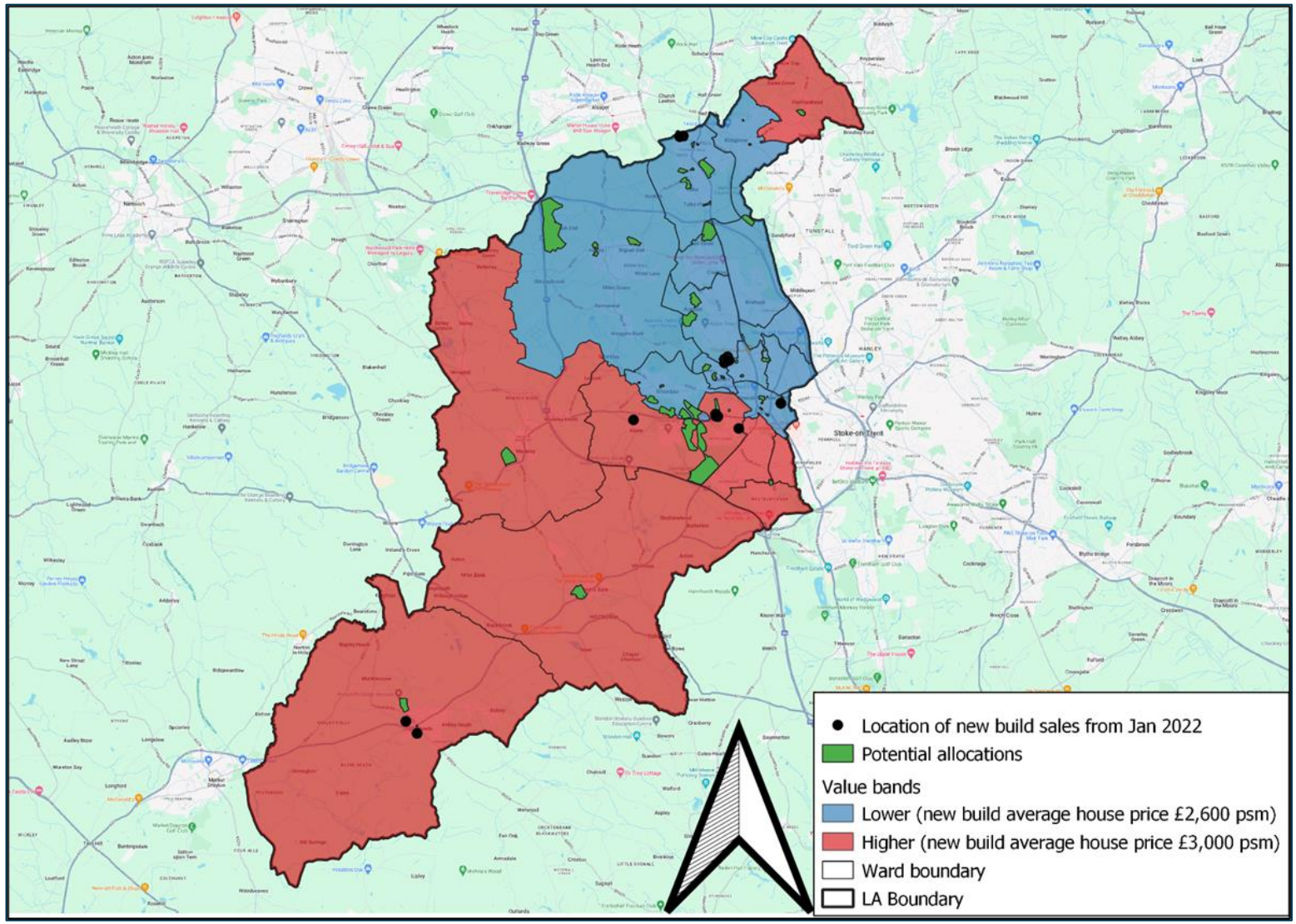
4.14 The indexed linked £psm values have been mapped against the council ward boundaries for Newcastle-under-Lyme to generate an average £psm per ward value. This analysis is shown in **Figure 4.2**, which shows there is a clear north (lower) and south (higher) divide in average prices, apart from a small pocket of higher values to the extreme north. This pattern was discussed and confirmed at the developer workshop.

4.15 **Figure 4.2** includes an overlay of the planned growth to ensure that sites will come forward in the different zones to warrant varying the testing in this way, and this shows significant planned growth in both zones.

4.16 Following the establishment of the two zones, the locations of new build sales has been mapped in **Figure 4.2** to establish the average new build £psm, and these have been used in the viability testing as follows:

- Lower value zone: £2,600 psm based on 64 new build entries; and
- Higher value zone: £3,000 psm based on 92 new build entries.

Figure 4.2 Average sales values for all units by ward boundary within Newcastle-under-Lyme, sold between January 2022 and January 2024



Source: QGIS, Google, Newcastle-under-Lyme Council, Land Registry, EPC, Urbà (June 2024)

Site Typologies

4.17 The site typologies shown in **Table 4.3** have been informed by the characteristics of development sites that the Final Draft Local Plan is planning to come forward over the future planning horizon, along with the value areas where they are likely to be located. The site typologies have been discussed with NuLBC officers and at a developer workshop to check their suitability, and some changes have been made to reflect the feedback.

4.18 The value areas identified in **Figure 4.2** may have different 'types' of development and therefore **Table 4.3** includes the typologies considered likely in Value Area 1 and **Value Area 2** in separate sections.

Table 4.3 Tested residential site typologies

Typology	Site size (hectares)		Development details	
	Gross area	Net area	Dph	No. storeys
Value Area 1 - Greenfield				
5 Houses @ 30 dph	0.17	0.17	30	1-3
15 Houses @ 35 dph	0.53	0.43	35	1-3
40 Houses @ 35 dph	1.54	1.14	35	1-3
60 Houses @ 35 dph	2.38	1.71	35	1-3
100 Houses @ 35 dph	4.13	2.86	35	1-3
150 Houses @ 35 dph	6.40	4.29	35	1-3
250 Mixed @ 40 dph	9.72	6.25	40	1-4
750 Mixed @ 35 dph	36.39	21.43	35	1-3
900 Mixed @ 35 dph	44.31	25.71	35	1-3
Value Area 1 - Brownfield				
5 Houses @ 40 dph	0.12	0.12	40	1-4
12 Houses @ 40 dph	0.30	0.30	40	1-4
20 Houses @ 35 dph	0.73	0.57	35	1-3
45 Houses @ 35 dph	1.74	1.29	35	1-3
80 Houses @ 35 dph	3.27	2.30	35	1-3
80 Mixed @ 40 dph	2.86	2.01	40	1-4
15 Flats @ 120 dph	0.12	0.12	120	1-5
70 Flats @ 250 dph	0.28	0.28	250	1-5
100 Flats @ 300 dph	0.33	0.33	300	6+*
Value Area 2 - Greenfield				
5 Houses @ 30 dph	0.17	0.17	30	1-3
15 Houses @ 35 dph	0.53	0.43	35	1-3
40 Houses @ 35 dph	1.54	1.14	35	1-3
100 Houses @ 35 dph	4.13	2.86	35	1-3
150 Houses @ 35 dph	6.40	4.29	35	1-3
250 Mixed @ 40 dph	9.72	6.25	40	1-4
500 Mixed @ 40 dph	20.55	12.50	40	1-4
Value Area 2 - Brownfield				
5 Houses @ 40 dph	0.12	0.12	40	1-4
12 Houses @ 40 dph	0.30	0.30	40	1-4
20 Houses @ 35 dph	0.73	0.57	35	1-3
45 Houses @ 35 dph	1.74	1.29	35	1-3
80 Houses @ 35 dph	3.27	2.30	35	1-3

* Treated as a tall building (HRB)

Site Mix

4.19 The type of units has an important impact on the viability of a site because of the differences between floorspace sizes, which affects costs, values and development phasing. The assumed housing mixes to be tested within the site typologies are informed by latest Housing and Economic Needs Assessment[35], which is also noted in the supporting information to the Final Draft Local Plan Policy HOU 2: Housing Mix and Density. This is replicated in **Table 4.4** below.

Table 4.4 Recommended mix of units in the HNA (2023)

Unit type	Market	Affordable
1-bed	10%	62%
2-beds	29%	20%*
3-beds	45%	10%
4+-beds	16%	8%

*The HNA states this to be 19%, but to eliminate rounding issues this has been increased to 20%
Source: Derived from Turley's Housing and Economic Needs Assessment Update Newcastle-under-Lyme (March 2023 & April 2024)

4.20 The HENA mix is not expected to be replicated in every site because each site is different, depending on its characteristics and location, and the mix in **Table 4.4** covers the whole Newcastle-under-Lyme borough area. Therefore, for testing in this assessment, the HENA recommended mixes are split into specific proportions to best fit the different site typologies, as summarised in **Table 4.5**.

4.21 For flatted development there is often a greater delivery of one and two bed properties as opposed to three and four bed units. For houses, there will likely be no one bed dwellings. Mixed sites assume that a smaller proportion, 11.25%, would likely be brought forward as flats with the remainder being houses and bungalows.

Table 4.5 Tested housing mix of units

Tenure	Site type	1-bed flat	2-bed flat	3-bed flat	2-bed house	3-bed house	4+ bed house
Market	Sites with houses				40.0%	45.0%	15.0%
	Mixed sites with flats and houses	2.8%	5.9%	2.5%	35.5%	39.9%	13.3%
	Sites with flats	25.0%	52.5%	22.5%			
Affordable	Sites with houses				82.0%	10.0%	8.0%
	Mixed sites with flats and houses	7.9%	2.8%	0.6%	72.8%	8.9%	7.1%
	Sites with flats	70.0%	25.0%	5.0%			

Unit Sizes

4.22 The size of units has an important impact on the viability of a site, since the greater the floorspace the more value that can be generated. The typical sizes of dwellings by unit types within the Newcastle-under-Lyme borough area can be obtained from their Energy Performance Certificates (EPC) that are required for housing transactions.

[35] Turley's Housing and Economic Needs Assessment Update Newcastle-under-Lyme (March 2023)

4.23 The Final Draft Local Plan Policy HOU3 requires future developments to be built to the minimum National Space Standards (NSS) sizes or above, which through interpretation[36] closely fit with the sizes of new builds in the Newcastle-under-Lyme borough area which is considered as a policy to not impact on the viability of sites. For this reason, by default, the unit sizes within the tested typologies are at the minimum NSS sizes, as shown in **Table 4.6**.

4.24 These sizes also broadly match the tested unit sizes in the appraisals that we have reviewed.

Table 4.6 Average recorded floorspace for new builds by unit type

Type	NIA/GIA
1 bed flat	45 NIA
2 bed flat	66 NIA
3 bed flat	85 NIA
2 bed house	75 GIA
3 bed house	93 GIA
4+ bed house	117 GIA

Source: Derived from the Technical housing standards – nationally described space standard, Table 1

4.25 For flats, the net lettable areas (NIA) are used to determine the sales values, and the gross internal areas are assumed to be larger for determining build costs, which allows for additional circulation and shared space, such as foyers and stairwells, etc. The tested net to gross rates for flats are shown in **Table 4.7**, which are based on industry standards.

Table 4.7 Tested average unit sizes, sqm

Flatted unit typology	Net to gross area
1 to 2 storeys	90%
3 to 5 storeys	85%
6+ storeys	80%

Other Specialist Residential Typologies

4.26 Several other forms of residential type development might be expected to come forward within Newcastle-under-Lyme over the lifetime of the emerging Local Plan. These alternative residential uses will therefore need to be tested. These include non-standard forms of residential units, such as older person accommodation and student accommodation, for which there are specific requirements identified in the Final Draft Local Plan.

4.27 These are considered in turn below.

Older Person Housing

4.28 Older person housing, which may include assisted living and retirement living dwellings that are generally treated as C3 Use Class land uses, and therefore the same policy requirements for general houses, need to be viability tested. There are also care home products, which provide residential or nursing homes with 24-hour personal care and/or nursing care

[36] EPC floorspaces is provided for flats, bungalows, terraced, semi-detached and detached properties, whereas the minimum NSS is provided for properties by their number of beds and habitants. Therefore, some pragmatism is required when comparing between the reported housing types sizes for a complete unit based on EPC records and the reported identified for the minimum NSS for a complete unit dwelling by beds and habitants.

provided together with all meals. Residents occupy this type of accommodation under a license arrangement and, as such, they are treated as non-residential uses possibly within the C2 land use class order, which is considered separately under non-residential uses. As such here this report focuses solely on the matters relating to the viability of older persons' accommodation within the C3 class uses. Such uses are therefore assessed based solely on their development (not business) value.

4.29 Different types of provision of older person housing will have different characteristics and values. In particular, there are two types of older person and supported living accommodations that are tested. These are defined as follows:

- Retirement dwellings – also known as sheltered housing, are groups of dwellings, often flats, which provide independent, self-contained homes. There will likely be some element of communal facilities, such as a lounge and/or warden. As a business, a service charge will be in place to cover the normal ongoing costs, costs to upkeep communal facilities and vacant property costs.
- Extra care – also known as assisted living by the private sector, are groups of dwellings, often flats provided across a range of tenures (owner occupied, rented, shared ownership/equity). This is housing with care, whereby people live independently in their own flats but have access to 24-hour care and support. These are defined as schemes designed for an older population that may require further assistance with certain aspects of their daily life. Arrangements for care provision vary between care provided according to eligible assessed needs by the local authority and people purchasing privately who may not have such a high level of need, which is on site and is purchased according to need. For private sector developments, the care facilities are normally part of a care package with additional fees to pay for the service and facilities, which are on top of normal service charges and the cost of purchasing the property. The schemes will often have staff and may include one or more meals per day. These schemes have a greater proportion of communal space than retirement homes and are likely to be built to standards suitable for wheelchair access and better designed bathroom facilities. As for retirement homes, a service charge will be in place to cover the normal ongoing costs, costs to upkeep communal facilities and vacant property costs.

4.30 Such accommodation uses are likely to come forward within all areas, and therefore sales values may vary. The following typologies have been considered based partly on the development assumptions identified by the Retirement Housing Group (RHG) guidance[37]:

- Retirement accommodation with 55 flats on a gross site area of 0.5 ha (i.e., 110 dph). This is based on a net internal area of 50 sqm for each 1-bed retirement home and 75 sqm for each 2-bed retirement home. This equates to a gross internal floorspace of 66.7 sqm and 100 sqm when accounting for non-chargeable space of 25%. A 50:50 split between one bed and two bed houses is assumed.
- Extra-care accommodation with 45 dwellings on a gross site area of 0.5 ha (i.e., 90 dph). This is based on a net internal area of 65 sqm for each 1-bed retirement home and 80 sqm for each 2-bed retirement home. This equates to a gross internal floorspace of 104 sqm and 128 sqm when accounting for non-chargeable space of 37.5% as recommended in RHG Guidance. A 50:50 split between one bed and two bed houses is assumed.

4.31 All older person accommodation typologies are assumed to come forward on Brownfield sites within the strategic centre and urban centre areas of Local Plan and as part of larger

[37] RHG (2016), 'Community Infrastructure Levy And Sheltered Housing/Extra Care Developments A Briefing Note On Viability Prepared For Retirement Housing Group By Three Dragons Amended February 2016'

Greenfield developments in rural centres, and therefore they are assumed to incur the same site development assumptions as the Brownfield ad Greenfield residential units.

Student Accommodation

4.32 Student accommodation development, normally through Purpose Built Student Accommodation (PBSA) off campus, has different characteristics to general housing and is modelled separately within this assessment. PBSA developments usually take the form of a grouping of self-contained units that are normally referred to as 'cluster' units. These units typically house between 2 to 6 students in ensuite rooms with a shared kitchen and a shared living area. There are also more lucrative private studio rooms, which do not include a shared kitchen or living areas. Both tend to include shared attached leisure facilities, such as games rooms, cinema rooms, gyms and outside shared spaces and facilities.

4.33 **Table 4.8** provides a list of tested PBSA typologies, which have been informed by researching student accommodation currently on sale or in the development pipeline, which is shown in **Appendix B**. Our research indicates that developments tended to be up to 700 units and at a variety of densities. Notably, our research indicated several 'studio only' developments, or where studios accounted for most of the units. The student accommodation testing of each typology therefore assumes the following mix:

- 10% cluster flats. Each cluster flat is assumed to hold 5 bedspaces. The bedspaces are assumed to be 15 sqm NIA each and 21 sqm GIA after allowing for the additional communal space; and
- 90% studio flats, which are assumed to hold one or two bedspaces, assumed to be 23 sqm NIA each and 33 sqm GIA after allowing for the additional communal space.

Table 4.8 Student Accommodation typologies

Typology	Gross Site (ha)	Net Site (ha)	Clusters (flats/beds)	Studios (beds)
50 Flats @ 300bph	0.17	0.17	5 flats (25 beds)	45 flats
50 Flats @ 600bph	0.08	0.08		
150 Flats @ 300bph	0.50	0.50	15 flats (500 beds)	135 flats
150 Flats @ 600bph	0.25	0.25		
250 Flats @ 300bph	0.83	0.83	25 flats (125 beds)	225 flats
250 Flats @ 600bph	0.42	0.42		
250 Flats @ 900bph	0.28	0.28		
700 Flats @ 300bph	2.33	2.33	70 flats (350 beds)	630 flats
700 Flats @ 600bph	1.17	1.17		
700 Flats @ 900bph	0.78	0.78		

Non-residential Development Typologies Assumptions

4.34 The Final Draft Local Plan paragraph 5.4 notes *'…there is a need to provide a minimum of 63 hectares of employment land,'* with plan allocating strategic sites AB2 and KL15. To reflect the planned growth, several employment scenarios (office, industrial and warehousing) are tested. Final Draft Local Plan Policy PDS2: Settlement Hierarchy explains that:

'Newcastle-under-Lyme forms the strategic centre of the Borough and contains the greatest range of services and facilities, retail, sport and leisure, economic and residential areas, sustainable transport connections and accessible public open space. This centre represents the most sustainable location for growth and therefore is a focus for new development.'

4.35 To reflect the planned growth and any potential windfall development, the following non-residential typologies shown in **Table 4.9** are tested. These are based on analysis of comparable developments**.**

Table 4.9 Tested non-residential typologies in the Newcastle-under-Lyme

Typology	Gross Site area (ha)	GIA sqm	NIA sqm	Site coverage
1: Out of town office brownfield	0.50	2,000	1,700	40%
2: Small greenfield Industrial	0.02	150	150	65%
3: Small brownfield Industrial	0.02	150	150	65%
4: Medium greenfield industrial	0.44	2,000	2,000	45%
5: Medium brownfield industrial	0.44	2,000	2,000	45%
6: Medium greenfield warehousing	1.25	5,000	5,000	40%
7: Large/strategic warehousing greenfield	4.29	15,000	15,000	35%
8: Extra Large/strategic warehousing greenfield	13.04	30,000	30,000	35%
9: Small local convenience (express) brownfield	0.04	300	300	70%
10: Budget convenience greenfield	1.57	1,800	1,800	11.5%
11: Budget convenience brownfield	1.57	1,800	1,800	11.5%
12: Larger supermarket greenfield	2.71	3,250	3,250	12%
13: Retail warehouse (Out of town comparison) brownfield	0.17	500	500	30%
14: Town centre comparison retail - small format brownfield	0.02	150	150	70%
15: Town centre comparison retail - larger format brownfield	0.33	2,000	2,000	60%

5 Development Market Overview

Introduction

5.1 The viability testing of the typologies discussed in **Chapter 4** relies on using appropriate development assumptions. These development assumptions are identified and discussed in this chapter. This also summarises the development context and market conditions within the Newcastle-under-Lyme borough area, which is used for informing the residential sales values, development costs, including policy costs, and benchmark land value being used for viability testing. These assumptions will help identify whether the types of proposed developments in the Newcastle-under-Lyme borough area have enough value after costs, including policy costs, to secure the land for development under the Final Draft Local Plan.

Residential Market Values

5.2 The following residential market overview is based on an assessment of market reports from BuiltPlace, Land Registry data and media articles.

Residential Market Overview

5.3 Despite an economy that has seen significant changes that could negatively affect market conditions for selling houses, such as the impact of Brexit and the Covid pandemic, the national housing market has been relatively strong in recent years. This was due to the need for housing exceeding the supply of housing, including a long period of slow housebuilding, especially in the south of England outside of London, where the national market was experiencing a long period of rising prices up to Autumn 2022.

5.4 But by the end of 2022 and in 2023, housing market sales volumes and prices started to turn, which largely reflected the market's reaction to the Truss Government's budget, as the cost-of-living crises became a more significant concern with rising inflation, interest rate increases and consequently mortgage rates rose sharply. So, at the moment the residential market has stagnated with the private rented sector benefiting through major spikes in demand and consequently higher rental rates.

5.5 Many developers are cautious about their market prices and may be offering discounts or incentives, which is most likely to reflect a high degree of uncertainty around economic prospects because of affordability pressures, political uncertainty and a lack of fresh stock coming onto the market. A particular area of caution lies in the rising cost of living, which has been the key factor behind past housing market downturns. Also, nationally the weakening in the UK's credit rating and the sterling currency, and falling incomes in real terms are likely to deter potential sellers.

5.6 The prospects for 2024 are looking more positive with inflation and mortgage rates falling again, with house price falls expected to ease and, according to BuiltPlace[38], buyer demand is rising again because there are more homes available to buy, with the number of sales being agreed now being are higher than they were last year. Also, according to Rightmove, pent-up demand from would-be buyers who paused their plans last year is a key driver behind increased home mover activity in the early part of 2024 despite mortgage rates remaining elevated for longer than anticipated. The number of sales agreed during the first four months of the year was 17% higher than for the same period last year, while May is

[38] Accessed online: https://builtplace.com/category/market-commentary/

typically a strong month for price growth; although since the last record, set in May 2023, average prices are only 0.6% higher overall.

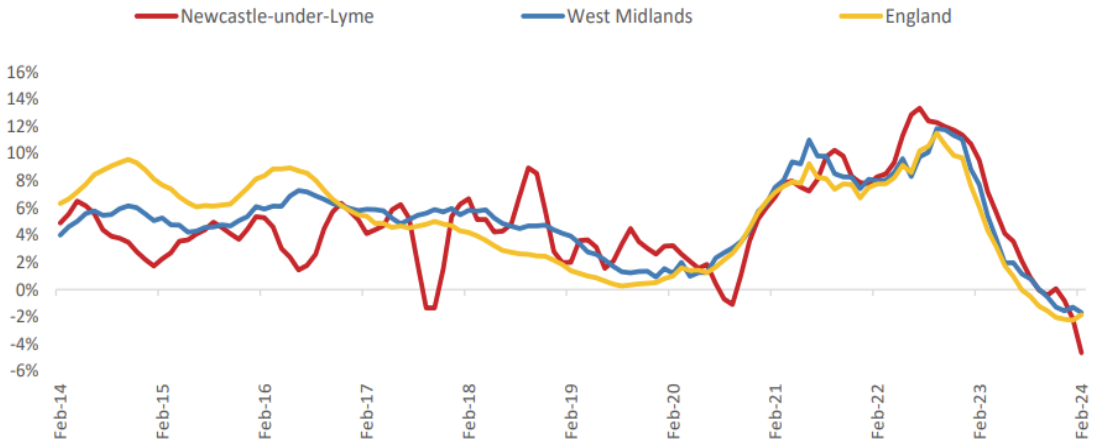
5.7 Also, just as this report is being prepared, the national housebuilder Crest Nicholson has experienced a £30m profit loss in 2024 and slashed its dividend, highlighting the struggles in the UK property sector after being buffeted by the volatile mortgage rates and slowing demand in the housing market since the mini-budget in September 2022 that is continuing to affect the housing market.

5.8 But it is the supply crisis that will remain a defining feature of the UK housing market in the years to come, with tight supply conditions likely to support prices and prevent these from falling more steeply than they would have otherwise in a prolonged period of uncertainty. With the increased competition in the sales market due to the lack of homes available for sale, the market is expected to remain a strong long term investment even if sales values of homes were to drop slightly over the next year.

5.9 This is reflected in the rental market, with property firm Hamptons reporting that tenants renewing an existing contract in Britain typically saw their rent rise by an average of 8.3% over the 12 months to April 2024. It was also noted that there has been strong rental growth over the last two years.

5.10 In terms of the data, in the 12 months to February 2024, house prices nationally have fallen by 1.9%, in the West Midlands they fell by 1.7%, and over the same period in the Newcastle-under-Lyme borough they fell by 4.9%, which is more than double the regional and national rate. These trends are seen in the longer historic trends for sales prices and transaction numbers shown in **Figure 5.1** and **Figure 5.2**.

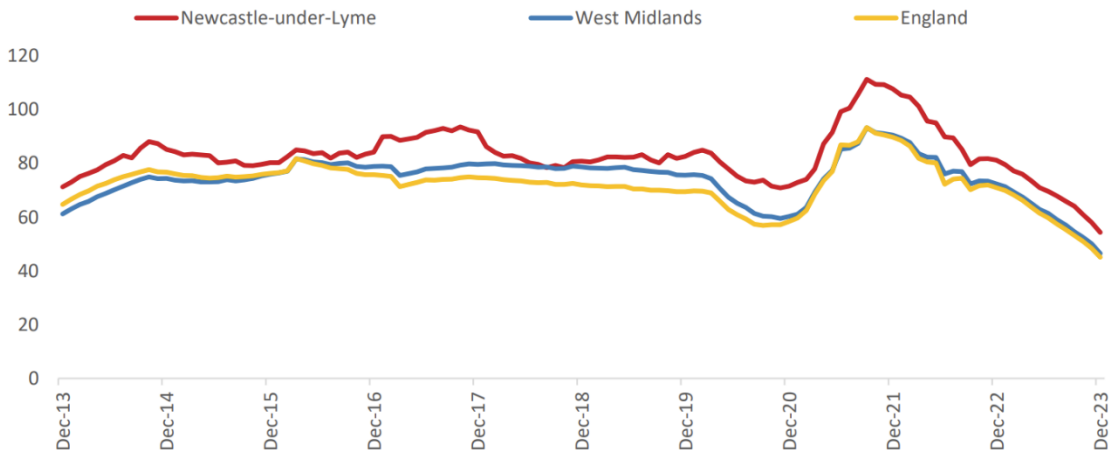
Figure 5.1 Annual change in house prices*, Feb'14 to Feb'24



*Based on 3-month smoothed data

Source: BuiltPlace analysis of Land Registry transactions

Figure 5.2 Annual indexed (2001-05 avg = 100) change in residential transactions, Dec'13 to Dec' 23



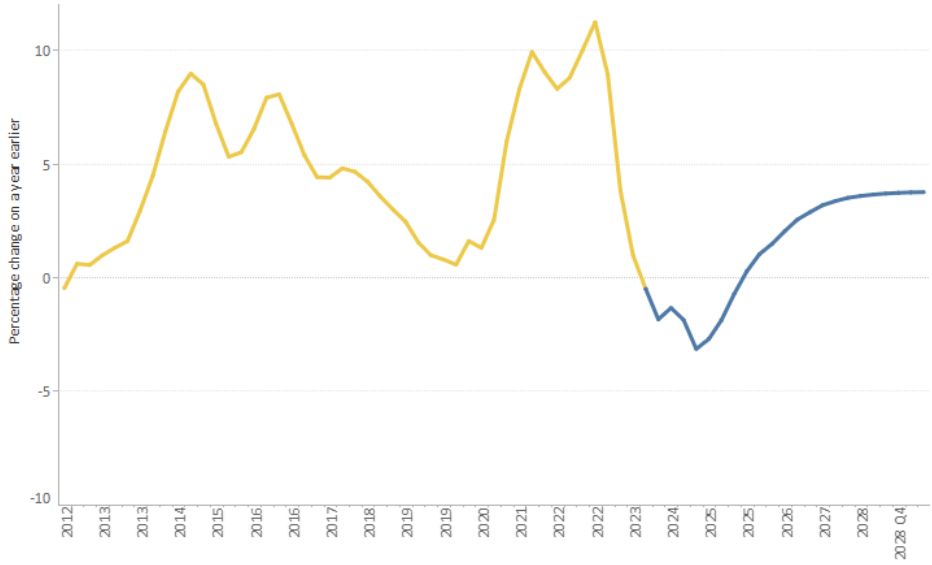
Based on 3-month smoothed data

Source: BuiltPlace analysis of Land Registry transactions

5.11 But despite such a stark drop in the past 12 months, in the Newcastle-under-Lyme borough area house prices are still 37.2% above their previous peak in 2007 due to the long term strength shown in the UK housing market.

5.12 Looking forward, there is limited outlook information for how house prices may change in the future, and no known residential sales values forecast for the Newcastle-under-Lyme borough area. The Office of Budget Responsibility (OBR) provides a five-year forecast for national house price averages, which is copied into **Figure 5.3**. The OBR's March 2024 Economic and Fiscal Outlook (EFO) projects house prices to fall by around 2% in 2024, which is less than half the 5% fall that was expected in their November 2023 EFO. This smaller fall is mainly due to a decline in market expectations for Bank Rate leading to a lower mortgage interest rate forecast, as well as a quicker recovery in real household incomes. In 2025 up to the end of their forecast in 2028, they project quarterly increases in houses prices nationally, with an overall 27.9% five-year increase in house prices from the beginning of 2024 to the end of 2028.

Figure 5.3 OBR national house price forecast



Source: ONS, OBR

5.13 Savills Research Residential Property Market Forecasts (published May 2024)[39], provide regional forecasts of secondhand house values, which are shown in **Figure 5.4**. This research points towards a slight increase in house prices in 2024 followed by quicker returns to growth in 2025 onwards, with continual steady increases in house prices expected over the next five years. Over the full term of five years, Savills's projection is for 23.4% growth in the West Midlands region compared with 2023 values, which marginally exceeds their forecast for the national average projection.

Figure 5.4 Savills' regional five-year forecast in second hand house price values at May 2024

	2024	2025	2026	2027	2028	5 years to 2028
UK	2.5%	3.5%	4.5%	5.0%	4.5%	**21.6%**
North West	4.0%	4.5%	5.5%	6.5%	5.5%	**28.8%**
Yorkshire and The Humber	3.5%	4.5%	5.5%	6.5%	5.5%	**28.2%**
Wales	4.5%	4.5%	5.0%	5.5%	4.5%	**26.4%**
Scotland	4.0%	4.0%	5.0%	5.5%	5.0%	**25.8%**
North East	4.5%	4.5%	4.5%	5.0%	4.5%	**25.2%**
West Midlands	2.0%	4.0%	5.0%	6.0%	4.5%	**23.4%**
East Midlands	2.5%	4.0%	4.5%	5.5%	4.5%	**22.8%**
South West	1.0%	3.5%	4.0%	4.5%	4.5%	**18.7%**
South East	1.5%	3.0%	4.5%	4.5%	3.5%	**18.2%**
East of England	1.0%	3.0%	4.5%	4.5%	4.0%	**18.1%**
London	2.0%	2.0%	2.5%	3.5%	3.0%	**14.2%**

Source: Savills Research

Older Person Dwellings Values

5.14 Older person dwellings are assessed on their development (not business) value, and are therefore treated as sold residential units for viability assessing them with the Final Draft Local Plan policies. At the time of reporting, a search of property websites such as Rightmove indicated just four units currently on sale at Brookfields House on Clacton Road in Newcastle-under-Lyme, south of the town centre and in Value Area 1. It was built in 2024, with 75 extra-care flats sized 1 to 3 bedrooms. The average advertised prices are set out in **Table 5.1**.

[39] Accessed online: https://www.savills.co.uk/insight-and-opinion/research-consultancy/residential-market-forecasts.aspx

Table 5.1 Brookfields House Extra-care New Build Scheme in Newcastle-under-Lyme

Value area	Advertised price	Floorspace (sqm)	Advertised £psm
One Bed[40]	£125,000	36	£3,472
Two Bed[41]	£215,000	56	£3,839
Two Bed[42]	£245,000	70	£3,500
Three Bed[43]	£415,000	113	£3,673

5.15 Given the paucity of available transactional data that was identified and discussed in **Chapter 4**, the Retirement Housing Group (RHG) guidance[44] for developers of older people accommodation provides an alternative approach for assessing likely sales values. This guidance suggests that the sales prices for 1-bed retirement homes are comparable with 75% of the average price of a secondhand 3-bed semi-detached dwelling, whilst 2-bed retirement homes are equivalent to the full average price.

5.16 **Table 5.2** sets out these assumptions by value area to derive a value for 1 and 2 bed properties but then averaged based on a 50:50 split between the two. The righthand column shows a £psm based on 62.5 sqm NIA (i.e., 50% of units being 50 sqm NIA 1-bed properties and 50% being 75 sqm NIA 2-bed properties). This gives a weighted average in the righthand column for testing retirement properties.

Table 5.2 Estimated average new sales values for retirement properties

Value area	Average semi-detached value	1-bed Retirement (75% of a semi)	2-bed retirement (100% of a semi)	Average sales price based on a 50:50 split	Weighted average £psm*
Value Area 1	£180,000	£135,000	£180,000	£157,500	£2,520
Value Area 2	£210,000	£157,500	£210,000	£183,750	£2,940

* Assuming 62.5 sqm NIA for retirement properties

5.17 The RHG guidance approach to extra care unit sales values is to add 25% to the sales value for retirement properties. This is reflected in **Table 5.3**, where the first two columns are the 1 bed and 2 bed property values in **Table 5.2** plus 25%, followed by a weighted average value for flats at 72.5 sqm NIA per flat (i.e., 50% of flats being 65 sqm NIA 1-bed properties and 50% being 85 sqm NIA 2-bed properties). This gives a weighted average in the righthand column for testing extra-care living properties.

Table 5.3 Estimated average new sales values for extra-care properties

Value zone	1-bed Extra care	2-bed Extra care	Average sales price based on 50:50 split	weighted average £psm
Value Area 1	£168,750	£225,000	£196,875	£2,716
Value Area 2	£196,875	£262,500	£229,688	£3,168

** Assuming 72.5 sqm NIA for extra care properties

[40] https://www.rightmove.co.uk/properties/147429383#/?channel=RES_NEW
[41] https://www.rightmove.co.uk/properties/147429527#/?channel=RES_NEW
[42] https://www.rightmove.co.uk/properties/147429293#/?channel=RES_NEW
[43] https://www.rightmove.co.uk/properties/147429458#/?channel=RES_NEW
[44] RHG (2016), 'Community Infrastructure Levy And Sheltered Housing/Extra Care Developments A Briefing Note On Viability Prepared For Retirement Housing Group By Three Dragons Amended February 2016'

Student Accommodation Values

5.18 Purpose Built Student Accommodation (PBSA) has become a popular form of investment across the UK, with a growth in student numbers and while the supply of stock in the private rented sector, like HMOs, is constrained and contracting. Owing to this, the investment opportunity for private sector to invest in PBSA to meet that demand is becoming stronger.

5.19 Several property agency reports provide useful research about the current and future conditions for investing in the student accommodation market. It has been noted in a recent report by Cushman & Wakefield (C&W)[45] that student enrolments have recovered from the Covid-19 decline and that the UK universities have enhanced their global positioning, with PBSA rents increasing at unprecedented rates.

5.20 Research provided by commercial property market commentators generally notes strong rental growth in recent years, and an expectation of a continuation of that trend going forward[46]. Commentators have generally attributed this trend to a rise in student numbers coupled with falling supply, driving rental growth. For example, BNP Paribus[47] quotes Unite PLC trading update for June 2023 for the forthcoming academic cycle achieving record highs with 98% of rooms sold.

5.21 In reviewing the typical sales value for student accommodation, a capitalised net rent approach is applied, as it does for no-residential developments. Therefore, rental values have been considered from a search of student accommodation provider websites within Newcastle-under-Lyme for the academic year 2024 to 2025.

5.22 A copy of this search is included in **Appendix B**, along with details about the size (NIA) of each bedroom, the number of weeks that rooms are let for and the requested rent per week. Additional costs were then factored into this to cover management and operational costs, which are assumed to be 30% of the total rental income. The data is also summarised in **Table 5.4**.

Table 5.4 Student Accommodation summary of researched schemes

	Count	Floorspace (sqm)	Let weeks per year	£ per week	£ per annum
Studio	25	23	51	£170	£8,670
Cluster	3	15	51	£140	£7,140

Source: search of student accommodation websites

5.23 For capitalising student property rents, **Table 5.5** outlines the latest yield estimates for student accommodation from several property market reports. With Keele University considered to be a prime regional university for PBSA investments, from this table, new student accommodation within the Newcastle-under-Lyme borough area is expected to achieve am investment yield of 5.5%.

[45] Cushman & Wakefield, UK Student Accommodation Report, 2022
[46] Savills (2023) 'UK Purpose-Built Student Accommodation Spotlight' accessed online https://www.savills.co.uk/research_articles/229130/346721-0
[47] BNP Paribus (2023) 'UK Living Market Update: At a Glance Q2 2023' accessed online https://www.realestate.bnpparibas.co.uk/sites/default/files/2023-07/aag_living_q2_23.pdf

Table 5.5 Student accommodation latest yield estimates by market commentators

Commentator	Date	Estimate
BNP Paribas[48]	3Q 2022	Super Prime Regional 4.75% Prime regional 5.5% Secondary regional 7%
JLL[49]	January 2023	Prime regional at 4% Secondary regional at 4.25% to 6.5%
Colliers[50]	April 2023	Prime regional at 5% to 5.25% Secondary regional 5.5% to 6%
Knight Frank[51]	3Q 2023	Prime regional at 4.25% to 5.25%
Cushman & Wakefield[52]	Q2 2023	Super Prime Regional 5% to 5.25% Prime Regional 5.25% to 5.5% Secondary Regional 6.5% to 7.25% Tertiary 8.0%
CBRE[53]	September 2023	Super Prime Regional at 4.75% Prime regional at 5% Secondary regional at 8.5%

Source: Various

Non-residential Market Values

5.24 To establish the rents and yields to capitalise sales for use in the non-residential viability appraisals, the following sources have been reviewed:

- EGi Radius Exchange – subscription database that records commercial transactions by agents;
- Published commercial property reports; and
- Commercial agents' websites.

5.25 Owing to the lack of recent new builds, most of the listed sales data and website searches are for resale properties within the Newcastle-under-Lyme borough area, and new non-residential properties will often achieve a significant price premium over resale units, particularly when there are more efficient uses of energy or renewable energy supply. Also, due to the small sample data of transactions for some uses in the Newcastle-under-Lyme borough area, it has been necessary to extend the search area to cover regional and national data, to obtain more robust sample sizes.

Office Market Overview

5.26 Before the pandemic, speculative office development was only occurring in strong and established office markets such as in central London, Thames Valley (e.g. around Reading) and key regional centres such as Birmingham and Manchester. In other markets, new development required a pre-let in place to a blue-chip covenant on institutional lease terms. At this time, we were also seeing a shift in office requirements from out of town locations into town and city centres. This was driven by office workers wanting to be close to public

[48] BNP Paribas (2022) 'UK Student Housing Market Update Q3 2022'
[49] JLL (2023) 'JLL Monthly Yield Sheet January 2023'
[50] Colliers (2023) 'Student Accommodation Market Snapshot: April 2023'
[51] Knight Frank (2023) 'Prime Yield Guide – May 2023'
[52] Cushman & Wakefield 'UK Student Accommodation Report' 2023
[53] CBRE 'UK Residential Investment Figures Q2 2023' published July 2023

transport links and amenities. More latterly, corporate occupier requirements are providing greater emphasis on Environmental and Social Governance (ESG).

5.27 The global pandemic has had a significant impact on the office market because, during the pandemic, the government encouraged working from home measures resulting in unoccupied offices or greatly reduced occupancy. Companies were forced to embrace video conferencing and other measures to ensure business continuity. The change in working practices brought forward during the pandemic is having a lasting impact with most companies allowing some form of working from home, either fully remote or hybrid (i.e., a certain number of days per week).

5.28 The change in working practices has led to many companies reassessing their real estate footprint – Carter Jonas[54] reports that many employers remain keen to increase office attendance, therefore the provision of high-quality space remains important to assist with recruitment, retention, and productivity strategies, as well as staff health & wellbeing issues. Carter Jonas states that this is reflected in the continued robust demand for high quality space.

Industrial / Warehouse Spaces Market Overview

5.29 Before the global pandemic, most new builds focussed on was strategic warehousing, which was driven by requirements from online retailers and third-party logistics companies (3PLs). Demand was also strong for small and mid-sized units, with these requirements seeking good quality units, which were flexible to respond to market need and in well-landscaped environments.

5.30 Owing to the focus of the industrial market on large units, the supply of micro to mid-size units has fallen further. Smaller units do not benefit from the economies of scale of the build costs of larger units and the type of occupiers generally are not prepared to commit to a pre-let, therefore, financing these is more challenging than the larger units. With the economies of scale in large units, developers can also competitively bid for sites, therefore generating higher land values than small and mid-size developments.

5.31 What is now being experienced is a slight cooling of the strategic warehouse market as online sales are not growing to the same extent, due to a combination of the high street re-opening, inflationary pressures on households reducing spending, and occupiers growing into space they have acquired. In the small and mid-size units, market vacancy rates are low due to a lack of new builds occurring.

5.32 Overall, occupiers are increasingly seeking high quality space with 'green credentials' such as BREEAM Excellent and zero carbon, to help meet their ESG targets.

Convenience Retail Market Overview

5.33 The convenience retail sector has seen a significant change since the financial crisis. In the years following 2008, supermarkets appeared to have weathered the economic storm with most operators aggressively expanding (commonly referred to as the race for space). Operators were able to competitively bid for sites as they were taking advantage of other sectors in the property market being much weaker. During this period of growth, there was a strong appetite from operators to open large-format stores of up to circa 11,150 sqm. This format provides a mixture of convenience and comparison retail. Then we saw a change in shopping patterns, with more of a reliance on online shopping combined with customers supplementing a 'big' shopping trip with regular smaller shops during the week. Also, some

[54] Carter Jonas, 23 January 2024, Commercial Market Outlook

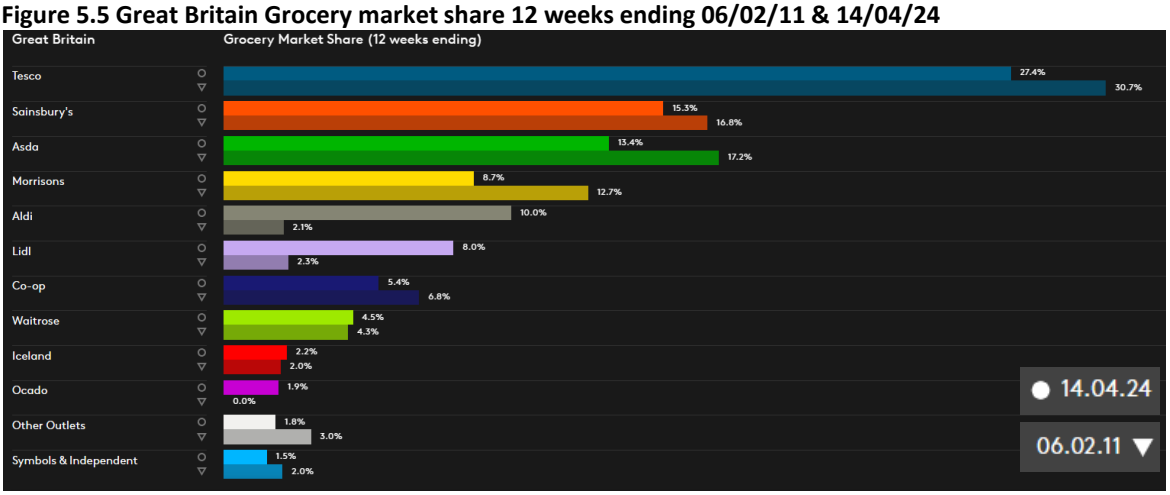
customers were splitting their shopping trips between the big four supermarkets (Tesco, Sainsbury's, Asda and Morrisons) and discounters such as Aldi and Lidl. This resulted in supermarket operators shifting away from large format stores.

5.34 With supermarkets being one of the few retailers permitted to be open during the pandemic and the various Covid-19 lockdowns forcing people to remain at home supermarket sales increased both in-store and online. At some points, demand appeared to outstrip supply, with the likes of Ocado temporarily suspending their ordering application and restricted access to their website. The pressures faced by supermarkets during the Covid-19 lockdowns were; maintaining social distancing in their physical stores, through restricting customer numbers; maintaining supply chains (resulting in less choice of items and restricting the number of purchasers; and increasing capacity for home deliveries to meet demand.

5.35 As we have emerged from the global pandemic there have been different challenges faced by the sector, most notably food price inflation and the wider cost-of-living crisis. Food price inflation is being caused by the rising cost of energy and restrictions on food imports caused by the Russian invasion of Ukraine. Russia and Ukraine are ranked among the top three global exporters of wheat, barley, maize, rapeseed and rapeseed oil, sunflower seed and sunflower oil.[55] The cost-of-living crisis is caused by factors including the high inflation driven by food producers passing on increasing costs, the higher energy bills and the government increasing interest rates to try and control inflation.

5.36 Households are having to be more careful with their food shopping spending, and Kantar reports in **Figure 5.5** below that between February 2011 and April 2024 discount supermarket Aldi to have increased their market share from 2.1% to 10%, and Lidl from 2.3% to 8%. The 'Big 4' (Tesco, Sainsbury's, Asda and Morrisons) in the same period all lost market share.

Figure 5.5 Great Britain Grocery market share 12 weeks ending 06/02/11 & 14/04/24



Source: Kantar WorldPanel (April 2024)

Comparison Retail Market Review

5.37 In our assessment of the comparison retail market, we have considered the 'high street' in terms of Newcastle-under-Lyme town centre and the out of town market, in terms of retail parks.

5.38 Before the global pandemic, the shift from bricks to clicks was being significantly felt in the comparison sector. Well-known names were being lost such as; Austin Reed, BHS, Staples

[55] UK Parliament, 10 February 2023, Cost of living: Food price inflation

and Maplin. The global pandemic only sought to accelerate the decline and we saw further changes that included:

- Intu – one of the UK's largest shopping centre owners, with the likes of Trafford Centre and Lakeside entered administration.
- All Saints – the fashion retailer agreed to a Company Voluntary Arrangement (CVA) which has resulted in them changing to turnover rents rather than fixed rents.
- Go Outdoors - entered administration end of June 2020 and was bought by JD Sports and the business was restructured.
- Oasis and Warehouse – entered administration in April 2020 with all its 92 stores closed and 400 concessions terminated. The brands and e-commerce platforms were sold in June 2020 online fashion retailer BooHoo.
- Debenhams – entered administration in April 2020, despite previously agreeing to a CVA in March 2020, which led closing all stores in 2021.

5.39 The comparison retail sector remains challenging due to spending constraints caused by high living costs. The sector has also faced cost pressures including rising business rates, an increase in living wage, and disruption to shipments from the Far East via the Red Sea. The British Retail Consortium reported that non-food sales decreased by 1.5% over the three months to December 2023, which was a steeper decline than the 12-month average for the year 2023. This has resulted in some retailers seeking to reduce their presence on the high street, for example:

- Argos will close 100 stores in 2024.
- Boots said it will close 300 stores between 2023 and 2024.
- M&S said in 2022 that they would close 67 lower productivity stores by 2028.
- New Look closed 17 stores in 2023 as part of a restructuring to cut their real estate portfolio in half.

5.40 Despite the challenges, some retailers are performing better, with:

- Primark reported a 7.9% increase in sales for quarter 1 2024.
- Next reported record profits ahead of expectations as sales soared in the full year ending January 31 2024, with uplift in its half-year figures to March 2023.[56]

5.41 Owing to the uncertainties in the retail market investors, developers and local authorities are working together across many town centres to 're-purpose' the offer, with less reliance on retail and bringing in other uses. In addition, retailers are rethinking the purpose of their physical stores by improving the in-store experience, – with the current buzzword here being 'hybrid shopping'. This is through creating a store that serves multiple purposes such as a showroom, a distribution hub, a customer service centre, an entertainment venue and whatever else the consumer needs it to be.

5.42 Alongside this shift in supply chain operations, the hybrid retail concept also offers customers a variety of options when it comes to fulfilling their orders such as curb side/in store pick-up, localised (products ordered to local store hours after delivering online), and traditional courier.

[56] Retail Week, 21 March 2024, Next beats expectations to post record profits as sales soar

Development Cost Market Overview

5.43 Following the impact of Brexit and the Covid pandemic, there was a period of significant build cost inflation because of the shortage of supply side factors (materials and labour) in the construction industry. Build costs were quoted to be at an all-time high in 2023. This has been confirmed by recent media coverage and feedback from developers, which is that the development build costs have been experiencing substantially above inflationary price increases.

5.44 But more recently, the feedback within the development industry is that the recent above average increases in build costs are flattening. According to the Royal Institution of Chartered Surveyors (RICS), who produce the Building Cost Information Service (BCIS), increases in build costs appear to have abated due to falling demand in the construction industry. The cut back in private housing has released resources, resulting in a dramatic fall in orders in 2023.

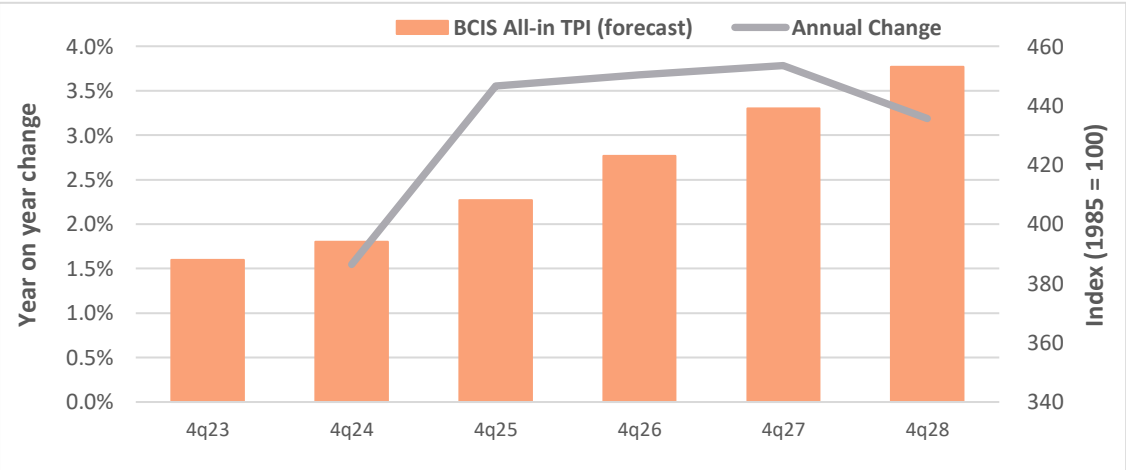
5.45 According to the BCIS, new work output fell by 2.1% in 2023 compared with the previous year. New construction output is expected to contract in 2024 by a further 3.2%, before returning to growth thereafter. Total new work output is expected to grow by 21% over the forecast period 1Q2024 to 1Q2029. The forecast is based on information available up to 4 March 2024.

5.46 Annual growth in tender prices has fallen from 8.6% in 1Q2023 to 2.9% in 1Q2024, and BCIS expects annual growth in tender prices to continue to fall, reaching 1.6% in 4Q2024. The fall mainly relates to the cost of materials, while labour cost inflation remains high.

5.47 Consequently, contractors who are looking to their order books remain careful when selecting projects to bid on resulting in difficulty in finding contractors to bid on large complex contracts. Elongation of the conflict in the Middle East and the attacks in the Red Sea add to the increasing uncertainty. The BCIS expects inflation in tender prices to remain subdued through 2024 and early 2025 before recovering modestly as demand increases.

5.48 As for residential sales values, there are no local forecasts for build costs prices. However, the RICS' BCIS data does provide a helpful national projection for potential changes to build costs over the next 5 years to Q32028 based on their national All-in Tender Price Index. The projection is shown in **Figure 5.6**, which estimates an increase of 16.8% in building tender prices over the next five years, from 1Q2024 to 1Q2029, which is lower than the forecast percentage change for residential values.

Figure 5.6 BCIS Build cost forecasts



Source: BCIS

Land Values Market Overview

5.49 Land value, or rather benchmark land value (BLV) plays a central role in viability studies, and PPG Viability sets out the principles that area-wide viability studies should follow when taking land values into account. This is based on the EUV+ approach, which is described as:

"…existing use value (EUV) of the land, plus a premium for the landowner"[57]

5.50 The PPG goes on to define a 'premium' for a landowner as being:

"…a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements."[58]

5.51 PPG Viability and the RICS Advice for Planning Practitioners note that reference to market values can provide a useful 'sense check' on the benchmark values that are being used for testing. As experienced for this study and similar studies elsewhere, data on land transactions is not substantial in the local area, so various sources have been assessed.

Greenfield Land Value Analysis

5.52 In a greenfield context, the maximum existing use value is considered to be agricultural land for any potential proposed development in the Final Draft Local Plan. In doing so, the agricultural land market is reviewed based on market evidence followed by the analysis of sold of quoting prices to inform our assessment of an appropriate EUV.

5.53 Savills report[59] that:

"…despite the improved overall availability, [of farmland] there were relatively few opportunities in many areas to purchase good quality commercial-scale blocks of land, equipped farms and other highly sought-after properties – this is good news for vendors with properties that fit the bill, but it also means buyers need to be flexible in their property requirements."

5.54 A RICS report identifies that the average price of bare agricultural land is £26,912 per hectare (£10,891 per acre) in England, as shown in **Table 5.6**.

Table 5.6 Average prices of all reported agricultural land transactions

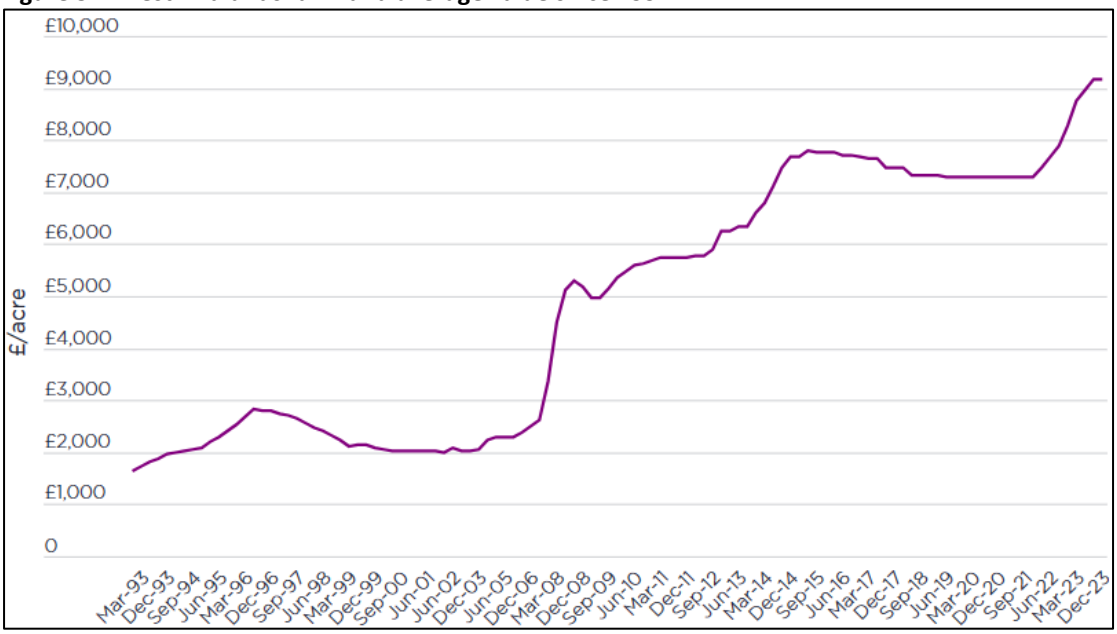
Property Type		Overall	England	Wales
		£/acre		
Full Sample				
Bare Land		11,237	10,891	13,621

Source: RICS ~ RAU Farmland Market Directory of Land Sales Summary (January ~ June 2023)

5.55 Savills' research for all land types for the West Midlands shows that average agricultural prices fell from a peak in 2014 through to 2018, then flat-lined, before starting to recover in 2021, but prices have not returned to their peak. The average value is just over £22,240 per hectare (£9,000 per acre), as shown in **Figure 5.7**.

[57] PPG Viability paragraph: 013
[58] Ibid, para: 016
[59] Savills, 16 January 2024, Spotlight: The Farmland Market – 2024
16 JANUARY 2024

Figure 5.7 West Midlands farmland average value since 1992



Source: Savills Research (accessed April 2024)

5.56 **Table 5.7** shows recent sold prices for agricultural land across Staffordshire (search widened to capture sufficient data), as recorded by RICS/Royal Agricultural University (RAU) Rural Land Market Survey. The Land Market Survey does not report the exact sold price but is an indication of how close it achieved to the guide price, and this is reflected in the analysis in

5.57 The evidence shows that there is some discounting on a price per acre/hectare for larger sites above 4 hectares (10 acres). Sites under the 4 hectares (10 acres) threshold achieve guide prices between £29,900 - £42,600 per hectare (£12 - £17,200 per acre), with land typically sold above these guide prices. Sites above 4 hectares (10 acres) are typically selling at a slightly lower per acre/hectare and closer to their guide prices of between £19,500 - £29,400 per hectare (£7,900 - £11,900 per acre).

5.58 In addition to the analysis of agricultural values, greenfield residential development land transactions recorded on EGi Radius Exchange were also considered, but there was no data available for this applicable to the Newcastle-under-Lyme borough area or nearby.

Table 5.7 Greenfield prices in Staffordshire

Date	Location	Description	Size ha	Guide price £ per ha	Sold at[60]
May-23	Dovecliff Road, Stretton, Burton-on Trent	Bare land	2.51	£29,891 - £31,884	WA
May-23	Land at Moor Fields, Moor Lane, Footherley,	Bare land	10.26	£19,488	SB
May-23	Land at Elmhurst, Lichfield - Lot 1	Bare land	27.24	£27,533 - £29,369	C
May-23	Land at Elmhurst, Lichfield - Lot 2	Bare land	1.57	£38,113 - £41,289	WA
May-23	Land at Elmhurst, Lichfield - Lot 3	Bare land	1.17	£38,343 - £42,603	SA
Dec-22	Land at Ellenhall Park	Bare land	28.15	£28,424	C
Dec-22	Land off Main Street, Drakelow	Bare land	41.35	£27,204	C
Jul-22	Land off Nabb Lane, Rocester	Bare land	1.03	£34,051	WA
Aug-22	Land at New Inn Bank	Bare land, rough pasture	0.71	£35,101	SA

Source: RICS/RAU Farmland Market Directory of Land Prices (H2 2022 & H1 2023), Urbà (April 2024)

Brownfield Land Value Analysis

5.59 To assess the EUV for brownfield development in the Newcastle-under-Lyme borough area, the value of previously developed non-residential sites has been reviewed. Owing to a lack of recorded transactions on EGi Radius Exchange for Newcastle-under-Lyme, the analysis is extended to cover Staffordshire.

5.60 As shown in **Table 5.8**, the analysis of sold sites shows that sites have achieved between £850,000 and £1.5 million per gross hectare.

[60] SA = Substantially above Guide Price > 20% above; C = Close to Guide Price +/- < 10%; WB = Well below Guide Price 10% - 20% below, SB = Substantially below Guide Price > 20% below

Table 5.8 Brownfield land value (existing use value) analysis in Staffordshire

Deal date	Address	Size ha	Achieved price per ha	Comments
16/08/2023	New Street, Leek, Staffordshire, ST13 6EB	0.461	£1,192,149	Guide price. Former Blakemore and Chell premises comprising of a warehouse, showroom, residential units and a shop. Existing buildings onsite extend c 9,500 sqft
03/07/2023	Compound, Galveston Grove, Fenton, Stoke on Trent, ST4 3PE	0.235	£1,491,121	Compound in existing employment area.
01/06/2023	Plot 9b, Beacon Business Park, Weston Road, Stafford, Staffordshire, ST18 0WL	0.692	£1,368,443	Development plot on an industrial estate.
30/01/2023	Meir Depot, Uttoxeter Road, Stoke on Trent	1.760	£852,069	The site is located within a relatively Mixed use area.

Source: EGi Radius Exchange, Urbà (April 2024)

5.61 In addition to the analysis of sold prices, brownfield sites that have been sold for residential development have been considered as a 'cross-check'. As shown in **Table 5.9**, there is a lack of recorded evidence on EGi Radius Exchange and the evidence there is not meaningful because it is all small sites under 1 hectare with wide ranging values between £755,000 and £1.6 million per gross hectare.

Table 5.9 Brownfield land value analysis – redevelopment for residential – Staffordshire

Deal date	Address	Size ha	Achieved price per ha	Comments
22/05/2024	Land Off Thorntree Lane, Branston, Burton Upon Trent, Staffordshire, DE14 3EY	0.34	£1,637,410	Contractor's yard
22/03/2024	Badgers End, Wheaton Aston, ST19 9NS	0.11	£915,185	Garage site
21/04/2021	Wilson Street, Newcastle-under-Lyme, ST5 2BZ	0.05	£1,276,683	Garage site
20/03/2023	41-47 Cotswold Avenue, Great Wyrley, WS6 6BU	0.07	£755,028	Garage site
02/02/2022	Land At Hawthorne Road, Essington, WV11 2DD	0.05	£1,615,654	N/a

Source: EGi Radius Exchange, Urbà (April 2024)

6 Residential Development Assumptions for Local Plan Testing

Introduction

6.1 The viability testing of the typologies discussed in **Chapter 4** relies on using appropriate development assumptions. The development assumptions are identified and discussed in this chapter, which also summarises the sales values being used for viability testing that were considered in more detail in the previous chapter.

6.2 In addition to considering the development costs, the assumptions for the benchmark land value costs are also discussed because this will help identify whether the types of proposed developments in the Newcastle-under-Lyme borough area have enough value after costs, including policy costs, to secure the land for development.

Residential Development Value Assumptions

Open Market Values

6.3 The Harman guidance on viability in plan making indicates that decisions informed by values and costs should be made on current data. The Land Registry is a useful source for providing current sales data for residential properties in the Newcastle-under-Lyme borough area. It records all sales values for open market housing, and identifies if the properties are new builds, flats or houses, and the date that the sales were completed in terms of appearing in the Land Registry records.

6.4 It is also reasonable to assume that property sizes are likely to be larger, in general, in the outer centre and/or rural areas compared to their inner urban counterparts. Therefore, to provide a better comparison for viability testing, it is important to estimate the likely per square metre (psm) development sales values, which the Land Registry does not provide. Therefore, by obtaining the Energy Performance Certificates (EPCs) that provide the floorspace for each corresponding Land Registry property transaction, it is possible to derive an achieved psm sales value (£psm).

6.5 After excluding any transactions lacking an identifiable EPC record with floorspace, the Land Registry provides 3,359 properties that have been recorded as being sold in the Newcastle-under-Lyme borough area in the three years between January 2022 and February 2023[61]. Within this data, 167 were for new build transactions (5% of the total), comprising 141 new houses and 26 new flats. These new build transactions are listed in **Appendix C**.

6.6 To ensure that the most up to date sales values have been obtained, the recorded sales values have been indexed from the date each property transaction was sold to February 2024[62] values using the Land Registry House Price Index (HPI) by unit type. The indexed value for each new build transaction is also shown in **Appendix C**.

6.7 The purpose of this sales value analysis is to generate the averaged £psm sales values[63] for each Ward area within Newcastle-under-Lyme borough, which informed the value map

[61] This was the latest date available for when the study data was collected.
[62] This was the latest index date available during the study data collection period.
[63] Based on the net internal floorspace of flats and the gross internal floorspace of houses.

shown earlier in **Chapter 4 Figure 4.3**. These average values for each value area, which are applied in the viability testing, are summarised in **Table 6.1**.

Table 6.1 Tested average residential sales value by value area

Value area	Houses & Flats £psm
Value area - 1	£2,600
Value area - 2	£3,000

Source: Porter PE using Land Registry data and matching EPC records

Other Specialist Residential Unit Values

Older Person Dwellings Values

6.8 Based on the review of a comparative extra-care retirement scheme in Newcastle-under-Lyme and the approach for valuing retirement and extra-care scheme based on RHG Guidance in **Chapter 5**, the average sales values shown in **Table 6.2** are tested. This shows different values by value area.

Table 6.2 Tested average older person sales value by value area

Value area	Retirement flats, £psm	Extra-care flats, £psm
Value area - 1	£3,110	£3,352
Value area - 2	£3,628	£3,909

Student Accommodation Values

6.9 Assumptions for student accommodation are based on a capitalised net rent approach from the information that was discussed in **Chapter 4**, with the assumptions for allowances for management and operational fees and an appropriate yield. **Table 6.3** shows the capitalised values of studio and cluster flats used in this assessment.

Table 6.3 Tested capitalised net rent for Student Accommodation

Flat type	£ per bedspace
Studio	£110,345
Cluster	£90,873

Residential Development Cost Assumptions

Land Purchase Costs

6.10 The acquisition of land in the development process will typically incur surveying and legal costs to a developer. The industry standard and tested land purchase cost assumptions are shown in **Table 6.4**. Also, a Stamp Duty Land Tax (SDLT) is payable by a developer when acquiring development land, which is applied to the site (residual) land value at the HM Customs & Revenue scaled rates.

Table 6.4 Tested land purchase costs

Land purchase costs	Rate	Unit
Surveyor's fees	1.00%	land value
Legal fees	0.75%	land value
Stamp Duty Land Tax	HMRC rate	land value

Site Works

6.11 Depending on the land type and size of the sites, there may be additional costs in preparing a site for delivering housing plots. This may form different components including meeting a mandatory requirement for 10% Bio-diversity Net Gain (BNG), and opening costs depending on land type.

Bio-diversity Net Gain

6.12 The Government's Environmental Act requires all major developments from February 2024 and all minor developments from April 2024 (with a few exceptions) to deliver a 10% net increase in biodiversity, which would have to be managed for at least 30 years. The Government estimates that this will impact direct development costs, which we apply in the Final Draft Local Plan testing. The estimates of costs are based on a Government Impact Assessment[64] for Scenario 3, off-site bio-diversity credits (the most expensive of three tested scenarios).

- Greenfield: £1,000 per unit; and
- Brownfield: £450 per unit.

Brownfield Site Costs

6.13 As discussed in **Chapter 4**, many of the future site allocations are brownfield sites and developing brownfield sites delivers different risks in opening costs, such as site demolition of existing buildings and remediation, which can vary significantly in associated costs depending on the site's specific characteristics.

6.14 Where remediation and demolition costs to clean the site for reuse will be required in some cases, by default this is excluded from the benchmark land value and included as an additional cost. Since it will not be possible to know at this stage what such costs may be required for individual sites, a high-level ready reckoner for demolition and land remediation costs is sourced from a Homes England (formerly the HCA) study[65], with allowances for cost inflation.[66]

6.15 The tested cost rate is shown on a per developable hectare basis in **Table 6.5**.

Greenfield Site Opening Costs

6.16 Unlike Brownfield sites, where the necessary strategic infrastructure is normally in place from their existing or previous uses, larger Greenfield sites usually incur additional opening costs beyond standard externals for bringing such site specific infrastructure to the site. This normally includes strategic utilities, opening of road junctions for entrance to the site, and

[64] DEFRA (2019) 'Biodiversity net gain and local nature recovery strategies: impact assessment' accessed online https://www.gov.uk/government/consultations/biodiversity-net-gain-updating-planning-requirements
[65] HCA Guidance on dereliction, demolition and remediation costs (2015).
[66] It will be important to recognise in the viability results, conclusions and recommendations that the testing of brownfield site typologies include no allowances for CIL exemptions or vacant building credit that may apply to vacant but unabandoned existing buildings.

on very large sites it may be necessary to build a central spine road that is not covered by 'externals' and links the access roads through the developable area that is covered by external costs.

6.17 Such opening requirements on smaller schemes are normally minor and absorbed within the standard allowances for 'externals'. Therefore, for Greenfield sites with less than 50 units, it is assumed that there would be no requirement for opening costs to be additional to plot externals and professional fees.

6.18 On the larger greenfield typology sites with 50 or more units, a cost per unit is added to cover strategic infrastructure costs, as shown in **Table 6.5**.[67] These average costs are high level valuation estimates based on information about strategic site opening costs in the Harman Report, plus additional information from HBF member developers collated by Savills about other CIL examinations around the country[68], and from other experiences in dealing with greenfield site masterplan viabilities and section 106 assessments.

Table 6.5 Tested site costs

No. of units per scheme	Cost
Brownfield sites	£500,000 per net ha
Greenfield sites with 50 to 199 units	£7,500 per unit
Greenfield sites with 200 to 499 units	£15,000 per unit
Greenfield sites with 500+ units	£20,000 per unit

6.19 Should the actual site opening or remediation costs be higher than this, this will need to be reflected in a reduced land value.

Residential Build Costs

6.20 Residential build costs are taken from tender prices for new builds in the marketplace from the Build Cost Information Service (BCIS), which is published by the Royal Institution of Chartered Surveyors (RICS). The data has been rebased to Newcastle-under-Lyme prices using BCIS tender price adjustments and to the 1st Quarter 2024 prices, which is in line with the rebased sales values indexed to February 2024.

6.21 The build costs for the older person accommodation follow the RHG guide, which suggests the BCIS category 'supported housing with shops, restaurants or the like' for retirement properties and 'supported Housing' for extra care properties is appropriate.

6.22 The tested build costs data is shown in **Appendix D** and are summarised in **Table 6.6** below.

[67] Note that some strategic infrastructure like highway improvements, may already be paid for separately through S106/278 charges.

[68] Provides a summary table from 26 CIL examinations, which identified Scheme Enabling & Abnormals cost per unit for tested urban extensions at different sizes. The evidence was submitted to the South Somerset CIL Examination. It is important to exclude costs relating to s106 when analysing the data to provide comparable estimates of site opening costs.

Table 6.6 Tested build costs rebased at Q1 2024 tender prices for residential dwellings

Type	Builder type	£psm	Source
New houses	Medium housebuilder (4 to 49 units)	£1,437	BCIS median average for 810.1 Estate housing (generally). Data based on last 5 years
	Large housebuilder (50+ units)	£1,240	BCIS lower quartile average for 810.1 Estate housing (generally). Data based on last 5 years
New flats	Flats 1-2 storeys	£1,511	BCIS median average for 816 Flats (1-2 storey). Data based on the last 5 years
	Flats 3-5 storeys	£1,614	BCIS median average for 816 Flats (3-5 storey). Data based on last 5 years
	Flats 6+ storeys	£1,717	BCIS median average for 816 Flats (6+ storey). Data based on last 5 years
New older person accommodation	Retirement flats	£1,668	843.1 Supported housing with shops, restaurants or the like (5) Data based on last 5 years
	Extra care flats	£1,709	843. Supported housing (Generally) Data based on last 5 years
New student accommodation	PBSAs	£2,175	856.2 Students' residences, halls of residence, etc

Source: Derived from BCIS

Extra-Over Build Costs for Houses

Updated Building Regulations

6.23 The BCIS costs for new houses are noted at the time of this study by BCIS as not yet capturing the full cost of the recently introduced changes in Building Regulations Parts L, F and O (BR 2021), which are now mandatory for all new builds.

6.24 A recent survey by BCIS[69] costs the impact of meeting Part L, Part F and Part O as being equal to an additional 3.9%[70] of BCIS build costs. This additional cost has therefore been included in the viability testing as an extra-over cost to the BCIS costs for housing shown in **Table 6.6**.

6.25 Also, changes in Building Regulations Approved Document S makes it mandatory for new homes (and other new buildings such as supermarkets and workplaces, and those undergoing large-scale renovation) to have electric vehicle charging points (EVCP) installed from 2022. The government's research[71] identifies the impact of this being included in cost for EVCP to be £976 per unit. Therefore, a cost of £1,000 per housing plot is added to the build costs for the typologies with houses.

Building Safety Act

6.26 As discussed in **Chapter 2**, a new category of building higher-risk buildings (HRBs) that will be at least 18 metres in height or have at least seven storeys, will be required to develop a second staircase. While there is no known cost to cover the potential full requirements of the Building Safety Act, based on information that is included in the Government's Regulatory Impact Assessment[72], a provisional sum estimate of £5,000 per flat within any

[69] BCIS (2023) Housebuilding inflation eases but pressures continue to mount on the housing sector published 19/09/2023 and accessible via https://bcis.co.uk/news/private-housing-construction-price-index/#:~:text=Cost%20impact%20of%20updated%20Building,4.3%25%20as%20reported%20in%202Q2022.

[70] Made up of 2.8% to meet Part L; 0.4% to meet Part F and 0.7% to meet Part O.

[71] DfT, Residential charging infrastructure provision, 24th September 2021.

[72] MHCLG Building Safety Bill, Impact Assessment, 20/07/2020

flatted typology indicated as being over 6+ storeys is applied. This is also applied to all student accommodation typologies.

Garages

6.27 It is unknown how many separate garages are likely to be provided on-site partly because the Council has stated that it will not specify garages instead of parking space to be provided. Therefore, for this viability assessment, the additional costs for garages have been limited to houses with 3 bedrooms, based on the proportion of semi-detached and detached homes in England with a garage that has been ascertained by the RAC[73]:

- 3 bed houses – 49%
- 4+ bed houses – 86%

6.28 The additional cost of a garage is based on 18 sqm and a typical outline cost of £500 psm, which is £9,000 per garage.

Externals

6.29 The BCIS build costs does not include the costs associated with the site curtilage of the built areas. Such items include garden spaces and landscaping costs (including trees and hedges, and soft and hard landscaping), connections for drainage and utilities with the site infrastructure, and contributions to the estate access roads. The typical industry rate for these externals costs is 10% to 15% of build costs depending on whether a separate (i.e., not integrated[74]) garage is included. Since the costs of garages are treated separately, the externals costs for new build houses are limited to 10% of build costs.

6.30 For flatted developments, it is typical that the amount of expenditure on external costs as a proportion of the main build costs reduces.

6.31 Based on this information, the allowances for externals in this assessment are set out as follows:

- Houses: 10% of build costs;
- Flats (1-2 storeys): 10% of build costs;
- Flats (3-5 storeys): 7.5% of build costs;
- Flats (6+ storeys): 5% of build costs;
- Older persons units: 10% of build costs
- Student accommodation: 5% of build costs; and

Contingency

6.32 For site specific viability work it is standard practice to build in contingency based on the risk associated with being subject to higher costs. Also, PPG Viability guidance, quoted below (our emphasis is underlined) notes that this should apply to site specific viability assessments where there is justification:

"…explicit reference to project contingency costs <u>should be included in circumstances</u> where scheme specific assessment is deemed necessary, with a justification for contingency."[75]

[73] These estimates are taken from an RAC study findings.
[74] BCIS include dwellings with integrated garages within their published average tender price cost information.
[75] PPG Viability, paragraph 12

6.33 But since the purpose of testing a typology of sites is for plan making policy assessments using average values and cost estimates, and is not site specific, then these 'outturn' variables could be lower as much as they are higher than assumed, so the reasoning for applying any contingency is pointless. Therefore, no cost contingencies are included in the viability testing assessments.

Professional Fees

6.34 This input incorporates all professional fees associated with the development, including fees for planning, designs, surveying, project managing, etc. Professional fees will typically range between 6% to 12% of build costs, depending on the complexity of sites and scheme costs, although for standard residential developments, it is rarely above 8% of build costs, and much lower on very large sites due to the fixed nature of such fee costs.

6.35 An allowance of 8% of residential units' build cost plus all extra-over costs (i.e. Externals, garages, updated building regulations).

Sales Fees

6.36 The Gross Development Value (GDV) from open market sales will incur sales costs relating to the agents, marketing and legal fees in disposing of the completed residential units. The industry standard accepted scale suggests that this should be tested at the rate of 2% of the open market unit GDV.

6.37 For First Homes, it is assumed that these will be sold alongside the open market units and therefore there would be similar marketing cost requirements. For other affordable units, which are transferred to a registered provider, only a legal fee cost is normally incurred, which typically is about £500 per dwelling, and this has been tested.

6.38 For older person accommodation, a higher marketing rate of 6% is used, which is taken from the RHG guidance.

Developer Return

6.39 The developer's return, which includes profit plus internal developer overheads, is the expected and reasonable level of return that a private developer would expect to achieve from a specific development scheme. The PPG Viability provides guidance on the level of developer return that should be assessed within plan viability testing. This is set at between 15-20% of gross development value (GDV), varying within this range by development risk within the local market. Since the current residential market is slightly uncertain but with build costs starting to fall and the residential sales market expected to return to growth in 2025, a developer return of 17.5% of open market residential GDV is assumed.

6.40 PPG Viability also recommends that a lower developer return rate in delivering affordable housing is applied because of the lower risk to the developer who is normally able to transfer the asset directly to a Registered Provider, which significantly reduces any sales.

6.41 For First Homes, which must be sold on the open market at discounted prices, there will be higher risks than Affordable Housing but the discounted purchase price subject to buyers meeting certain criteria also lowers the sales risks compared with open market housing. Therefore, a profit rate set at about 10% of GDV is deemed sufficient for this tenure.

6.42 For student accommodation, like for non-residential developments where units are rented and leased, the developer profit is normally factored into the return from capital expenditure. As such, 20% of the total development costs is applied.

6.43 On this basis, the developer return rates shown in **Table 6.7** have been tested.

Table 6.7 Tested rates of developer return (gross profit inc 3.5% for overheads)

Gross profit	Rate	Applied to
Market housing	17.5%	OM GDV
First Homes	10.0%	First Homes GDV
Affordable housing	6.0%	AH transfer values
Older person accommodation	17.5%	OM GDV
Student accommodation	20.0%	Total development cost

6.44 Note that the figures in **Table 6.7** reflect the gross profit including central overheads, which are assumed at 3.5% of GDV. Within the appraisals, central overheads are separated from profit because they are likely to accrue borrowing interest rates (discussed below), whereas the net profit is removed at the end of the development appraisal cashflow.

Financing – Development Scheme Phasing and Cost of Borrowing

6.45 The viability appraisals calculate the interaction of costs and values for each site through a monthly cashflow that is subject to the borrowing cost noted below. Based on the typical build rates within the local area, the high level testing model assumes straight line projections based on:

- The land is purchased at the start;
- The first six months are used for site preparation works;
- Construction starts at 3 months and increases at a diminishing rate with the size of the scheme[76];
- Apartment sales start halfway through the construction of apartments (through off-plan purchase deposits and downpayments) up to six months post-construction;
- Housing sales lag housing construction by six months;
- Developer central overheads at 3.5% of GDV are drawn down throughout the timeline, and the remaining net developer profit is drawn down at the end of the sales period.

6.46 To provide an example, some of the timescales by sites of different yields are shown in **Table 6.8**.

Table 6.8 Examples of tested build out rates

Typology	No. of units per annum	Build out rate	
		In months	In years
5 Houses	4.3	14	1.17
20 Houses	13.3	18	1.50
70 Flats	33.6	25	2.08
100 Houses	42.9	28	2.33
150 Houses	56.3	32	2.67
900 Mixed	147.9	73	6.08

6.47 The viability appraisals calculate the interaction of costs and values for each site, subject to a monthly cost of borrowing and the risk associated with the current economic climate and the near-term outlook and associated implications for the housing market. The current interest rate is higher than the long term average, but the current economic climate is improving, and the near-term outlook that shows inflation is falling, with the Bank of England expected to make its first cut in the base rate imminently.

[76] The marginal build rate per additional unit reduces with each additional unit.

6.48 On this basis, the typical 'all-in' rate of finance costs[77] are tested at 7.5% APR, including the fixing fees. Conversely, a credit rate of 1.5% per annum is included on periods where there is a positive balance.

Tested Final Draft Local Plan Policy Costs

6.49 In appraising the assessments to identify the potential headroom that may be affordable for informing policy requirements in the Final Draft Local Plan, there are some policy assumptions deemed necessary to make developments acceptable in planning terms.

6.50 Through this study for the Council, iterative viability testing of the Final Draft Local Plan has been undertaken to help inform the emerging policies in the Local Plan. This section now identifies the potential cost of meeting the emerging Local Plan policy costs that were identified to impact viability in **Chapter 3**. **Chapter 8** discusses these impacts.

Residential Policy Costs

6.51 From reviewing the Council's Final Draft Local Plan policy requirements, along with discussions with the Council about potential policy costs, the following costs have been tested through the residential viability appraisals.

Policy CRE1: Climate Change

6.52 This policy requires residential accommodation to achieve a maximum of 110 litres per person per day, in line with the optional standard of Building Regulations, Part G. Research has found that such a requirement would impact the average build cost per house at less than £50 and per flat at less than £15. Owing to the low value of this impact, this policy cost is treated as being de-minimis and is not factored into the appraisal.

CRE2: Renewable Energy

6.53 While this policy requires at least 10% of the residential energy needs to come from renewable or low carbon energy generation, with the introduction of changes in the 2021 Building Regulations, which sought a 31% reduction in carbon emission from residential development, this cost is likely to be met through the additional build costs that the 2021 Building Regulations are enforcing. Therefore, no additional costs are expected.

Policy HOU1: Affordable housing

6.54 For sites with 10 or more new residential dwellings the Final Draft Local Plan seeks the following affordable housing rates:

- 30% for greenfield sites;
- 25% for brownfield sites in Value Area 2; and
- 15% for brownfield sites in Value Area 1.

6.55 The policy states that at least 25% of the affordable housing provision is delivered as First Homes at a 30% discount on market value. It also states that 60% of the affordable housing provision should be for social rent with the remaining 10% delivered as other forms of affordable housing in line with national policy.

6.56 For the purposes of this assessment, viability impacts of the policy are based on a range of affordable housing requirements to assess the cumulative policy burden of the Plan.

[77] Including the fixing fees.

6.57 This policy is tested with affordable housing being delivered onsite and the testing assumes that affordable housing will command a transfer value to a Registered Provider at a lower than market rate. Based on the feedback from stakeholders attending the Newcastle-under-Lyme Developer workshop, it is understood that there has been little interest in Registered Providers buying housing from s106 sites. However, consultations with Registered Providers and analysis of comparable schemes, identified the following discounts to open market value to be appropriate for standard viability assessments.

- First Homes = 70% of open market value (OMV), but capped at £250,000;
- Affordable home ownership = 55% of OMV; and
- Social/affordable rent products = 45% of OMV.

Policy HOU2: Housing Mix and Density

6.58 This policy has informed the typology of residential sites, as discussed in **Chapter 4**, so it is being tested.

Policy HOU3 Housing Standards

6.59 The emerging policy seeks that all new developments will be provided to PartM4(2) standards (Accessible Adaptable Dwellings).

6.60 Generally, while most new homes are built with the M4(2) standards in mind, there is no certainty that the average BCIS build costs being used in the viability testing would comply with this standard. Therefore, to ensure the units are made from materials capable of being adapted, such as specialist handrails, etc., the following rates obtained from a Government Impact Study on accessible homes have been applied as an extra-over policy cost in the appraisals[78]:

- M4(2): £500 per house; and
- M4(2): £950 per flat.

6.61 For major developments, the policy also seeks that 10% of market dwellings should meet the requirements of Building Regulations Part M4(3)(2)A wheelchair adaptable homes standard and 10% of affordable / social rented housing should meet the requirements of Part M4(3)B accessible homes. Therefore, the following rates taken from a Government Impact Study[79] on accessible homes have been applied as an extra-over policy cost in the appraisals:

- M4(3)(A) Adaptable: £10,500 per house applied to 10% of open market houses.
- M4(3)(A) Adaptable: £8,000 per flat applied to 10% of open market flats.
- M4(3)(B) Accessible: £23,000 per house applied to 10% of affordable houses.
- M4(3)(B) Accessible: £8,000 per flat applied to 10% of affordable flats.

Policy IN3: Access and Parking

6.62 This policy requires appropriate levels of parking provision, which has already been factored in the build costs under external costs including garages that are being tested. It also required developments to provide electric vehicle charging points (EVCP) in accordance with building regulations, which has also which has already been factored in the build costs under external costs. Therefore, no additional costs are expected.

[78] DCLG Housing Standards Review Cost Impacts (Sept 2014) prepared by EC Harris for meeting the process and adaption costs.
[79] DCLG Housing Standards Review Cost Impacts (Sept 2014), Op Cit

Other Policies (IN1, IN2 and SE6)

6.63 Policies IN1: Infrastructure, IN2: Transport and Accessibility, and SE6: Open Space, Sports and Leisure Provision, will differ by site, and any contributions will be collected through section 106 agreements. NuLBC has provided their monitoring data on s106 requirements that have been agreed through past residential developments, including receipts between 2015 and 2022.

6.64 From this, an average level of receipt has been estimated for the different purposes shown in **Table 6.9**, the overall average section 106 by unit type shown is tested.

Table 6.9 Tested planning obligations through section 106 assumptions

Type	Per dwelling	Per older person accomm	Per student accomm
Education	£1,580	£0	£0
Sports & Green Infrastructure	£1,790	£1,790	£1,790
Recreation	£190	£190	£190
Transport	£80	£80	£80
Legal/monitoring	£20	£20	£20
Total	**£3,660**	**£2,080**	**£2,080**

Benchmark Land Values

6.65 In applying a benchmark land value (BLV), in accordance with national guidance, this needs to be based on the existing use value of the site excluding hope value and with a minimum premium considered to be reasonable given that the PPG Viability explains:

"…the premium should provide a reasonable incentive for a landowner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements.'[80]

6.66 In helping to inform the professional judgement, a balance needs to be struck between the competing interests (developers, landowners and the aims of the planning) '*to secure maximum benefits in the public interest through the granting of planning permission*.'[81]

6.67 Should any specific sites have additional costs that have not been identified in this assessment then the multiplier will need to be reduced because the PPG explains that benchmark land value needs to reflect all development costs.

Greenfield Land Values

6.68 Based on the analysis of greenfield land values in **Chapter 5**, the following existing use values plus a premium for Greenfield sites are tested:

- £370,650 per gross hectare for sites equal to or less than 4 hectares, which applies a premium between 8.7 and 12.5 multiplier on the existing use values of agricultural sites.
- £247,100 per gross hectare for sites greater than 4 hectares, which applies a premium between 8.4 and 12.65 multiplier on the existing use values of agricultural sites.

6.69 This is considered reasonable given that, as discussed in **Chapter 2**, the PPG Viability explains that the premium should provide a reasonable incentive for a landowner to bring forward

[80] PPG Viability, Paragraph: 16
[81] PPG Viability, Paragraph: 10

land for development while allowing a sufficient contribution to fully comply with policy requirements.

Brownfield Land Values

6.70 Based on the analysis of Brownfield land values in **Chapter 5**, a Brownfield BLV of £935,000 per gross hectare is tested. This is based on an existing use value of £805,000 per gross hectare (£325,766 per gross acre) and a 10% premium. Again, this is the minimum acceptable premium, which is applied to help facilitate bringing low value obsoleted brownfield land uses land forward for development, but also enabling the Local Authority to secure the maximum benefits.

7 Non-Residential Development Assumptions for Local Plan Testing

Development Sales Values

7.1 As discussed in **Chapter 5**, a range of sources has helped inform the likely current rents and yields for capitalising non-residential development within the Newcastle-under-Lyme borough area. From this, the tested sales values for non-residential units are derived from the figures shown in **Table 7.1**. The yields used are inclusive of tenant incentives and voids.

Table 7.1 Tested sales values (rent and yields)

Typology	Rent £psm	Yield
1: Out of town office brownfield	£180	8.00%
2: Small greenfield Industrial	£91	5.50%
3: Small brownfield Industrial	£91	5.50%
4: Medium greenfield industrial	£86	5.25%
5: Medium brownfield industrial	£86	5.25%
6: Medium greenfield warehousing	£83	5.00%
7: Large/strategic warehousing greenfield	£83	5.00%
8: Extra Large/strategic warehousing greenfield	£83	4.75%
9: Small local convenience (express) brownfield	£200	5.20%
10: Budget convenience greenfield	£150	5.00%
11: Budget convenience brownfield	£150	5.50%
12: Larger supermarket greenfield	£175	5.50%
13: Retail warehouse (Out of town comparison) brownfield	£175	6.50%
14: Town centre comparison retail - small format brownfield	£175	8.50%
15: Town centre comparison retail - larger format brownfield	£125	8.00%

Non-residential Development Costs

Land Purchase Costs

7.2 This input represents the fees associated with the purchase of the land and is based on the following industry standards:

- Surveyor = 1%; and
- Legals = 0.75% of residual land value.

7.3 A Stamp Duty Land Tax is payable by a developer when acquiring development land. This factor has been recognised and applied to the residual valuation as a percentage cost against the residual land value at the standard variable rates set out by HMRC based on the actual value of the land purchase.

Site Abnormals

7.4 This cost allowance deals with any onsite demolition and remediation, which will normally vary around this by site. Based on feedback from recent stakeholder events on similar studies site abnormals for brownfield have been included at £500,000 per gross hectare, this has increased from £300,000 per gross hectare at the time of the consultation.

Site Opening Costs – Strategic Warehousing

7.5 On the strategic warehousing there will costs associated with opening up greenfield land, potentially involving site levelling, creating a spine road into the estate and connection to the main highway along with supply services into the site. These costs will vary by site, but we have made a reasonable allowance of £525,000 per gross hectare. Should the actual cost be higher than this will need to be reflected in a reduced land value.

Build Costs

7.6 Build cost inputs for non-residential developments are applied against the gross internal area of the developed property. These costs have been sourced from the RICS Build Cost Information Service (BCIS) using median values rebased to quarter 1 2024, the default period to ensure a sufficient sample. The BCIS data is shown in **Appendix D** and the tested build costs are shown in **Table 7.2**.

Table 7.2 Tested median build costs in Newcastle-under-Lyme in 2024 Q1

Typology	£psm	Source and category
1: Out of town office brownfield	£1,970	320. Offices Air-conditioned 1-2 storey
2: Small greenfield Industrial	£1,295	282. Factories Up to 500m2 GFA
3: Small brownfield Industrial		
4: Medium greenfield industrial	£1,136	282. Factories 500 to 2000m2 GFA
5: Medium brownfield industrial		
6: Medium greenfield warehousing	£640	284. Warehouses/stores Over 2000m2 GFA
7: Large/strategic warehousing greenfield		
8: Extra Large/strategic warehousing greenfield		
9: Small local convenience (express) brownfield	£1,601	344. Hypermarkets, supermarkets Up to 1000m2
10: Budget convenience greenfield	£1,583	344. Hypermarkets, supermarkets 1000 to 7000m2 GFA
11: Budget convenience brownfield		
12: Larger supermarket greenfield		
13: Retail warehouse (Out of town comparison) brownfield	£928	341.1 Retail warehouses Generally
14: Town centre comparison retail - small format brownfield	£1,429	345. Shops Generally
15: Town centre comparison retail - larger format brownfield		

Source: BCIS

Externals

7.7 An allowance of 10% of build costs for brownfield sites and 15% for greenfield sites has been included for external site works such as utilities, car parking and landscaping, which are based on analysis of comparable schemes. Two additional external costs are required through recent legislation, which are:

- Electric Vehicle Charging Infrastructure Standards: This is treated as being cost neutral because the cost of the infrastructure and provision of electricity can normally be passed to a third-party supplier, who imposes a charge on the electric car users.
- 10% Bio-diversity Net Gain: The Government's Regulatory Impact Assessment estimate for this is an average cost of £14,333 per ha for non-residential sites. Therefore, an additional pro-rata cost of £15,000 per ha is applied to the tested non-residential development typologies.

Professional Fees and Contingency

7.8 Further allowances on top of the figures shown in **Table 7.2** are included, which are based on standard industry averages. These development costs are:

- 10% of build costs and externals for professional fees associated with the build, including architect fees, planner fees, surveyor fees, and project manager fees; and
- 0% contingency, because this is high level testing for Local Plan policies, rather than site specific testing, and the outturn costs may be higher or lower than that being assessed.

Marketing and Purchaser Costs

7.9 Following development, units will need to be marketed and incur disposal costs:

- Marketing costs 1% of net development value – reasonable allowance based on comparable schemes;
- Investment agent fee 1% of GDV;
- Investment legal fee 0.75% of GDV;
- Letting agent fee 10% of annual rent;
- Letting legal fee 5% of annual rent; and
- SDLT applied to GDV at prevailing HMRC rates.

Developer Return

7.10 The developer's return, which reflects the gross profit including overheads, is the expected and reasonable level of return on capital that a private developer can expect to achieve from a development scheme. This is normally around 15% to 25% of development costs, which is inclusive of developer overheads. The testing applies a net profit of 16.5% plus developer overheads at 3.5%, therefore a gross profit of 20%. This profit was supported via feedback at the stakeholder events.

Finance –Development Scheme Phasing and Borrowing Cost

7.11 The timescales for the development of non-residential development schemes are estimated based on feedback and judgement from other comparable schemes. The tested timescales are shown in **Table 7.3**.

7.12 The interest rate is applied to the valuation appraisal at 7.5% APR, including the fixing fees, calculated through the cashflow using the timescales set out in **Table 7.3**.

Table 7.3 Development timescales used in appraisal

Typology	Purchase of land	Start on site	Finish	Construction length in mths
1: Out of town office brownfield	01/04/2024	01/10/2024	01/06/2025	9
2: Small greenfield Industrial	01/04/2024	01/10/2024	01/06/2025	9
3: Small brownfield Industrial	01/04/2024	01/10/2024	01/06/2025	9
4: Medium greenfield industrial	01/04/2024	01/10/2024	01/09/2025	12
5: Medium brownfield industrial	01/04/2024	01/10/2024	01/09/2025	12
6: Medium greenfield warehousing	01/04/2024	01/10/2024	01/09/2025	12
7: Large/strategic warehousing greenfield	01/04/2024	01/10/2024	01/03/2026	18
8: Extra Large/strategic warehousing greenfield	01/01/2024	01/10/2024	01/03/2026	18
9: Small local convenience (express) brownfield	01/04/2024	01/10/2024	01/06/2025	9
10: Budget convenience greenfield	01/04/2024	01/10/2024	01/09/2025	12
11: Budget convenience brownfield	01/04/2024	01/10/2024	01/09/2025	12
12: Larger supermarket greenfield	01/04/2024	01/10/2024	01/09/2025	12
13: Retail warehouse (Out of town comparison) brownfield	01/04/2024	01/10/2024	01/12/2025	15
14: Town centre comparison retail - small format brownfield	01/04/2024	01/10/2024	01/06/2025	9
15: Town centre comparison retail - larger format brownfield	01/04/2024	01/10/2024	01/09/2025	12

Tested Final Draft Local Plan Policy Costs

Non-Residential Policy Costs

Policy CRE 1: Climate Change

7.13 This policy requires that non-domestic developments should be designed to meet the BREEAM 'Excellent Standard' but where an 'Excellent Standard' standard cannot be achieved then BREEAM 'very good' standard must be met as a minimum. DLUHC published the 2021 changes to the energy efficiency requirements of the Building Regulations for non- domestic buildings - Final Stage Impact Assessment – this document sets out the cost uplift to achieve BREEAM 'Excellent Standard', which are summarised in **Table 7.4**.

Table 7.4 Cost uplift to achieve

	Additional capital costs compared to 2013 requirements (£/m² GIFA)	Additional capital costs compared to 2013 requirements (% increase in build costs)
Office – deep plan, air conditioned	£24	0.68%
Office – shallow plan, naturally ventilated	£29	1.14%
Hotel	£40	1.32%
Hospital	£23	0.51%
Secondary School (includes sports facilities)	£36	1.20%
Retail Warehouse	£75	4.15%
Distribution Warehouse	£51	2.82%
Average (based on build mix)	£24	0.68%

Source: DLUHC (2021)

7.14 Using the DLUHC research, the cost percentage uplifts shown in **Table 7.5** are considered to be the closest 'best fit' with the non-residential typologies, and are used for this policy in the viability testing.

Table 7.5 Cost uplift to achieve BREEAM 'Excellent Standard'

Typology	Cost uplift on BCIS
Offices	0.68%
Industrial	2.82%
Retail	4.15%

Other Policy Costs through Section 106

7.15 Some policies that will be focused on infrastructure and mitigating development impacts may be collected through section 106. Normally this will cover policy cost items such as managing travel demand and green infrastructure and landscape.

7.16 However, this rate is difficult to identify for non-residential schemes without having detailed knowledge of the proposed development and its location. While these policies may lead to a cost impact on some developments, they are not expected to apply to all. But to allow for such potential costs being incurred, a nominal section 106 allowance will be tested to cover such site specific costs at 4% of build costs.

Benchmark Land Values

Non-residential Benchmark Land Values

7.17 In the non-residential testing, the benchmark land values follow a similar pattern to the residential, with the following used based on the review of land values in **Chapter 5**:

- Greenfield: £247,100 per gross hectare, which applies a premium between 8.4 – 12.65 multiplier on the existing use values of agricultural sites.
- Brownfield: £805,000 per hectare per gross hectare, which includes no premium multiplier on the existing use values of brownfield sites, as no uplift is required.

8 Local Plan Viability Testing Results

Introduction

8.1 In this chapter, each tested typology site has been viability appraised and assessed in terms of the achievability of complying with the Final Draft Local Plan policies. Based on the results, it is possible to conclude whether the emerging Local Plan is likely to be a viable (i.e., deliverable) plan, whereby the aspiration of the Plan is not put at risk by the non-delivery of sites that the local plan may rely on meeting local policies requirements. This conclusion is considered next in **Chapter 9**.

8.2 The viability testing is based on assessing all sites complying with the Final Draft Local Plan policy assumptions that were discussed in **Chapter 3**. This includes the identified housing mix, minimum size standards, access standards, affordable housing rates (including variations) and other planning obligations via section 106. These reflect those policies identified to have a measurable cost impact on viability outcomes on future developments within the Newcastle-under-Lyme borough area, based on the assumptions discussed in **Chapter 6**.

8.3 Of all the policies, the affordable housing requirement is likely to have the biggest policy impact. There is a substantial need for more affordable housing, which is a key focus of both the local and national planning agenda, with the NPPF requiring a minimum of 10% affordable housing from new developments including 10 or more dwellings, which is the lowest that policy should go, albeit this may be subject to viability at the application stage. To help inform the policy decisions, different rates of affordable houses are also tested.

8.4 It should be noted that the specific results of each typology may need to include additional site costs to provide necessary site mitigations that at this stage are unknown within the generic typology testing. This is particularly pertinent to any offsite transport costs. Therefore, before concluding in **Chapter 9**, it is important to consider if the residual per dwelling headrooms shown in the following results are likely to be sufficient in most cases to meet such further unknown site costs or infrastructure costs.

8.5 Before reviewing the results in this chapter, it is important to note that Local Plan viability testing is necessarily generic, using a range of typologies and general development assumptions that are proportionate to this high level assessment in line with the national planning framework and guidance. It has been prepared using available data and importantly it is not necessarily site specific. As is the case set out in planning guidance, and carried out by other local authorities in testing the delivery of their local plans, the assessments are designed to test policies specifically as opposed to being formal valuations of planning application sites at the planning application stage, normally carried out by the Valuation Office, Chartered Surveyors and Valuers. The viability results for each tested site typology are summarised using a 'traffic light' system, as follows:

- Green means that the development is viable with a financial headroom that could be used for further planning gain;
- Amber is marginal in that the site viability result falls within a 20% range (i.e., 10% above or below) around the benchmark land value, which means the site should be developable over the Local Plan period subject to a minor change in market or planning conditions; and
- Red means that a viable position may not be reached if required to be policy compliant and all other assumptions such as land value remain unchanged.

Residential Viability Test Results

8.6 The viability results are shown for the tested residential sites and typologies are provided in **Table 8.1** and **Table 8.2**, which are separated by their value area. **Appendix E** provides an example residential appraisal to show how the appraisal results are derived.

General Housing Schemes

Value Area 1 Viability Testing Results

8.7 The viability results for the tested residential sites and typologies in Value Area 1 are summarised in **Table 8.1**. This shows that the cumulative impact of the Final Draft Local Plan policies is unlikely to be achievable within the bulk of future residential sites expected to come forward under the emerging Local Plan and current residential market. Only sites with fewer than 10 dwellings would be expected to come forward, and even these would be at the margins of viability.

8.8 The testing in **Table 8.1** also shows that varying the affordable housing rate is unlikely to achieve much more delivery, although 20% affordable housing on larger sites with more than around 100 dwellings and delivering housing and no flats does show viability. The slightly smaller greenfield sites with around 60 houses are also able to deliver at the minimum NPPF target of 10% affordable housing dwellings, and we would expect this to be improved to at least 15% affordable housing if the more expensive social rented affordable tenures were substituted by affordable rented tenures.

Value Area 2 Viability Testing Results

8.9 The viability results are shown for the tested residential sites and typologies in the higher value, Value Area 2, which are provided in **Table 8.2**. This shows an improved viability assessment, with the cumulative impact of the Final Draft Local Plan policies able to be met by the bulk of smaller Greenfield housing sites with 30% affordable housing.

8.10 However, the smaller and mid-sized Brownfield sites are less likely to come forward with any affordable houses under the cumulative policies of the emerging Local Plan and current residential market. Larger Brownfield sites with around 80 and possibly more houses are not able to deliver 25% affordable housing, as required by policy, but would be able to meet the minimum requirement of 10% affordable housing, leaving a minor headroom of around £5,000 for any other planning obligation requirements.

Older Person Accommodation

8.11 The viability results for the tested older persons accommodation by accommodation type, value area and land type are summarised in **Table 8.3** and **Table 8.4**. It is clear from these results that the older person accommodation would be unlikely to come forward under the emerging Local Plan and current residential market. The testing shows that even by varying the affordable rate, the current residential market is unable to afford to deliver any affordable housing based on standard market conditions in the older persons accommodation sector.

Table 8.1 Viability results including headroom per dwelling for Value Area 1 typologies, tested at a range of affordable housing rates

Typology	Land type	AH rate: Viable?	10% Headroom	AH rate: Viable?	15% Headroom	AH rate: Viable?	20% Headroom	AH rate: Viable?	25% Headroom	AH rate: Viable?	30% Headroom
5 Houses @ 30dph	Greenfield	Marginal	£496	Marginal	£496	Marginal	£496	Marginal	£496	Marginal	£496
15 Houses @ 35dph	Greenfield	No	-£11,435	No	-£15,503	No	-£15,503	No	-£19,640	No	-£23,776
40 Houses @ 35dph	Greenfield	No	-£8,081	No	-£11,080	No	-£14,127	No	-£17,225	No	-£20,325
60 Houses @ 35dph	Greenfield	Yes	£3,297	Marginal	£296	No	-£2,705	No	-£5,706	No	-£8,707
100 Houses @ 35dph	Greenfield	Yes	£7,919	Yes	£4,918	Yes	£1,916	No	-£1,086	No	-£4,089
150 Houses @ 35dph	Greenfield	Yes	£7,660	Yes	£4,464	Yes	£1,667	No	-£1,529	No	-£4,325
250 Mixed @ 40dph	Greenfield	No	-£5,168	No	-£8,102	No	-£10,935	No	-£14,069	No	-£16,963
750 Mixed @ 35dph	Greenfield	No	-£10,960	No	-£13,959	No	-£16,879	No	-£19,878	No	-£22,798
900 Mixed @ 35dph	Greenfield	No	-£11,121	No	-£14,062	No	-£17,004	No	-£19,946	No	-£22,887
5 Houses @ 40dph	Brownfield	No	-£23,188	No	-£23,188	No	-£23,188	No	-£23,188	No	-£23,188
12 Houses @ 40dph	Brownfield	No	-£34,398	No	-£34,398	No	-£39,578	No	-£39,578	No	-£44,758
20 Houses @ 35dph	Brownfield	No	-£36,456	No	-£39,563	No	-£42,669	No	-£45,776	No	-£48,882
45 Houses @ 35dph	Brownfield	No	-£38,892	No	-£41,648	No	-£44,404	No	-£48,542	No	-£51,300
80 Houses @ 35dph	Brownfield	No	-£19,591	No	-£22,595	No	-£25,598	No	-£28,602	No	-£31,656
80 Mixed @ 40dph	Brownfield	No	-£16,608	No	-£19,453	No	-£22,299	No	-£25,204	No	-£28,218
15 Flats @ 120dph	Brownfield	No	-£42,907	No	-£45,264	No	-£45,264	No	-£47,621	No	-£49,978
70 Flats @ 250dph	Brownfield	No	-£36,354	No	-£38,316	No	-£39,787	No	-£41,749	No	-£43,221
100 Flats @ 300dph	Brownfield	No	-£55,840	No	-£57,387	No	-£58,934	No	-£60,481	No	-£62,028

Table 8.2 Viability results including headroom per dwelling for Value Area 2 typologies, tested at a range of affordable housing rates

Typology	Land type	AH rate: Viable?	10% Headroom	AH rate: Viable?	15% Headroom	AH rate: Viable?	20% Headroom	AH rate: Viable?	25% Headroom	AH rate: Viable?	30% Headroom
5 Houses @ 30dph	Greenfield	Yes	£27,198	Yes	£27,198	Yes	£27,198	Yes	£27,198	Yes	£27,198
15 Houses @ 35dph	Greenfield	Yes	£13,886	Yes	£8,225	Yes	£8,225	Yes	£2,564	Marginal	-£234
40 Houses @ 35dph	Greenfield	Yes	£16,186	Yes	£12,707	Yes	£9,228	Yes	£5,749	Yes	£2,269
100 Houses @ 35dph	Greenfield	Yes	£32,051	Yes	£28,476	Yes	£24,900	Yes	£21,324	Yes	£17,748
150 Houses @ 35dph	Greenfield	Yes	£31,697	Yes	£27,890	Yes	£24,559	Yes	£20,752	Yes	£17,421
250 Mixed @ 40dph	Greenfield	Yes	£17,801	Yes	£14,290	Yes	£11,049	Yes	£7,537	Yes	£4,293
500 Mixed @ 40dph	Greenfield	Yes	£12,003	Yes	£8,658	Yes	£5,312	Yes	£1,965	No	-£1,382
5 Houses @ 42dph	Brownfield	Yes	£3,701	Yes	£3,701	Yes	£3,701	Yes	£3,701	Yes	£3,701
12 Houses @ 40dph	Brownfield	No	-£9,423	No	-£9,423	No	-£15,495	No	-£15,495	No	-£21,596
20 Houses @ 35dph	Brownfield	No	-£11,164	No	-£14,651	No	-£18,166	No	-£21,754	No	-£25,404
45 Houses @ 35dph	Brownfield	No	-£14,071	No	-£17,165	No	-£20,258	No	-£24,902	No	-£28,052
80 Houses @ 35dph	Brownfield	Yes	£4,589	Marginal	£1,011	Marginal	-£2,567	No	-£6,145	No	-£9,724

Table 8.3 Viability results including headroom per older person dwelling for Value Area 1 typologies, tested at a range of affordable housing rates

Typology	Land type	AH rate: Viable?	10% Headroom	AH rate: Viable?	15% Headroom	AH rate: Viable?	20% Headroom	AH rate: Viable?	25% Headroom	AH rate: Viable?	30% Headroom
55 Retirement flats @ 110dph	Greenfield	No	-£76,048	No	-£78,081	No	-£79,437	No	-£81,472	No	-£83,507
45 Extracare flats @ 90dph	Greenfield	No	-£112,460	No	-£114,532	No	-£116,605	No	-£119,715	No	-£121,788
55 Retirement flats @ 110dph	Brownfield	No	-£77,403	No	-£79,436	No	-£80,792	No	-£82,827	No	-£84,862
45 Extracare flats @ 90dph	Brownfield	No	-£124,124	No	-£126,196	No	-£128,269	No	-£131,379	No	-£133,452

Table 8.2 Viability results including headroom per older person dwelling for Value Area 2 typologies, tested at a range of affordable housing rates

Typology	Land type	AH rate: Viable?	10% Headroom	AH rate: Viable?	15% Headroom	AH rate: Viable?	20% Headroom	AH rate: Viable?	25% Headroom	AH rate: Viable?	30% Headroom
55 Retirement flats @ 110dph	Greenfield	No	-£59,635	No	-£62,004	No	-£63,583	No	-£65,955	No	-£68,326
45 Extracare flats @ 90dph	Greenfield	No	-£91,935	No	-£94,349	No	-£96,765	No	-£100,389	No	-£102,805
55 Retirement flats @ 110dph	Greenfield	No	-£60,990	No	-£63,359	No	-£64,939	No	-£67,310	No	-£69,681
45 Extracare flats @ 90dph	Brownfield	No	-£103,599	No	-£106,013	No	-£108,429	No	-£112,053	No	-£114,468

Student Accommodation

8.12 The viability results for the tested student accommodation by accommodation type and land type are summarised in **Table 8.5**. It is clear from these results that student accommodation would be unlikely to come forward under the emerging Local Plan and current residential market. This mostly relates to section 106 requirements to make student accommodation acceptable in planning terms.

Table 8.5 Viability results including headroom per student accommodation dwelling

Site typology	Land type	Dwellings	Viable?	Headroom
		No.		Per unit
50 Flats @ 300bph	Brownfield	50	No	-£4,625
50 Flats @ 600bph	Brownfield	50	No	-£2,009
150 Flats @ 300bph	Brownfield	150	No	-£6,152
150 Flats @ 600bph	Brownfield	150	No	-£3,541
250 Flats @ 300bph	Brownfield	250	No	-£7,349
250 Flats @ 600bph	Brownfield	250	No	-£4,745
250 Flats @ 900bph	Brownfield	250	No	-£3,877
700 Flats @ 300bph	Brownfield	700	No	-£10,802
700 Flats @ 600bph	Brownfield	700	No	-£8,212
700 Flats @ 900bph	Brownfield	700	No	-£7,349

Non-residential Viability Testing Results

8.13 Each tested non-residential site typology site has been subjected to separate viability appraisal in terms of the achievability of complying with the emerging policies, including Policy CRE 1: Climate Change BREEAM 'Excellent Standard'.

8.14 The results are summarised in **Table 8.6**. **Appendix F** provides an example non-residential appraisal to show how the appraisal results are derived.

8.15 This appraisal results shows that strategic warehousing, medium side warehousing on greenfield sites, and out of town retail, are viable with Policy CRE 1: Climate Change BREEAM 'Excellent Standard'. The surplus/deficit analysis of the typologies shows that sites are either viable or not.

8.16 **Table 8.7** reruns the appraisals without Policy CRE 1: Climate Change BREEAM 'Excellent Standard' cost. This shows the results broadly stay the same, with only the larger supermarket typology moving from unviable to marginal. Therefore, market conditions for non-residential uses rather than the climate change policy are likely to be the determining factor for viability.

Table 8.6 Non-residential with Policy CRE 1: Climate Change BREEAM 'Excellent Standard' viability and headroom results

Typology	Site area	Floorspace	Headroom	Viable?
	Ha	GIA sqm	Per Ha	
1: Out of town office brownfield	0.50	2,000	-£5,737,244	No
2: Small greenfield Industrial	0.02	150	-£3,193,446	No
3: Small brownfield Industrial	0.02	150	-£3,907,445	No
4: Medium greenfield industrial	0.44	2,000	-£1,659,944	No
5: Medium brownfield industrial	0.44	2,000	-£2,575,541	No
6: Medium greenfield warehousing	1.25	5,000	£1,107,848	Yes
7: Large/strategic warehousing greenfield	4.29	15,000	£285,286	Yes
8: Extra Large/strategic warehousing greenfield	8.57	30,000	£597,753	Yes
9: Small local convenience (express) brownfield	0.04	300	£3,915,167	Yes
10: Budget convenience greenfield	1.57	1,800	-£200,931	No
11: Budget convenience brownfield	1.57	1,800	-£1,307,656	No
12: Larger supermarket greenfield	2.71	3,250	-£53,562	No
13: Retail warehouse (Out of town comparison) brownfield	0.17	500	£748,918	Yes
14: Town centre comparison retail - small format brownfield	0.02	150	-£3,404,811	No
15: Town centre comparison retail - larger format brownfield	0.33	2,000	-£5,648,805	No

Table 8.7 Non-residential viability results without Policy CRE 1: Climate Change BREEAM 'Excellent Standard' viability and headroom results

Typology	Site area	Floorspace	Headroom	Viable?
	Ha	GIA sqm	Per Ha	
1: Out of town office brownfield	0.50	2,000	-£5,683,994	No
2: Small greenfield Industrial	0.02	150	-£2,959,005	No
3: Small brownfield Industrial	0.02	150	-£3,672,453	No
4: Medium greenfield industrial	0.44	2,000	-£1,518,134	No
5: Medium brownfield industrial	0.44	2,000	-£2,433,730	No
6: Medium greenfield warehousing	1.25	5,000	£1,176,132	Yes
7: Large/strategic warehousing greenfield	4.29	15,000	£344,129	Yes
8: Extra Large/strategic warehousing greenfield	8.57	30,000	£655,697	Yes
9: Small local convenience (express) brownfield	0.04	300	£4,358,447	Yes
10: Budget convenience greenfield	1.57	1,800	-£129,472	No
11: Budget convenience brownfield	1.57	1,800	-£1,233,643	No
12: Larger supermarket greenfield	2.71	3,250	£21,003	Marginal
13: Retail warehouse (Out of town comparison) brownfield	0.17	500	£857,368	Yes
14: Town centre comparison retail - small format brownfield	0.02	150	-£2,995,122	No
15: Town centre comparison retail - larger format brownfield	0.33	2,000	-£5,296,372	No

Sensitivity Testing

8.17 For the Final Draft Local Plan, and in compliance with planning and RICS viability guidance, it is also useful to 'sensitivity' test the results to help inform decision making under alternative scenarios. Earlier viability testing analysis was undertaken by tweaking the Local Plan policies to shape some of the policies now in the emerging Local Plan. The sensitivity here, in line with RICS Guidance, sensitivity tests the viability results based on changes in market conditions. Residential and then non-residential sensitivity testing is looked at in turn.

8.18 In this regard, the Harman guidance (2012) on viability dictates that decisions on costs and values should be made on current data, while RICS guidance on Local Plan testing (2021) states that potential future deviations from current rates should be sensitivity tested.

8.19 In terms of how far forward, the Town and Country Planning (Local Planning) (England) Regulations 2012' (as amended) sets a duty for local plans to be reviewed at least once every 5 years from their adoption date so that Local Plan policies remain relevant and effectively address the needs of the local community. For this reason, a sensitivity test was applied by reviewing the current forecast for changes in market conditions for the residential testing based on where residential values and build costs are currently expected to be in five years' time, by which time the Final Draft Local Plan will be reviewed and updated, is a helpful sensitivity to test. Not least because, as discussed in **Chapter 5**, there is some uncertainty in the market relating to how values and costs are changing.

Residential Sites Sensitivity Testing

8.20 As identified in **Chapter 5 paragraph 5.13**, sales values in the West Midlands (the closest local forecast) are expected to increase by 23.4% over the next five years, compared with 2023 values. As identified in **Chapter 5 paragraph 5.48**, build costs nationally (the closest forecast) are expected to increase by 16.8% over the next five years, compared with 2023 values. Therefore, the viability impact of the potential Final Draft Local Plan is retested based on these forecast changes in sales values and build costs (which also impact the externals and professional fees).

8.21 It is also likely that there will be some changes in the borrowing rate, however no forecasts have been provided to identify how the borrowing rate may change, and therefore this is treated to remain as the currently tested rate of 7.5%.

Residential Sites Viability Sensitivity Testing Results

8.22 The sensitivity viability results for the tested residential sites and typologies in Value Area 1 are summarised in **Table 8.8**. This shows that owing to the larger influence of sales values than build costs on viability, the changes over five years show an improvement in overall viability and for sites to meet the emerging Local Plan policies. As a result, there are likely to be more opportunities for 30% affordable housing to be met by mid to large housing only sites. Should there be flats on these sites, then this may need to drop to 10% to be viable. However, brownfield sites remain a problem, with no viability being achieved when affordable housing is applied at the national minimum of 10%.

8.23 The viability results are shown for the tested residential sites and typologies in the higher value, Value Area 2, which are provided in **Table 8.9**. This shows an improved viability assessment, with the cumulative impact of the Final Draft Local Plan policies able to be met by all the Greenfield sites, including 30% affordable housing. Also, most of the Brownfield housing sites would be able to come forward albeit with a minor reduction in the Brownfield affordable housing rate from 25% to 15% affordable housing.

Older Person Accommodation Sites Viability Sensitivity Testing Results

8.24 The sensitivity viability results for the tested older persons accommodation summarised in **Table 8.10** and **Table 8.11** show no improvements, under the expected changes in market conditions. Therefore, these sites may be less able to comply with the Final Draft Local Plan policies even under improved market conditions.

Table 8.8 Viability results for Value Area 1 typologies following the sensitivity testing of a 5-year forecast in sales values and development costs

Typology	Land type	AH rate: Viable?	10% Headroom	AH rate: Viable?	15% Headroom	AH rate: Viable?	20% Headroom	AH rate: Viable?	25% Headroom	AH rate: Viable?	30% Headroom
5 Houses @ 30dph	Greenfield	Yes	£15,841	Yes	£15,841	Yes	£15,841	Yes	£15,841	Yes	£15,841
15 Houses @ 35dph	Greenfield	Yes	£1,600	No	-£3,425	No	-£3,425	No	-£8,518	No	-£13,649
40 Houses @ 35dph	Greenfield	Yes	£4,985	Marginal	£1,321	No	-£2,344	No	-£6,009	No	-£9,722
60 Houses @ 35dph	Greenfield	Yes	£19,612	Yes	£15,834	Yes	£12,056	Yes	£8,278	Yes	£4,500
100 Houses @ 35dph	Greenfield	Yes	£24,225	Yes	£20,448	Yes	£16,669	Yes	£12,890	Yes	£9,112
150 Houses @ 35dph	Greenfield	Yes	£23,938	Yes	£19,915	Yes	£16,396	Yes	£12,373	Yes	£8,853
250 Mixed @ 40dph	Greenfield	Yes	£9,539	Yes	£5,841	Yes	£2,427	No	-£1,273	No	-£4,689
750 Mixed @ 35dph	Greenfield	Yes	£3,517	Marginal	-£23	No	-£3,470	No	-£7,011	No	-£10,470
900 Mixed @ 35dph	Greenfield	Yes	£3,264	Marginal	-£208	No	-£3,681	No	-£7,153	No	-£10,636
5 Houses @ 40dph	Brownfield	No	-£7,843	No	-£7,843	No	-£7,843	No	-£7,843	No	-£7,843
12 Houses @ 40dph	Brownfield	No	-£21,540	No	-£21,540	No	-£28,046	No	-£28,046	No	-£34,583
20 Houses @ 35dph	Brownfield	No	-£22,608	No	-£26,462	No	-£30,326	No	-£34,246	No	-£38,167
45 Houses @ 35dph	Brownfield	No	-£25,309	No	-£28,643	No	-£32,068	No	-£37,289	No	-£40,771
80 Houses @ 35dph	Brownfield	Marginal	-£3,271	No	-£7,052	No	-£10,833	No	-£14,614	No	-£18,394
80 Mixed @ 40dph	Brownfield	Marginal	-£1,753	No	-£5,340	No	-£8,926	No	-£12,513	No	-£16,099
15 Flats @ 120dph	Brownfield	No	-£39,297	No	-£42,326	No	-£42,326	No	-£45,354	No	-£48,382
70 Flats @ 250dph	Brownfield	No	-£32,760	No	-£35,283	No	-£37,175	No	-£39,697	No	-£41,589
100 Flats @ 300dph	Brownfield	No	-£54,883	No	-£56,891	No	-£58,898	No	-£60,906	No	-£62,913
55 Retirement flats @ 110dph	Greenfield	No	-£79,777	No	-£82,282	No	-£83,952	No	-£86,459	No	-£88,966
45 Extracare flats @ 90dph	Greenfield	No	-£121,897	No	-£124,451	No	-£127,006	No	-£130,838	No	-£133,393
55 Retirement flats @ 110dph	Brownfield	No	-£81,133	No	-£83,637	No	-£85,308	No	-£87,815	No	-£90,322
45 Extracare flats @ 90dph	Brownfield	No	-£133,561	No	-£136,115	No	-£138,670	No	-£142,502	No	-£145,057

Table 8.9 Viability results for Value Area 2 typologies following the sensitivity testing of a 5-year forecast in sales values and development costs

Typology	Land type	AH rate: Viable?	10% Headroom	AH rate: Viable?	15% Headroom	AH rate: Viable?	20% Headroom	AH rate: Viable?	25% Headroom	AH rate: Viable?	30% Headroom
5 Houses @ 30dph	Greenfield	Yes	£48,115	Yes	£48,115	Yes	£48,115	Yes	£48,115	Yes	£48,115
15 Houses @ 35dph	Greenfield	Yes	£31,990	Yes	£25,074	Yes	£25,074	Yes	£18,157	Yes	£14,198
40 Houses @ 35dph	Greenfield	Yes	£34,864	Yes	£30,459	Yes	£26,053	Yes	£21,647	Yes	£17,241
100 Houses @ 35dph	Greenfield	Yes	£53,943	Yes	£49,426	Yes	£44,908	Yes	£40,390	Yes	£35,872
150 Houses @ 35dph	Greenfield	Yes	£53,538	Yes	£48,729	Yes	£44,521	Yes	£39,711	Yes	£35,503
250 Mixed @ 40dph	Greenfield	Yes	£37,829	Yes	£33,391	Yes	£29,294	Yes	£24,855	Yes	£20,755
500 Mixed @ 40dph	Greenfield	Yes	£31,805	Yes	£27,577	Yes	£23,349	Yes	£19,119	Yes	£14,889
5 Houses @ 42dph	Brownfield	Yes	£24,977	Yes	£24,977	Yes	£24,977	Yes	£24,977	Yes	£24,977
12 Houses @ 40dph	Brownfield	Yes	£8,276	Yes	£8,276	Marginal	£910	Marginal	£910	No	-£6,568
20 Houses @ 35dph	Brownfield	Yes	£7,565	Yes	£3,149	Marginal	-£1,268	No	-£5,685	No	-£10,101
45 Houses @ 35dph	Brownfield	Yes	£4,420	Marginal	£502	No	-£3,416	No	-£9,297	No	-£13,218
80 Houses @ 35dph	Brownfield	Yes	£26,505	Yes	£21,984	Yes	£17,463	Yes	£12,942	Yes	£8,421

Table 8.10 Viability results for Value Area 1 older person accommodation typologies following the sensitivity testing of a 5-year forecast in sales values and development costs

Typology	Land type	AH rate: Viable?	10% Headroom	AH rate: Viable?	15% Headroom	AH rate: Viable?	20% Headroom	AH rate: Viable?	25% Headroom	AH rate: Viable?	30% Headroom
55 Retirement flats @ 110dph	Greenfield	No	-£79,777	No	-£82,282	No	-£83,952	No	-£86,459	No	-£88,966
45 Extracare flats @ 90dph	Greenfield	No	-£121,897	No	-£124,451	No	-£127,006	No	-£130,838	No	-£133,393
55 Retirement flats @ 110dph	Brownfield	No	-£81,133	No	-£83,637	No	-£85,308	No	-£87,815	No	-£90,322
45 Extracare flats @ 90dph	Brownfield	No	-£133,561	No	-£136,115	No	-£138,670	No	-£142,502	No	-£145,057

Table 8.11 Viability results for Value Area 2 older person accommodation typologies following the sensitivity testing of a 5-year forecast in sales values and development costs

Typology	Land type	AH rate:	10%	AH rate:	15%	AH rate:	20%	AH rate:	25%	AH rate:	30%
		Viable?	Headroom	Viable?	Headroom	Viable?	Headroom	Viable?	Headroom	Viable?	Headroom
55 Retirement flats @ 110dph	Greenfield	No	-£59,524	No	-£62,443	No	-£64,389	No	-£67,312	No	-£70,234
45 Extracare flats @ 90dph	Greenfield	No	-£96,569	No	-£99,545	No	-£102,523	No	-£106,990	No	-£109,968
55 Retirement flats @ 110dph	Brownfield	No	-£60,879	No	-£63,798	No	-£65,745	No	-£68,667	No	-£71,589
45 Extracare flats @ 90dph	Brownfield	No	-£108,233	No	-£111,209	No	-£114,187	No	-£118,654	No	-£121,631

Non-residential Sites Sensitivity Testing

8.25 There is no expectation for how the non-residential sector market conditions may change over the next five years. Instead, a sensitivity test is applied based on separately decreasing increasing build costs and rents by 10%.

8.26 The sensitivity testing results at full Final Draft Local Plan policy requirements, including with Policy CRE 1: Climate Change BREEAM 'Excellent Standard' are shown in **Table 8.12** overleaf. The findings show that neither of the sensitivity testing changes offer sufficient market adjustments to make comparison retail and offices viable. But it does have marginal impacts on the other more viable uses.

Table 8.12 Sensitivity testing non-residential with Policy CRE 1: Climate Change BREEAM 'Excellent Standard' viability and headroom results

Typology	10% decrease in cost		10% increase in cost		10% decrease in sales		10% increase in sales	
	Headroom Per Ha	Viable?	Headroom Per Ha	Viable?	Headroom Per Ha	Viable?	Headroom Per Ha	Viable?
1: Out of town office brownfield	-£4,746,495	No	-£6,727,992	No	-£6,300,959	No	-£5,173,839	No
2: Small greenfield Industrial	-£2,076,938	No	-£4,314,000	No	-£4,011,120	No	-£2,403,499	No
3: Small brownfield Industrial	-£2,837,903	No	-£4,980,302	No	-£4,725,119	No	-£3,116,947	No
4: Medium greenfield industrial	-£986,354	No	-£2,335,706	No	-£2,194,771	No	-£1,127,312	No
5: Medium brownfield industrial	-£1,929,233	No	-£3,223,471	No	-£3,111,582	No	-£2,041,544	No
6: Medium greenfield warehousing	£1,433,237	Yes	£782,460	Yes	£645,148	Yes	£1,570,549	Yes
7: Large/strategic warehousing greenfield	£565,687	Yes	£4,886	Marginal	-£107,142	No	£677,715	Yes
8: Extra Large/strategic warehousing greenfield	£862,116	Yes	£333,391	Yes	£190,781	Yes	£1,004,725	Yes
9: Small local convenience (express) brownfield	£5,303,649	Yes	£2,526,684	Yes	£2,010,432	Yes	£5,819,901	Yes
10: Budget convenience greenfield	£32,748	Yes	-£440,110	No	-£447,049	No	£39,479	Yes
11: Budget convenience brownfield	-£1,076,017	No	-£1,539,886	No	-£1,557,495	No	-£1,058,924	No
12: Larger supermarket greenfield	£190,276	Yes	-£298,563	No	-£321,208	No	£212,240	Yes
13: Retail warehouse (Out of town comparison) brownfield	£1,088,615	Yes	£409,221	Yes	£196,430	Yes	£1,301,407	Yes
14: Town centre comparison retail - small format brownfield	-£2,123,013	No	-£4,688,237	No	-£4,455,050	No	-£2,356,376	No
15: Town centre comparison retail - larger format brownfield	-£4,546,177	No	-£6,752,728	No	-£6,332,361	No	-£4,966,723	No

9 Final Draft Local Plan Viability Conclusions

Introduction

9.1 National policy (guided by the NPPF) states the fundamental importance of deliverable plans and, as such, the economic realities of planning policies, where development viability impacts need to be assessed. To help ensure a deliverable local plan, the NPPF requires that local planning authorities 'do not load' policy costs onto development if it would hinder the site being developed. The key point is that policy costs will need to be balanced so as not to render a development financially unviable, whilst ensuring it can still be considered sustainable.

9.2 The NPPF also states that Local Plan viability assessments should be informed by 'appropriate available evidence', which need not be 'fully comprehensive or exhaustive'; while associated relevant guidance helpfully introduces a range of definitions and assumptions that should be used when expressing the viability picture. Based on the approach set out by national guidance, and the evidence for assessing the viability impact of the policies in the Final Draft Local Plan, the conclusions and recommendations in this chapter are provided to maximise public gain through the NuLBC's economically realistic priorities, using the discretions allowed by the legislation and guidance.

Conclusions

9.3 In drawing broad conclusions on whether the Final Draft Local Plan deliverable in terms of being viable, the key findings of this report are the viability testing results. Based on the tested cumulative impacts of the policies in the Final Draft Local Plan document, there are mixed results. But before concluding and making recommendations about the results, it is important to note the following:

- Where sites are identified to be unviable from the viability assessment, whereby the residual value is below the assumed benchmark market land value, this report does not confirm that all these types of sites would be unviable in all cases. It may well be that the particular circumstances of acquisition / ownership mean that their benchmark value is different, and such sites may be developable over the Plan period, with or without meeting policy requirements, subject to changes in market conditions.
- The plan should not expect every site to be 'deliverable' now, within the current market, with a realistic prospect of coming forward to provide five years' worth of housing. Instead, it should be relying on a rolling supply of potentially 'developable' housing sites with a realistic prospect of delivery in future years to meet housing demand in years 6 to 10 and years 11 to 15.
- This document is a theoretical exercise and is for informing and not for setting policy or land allocation. Other evidence needs to be carefully considered before a policy is set and land allocations are made.

9.4 Certainly, residential development on Greenfield sites in the higher value areas are likely to be viable when meeting the full policy requirements of the Final Draft Local Plan. So, the implementation of the emerging plan, including the 30% affordable housing rate, on such sites are unlikely to put the emerging Local Plan at serious risk. This is also strengthened by the sensitivity results.

9.5 Residential development on Brownfield sites in the higher values, and residential on all types of sites in the lower value areas are less viable, and the full policy requirements including the

required Policy HOU1 affordable housing requirements are unlikely to be deliverable across the bulk of these sites, at least not under current market conditions. Therefore, a major consideration for the Council to determine is the appropriate level of affordable housing for the emerging Local Plan to meet local needs over the next five years.

9.6 So, it is likely that the viability impacts for many sites suggests that not all the policy requirements within the Final Draft Local Plan are likely to be fulfilled by all the sites. Therefore, decisions will need to be made reflecting circumstances and needs at the development stage.

Recommendations

9.7 From the calculations and testing within this study, there could be merit in setting a 30% affordable housing figure on major Greenfield sites within the higher value area (Value Area 1), and the minimum 10% affordable housing on all major Brownfield sites and all major sites within the lower value area (Value Area 2). According to the NPPF, the minimum requirement is for 10% of dwellings to be for affordable home ownership.

9.8 The 10% of dwellings to be for affordable home ownership should also be applied to older person homes, and no higher than this.

9.9 For non-residential developments of warehousing uses, including retail warehousing, plus small local convenience stores, there could be a requirement that they deliver to BREEAM 'Excellent' Standard. For all other non-residential developments, BREEAM 'Excellent' Standard should remain to be encouraged, with a minimum expectation that BREEAM 'Very Good' Standard is to be encouraged.

9.10 To ensure more certainty of deliverability, then where there are real viability issues that have not been able to be tested within this assessment, it is recommended that there is a policy in the Local Plan and/or references within existing policies to enable a consistent approach to be applied to the consideration of viability issues associated with development proposals. Such flexibility may apply to policies to reduce affordable housing levels and/or thresholds and therefore leaving the market to deliver the sites.

9.11 How much flexibility to be applied should depend on the types of sites coming forward. This will also need to be balanced with other aspects of the evidence base, such as the Infrastructure Development Plan (IDP) that will also be key determinants in what might be required to mitigate the impacts of development.

9.12 Introducing this into the Local Plan could be through making it clear that viability assessments will only be accepted for a reduced rate of affordable housing provisions in the lower value areas and on all brownfield housing and flatted development schemes. This should be subject to justifying a submitted and independently verified viability assessment.

9.13 In this regard, and in making any changes to the emerging Local Plan, the planning authority needs to have regard to the PPG on Viability, which states that they:

"…strike a balance between the aspirations of developers and landowners, in terms of returns against risk, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission." [82]

[82] PPG Viability paragraph: 010

Appendix A: Developer Workshop Presentation & Notes

Newcastle-under-Lyme Viability Study

Russ Porter, MRICS, Porter PE
Tom Marshall, MRTPI, Porter PE
Stuart Cook, MRICS, Urbà

Developer Workshop:
10th April 2024

PorterPE

About the Study Team

Study Team

- Russ Porter (MRICS), Director of Porter Planning Economics (Porter PE)
- Tom Marshall (MRTPI), Associate of Porter PE
- Stuart Cook (MRICS), Director of Urbà

Local Plan & CIL Viability Assessments

- For more than 50 local authorities

Masterplanning

- Working for local authorities and landowners / developers on informing the potential viability and delivery of sites and regeneration schemes by uses, scale and delivery.

Planning Obligations & Viability Assessments

- Work for local authorities and landowners/developers in reviewing viability assessments.

Today's Presentation

Viability topics for discussion

Types of development

Sales values

Affordable housing values

Land values

Build costs

Other costs

Our Approach to Viability Testing

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Our Approach to Viability Assessments

Porter PE's role…

We use viability to identify any financial headroom that can be used for informing LP policies

We review the evidence in line with the NPPF, para 58, which states using the following

- *"…recommended approach in national planning guidance, including standardised inputs"*

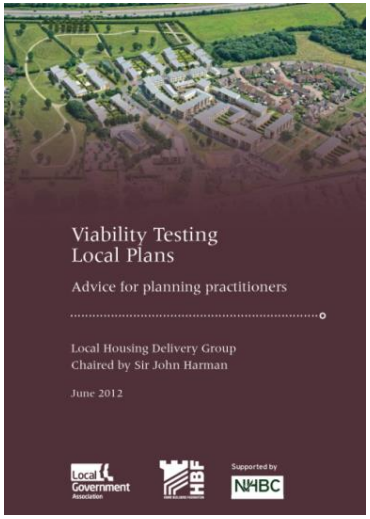
We are

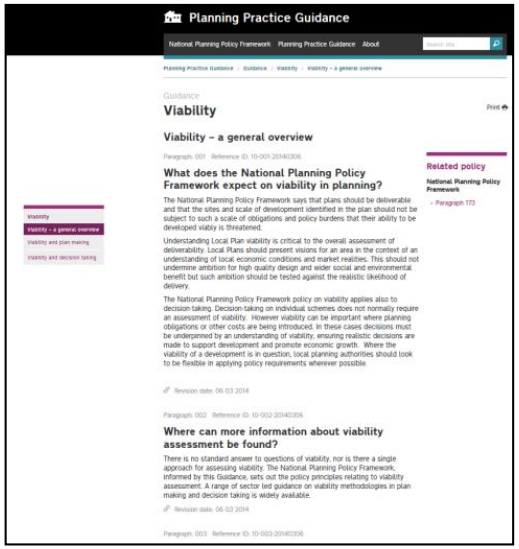
- Neutral
- Following the legislation and regulations
- Using *"…appropriate available evidence"*.

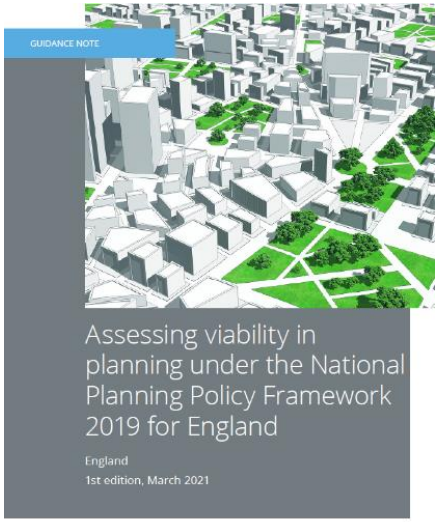
Our Approach to Viability Assessments

Viability guidance…

- Harman Report (2012), PPG Viability (as last updated 2019) and RICS Guidance (2021)







Some key points

- *"…assessing plan viability …can only provide high level assurance."*
- *"…use current costs and values"* but *"…should be account for national regulatory changes"*
  - E.g. changes to building regs and planning policy.
- Estimate RLV to compare headroom over EUV+
  - + is a premium on EUV to encourage land to come forward

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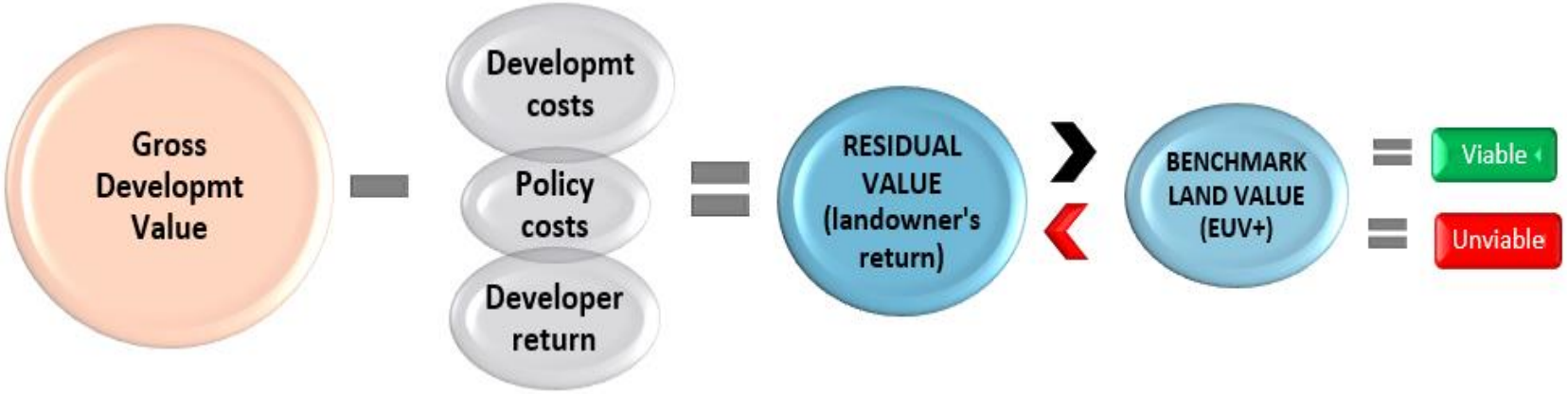
Our approach to viability testing

Underlying principles for understanding viability in planning…



To test the viability

- Relies on high level work
- We use the RLV approach, based on BLV = EUV +
- We rely on key development assumptions
- We use real world data based on available evidence

We are using sensible industry averages

- Some tweaked to the NUL local authority area
- E.g. site types, unit sizes, densities, sales values and build costs

Development Context

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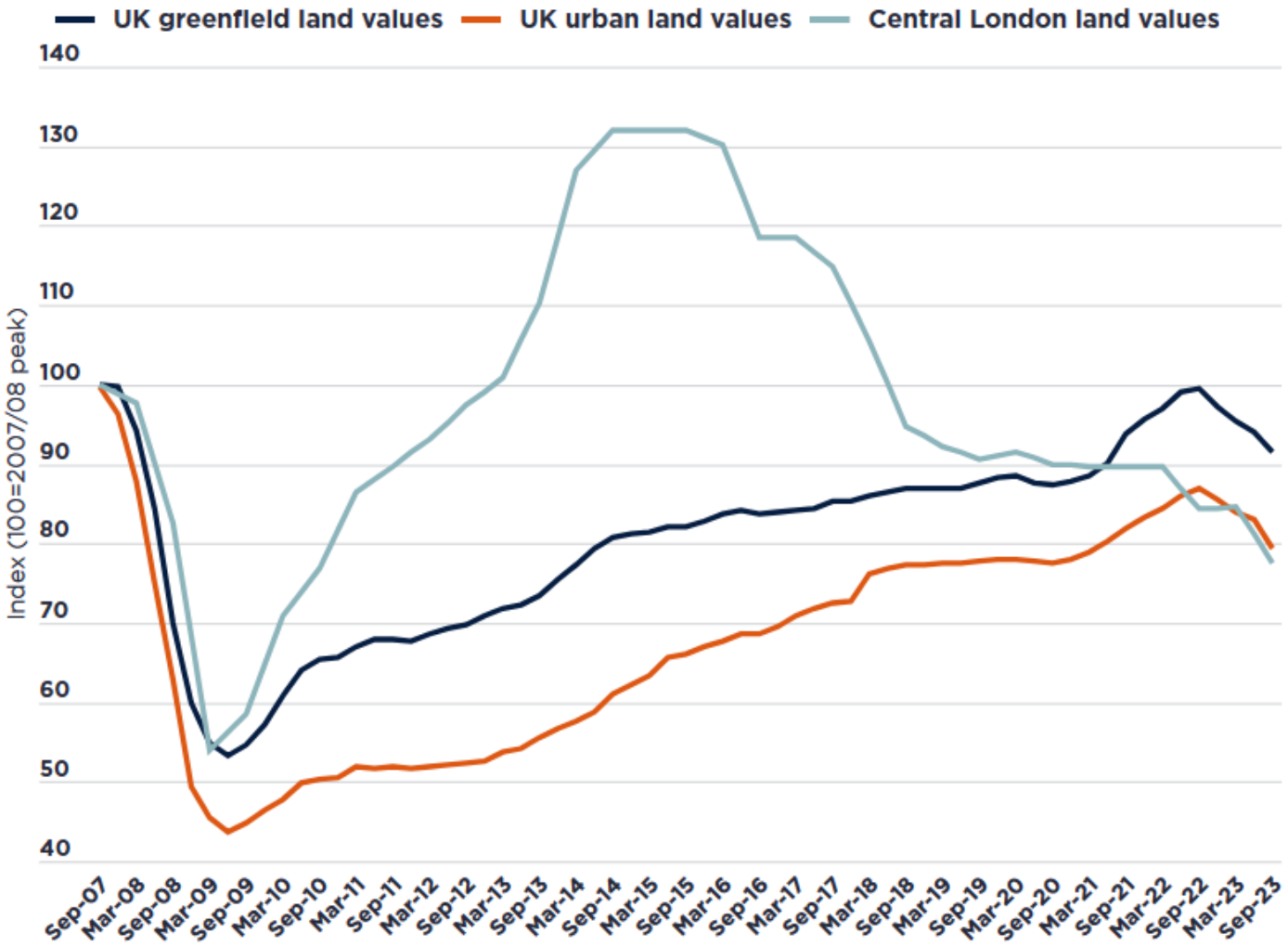
How land values have been changing?



Source: Savills Research, Nationwide, HBF

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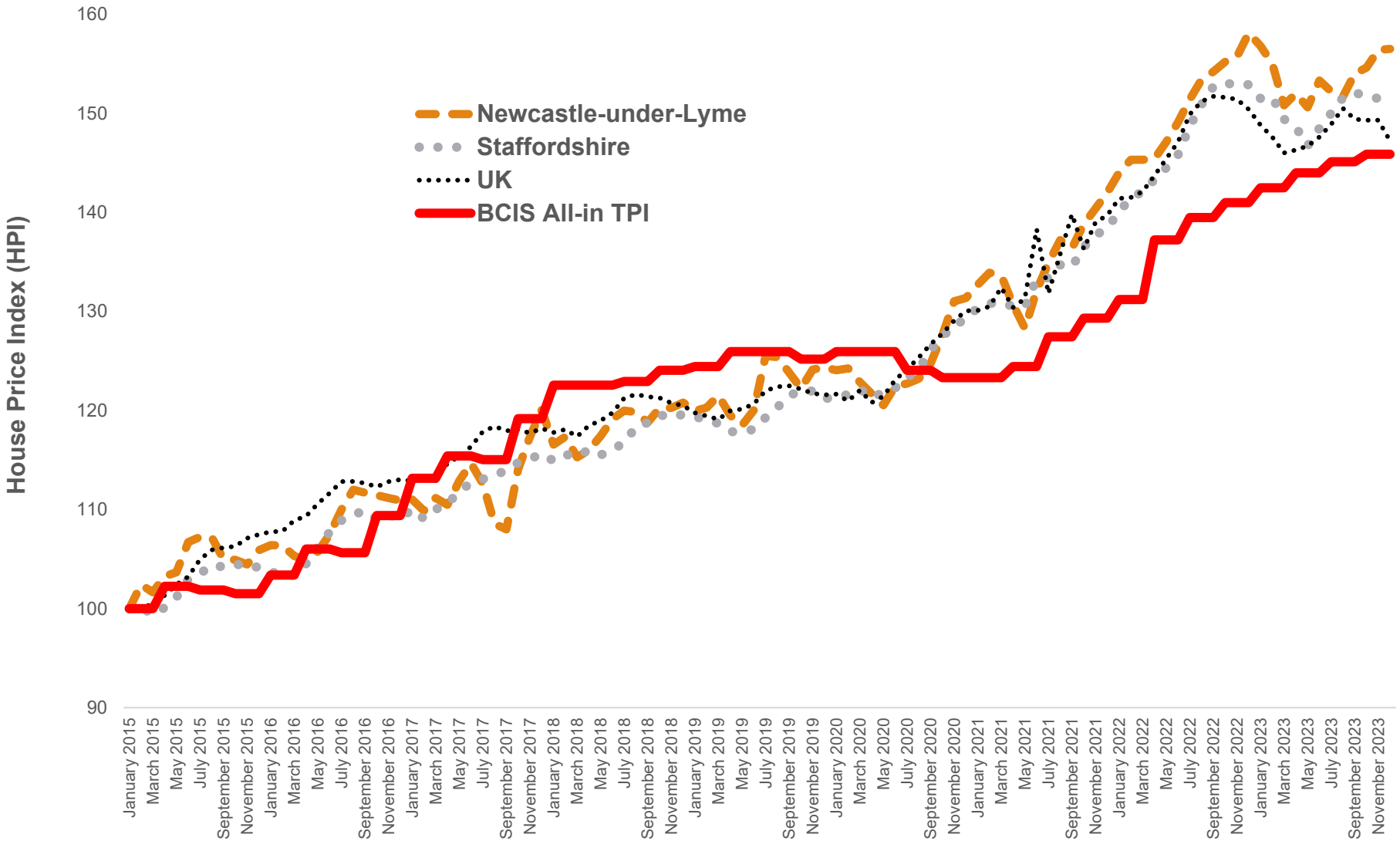
How have values & build costs changed?



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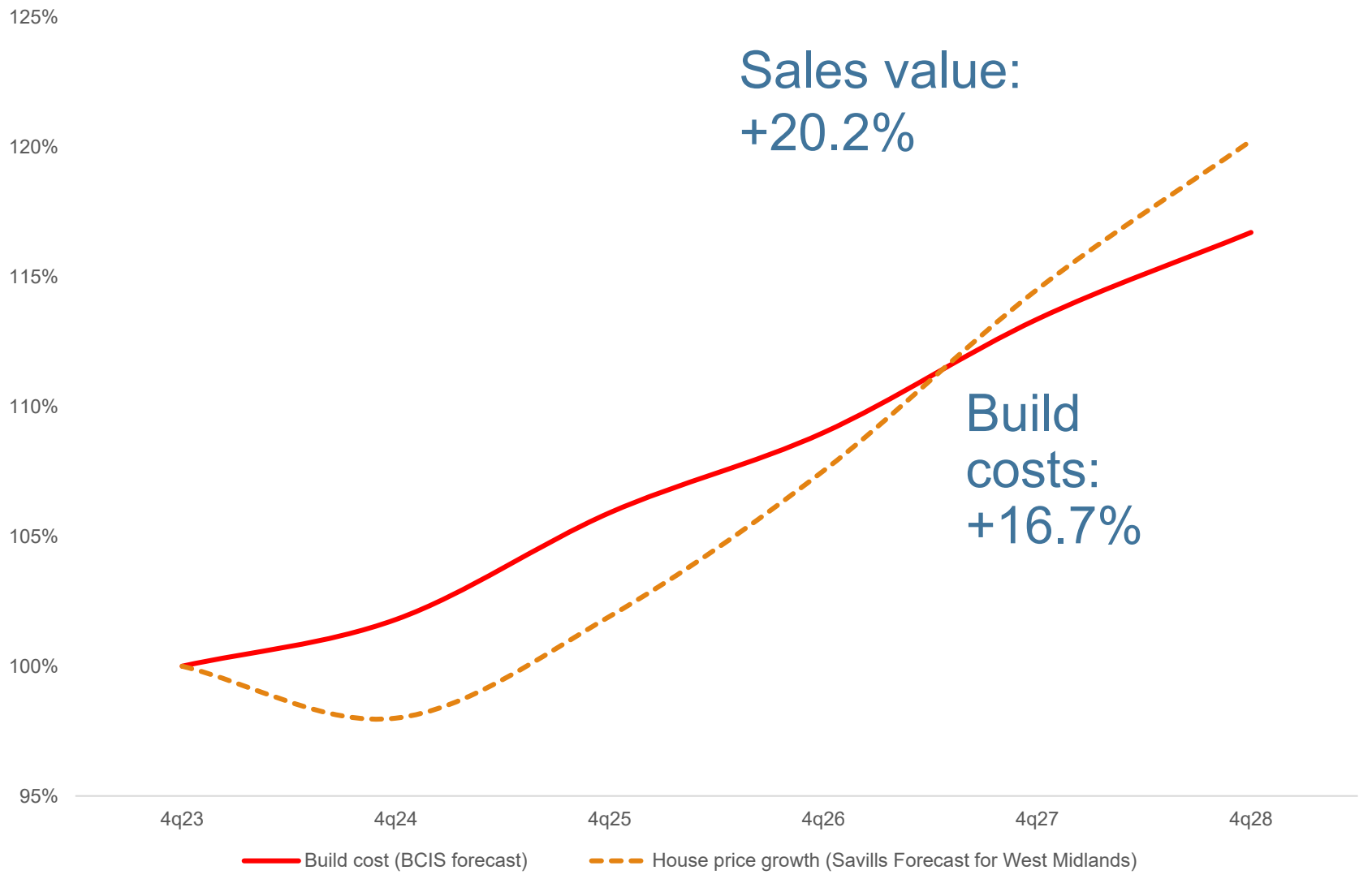
How are values & build costs anticipated to change?



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Residential Testing Typologies

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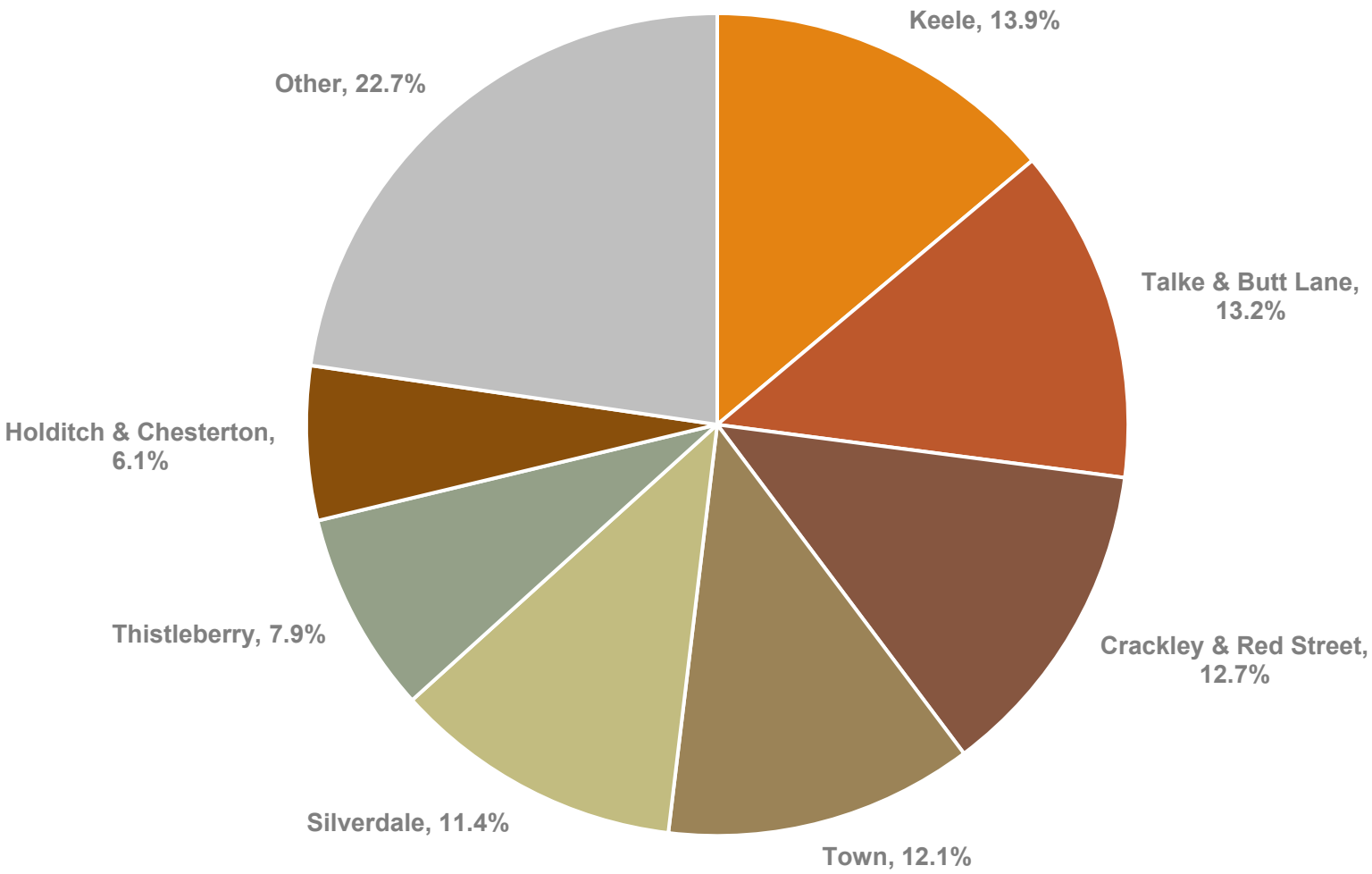
Location of Potential Development



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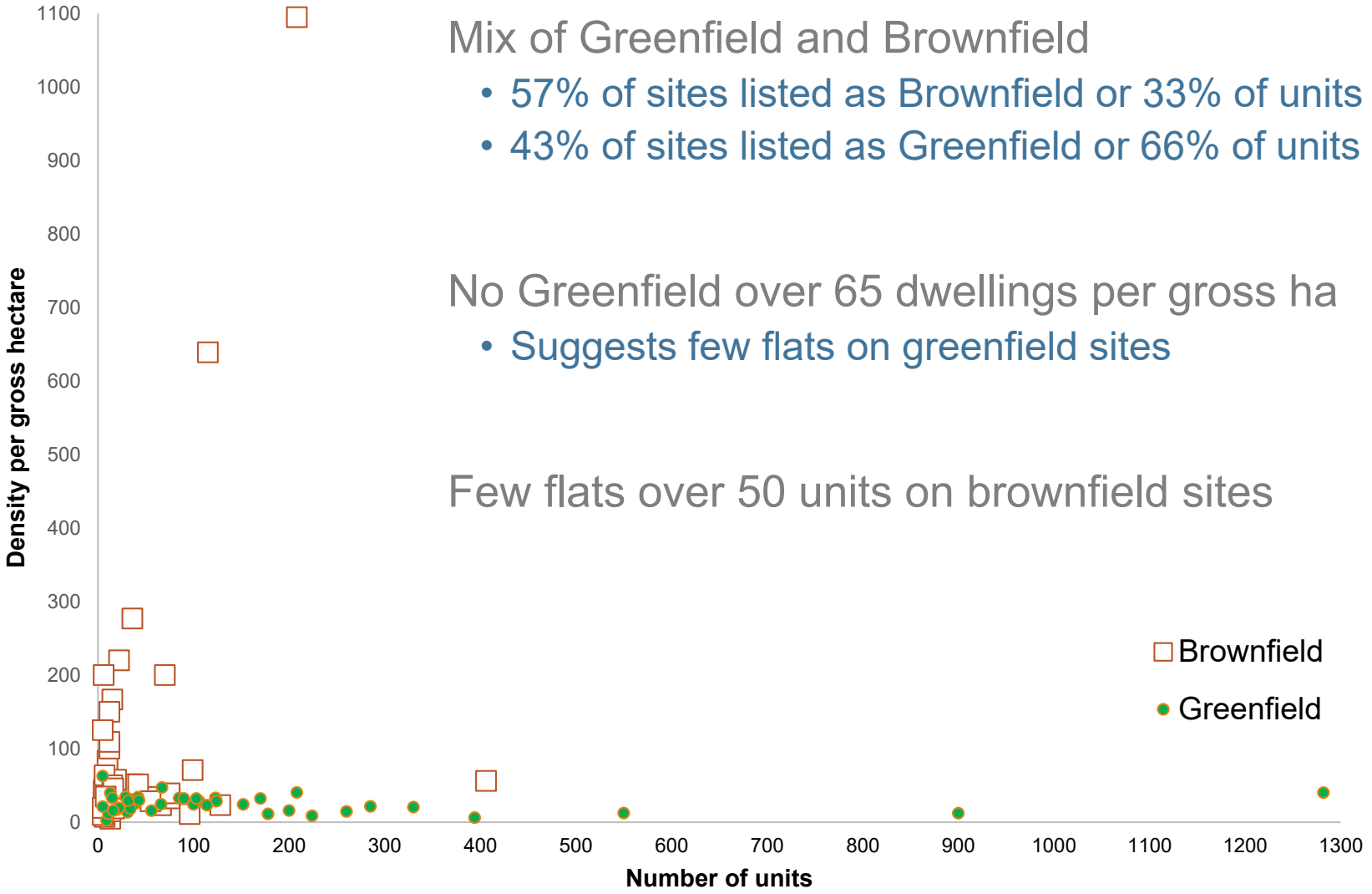
Type and Density of Potential Development Sites



Mix of Greenfield and Brownfield

- 57% of sites listed as Brownfield or 33% of units
- 43% of sites listed as Greenfield or 66% of units

No Greenfield over 65 dwellings per gross ha

- Suggests few flats on greenfield sites

Few flats over 50 units on brownfield sites

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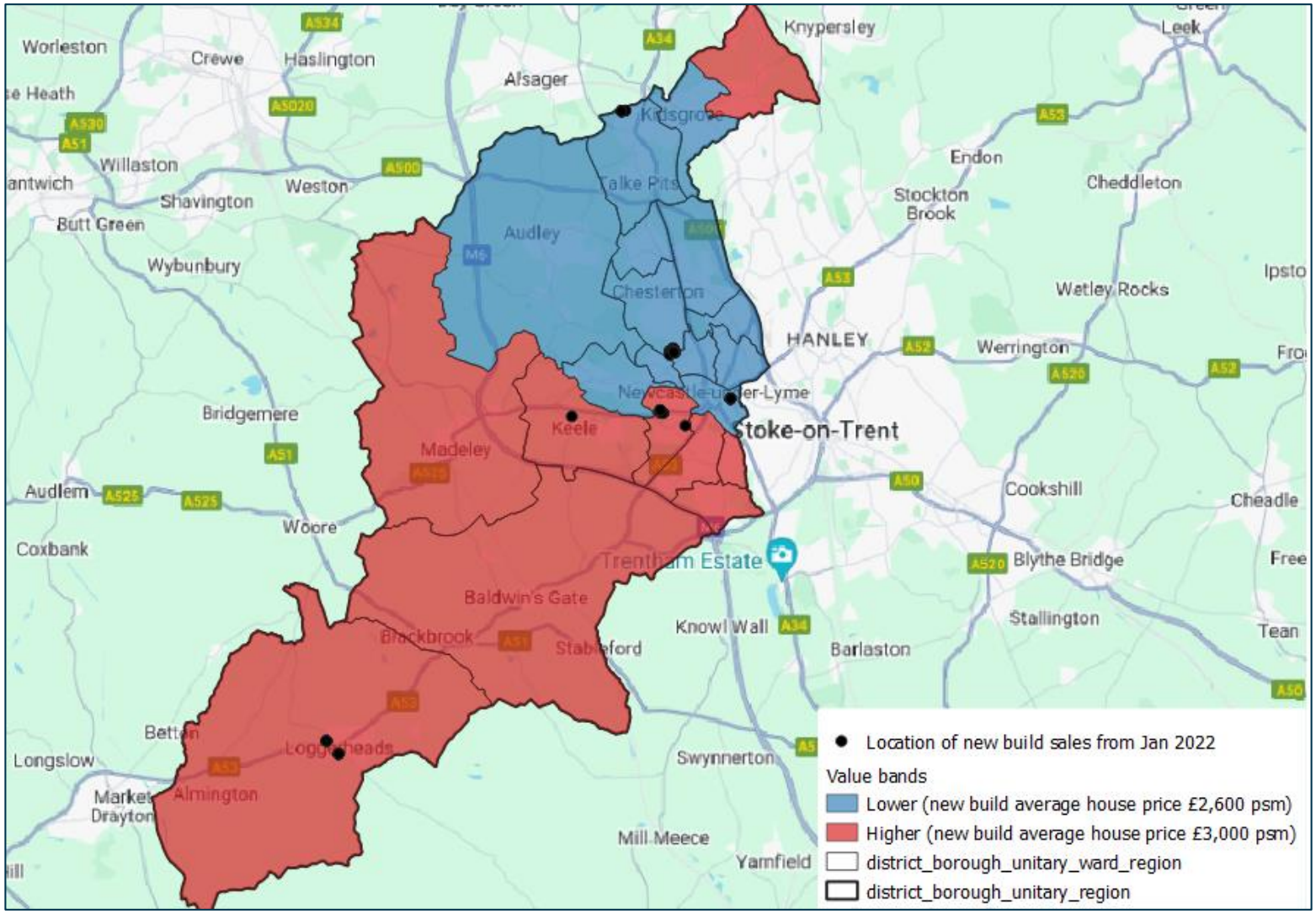
Value Zone Areas



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Site Typologies

Description	Gross/ net ratio	No. storeys	Value area	
Greenfield				
5 Houses @ 30 dph	100%	2-3 storey	Lower	Higher
15 Houses @ 35 dph	100%	2-3 storey	Lower	Higher
40 Houses @ 35 dph	80%	2-3 storey	Lower	Higher
60 Houses @ 35 dph	75%	2-3 storey	Lower	
100 Houses @ 35 dph	65%	2-3 storey	Lower	Higher
150 houses @ 35 dph	55%	2-3 storey	Lower	Higher
250 Mixed @ 50 dph	50%	2-4 storey	Lower	Higher
500 Mixed @ 50 dph	50%	2-4 storey		Higher
750 Mixed @ 50 dph	50%	2-4 storey	Lower	
900 Mixed @ 50 dph	50%	2-4 storey	Lower	
Brownfield				
5 Houses @ 50 dph	100%	2-3 storey	Lower	Higher
12 Houses @ 50 dph	100%	2-3 storey	Lower	Higher
20 Houses @ 40 dph	100%	2-3 storey	Lower	Higher
45 Houses @ 40 dph	100%	2-3 storey	Lower	Higher
80 Houses @ 35 dph	100%	2-3 storey	Lower	Higher
80 Mixed @ 60 dph	100%	2-4 storey	Lower	
10 Flats @ 100 dph	100%	3-4 storey	Lower	
70 Flats @ 200 dph	100%	3-4 storey	Lower	
100 Flats @ 300 dph	100%	5-6 storey	Lower	

Site Mix

Table 6.2: Estimated Type of Housing Required in Newcastle-under-Lyme (2022-40)

	Houses	Bungalows	Flats
Households requiring...	76%	12%	12%

Source: Edge Analytics; Census 2021; VOA; Turley analysis

Table 6.1: Estimated Size of Housing Required in Newcastle-under-Lyme (2022-40)

	1 bedroom	2 bedrooms	3 bedrooms	4+ bedrooms
Households requiring...	10%	29%	45%	16%

Source: Edge Analytics; Census 2021; Turley analysis

Table 7.7: Estimated Net Need for Affordable Housing (2022-40)

	1 bed	2 beds	3 beds	4+ beds
%	62%	19%	10%	8%

Source: Turley analysis

Open Market Residential Sales Values

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Sales Values Assumptions

Open market dwelling prices

- Based on Land Registry sales of new build (165 records) since 2021 (indexed to Jan'24):
  - Value area 1: £2,600 psm (£242 psf)
  - Value area 2: £3,000 psm (£279 psf)

Affordable housing values

- Based on transfer values of open market values:
  - Social Rent values = 45% of OMV
  - Affordable Rent values = 55% of OMV
  - Intermediate/Shared Ownership Values = 65% of OMV
  - First Homes values = 70% of OMV up to £250,000 cap; plus OM marketing costs

Development Costs

PorterPE

Build costs

BCIS build costs:

- Rebased to Newcastle-under-Lyme @1Q 2024
- <50 houses @median
- 50+ houses @lower quartile
- Flats @median

£psm	Lower quartile	Median	Upper quartile
Estate Housing (generally)	£1,240	£1,437	£1,633
Flats (1 to 2 storeys)	£1,345	£1,511	£1,964
Flats (3 to 5 storeys)	£1,434	£1,614	£1,886
Flats (over 6 storeys)	£1,492	£1,717	£1,936

Approx. construction costs:

- *BCIS build costs plus*
- *Externals: houses @15%; Flat @5%*
- *Professional fees @8%*
- *New BR21 @c.5%*

£psm	Lower quartile	Median	Upper quartile
Estate Housing (generally)	£1,587	£1,839	£2,090
Flats (1 to 2 storeys)	£1,587	£1,783	£2,318
Flats (3 to 5 storeys)	£1,692	£1,905	£2,225
Flats (over 6 storeys)	£1,761	£2,026	£2,284

Residential - Other development costs

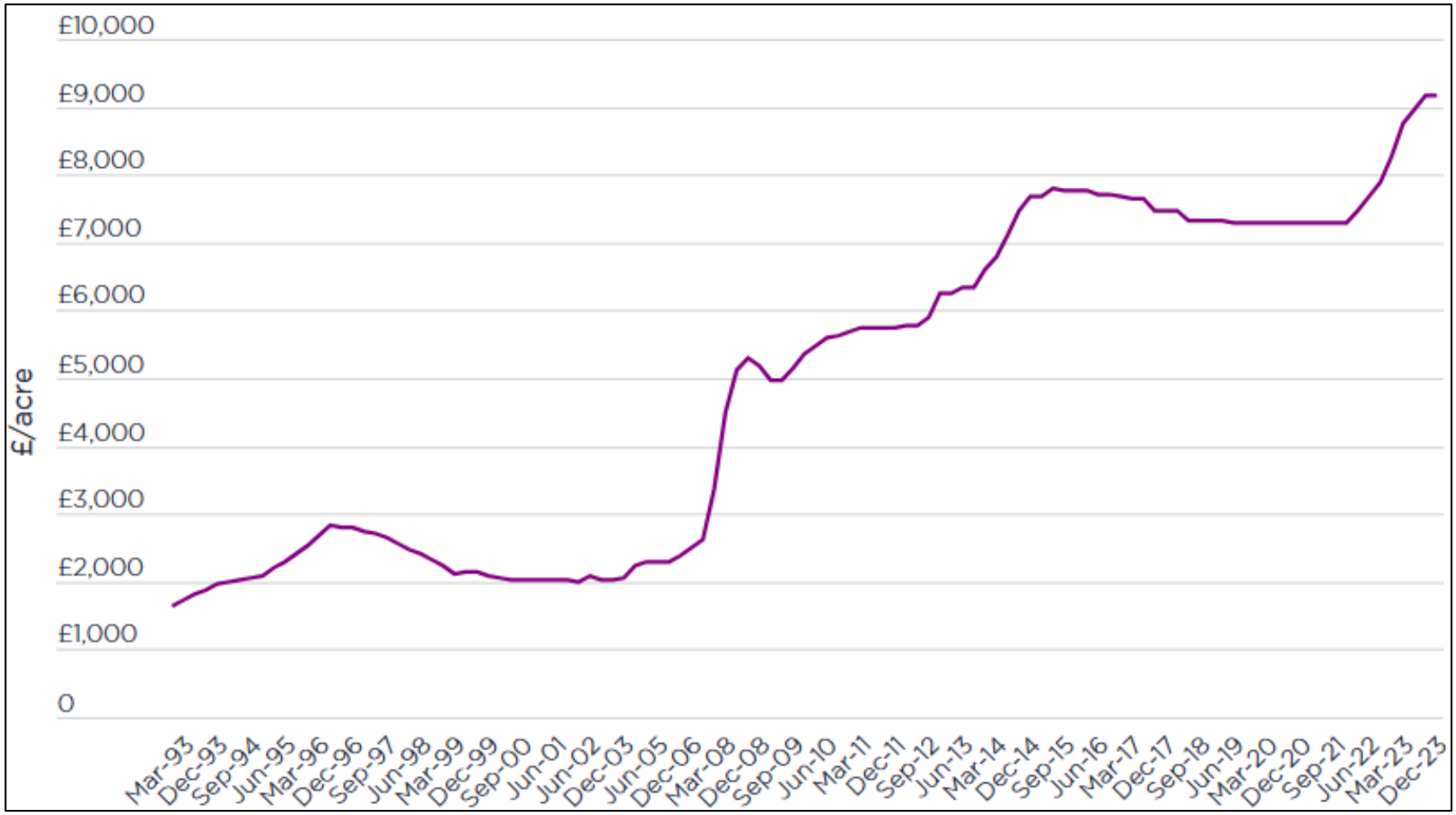
Type	Proposed assumptions
Professional fees	• 8% of build costs
Contingency	• 0% of build costs
Finance	• Debt: 7.5% pa; • Credit: 1.5% pa
Externals (excluding Garages)	• 10% of houses build costs (plus £10k per external garage) • 5% of flats build costs
Abnormals for BF sites	• £400,000 per net ha
Opening costs for GF sites	• 0 to 49 dwgs: £0 per dwg • 50 to 199: £7,500 per dwg • 200 to 499: £15,000 per dwg • 500+: £20,000 per dwg
Developer return (inc overheads + profit)	• Open market: 17.5% of GDV • First homes: 12% of GDV • Affordable: 6% of GDV
Marketing fees	• Open market sales & disposal fees: 2% of GDV • Affordable housing legal costs: £500 per AH dwg • First homes: 2% of GDV + £500 per dwg

Residential – New Building Regulation Costs

Policy impact	Assumption	Unit
Meeting GNSP housing needs: M4(Cat 2)	• £950	per flat
	• £550	per house
Meeting GNSP's housing needs: M4(Cat 3a)	• £8,000	per flat
	• £10,500	per house
Addressing climate change - Sustainable construction and low carbon energy	• £8,875	per house
	• £5,951	per flat
Biodiversity net gain – 10%	• £1,000	per greenfield dwg
	• £450	per brownfield dwg

Benchmark Land Values

West Midlands Farmland Average Value since 1992 (Savills)



Circa. £22,240 per hectare (£9,000 per acre)

Porter planning economics

Evidence of Agricultural Land Guide Prices - Sold Land

Date	Location	Description	Size acres	Size ha	Guide price £ per acre	Sold at
May-23	Dovecliff Road, Stretton, Burton-onTrent	Bare land	6.20	2.51	£12,097 - £12,903	£29,891 - £31,884
May-23	Land at Moor Fields, Moor Lane, Footherley,	Bare land	25.36	10.26	£7,886	£19,488
May-23	Land at Elmhurst, Lichfield - Lot 1	Bare land	67.31	27.24	£11,142 - £11,885	£27,533 - £29,369
May-23	Land at Elmhurst, Lichfield - Lot 2	Bare land	3.89	1.57	£15,424 - £16,710	£38,113 - £41,289
May-23	Land at Elmhurst, Lichfield - Lot 3	Bare land	2.90	1.17	£15,517 - £17,241	£38,343 - £42,603
Dec-22	Land at Ellenhall Park	Bare land	69.55	28.15	£11,503	£28,424
Dec-22	Land off Main Street, Drakelow	Bare land	102.19	41.35	£11,009	£27,204
Jul-22	Land off Nabb Lane, Rocester	Bare land	2.54	1.03	£13,780	£34,051
Aug-22	Land at New Inn Bank	Bare land, rough pasture	1.76	0.71	£14,205	£35,101

Evidence of Greenfield (Agricultural) Land Values

Guide prices of sold land

- Evidence shows that there is some discounting on a price per acre/ha for larger sites above 4 ha (10 acres).

Site under the 4 ha (10 acres)

- Typically sold above guide prices
- Guide prices between £29,900 - £42,600 per ha (£12 - £17,200 per acre) – with land

Sites above 4 ha (10 acres)

- Typically selling at a slightly lower per acre/ha & closer to their guide prices
- Between £19,500 - £29,400 per ha (£7,900 - £11,900 per acre)

Evidence of Brownfield Land Values

Deal date	Address	Size acre	Size ha	Achieved price per acre	Achieved price per ha	Comments
16/08/2023	New Street, Leek, Staffordshire, ST13 6EB	1.14	0.461	£482,456	£1,192,149	Guide price. Former Blakemore and Chell premises comprising of a warehouse, showroom, residential units and a shop.. Existing buildings onsite extend c 9,500 sq ft
03/07/2023	Compound, Galveston Grove, Fenton, Stoke-on-trent, ST4 3PE	0.58	0.235	£603,448	£1,491,121	Compound in existing employment area.
01/06/2023	Plot 9b, Beacon Business Park, Weston Road, Stafford, Staffordshire, ST18 0WL	1.71	0.692	£553,801	£1,368,443	Development plot on industrial estate.
30/01/2023	Meir Depot, Uttoxeter Road , Stoke On Trent	4.35	1.760	£344,828	£852,069	Site is located within a relatively mixed use area.

Evidence of Brownfield Land Values

High grade employment land

- between £1.3m - £1.5m per ha
- (£550 - £600k per acre)

Poorer quality employment land

- between £850k - £1.2m per ha
- (£345k - £480k per acre)

Benchmark Land Values

Greenfields

Sites ≤ 4ha (10 acres)

- £370,650 per gross hectare (£150,000 per gross acre)
- Equates to between x10 times multiplier of EUVs

Sites >4ha (10 acres)

- £247,100 per gross hectare (£100,000 per gross acre)
- Equates to between x10 times multiplier of EUVs

Brownfields

- £935k per ha (£364k per acre)
- Based on EUV £805k per ha (£345k per acre) plus 10% premium

Non-residential Testing Assumptions

PorterPE

Offices

Market Evidence

- Global pandemic had a significant impact on the market
- Shift to working at home
- Now most companies offer hybrid or fully remote working
- Occupiers now require smaller but higher quality space
- Lack of transactions in the borough
  - Small market with secondary stock

Scenarios used in testing

Typology¤	Size·sqm· GIA¤	Size·sqm· NIA·@·85%· GIA¤	Rent¤	All·Risk· Yield¤	Site· coverage¤
Business·park···—· brownfield··¤	2,000¤	1,700¤	£178·psm· (£16.50·psf)¤	11%¤	40%¤

Industrial / Warehouse

Market Evidence

- In recent years we have seen strong demand for strategic warehousing
  - Drive by growth in online sales
  - Requirements from retailers and third party logistics
- Lack of new build for small and mid size units
  - Market is now tight (strong demand v low vacancy)
- Newcastle under Lyme on edge of logistics golden triangle
  - Seen large strategic warehousing at Lymedale Business Park

Scenarios used in testing:

Typology	Size sqm GIA	Rent	All Risk Yield	Site coverage
Small industrial – greenfield and brownfield	150	£108 psm (£10.00 psf)	5.75%	65%
Medium industrial – greenfield and brownfield	2,000	£91.50 psm (£8.50 psf)	5.5%	45%
Medium warehousing – greenfield	5,000	£83 psm (£7.75 psf)	5.25%	40%
Large/strategic warehousing – greenfield	15,000	£86 psm (£8.00 psf)	5.25%	35%

Retail – Convenience

Market Evidence

- Convenience retail market performed well during the pandemic although facing pressure due to food inflation.
- Households are having to be more careful on the food shopping append
- Discount supermarkets are the fastest growing supermarket retailers in 2023
- All major operators have active requirements

Scenarios used in testing:

Typology	Size sqm	Rent	All Risk Yield	Site coverage
Convenience retail (greenfield & brownfield)				
Express	300	£215 psm (£20 psf)	6.0%	70%
Budget	1,800	£200 psm (£18.50 psf)	4.75%	11.5%
Superstore	3,250	£177 psm (£16.50 psf)	5.5%	12%

Retail – Comparison

Market Evidence

- Comparison retail market is continuing to see a shift away from bricks and mortar to online e-commerce
- Trend started before the pandemic and accelerated through the pandemic and now post pandemic, with some return to small High St shops
- We have seen many well known names lost from the high street
- Generally the market is weak with a lack of new build occurring

Scenarios used in testing:

Typology	Size sqm	Rent	All Risk Yield	Site coverage
Comparison retail (all brownfield)				
Small town centre	150	£270 psm (£25 psf)	8.0%	70%
Large town centre	2,000	£200 psm (£18.60 psf)	7.5%	60%
Out of town	500	£300 psm (£28 psf)	6.5%	30%

Build Costs

Use	BCIS Code	Median £ per sqm
Town Centre Offices	320. Offices Generally	£2,195
Out of town Offices	320. Offices Air-conditioned 1-2 storey	£1,970
Smaller Industrial	282. Factories Up to 500m2 GFA	£1,295
Medium Industrial	282. Factories 500 to 2000m2 GFA	£1,136
Medium Warehouse	284. Warehouses/stores 500 to 2000m2 GFA	£849
Large/Strategic Warehouse	284. Warehouses/stores Over 2000m2 GFA	£640
Small Local Convenience	344. Hypermarkets, supermarkets Up to 1000m2	£1,601
Budget Supermarket	344. Hypermarkets, supermarkets 1000 to 7000m2 GFA	£1,583
Larger Supermarket	344. Hypermarkets, supermarkets 1000 to 7000m2 GFA	£1,583
Retail Warehouse	341.1 Retail warehouses Generally	£928
Town Centre Comparison retail	345. Shops Generally	£1,429

BREAM Excellent

- Offices: 0.8% of build costs
- Industrial / Warehouse: 0.4% of build costs
- Retail: 1.8% of build costs

Development Costs

Other development costs

Type	Proposed assumptions
Externals (incl parking spaces)	• 10% of build costs (Brownfield sites) • 15% of build costs (Greenfields site
Contingency	• 0% of build costs
BNG	• £15,000 per ha
Professional fees	• 10% of build costs
Marketing values	• 3% of GDV
Purchaser incentives	• SDLT + purchaser costs • Potential rent periods
Land purchase costs	• Surveyors: 1% of RLV • Legal costs: 0.75% of RLV • SDLT: HMRC rate
Developer return (inc overheads + profit)	• 20% of GDC
Finance	• Debt: 7.0% pa; • Credit: 1.5% pa

Benchmark Land Values

By land type

Greenfield sites ≤ 4ha (10 acres)

- £370,650 per gross hectare (£150,000 per gross acre)
- Equates to between x10 times multiplier of EUVs

Greenfield sites >4ha (10 acres)

- £247,100 per gross hectare (£100,000 per gross acre)
- Equates to between x10 times multiplier of EUVs

• Brownfield sites

- £805k per ha (£345k per acre)
- Based on EUV £805k per ha (£345k per acre)
- + Nil premium (no change in use, no incentive required)

What happens next?

PorterPE

What happens next?

- Prepare and circulate workshop notes to attendees for their review
- Finalise revisions to evidence and assessments
- Partly informed by evidence received today
- Run viability appraisals of sites at full policy costs to assess viability of future developments in the NuL area
- Produce a Viability Study Report for the Reg19 Local Plan publication consultation

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planning economics

Thank you

Any questions or further thoughts:

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Job No.:	1/ 124 NuL Plan Viability Study
Note Title:	Notes from the Developer Workshops – 10th April
Presenters:	NuL Council: Allan Clarke (AC) Porter PE: Russ Porter (RP), Tom Marshall (TM) and Stuart Cook (SC)
Stakeholders:	Knights PLC Gladman Developments Ltd Condate Construction Dean Lewis Estates Strategic Land Group Richborough Estates Harworth Group St Modwen's Aspire Housing Staffordshire County Council

Introduction

AC welcomed everyone to the workshop and introduced Porter Planning Economics (Porter PE), explaining that they have been commissioned to review the viability of development under the emerging NuL Plan. This work is also to assess the achievability of the emerging policies under the developing Local Plan.

Slides 1 to 3

RP introduced the study team and the purpose behind the workshop. RP encouraged stakeholders to provide comments and/or raise questions at any point during the presentations.

Our Approach to Viability Testing

Slides 4 to 6

RP presented slides showing the key guidance documents that we are using when conducting viability appraisals for Local Plan viability and CIL evidence work. RP indicated that the RICS guidance (the document on the far right of the slide) provides extra clarity on the PPG guidance, including a need to sensitivity test development assumptions within the analysis.

Comments:

No comments about these slides were received.

Slide 7

RP noted that the conclusion of viability evidence work is based on whether the Residual Land Value for different development types to support the Local Plan is sufficiently greater than an appropriate Benchmark Land Value to suggest that the emerging Local Plan policies would not put at risk the delivery of the Local Plan.

Development Context

Slides 8 to 11

The above four slides provided a review of what has been happening to land values, sales values and build costs, and how they are forecast to change over the next five years.

Tom Marshall (TM) presented and discussed land values changing over time based on research obtained from a Savills report. TM noted that nationally land values had fallen following the 2018 financial crisis and are gradually returning to those prices. The data also shows a small drop in land values in recent years perhaps reflecting a more subdued market following higher mortgage borrowing costs and a rising cost of living.

TM showed a graph of the changes in the Land Registry House Price Index (HPI) for the local authority, the county and the UK. This was then compared to build costs, based on BCIS' All-in Tender Index Price since 2015. The HPI identified that house prices for NuL have increased considerably (c.55%) marginally higher than the national trend (c.47%). Build costs have also increased over the period, with a large increase in 2017 and more recently in 2022. Over the same period build costs have risen by almost 40%.

TM presented another slide to indicate how costs and values are anticipated to change in the future. BCIS forecasts build costs are expected to increase by 16.7% by the end of 2028. Over the same period, the latest forecasts by Savills for West Midlands indicate values may increase by 20.2% overall, albeit after an initial fall in values in the short term.

Comments:

No comments were raised that conflicted with the information.

One stakeholder commented that there were many sites in the Newcastle-under-Lyme (NuL) area that were struggling to come forward due to the current low values and high build costs.

Another commented that many sites in NuL required external funding to subsidise their delivery.

Residential Testing Site Assumptions

Slides 12 to 13

TM explained that Porter PE has used the latest Strategic Land Availability Assessments (SHLAA) to assess what future development might look like over the plan period. TM explained that the analysis considers only the sites that meet the tests of being 'Suitable' and 'Available' as these could be judged as the most likely sites to come forward under the new plan. TM presented a broad indication of the geographical distribution of the SHLAA sites by separating the number of units into wards. This indicated that a large proportion of units was expected in the Keele, Town Centre and Silverdale wards.

Since the SHLAA data does not indicate if sites will be delivering houses and/or flats, it was explained that this has been estimated based a density per gross hectare. Those sites with very high density are reasonably assumed as being flatted developments and those around 30 dph are assumed to be primarily houses.

TM presented a slide that shows the SHLAA sites plotted by scale (no. of units) and density (dph), differentiated between greenfield and brownfield sites. TM noted the following key points:

The greenfield sites have a range of sizes with around 100-, 200-, 500- and 1,000-unit sizes. This meant a requirement to test a range of sized housing (or sites where flats make up a small % of the mix).

Greenfield sites tended to have densities under 60 dph, suggesting they would primarily be housing developments. This led us to conclude that there would be little need to test greenfield flatted sites.

Brownfield sites showed a requirement to test both housing and flatted typologies. For housing, sites did not tend to exceed 100 units. Sites with between 100 and 200 dph were expected to be flats, which was often the case for small sites with fewer than 50 units.

Comments:

No comments were raised that conflicted with the information.

Slide 15

RP discussed research into establishing value zones for testing sites within the local authority area. RP indicated that the team had used Land Registry data matched with EPC data for all sales transactions (both new builds and existing sales) to establish a 'heat map' where values may differ by area. The clearest pattern in values in the borough reflected the south of the borough was slightly higher in average values than those generally north of the borough.

Comments:

Stakeholders were generally in agreement that the value areas accorded with their views.

A couple of stakeholders were surprised that the area which includes Audley was in the lower section, and perhaps could have been in the higher area.

Slide 16

RP then summarised the findings of the SHELAA and potential site allocation along with their location matched into the two values areas that had informed a set of site typologies shown on the slide. RP explained that these were drafts and may be amended based on comments from the workshop.

Comments:

One stakeholder indicated that the typologies were broadly representative of what they expected.

However, one also indicated that the density assumptions of 50 dph was unrealistic on larger greenfield sites (500+) since they were not in keeping with what the local authority planners may

want on larger sites with regards to other landscape and visual impacts of higher densities. Also, the edge of urban and rural sites would have lower densities than those shown.

One stakeholder asked how BNG new regulations would be considered since a greater preference for on-site provision would necessitate a higher land take. RP explained that this had been considered in the gross and net assumptions shown on the slide. It was felt that the sites with 100% Gross to Net would not accurately reflect this new BNG requirement. Another stakeholder stated that off-site BNG credits could prejudice viability.

Slide 17

RP presented Turleys' findings on housing need in the NuL area for open market and affordable homes, which would help inform the type of dwellings and sizes of dwellings that would inform the viability assessments.

Comments

One stakeholder noted that the middle table (Table 6.1) of the estimated size of housing required in NuL was broadly in line with what they thought the market would like to develop.

However, a couple of stakeholders noted that the bottom Table 7.7 was not realistic due to the high need for 1-bed units (62%). It was felt that this is not what Registered Providers would want to take on, and sometimes planners consider flatted schemes for 1-bed units may not be preferable because they will harm other local plan objectives for visual landscaping impacts.

Unit sizes were discussed with stakeholders noting that schemes would meet Nationally Described Space Standards (NDSS) and in the case of 3, 4 and 5 units sometimes exceed NDSS.

However, it was also indicated that developers are no longer interested in bringing overly large units, i.e. more than 4-bed units forward. One stated that Keir are delivering larger units but not delivering 2,000 sq ft/ 5-beds with these probably around 500 sq ft less. Bellway units are small overall.

Open Market Residential Sales Values

Slides 18 & 19

RP presented the local sales values that would be tested based on value areas set out in an earlier slide. RP noted that the sales values are based on the Land Registry data of new transactions (165), which have also been matched to their floorspace sizes using EPC records. The data is taken from recorded transactions since Jan 2021, which were updated using the House Price Index from their transaction date to January 2024.

RP also presented a review of the assumptions to inform the values for affordable rented units in the NuL area. These were shown as a % of open market value.

Comments

A couple of stakeholders noted that this look 'about right'.

One noted that a scheme in the lower value area had higher values than those shown.

One stakeholder cautioned that some brownfield sites in NuL may not be able to achieve even the lower values, and that £230 per sqft might be more appropriate.

A couple of stakeholders noted that the 45% and 55% of OMV for social rent and affordable rent respectively looked accurate, but suggested that shared ownership / intermediate units were more likely to be 70% of OMV rather than 65%.

Build Costs

Slides 20 & 21

RP presented the residential build costs shown, indicating that these average build costs had been sourced from BCIS using tender prices indexed to Q1 2024 and rebased to NuL prices.

RP also presented what an all-in construction cost could look like after including some broad assumptions for other costs, which are shown in the second table.

Comments

BCIS costs were considered reasonable, reflecting current Building Regulations.

One stakeholder noted that compared to their experience, the all-in values look low. It was acknowledged that the site they had experience with was brownfield with abnormal costs, being developed by a small housebuilder without the economies of scale achievable by the larger development companies.

Another stakeholder noted that the costs looked generally OK.

Slide 22

RP asked for comments about the other residential site development assumptions after presenting a column of assumptions that reflect what is being proposed for the viability assessments informing the Local Plan.

Comments

One stakeholder acknowledged that the profit level was based on PPG guidance but indicated that housebuilders in practice often have their expectations of profit that do not necessarily tally with planning guidance.

Slide 23

RP presented a slide showing assumptions for a series of policy costs. It was noted that the exact nature of some of the policies were evolving, but these are generally what are seen as the most current assumptions for these types of policies.

Post meeting comment: one cost that was not included in the presentation was for EV charging, which is currently assumed to be in the region of £1,000 per unit.

Comments

No comments or disagreements were received, noting that BNG was queried at a previous point in the workshop.

Benchmark Land Values

Slides 24 to 30

SC presented a graph showing the average price of farmland since 1992, which has reached c.£22,240 per hectare. SC then presented a series of slides showing deals based on land payments for local schemes. From Slide 26 SC noted that for greenfield land there appeared to be a pattern whereby larger sites had lower guide prices (up to £12,000 per acre) compared to smaller ones at a higher rate (c£15,000 per acre). This provided the rationale for two values based on the scale of under and above 4 hectares (10 acres).

Comments

One stakeholder noted that the threshold for the presented figures would more likely be 30 or 40 hectares and not 4 hectares.

One stakeholder questioned whether a landowner would sell good agricultural land for £150,000 per gross hectare in this location.

It was acknowledged that while the study team was following the guidance set out in the PPG, it was also suggested that what guidance may say 'might be an appropriate figure for the landowner to sell their land for' may not always match the true figure in practice. Therefore, it was advised that the study team should keep this in mind when concluding on viability to ensure decisions are not taken at the margins of viability and that appropriate buffers and sensitivity testing are considered.

Non Residential Values

Slides 31 to 32

SC ran through a several slides setting out our assumptions for non residential testing. These included the typologies to be assessed, the quantum of floorspace assumed, rental values and All Risk Yields for capitalising developments. Assumptions have been taken from a range of sources where possible, including local transactions from Estates Gazette Interactive and national publications from market stakeholders such as Knight Frank, Savills and the like.

Comments

No comments or disagreements were received

Slides 33

SC noted that the office market has suffered in recent years nationally through the COVID-19 pandemic and a change in work habits. Locally, there has been a dearth of activity, and a business park-type scenario would be more likely in this location.

Comments

No comments or disagreements were received

Slide 34

Industrial was seen as better performing in NuL given its proximity to strategic networks with strategic warehousing being delivered in locations such as Lymedale Business Park. It was felt that there was lower demand for smaller and mid-sized units, but acknowledged the need to test a range of scenarios for this type.

Comments

It was felt that the 'small industrial' typology of 150 sqm was quite low and another typology could be included at around 250 or 500 sqm.

One stakeholder noted that the rents and yields looked reasonable, but might be able to send evidence from their agents on a local scheme. It was noted that these typologies may have different build costs.

One stakeholder asked where rents and yields were taken from and whether the sample size was significant or not. SC explained that these had been taken from local transactions, some at Lymedale Business Park and others extended into neighbouring Stoke on Trent.

Another stakeholder offered to provide details on rents and yields based on their local schemes.

Slide 35

The retail market has performed well during the pandemic but is facing pressure due to food inflation. Discount supermarkets tend to be doing best, however, recent announcements from Tesco have been positive. Comparison retail has been weaker with a move from bricks and mortar to online e-commerce. Generally seeing that out of town retail performs better than high street retail.

Comments

No comments or disagreements were received

Slides 36 to 38

SC showed slides on non-residential build costs, other development costs and land values. SC noted that occupiers are seeking higher standards such as BREEAM Excellent/Very good, which will be factored into the costings in the viability assessments.

Comments

No comments or disagreements were received.

What happens next?

Slides 39 to 42

RP opened the discussion for any final comments. RP ran through the next stages of completing the viability assessment work, before thanking everyone for attending and closing the workshop session.

RP stated that we would welcome any further thoughts and information post-meeting and that there would be a period of two weeks after the slides are circulated to send in any information. RP confirmed that any information received would be treated confidentially.

The workshop was then closed.

Appendix B: Review of Student Accommodation

Student Accommodation (Academic Year 2024/25) in Newcastle-under-Lyme

College or name of halls	Band/room type	Type	Bathroom	SQM	Let weeks per year	£ per week	£ per annum
KEELE HOUSE	Deluxe Studio	Studio	Private	20.0	51	£158.00	£8,058
	Lower Floor Premier Studio	Studio	Private	n/a	51	£158.00	£8,058
	Lower Floor Studio	Studio	Private	n/a	51	£145.00	£7,395
	Lower Floor Deluxe Studio	Studio	Private	n/a	51	£148.00	£7,548
	Penthouse Premier Studio	Studio	Private	22.0	51	£179.00	£9,129
	Penthouse Deluxe Studio	Studio	Private	20.0	51	£170.00	£8,670
	Penthouse Studio	Studio	Private	18.0	51	£169.00	£8,619
	Premier Studio	Studio	Private	22.0	51	£164.00	£8,364
	Classic Studio	Studio	Private	18.0	51	£143.00	£7,293
ONE LONDON ROAD	Classic Studio	Studio	Private	n/a	51	£169.00	£8,619
	Classic Plus Studio	Studio	Private	n/a	51	£169.00	£8,619
	Deluxe Studio	Studio	Private	n/a	51	£174.00	£8,874
	Deluxe Plus Studio	Studio	Private	n/a	51	£179.00	£9,129
	Premium Plus Studio	Studio	Private	n/a	51	£194.00	£9,894
	Premium Balcony Studio	Studio	Private	n/a	51	£199.00	£10,149
	Premium Studio	Studio	Private	n/a	51	£189.00	£9,639
DEAKIN'S YARD	4/5 Bed Ensuite	Cluster	Private	15.0	51	£140.00	£7,140
	Classic Studio	Studio	Private	18.2	51	£172.00	£8,772
	Premium Studio	Studio	Private	18.3	51	£177.00	£9,027
	Deluxe Studio	Studio	Private	27.8	51	£182.00	£9,282
	1 Bed Apartment	Studio	Private	33.4	51	£187.00	£9,537
	2 Bed Ensuite	Cluster	Private	14.6	51	£146.00	£7,446
	4/5 Bed Ensuite (Lg - Gf)	Cluster	Private	15.0	51	£135.00	£6,885
	Accessible Studio	Studio	Private	27.4	51	£135.00	£6,885
Metropolis	Standard Studio	Studio	Private	17.0	51	£145.00	£7,395
	Premium Studio	Studio	Private	20.0	51	£167.00	£8,517
	Premium Plus Studio	Studio	Private	27.0	51	£189.00	£9,639
	Ultimate Studio	Studio	Private	30.0	51	£200.00	£10,200

End

Appendix C: New Build Residential Transactions

Date	Address	Ward name	Property type	Price paid	Index at transactn date	Index at Febr'24	Indexed price	Flsp (sqm)	Indexed £psm
March 2023	6, DARTMOOR CLOSE - ST5 9FU	Cross Heath	Terraced	£176,500	149.6	155.1	£182,989	67.0	£2,731
December 2022	3, LUNDY CLOSE - ST5 9FT	Cross Heath	Detached	£299,500	158.2	159.1	£301,204	115.0	£2,619
December 2022	18, ROBERTSON DRIVE - ST5 9AX	Cross Heath	Semi-detached	£218,750	160.4	159.1	£216,977	85.0	£2,553
December 2022	20, ROBERTSON DRIVE - ST5 9AX	Cross Heath	Semi-detached	£218,500	160.4	159.1	£216,729	85.0	£2,550
December 2022	31, CLYDESDALE AVENUE - ST5 9FN	Cross Heath	Terraced	£178,500	158.2	155.1	£175,002	68.0	£2,574
December 2022	37, CLYDESDALE AVENUE - ST5 9FN	Cross Heath	Terraced	£177,500	158.2	155.1	£174,022	68.0	£2,559
December 2022	33, CLYDESDALE AVENUE - ST5 9FN	Cross Heath	Terraced	£172,750	158.2	155.1	£169,365	63.0	£2,688
November 2022	9, EXMOOR DRIVE - ST5 9FS	Cross Heath	Detached	£288,500	156	159.1	£294,233	117.0	£2,515
November 2022	16, EXMOOR DRIVE - ST5 9FS	Cross Heath	Detached	£278,500	156	159.1	£284,034	116.0	£2,449
November 2022	8, EXMOOR DRIVE - ST5 9FS	Cross Heath	Semi-detached	£215,000	157.8	159.1	£216,771	84.0	£2,581
November 2022	6, EXMOOR DRIVE - ST5 9FS	Cross Heath	Semi-detached	£210,500	157.8	159.1	£212,234	84.0	£2,527
November 2022	2, EXMOOR DRIVE - ST5 9FS	Cross Heath	Semi-detached	£208,500	157.8	159.1	£210,218	79.0	£2,661
November 2022	4, EXMOOR DRIVE - ST5 9FS	Cross Heath	Semi-detached	£208,500	157.8	159.1	£210,218	79.0	£2,661
October 2022	2, LUNDY CLOSE - ST5 9FT	Cross Heath	Detached	£235,000	155.4	159.1	£240,595	87.0	£2,765
October 2022	5, EXMOOR DRIVE - ST5 9FS	Cross Heath	Semi-detached	£210,500	157.3	159.1	£212,909	84.0	£2,535
October 2022	7, EXMOOR DRIVE - ST5 9FS	Cross Heath	Semi-detached	£210,500	157.3	159.1	£212,909	84.0	£2,535
October 2022	1, EXMOOR DRIVE - ST5 9FS	Cross Heath	Semi-detached	£210,500	157.3	159.1	£212,909	84.0	£2,535
October 2022	3, EXMOOR DRIVE - ST5 9FS	Cross Heath	Semi-detached	£210,500	157.3	159.1	£212,909	84.0	£2,535
September 2022	14, EXMOOR DRIVE - ST5 9FS	Cross Heath	Detached	£288,500	154.2	159.1	£297,668	117.0	£2,544
September 2022	41, CLYDESDALE AVENUE - ST5 9FN	Cross Heath	Detached	£286,500	154.2	159.1	£295,604	115.0	£2,570
September 2022	12, EXMOOR DRIVE - ST5 9FS	Cross Heath	Semi-detached	£211,500	156.4	159.1	£215,151	85.0	£2,531
August 2022	45, CLYDESDALE AVENUE - ST5 9FN	Cross Heath	Detached	£285,500	153.3	159.1	£296,302	117.0	£2,532
August 2022	11, EXMOOR DRIVE - ST5 9FS	Cross Heath	Detached	£287,500	153.3	159.1	£298,377	115.0	£2,595
August 2022	39, CLYDESDALE AVENUE - ST5 9FN	Cross Heath	Detached	£285,500	153.3	159.1	£296,302	115.0	£2,577
August 2022	43, CLYDESDALE AVENUE - ST5 9FN	Cross Heath	Detached	£285,500	153.3	159.1	£296,302	115.0	£2,577
July 2022	17, EXMOOR DRIVE - ST5 9FS	Cross Heath	Detached	£284,500	151.3	159.1	£299,167	117.0	£2,557
July 2022	18, EXMOOR DRIVE - ST5 9FS	Cross Heath	Detached	£278,500	151.3	159.1	£292,858	116.0	£2,525
July 2022	15, EXMOOR DRIVE - ST5 9FS	Cross Heath	Detached	£282,500	151.3	159.1	£297,064	115.0	£2,583
July 2022	47, CLYDESDALE AVENUE - ST5 9FN	Cross Heath	Semi-detached	£203,500	153.4	159.1	£211,062	79.0	£2,672
July 2022	32, CLYDESDALE AVENUE - ST5 9FN	Cross Heath	Terraced	£163,000	151.8	155.1	£166,543	63.0	£2,644
June 2022	10, LUNDY CLOSE - ST5 9FT	Cross Heath	Detached	£279,500	149.4	159.1	£297,647	117.0	£2,544
June 2022	38, CLYDESDALE AVENUE - ST5 9FN	Cross Heath	Semi-detached	£203,000	150.8	159.1	£214,173	79.0	£2,711

Date	Address	Ward name	Property type	Price paid	Index at transactn date	Index at Febr'24	Indexed price	Flsp (sqm)	Indexed £psm
June 2022	20, CLYDESDALE AVENUE - ST5 9FN	Cross Heath	Terraced	£167,500	149.3	155.1	£174,007	68.0	£2,559
June 2022	26, CLYDESDALE AVENUE - ST5 9FN	Cross Heath	Terraced	£167,500	149.3	155.1	£174,007	68.0	£2,559
June 2022	26, ROBERTSON DRIVE - ST5 9AX	Cross Heath	Semi-detached	£165,000	150.8	159.1	£174,082	64.0	£2,720
June 2022	24, ROBERTSON DRIVE - ST5 9AX	Cross Heath	Semi-detached	£165,000	150.8	159.1	£174,082	64.0	£2,720
June 2022	22, CLYDESDALE AVENUE - ST5 9FN	Cross Heath	Terraced	£163,000	149.3	155.1	£169,332	63.0	£2,688
June 2022	30, CLYDESDALE AVENUE - ST5 9FN	Cross Heath	Terraced	£163,000	149.3	155.1	£169,332	63.0	£2,688
May 2022	20, EXMOOR DRIVE - ST5 9FS	Cross Heath	Detached	£283,500	147.9	159.1	£304,969	117.0	£2,607
May 2022	4, LUNDY CLOSE - ST5 9FT	Cross Heath	Detached	£281,500	147.9	159.1	£302,817	117.0	£2,588
May 2022	36, SHETLAND DRIVE - ST5 9FQ	Cross Heath	Detached	£279,500	147.9	159.1	£300,666	117.0	£2,570
May 2022	6, LUNDY CLOSE - ST5 9FT	Cross Heath	Detached	£274,500	147.9	159.1	£295,287	116.0	£2,546
May 2022	40, SHETLAND DRIVE - ST5 9FQ	Cross Heath	Detached	£272,500	147.9	159.1	£293,136	116.0	£2,527
April 2022	8, LUNDY CLOSE - ST5 9FT	Cross Heath	Detached	£274,500	146.3	159.1	£298,516	116.0	£2,573
April 2022	14, LUNDY CLOSE - ST5 9FT	Cross Heath	Semi-detached	£209,000	147.1	159.1	£226,050	85.0	£2,659
April 2022	12, LUNDY CLOSE - ST5 9FT	Cross Heath	Semi-detached	£207,500	147.1	159.1	£224,427	85.0	£2,640
April 2022	22, ROBERTSON DRIVE - ST5 9AX	Cross Heath	Semi-detached	£169,500	147.1	159.1	£183,327	68.0	£2,696
April 2022	28, ROBERTSON DRIVE - ST5 9AX	Cross Heath	Semi-detached	£169,500	147.1	159.1	£183,327	68.0	£2,696
March 2022	42, SHETLAND DRIVE - ST5 9FQ	Cross Heath	Detached	£279,500	146.2	159.1	£304,162	117.0	£2,600
March 2022	38, SHETLAND DRIVE - ST5 9FQ	Cross Heath	Detached	£274,500	146.2	159.1	£298,721	116.0	£2,575
March 2022	18, LUNDY CLOSE - ST5 9FT	Cross Heath	Semi-detached	£205,000	147.1	159.1	£221,723	85.0	£2,609
March 2022	21, EXMOOR DRIVE - ST5 9FS	Cross Heath	Semi-detached	£205,000	147.1	159.1	£221,723	84.0	£2,640
February 2022	20, LUNDY CLOSE - ST5 9FT	Cross Heath	Detached	£279,500	146.4	159.1	£303,746	117.0	£2,596
February 2022	54, SHETLAND DRIVE - ST5 9FQ	Cross Heath	Detached	£275,500	146.4	159.1	£299,399	117.0	£2,559
February 2022	44, SHETLAND DRIVE - ST5 9FQ	Cross Heath	Detached	£279,500	146.4	159.1	£303,746	116.0	£2,619
February 2022	51, CLYDESDALE AVENUE - ST5 9FN	Cross Heath	Semi-detached	£203,000	147	159.1	£219,710	79.0	£2,781
January 2022	15, SHETLAND DRIVE - ST5 9FQ	Cross Heath	Semi-detached	£200,000	145.6	159.1	£218,544	85.0	£2,571
January 2022	53, CLYDESDALE AVENUE - ST5 9FN	Cross Heath	Semi-detached	£203,000	145.6	159.1	£221,822	79.0	£2,808
October 2022	9, WESTERDALE DRIVE - ST5 5FH	Keele	Detached	£595,000	155.4	159.1	£609,167	158.0	£3,855
April 2023	35, BURNT OAKS PLACE - TF9 4RU	Loggerheads	Detached	£365,000	153.4	159.1	£378,563	99.0	£3,824
March 2023	24, BURNT OAKS PLACE - TF9 4RU	Loggerheads	Detached	£375,000	152.1	159.1	£392,258	106.0	£3,701
March 2023	18, BURNT OAKS PLACE - TF9 4RU	Loggerheads	Detached	£375,000	152.1	159.1	£392,258	106.0	£3,701
February 2023	19, BURNT OAKS PLACE - TF9 4RU	Loggerheads	Detached	£375,000	155.6	159.1	£383,435	108.0	£3,550
January 2023	17, BURNT OAKS PLACE - TF9 4RU	Loggerheads	Detached	£375,000	157.1	159.1	£379,774	106.0	£3,583

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January 2023	20, BURNT OAKS PLACE - TF9 4RU	Loggerheads	Detached	£375,000	157.1	159.1	£379,774	106.0	£3,583
January 2023	22, BURNT OAKS PLACE - TF9 4RU	Loggerheads	Detached	£375,000	157.1	159.1	£379,774	106.0	£3,583
November 2022	72, LEIGHTON VIEW - TF9 4FH	Loggerheads	Detached	£304,995	156	159.1	£311,056	107.0	£2,907
November 2022	37, BURNT OAKS PLACE - TF9 4RU	Loggerheads	Detached	£358,000	156	159.1	£365,114	102.0	£3,580
September 2022	74, LEIGHTON VIEW - TF9 4FH	Loggerheads	Detached	£349,995	154.2	159.1	£361,117	121.0	£2,984
September 2022	36, BURNT OAKS PLACE - TF9 4RU	Loggerheads	Detached	£358,000	154.2	159.1	£369,376	106.0	£3,485
September 2022	33, BURNT OAKS PLACE - TF9 4RU	Loggerheads	Detached	£355,000	154.2	159.1	£366,281	99.0	£3,700
September 2022	73, LEIGHTON VIEW - TF9 4FH	Loggerheads	Detached	£299,995	154.2	159.1	£309,528	98.0	£3,158
September 2022	71, LEIGHTON VIEW - TF9 4FH	Loggerheads	Detached	£264,995	154.2	159.1	£273,416	90.0	£3,038
August 2022	2, LEIGHTON VIEW - TF9 4FH	Loggerheads	Detached	£399,995	153.3	159.1	£415,129	133.0	£3,121
August 2022	1, LEIGHTON VIEW - TF9 4FH	Loggerheads	Detached	£369,995	153.3	159.1	£383,994	119.0	£3,227
August 2022	30, BURNT OAKS PLACE - TF9 4RU	Loggerheads	Detached	£358,000	153.3	159.1	£371,545	106.0	£3,505
August 2022	27, BURNT OAKS PLACE - TF9 4RU	Loggerheads	Detached	£355,000	153.3	159.1	£368,431	106.0	£3,476
July 2022	23, BURNT OAKS PLACE - TF9 4RU	Loggerheads	Detached	£350,000	151.3	159.1	£368,044	101.0	£3,644
June 2022	55, LEIGHTON VIEW - TF9 4FH	Loggerheads	Detached	£341,995	149.4	159.1	£364,199	125.0	£2,914
June 2022	61, LEIGHTON VIEW - TF9 4FH	Loggerheads	Detached	£344,995	149.4	159.1	£367,394	121.0	£3,036
June 2022	57, LEIGHTON VIEW - TF9 4FH	Loggerheads	Detached	£319,995	149.4	159.1	£340,771	120.0	£2,840
June 2022	26, BURNT OAKS PLACE - TF9 4RU	Loggerheads	Detached	£350,000	149.4	159.1	£372,724	108.0	£3,451
June 2022	53, BURNT OAKS PLACE - TF9 4RU	Loggerheads	Detached	£350,000	149.4	159.1	£372,724	106.0	£3,516
June 2022	28, BURNT OAKS PLACE - TF9 4RU	Loggerheads	Detached	£355,000	149.4	159.1	£378,049	106.0	£3,566
June 2022	63, LEIGHTON VIEW - TF9 4FH	Loggerheads	Semi-detached	£99,958	150.8	159.1	£105,460	70.0	£1,507
June 2022	64, LEIGHTON VIEW - TF9 4FH	Loggerheads	Semi-detached	£99,958	150.8	159.1	£105,460	70.0	£1,507
June 2022	65, LEIGHTON VIEW - TF9 4FH	Loggerheads	Semi-detached	£79,927	150.8	159.1	£84,326	64.0	£1,318
June 2022	66, LEIGHTON VIEW - TF9 4FH	Loggerheads	Semi-detached	£79,927	150.8	159.1	£84,326	64.0	£1,318
May 2022	58, LEIGHTON VIEW - TF9 4FH	Loggerheads	Detached	£344,995	147.9	159.1	£371,120	121.0	£3,067
May 2022	29, BURNT OAKS PLACE - TF9 4RU	Loggerheads	Detached	£350,000	147.9	159.1	£376,504	108.0	£3,486
May 2022	25, BURNT OAKS PLACE - TF9 4RU	Loggerheads	Detached	£352,000	147.9	159.1	£378,656	106.0	£3,572
May 2022	31, BURNT OAKS PLACE - TF9 4RU	Loggerheads	Detached	£352,000	147.9	159.1	£378,656	101.0	£3,749
March 2022	47, LEIGHTON VIEW - TF9 4FH	Loggerheads	Detached	£314,995	146.2	159.1	£342,789	120.0	£2,857
March 2023	54, BUNKERS HILL - ST7 1NZ	Talke & Butt Lane	Detached	£228,995	152.1	159.1	£239,534	79.0	£3,032
February 2023	48, BUNKERS HILL - ST7 1NZ	Talke & Butt Lane	Semi-detached	£199,995	157.3	159.1	£202,284	69.0	£2,932

Date	Address	Ward name	Property type	Price paid	Index at transactn date	Index at Febr'24	Indexed price	Flsp (sqm)	Indexed £psm
December 2022	38, WEST AVENUE - ST7 1NT	Talke & Butt Lane	Terraced	£189,995	158.2	155.1	£186,272	87.0	£2,141
December 2022	40, WEST AVENUE - ST7 1NT	Talke & Butt Lane	Terraced	£187,995	158.2	155.1	£184,311	87.0	£2,119
December 2022	3, BUNKERS HILL - ST7 1NZ	Talke & Butt Lane	Detached	£228,995	158.2	159.1	£230,298	79.0	£2,915
November 2022	2, BUNKERS HILL - ST7 1NZ	Talke & Butt Lane	Semi-detached	£181,995	157.8	159.1	£183,494	69.0	£2,659
April 2023	8, ROSEMARY HILL - ST5 2FE	Thistle berry	Detached	£264,995	153.4	159.1	£274,842	92.0	£2,987
December 2022	75, EMERY AVENUE - ST5 2JG	Thistle berry	Detached	£712,000	158.2	159.1	£716,051	236.0	£3,034
December 2022	18, ROSEMARY HILL - ST5 2FE	Thistle berry	Detached	£279,995	158.2	159.1	£281,588	129.0	£2,183
December 2022	10, BASIL GROVE - ST5 2FH	Thistle berry	Detached	£299,995	158.2	159.1	£301,702	119.0	£2,535
December 2022	9, BASIL GROVE - ST5 2FH	Thistle berry	Detached	£299,995	158.2	159.1	£301,702	109.0	£2,768
December 2022	3, BASIL GROVE - ST5 2FH	Thistle berry	Detached	£299,995	158.2	159.1	£301,702	109.0	£2,768
December 2022	8, BASIL GROVE - ST5 2FH	Thistle berry	Detached	£284,995	158.2	159.1	£286,616	109.0	£2,630
December 2022	2, BASIL GROVE - ST5 2FH	Thistle berry	Detached	£284,995	158.2	159.1	£286,616	109.0	£2,630
December 2022	5, BASIL GROVE - ST5 2FH	Thistle berry	Detached	£289,995	158.2	159.1	£291,645	102.0	£2,859
December 2022	7, BASIL GROVE - ST5 2FH	Thistle berry	Detached	£249,995	158.2	159.1	£251,417	81.0	£3,104
December 2022	1, BASIL GROVE - ST5 2FH	Thistle berry	Detached	£245,000	158.2	159.1	£246,394	81.0	£3,042
December 2022	6, BASIL GROVE - ST5 2FH	Thistle berry	Semi-detached	£125,568	160.4	159.1	£124,550	69.0	£1,805
December 2022	33, ROSEMARY HILL - ST5 2FE	Thistle berry	Semi-detached	£205,995	160.4	159.1	£204,325	69.0	£2,961
December 2022	14, BASIL GROVE - ST5 2FH	Thistle berry	Semi-detached	£205,995	160.4	159.1	£204,325	69.0	£2,961
December 2022	12, BASIL GROVE - ST5 2FH	Thistle berry	Semi-detached	£205,995	160.4	159.1	£204,325	69.0	£2,961
November 2022	16, ROSEMARY HILL - ST5 2FE	Thistle berry	Detached	£319,995	156	159.1	£326,354	113.0	£2,888
October 2022	35, ROSEMARY HILL - ST5 2FE	Thistle berry	Detached	£319,995	155.4	159.1	£327,614	113.0	£2,899
October 2022	29, ROSEMARY HILL - ST5 2FE	Thistle berry	Detached	£289,995	155.4	159.1	£296,900	102.0	£2,911
October 2022	12, ROSEMARY HILL - ST5 2FE	Thistle berry	Semi-detached	£205,995	157.3	159.1	£208,352	69.0	£3,020
October 2022	14, ROSEMARY HILL - ST5 2FE	Thistle berry	Semi-detached	£205,995	157.3	159.1	£208,352	69.0	£3,020
September 2022	27, ROSEMARY HILL - ST5 2FE	Thistle berry	Detached	£264,995	154.2	159.1	£273,416	129.0	£2,120
September 2022	2, FENNEL PLACE - ST5 2FF	Thistle berry	Detached	£299,995	154.2	159.1	£309,528	113.0	£2,739
September 2022	12, FENNEL PLACE - ST5 2FF	Thistle berry	Detached	£299,995	154.2	159.1	£309,528	109.0	£2,840
September 2022	4, FENNEL PLACE - ST5 2FF	Thistle berry	Detached	£269,995	154.2	159.1	£278,575	102.0	£2,731
September 2022	1, FENNEL PLACE - ST5 2FF	Thistle berry	Semi-detached	£125,568	156.4	159.1	£127,736	69.0	£1,851
September 2022	3, FENNEL PLACE - ST5 2FF	Thistle berry	Semi-detached	£125,568	156.4	159.1	£127,736	69.0	£1,851

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September 2022	7, FENNEL PLACE - ST5 2FF	Thistle berry	Semi-detached	£125,568	156.4	159.1	£127,736	69.0	£1,851
September 2022	9, FENNEL PLACE - ST5 2FF	Thistle berry	Semi-detached	£125,568	156.4	159.1	£127,736	69.0	£1,851
September 2022	8, FENNEL PLACE - ST5 2FF	Thistle berry	Semi-detached	£125,568	156.4	159.1	£127,736	69.0	£1,851
September 2022	6, FENNEL PLACE - ST5 2FF	Thistle berry	Semi-detached	£125,568	156.4	159.1	£127,736	69.0	£1,851
September 2022	31, ROSEMARY HILL - ST5 2FE	Thistle berry	Semi-detached	£205,995	156.4	159.1	£209,551	69.0	£3,037
August 2022	5, FENNEL PLACE - ST5 2FF	Thistle berry	Detached	£279,995	153.3	159.1	£290,588	109.0	£2,666
June 2022	17, FENNEL PLACE - ST5 2FF	Thistle berry	Detached	£289,995	149.4	159.1	£308,823	109.0	£2,833
June 2022	21, FENNEL PLACE - ST5 2FF	Thistle berry	Detached	£289,995	149.4	159.1	£308,823	109.0	£2,833
June 2022	15, FENNEL PLACE - ST5 2FF	Thistle berry	Detached	£262,995	149.4	159.1	£280,070	102.0	£2,746
June 2022	19, FENNEL PLACE - ST5 2FF	Thistle berry	Detached	£262,995	149.4	159.1	£280,070	102.0	£2,746
June 2022	11, FENNEL PLACE - ST5 2FF	Thistle berry	Detached	£239,995	149.4	159.1	£255,577	92.0	£2,778
April 2022	23, ROSEMARY HILL - ST5 2FE	Thistle berry	Semi-detached	£182,995	147.1	159.1	£197,923	97.0	£2,040
April 2022	21, ROSEMARY HILL - ST5 2FE	Thistle berry	Terraced	£184,995	144.8	155.1	£198,154	92.0	£2,154
March 2022	17, ROSEMARY HILL - ST5 2FE	Thistle berry	Terraced	£186,995	144.5	155.1	£200,712	97.0	£2,069
March 2022	25, ROSEMARY HILL - ST5 2FE	Thistle berry	Terraced	£184,995	144.5	155.1	£198,566	92.0	£2,158
February 2022	15, ROSEMARY HILL - ST5 2FE	Thistle berry	Terraced	£184,995	144.9	155.1	£198,017	92.0	£2,152
February 2022	19, ROSEMARY HILL - ST5 2FE	Thistle berry	Terraced	£184,995	144.9	155.1	£198,017	92.0	£2,152
September 2022	MARSH BOX, 2, APARTMENT 1, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£125,000	142.3	140.5	£123,419	44.0	£2,805
September 2022	MARSH BOX, 2, APARTMENT 8, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£105,000	142.3	140.5	£103,672	35.0	£2,962
September 2022	MARSH BOX, 2, APARTMENT 23, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£103,000	142.3	140.5	£101,697	35.0	£2,906
September 2022	MARSH BOX, 2, APARTMENT 20, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£99,950	142.3	140.5	£98,686	34.0	£2,903
August 2022	MARSH BOX, 2, APARTMENT 6, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£120,000	142.3	140.5	£118,482	40.0	£2,962
August 2022	MARSH BOX, 2, APARTMENT 2, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£99,950	142.3	140.5	£98,686	35.0	£2,820
August 2022	MARSH BOX, 2, APARTMENT 27, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£103,000	142.3	140.5	£101,697	34.0	£2,991
July 2022	MARSH BOX, 2, APARTMENT 15, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£125,000	140.9	140.5	£124,645	44.0	£2,833
June 2022	MARSH BOX, 2, APARTMENT 22, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£125,000	139.3	140.5	£126,077	44.0	£2,865
June 2022	MARSH BOX, 2, APARTMENT 10, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£99,950	139.3	140.5	£100,811	35.0	£2,880

Date	Address	Ward name	Property type	Price paid	Index at transactn date	Index at Febr'24	Indexed price	Flsp (sqm)	Indexed £psm
June 2022	MARSH BOX, 2, APARTMENT 12, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£103,000	139.3	140.5	£103,887	34.0	£3,056
May 2022	MARSH BOX, 2, APARTMENT 21, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£127,500	137.7	140.5	£130,093	50.0	£2,602
April 2022	MARSH BOX, 2, APARTMENT 7, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£125,000	137.2	140.5	£128,007	44.0	£2,909
April 2022	MARSH BOX, 2, APARTMENT 3, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£99,950	137.2	140.5	£102,354	35.0	£2,924
April 2022	MARSH BOX, 2, APARTMENT 17, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£95,000	137.2	140.5	£97,285	35.0	£2,780
March 2022	MARSH BOX, 2, APARTMENT 14, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£137,500	137.1	140.5	£140,910	50.0	£2,818
March 2022	MARSH BOX, 2, APARTMENT 19, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£117,500	137.1	140.5	£120,414	48.0	£2,509
March 2022	MARSH BOX, 2, APARTMENT 9, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£99,950	137.1	140.5	£102,429	35.0	£2,927
March 2022	MARSH BOX, 2, APARTMENT 4, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£99,950	137.1	140.5	£102,429	35.0	£2,927
March 2022	MARSH BOX, 2, APARTMENT 16, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£99,950	137.1	140.5	£102,429	35.0	£2,927
February 2022	MARSH BOX, 2, APARTMENT 28, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£136,500	136.8	140.5	£140,192	50.0	£2,804
February 2022	MARSH BOX, 2, APARTMENT 26, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£117,500	136.8	140.5	£120,678	48.0	£2,514
February 2022	MARSH BOX, 2, APARTMENT 24, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£103,000	136.8	140.5	£105,786	35.0	£3,022
January 2022	MARSH BOX, 2, APARTMENT 25, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£101,500	134.3	140.5	£106,186	35.0	£3,034
January 2022	MARSH BOX, 2, APARTMENT 18, MARSH PARADE - ST5 1FA	Town	Flat/Apartment	£97,000	134.3	140.5	£101,478	35.0	£2,899

Source: Derived from Land Registry sold house prices data, Land Registry HPI, and EPC records

Appendix D: BCIS Build Costs

BCIS®

£/M2 STUDY

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 06-Apr-2024 07:23

Rebased to 1Q 2024 (390) and Newcastle-under-Lyme (96; sample 27)

MAXIMUM AGE OF RESULTS: 5 YEARS

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample	
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest		
New build								
810. Housing, mixed developments (5)	1,532	784	1,308	1,460	1,677	3,642	371	
810.1 Estate housing								
Generally (5)	1,484	756	1,240	1,437	1,633	3,234	227	
Single storey (5)	1,669	978	1,446	1,589	1,778	3,234	44	
2-storey (5)	1,441	756	1,233	1,397	1,605	2,458	178	
3-storey (5)	1,414	1,069	1,197	1,417	1,593	1,792	5	
810.11 Estate housing detached (5)	1,920	1,203	-	1,806	-	2,863	4	
810.12 Estate housing semi detached								
Generally (5)	1,569	909	1,292	1,544	1,776	3,234	58	
Single storey (5)	1,620	1,147	1,428	1,599	1,775	3,234	23	
2-storey (5)	1,527	909	1,283	1,431	1,684	2,458	34	
3-storey (5)	1,792	-	-	-	-	-	1	
810.13 Estate housing terraced								
Generally (5)	1,299	861	1,180	1,302	1,372	1,737	9	
Single storey (5)	1,372	-	-	-	-	-	1	

BCIS®

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample	
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest		
2-storey (5)	1,321	861	1,210	1,302	1,464	1,737	7	
3-storey (5)	1,069	-	-	-	-	-	1	
816. Flats (apartments)								
Generally (5)	1,730	896	1,418	1,598	1,932	3,516	181	
1-2 storey (5)	1,690	990	1,345	1,511	1,964	3,216	31	
3-5 storey (5)	1,730	896	1,434	1,614	1,886	3,516	127	
6 storey or above (5)	1,786	1,243	1,492	1,717	1,936	2,512	23	
820.1 'One-off' housing detached (3 units or less)								
Generally (5)	3,029	1,298	2,083	2,634	3,046	6,694	29	
Single storey (5)	2,632	1,298	2,311	2,786	2,920	3,981	9	
2-storey (5)	3,155	1,525	1,914	2,382	3,437	6,694	15	
3-storey (5)	3,366	2,186	2,406	2,905	3,769	5,564	5	
820.2 'One-off' housing semi-detached (3 units or less) (5)	2,227	1,462	1,595	1,753	1,877	5,844	9	
820.3 'One-off' housing terraced (3 units or less) (5)	1,911	1,001	1,578	1,589	1,900	3,486	5	

BCIS®

£/M2 STUDY

Description: Rate per m2 gross internal floor area for the building Cost including prelims.

Last updated: 06-Apr-2024 07:23

Rebased to 1Q 2024 (390) and Newcastle-under-Lyme (96; sample 27)

MAXIMUM AGE OF RESULTS: DEFAULT PERIOD

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample	
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest		
New build								
282. Factories								
Generally (25)	1,181	275	667	985	1,410	4,556	123	
Up to 500m2 GFA (25)	1,516	982	1,116	1,295	1,812	2,655	14	
500 to 2000m2 GFA (25)	1,254	275	748	1,136	1,410	4,556	53	
Over 2000m2 GFA (25)	1,027	395	577	814	1,254	2,618	56	
282.1 Advance factories								
Generally (15)	1,039	592	821	1,003	1,267	1,525	16	
Up to 500m2 GFA (15)	1,198	985	1,009	1,185	1,289	1,525	5	
500 to 2000m2 GFA (15)	1,127	748	1,002	1,206	1,298	1,338	6	
Over 2000m2 GFA (15)	774	592	664	784	833	998	5	
282.12 Advance factories/offices - mixed facilities (class B1)								
Generally (20)	1,417	615	967	1,428	1,676	2,618	17	
Up to 500m2 GFA (25)	2,337	1,908	-	2,447	-	2,655	3	
500 to 2000m2 GFA (20)	1,452	1,136	1,265	1,462	1,611	1,789	6	
Over 2000m2 GFA (20)	1,225	615	826	967	1,617	2,618	9	

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Building function (Maximum age of projects)	£/m² gross internal floor area						Sample	
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest		
282.2 Purpose built factories								
Generally (30)	1,310	275	679	1,118	1,723	4,556	76	
Up to 500m2 GFA (30)	1,618	819	1,153	1,675	2,071	2,355	6	
500 to 2000m2 GFA (30)	1,422	275	740	1,058	1,593	4,556	28	
Over 2000m2 GFA (30)	1,191	373	657	1,036	1,631	2,392	42	
282.22 Purpose built factories/Offices - mixed facilities (15)	1,065	505	845	1,009	1,258	2,247	24	
284. Warehouses/stores								
Generally (15)	1,079	416	638	847	1,218	4,902	38	
Up to 500m2 GFA (15)	1,942	699	1,076	1,367	2,282	4,902	8	
500 to 2000m2 GFA (15)	932	495	689	849	1,043	1,723	15	
Over 2000m2 GFA (15)	766	416	599	640	872	1,587	15	
284.1 Advance warehouses/stores (15)	816	431	665	863	997	1,100	6	
284.2 Purpose built warehouses/stores								
Generally (15)	1,135	416	646	847	1,265	4,902	30	
Up to 500m2 GFA (15)	2,239	699	1,326	1,731	2,816	4,902	6	
500 to 2000m2 GFA (15)	928	495	681	847	1,057	1,723	14	
Over 2000m2 GFA (15)	762	416	616	679	936	1,257	10	
284.5 Cold stores/refrigerated stores (30)	1,455	1,001	1,078	1,265	1,955	1,974	5	
320. Offices								
Generally (15)	2,334	1,089	1,695	2,195	2,617	5,370	38	
Air-conditioned								
Generally (15)	2,057	1,310	1,718	2,079	2,482	2,622	12	

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Building function (Maximum age of projects)	£/m² gross internal floor area						Sample	
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest		
1-2 storey (15)	1,988	1,310	1,811	1,970	2,195	2,622	7	
3-5 storey (15)	2,081	1,472	-	2,124	-	2,602	4	
6 storey or above (20)	2,482	1,906	2,228	2,371	2,526	3,585	8	
Not air-conditioned								
Generally (15)	2,439	1,089	1,951	2,418	3,109	3,584	16	
1-2 storey (15)	2,562	1,493	2,071	2,596	3,160	3,480	11	
3-5 storey (15)	2,094	1,089	-	1,851	-	3,584	4	
6 storey or above (25)	2,602	2,013	-	2,696	-	3,004	4	
341. Wholesale trading building/auction rooms (30)	1,244	951	-	-	-	1,537	2	
341.1 Retail warehouses								
Generally (25)	1,043	515	786	928	1,117	3,044	44	
Up to 1000m2 (25)	1,147	753	854	979	1,088	3,044	11	
1000 to 7000m2 GFA (25)	1,047	515	792	929	1,204	2,148	29	
7000 to 15000m2 (25)	791	769	-	-	-	813	2	
Over 15000m2 GFA (30)	874	768	-	-	-	980	2	
342. Shopping centres (30)	1,397	1,222	-	-	-	1,572	2	
343. Department stores (45)	1,580	590	-	1,335	-	3,061	4	
344. Hypermarkets, supermarkets								
Generally (35)	1,801	742	1,232	1,583	2,386	3,088	33	
Up to 1000m2 (35)	1,843	1,232	-	1,601	-	2,937	4	
1000 to 7000m2 GFA (35)	1,801	742	1,173	1,583	2,403	3,088	27	
7000 to 15000m2 (35)	1,496	-	-	-	-	-	1	
Over 15000m2 GFA (35)	1,938	-	-	-	-	-	1	

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Building function (Maximum age of projects)	£/m² gross internal floor area						Sample	
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest		
345. Shops								
Generally (30)	1,744	660	949	1,429	2,155	4,625	14	
1-2 storey (30)	1,764	660	945	1,382	2,243	4,625	13	
3-5 storey (30)	1,477	-	-	-	-	-	1	
447. Care homes for the elderly								
Generally (15)	2,031	1,249	1,526	1,902	2,243	4,126	33	
Up to 500m2 GFA (25)	1,985	1,894	-	-	-	2,076	2	
500 to 2000m2 GFA (15)	2,400	1,306	1,350	2,022	3,325	4,126	7	
Over 2000m2 GFA (15)	1,931	1,249	1,633	1,900	2,189	2,882	26	
843. Supported housing								
Generally (15)	1,832	935	1,519	1,709	2,017	3,688	128	
Single storey (15)	2,168	1,310	1,691	2,085	2,288	3,688	13	
2-storey (15)	1,832	955	1,514	1,672	2,087	3,209	42	
3-storey (15)	1,695	935	1,519	1,624	1,861	2,498	44	
4-storey or above (15)	1,876	1,148	1,503	1,748	1,917	3,571	26	
843.1 Supported housing with shops, restaurants or the like (15)	1,766	1,115	1,483	1,668	1,929	2,945	36	
852. Hotels (15)	2,530	1,333	1,942	2,510	3,151	3,469	13	
853. Motels (25)	1,574	1,174	1,429	1,488	1,889	1,893	5	
856.2 Students' residences, halls of residence, etc (15)	2,149	1,237	1,923	2,175	2,393	3,546	52	

Appendix E: Example Residential Appraisals

15 Houses @ 30dph VA 2							TECHNICAL CHECKS:			DVA SUMMARY:		TIMING	
	Nr of dwgs	15	Tenure	Private	Affordable		Sqm/ha	2,349		RLV	£226,643		
	Gross ha	0.62	Nr	10	5.0		Dwgs/ha	24		BLV	£230,155		
	Net ha	0.50		First Homes	1.3		Units/pa	20		Viable?	Marginal		
	Land type	Greenfield		Intermediate	0.5		AH rate	33.3%		Headroom	-£3,512		
	LV description	Greenfield (under 4ha)		Affordable rent	-		GDV=Total costs	-		Headroom per net ha	-£7,025		
	Value area	VA 2		Social rent	3.0		Profit/total GDV	15.6%		Headroom per dwg	-£234		
	Average height	1-2 storeys								Headroom psm flsp	-£3		
										Headroom psm CIL liable flsp	-£4	Start	Finish
1.0	**Site Acquisition**												
1.1	Net site value (residual land value)										£226,643	Jan-25	Sep-25
1.2	Stamp Duty Land Tax				Category:	Commercial land					£0	Jan-25	Sep-25
											£1,533	Jan-25	Sep-25
1.3	Purchaser costs				1.75%	on land costs					£3,966	Jan-25	Sep-25
	Total Site Acquisition Costs										**£232,142**		
2.0	**Developer Return**												
2.1	Central overheads (cashflowed)				3.5%	of GDV					£115,543	Jan-25	Dec-26
2.2	Developer return on market housing			17.5%	Minus overheads		14.0%	of OM GDV			£375,480	Dec-26	Jan-27
2.3	Developer return on First homes			10.0%			6.5%	of First Homes GDV			£13,677	Dec-26	Jan-27
2.4	Developer return on affordable housing			6.0%			2.5%	of AH transfer values			£10,220	Dec-26	Jan-27
	Total Developer Return										**£514,921**		
3.0	**Development Value**												
3.1	Private units			Nr of units	Size sqm	Total sqm	£psm				Total Value		
3.1.1		1 bed Flats (NIA)		0.00	45.0	-	£3,000				£0	Mar-26	Dec-26
3.1.2		2 bed Flats (NIA)		0.00	66.0	-	£3,000				£0	Mar-26	Dec-26
3.1.3		3 bed Flats (NIA)		0.00	85.0	-	£3,000				£0	Mar-26	Dec-26
3.1.4		2 bed house		4.00	75.0	300	£3,000				£900,000	Jul-25	Dec-26
3.1.5		3 bed house		4.50	93.0	419	£3,000				£1,255,500	Jul-25	Dec-26
3.1.6		4+ bed house		1.50	117.0	175.5	£3,000				£526,500	Jul-25	Dec-26
				10.0		894							
3.2	First Homes			Nr of units	Size sqm	Total sqm	£psm				Total Value		
3.2.1		1 bed Flats (NIA)		0.00	45.0	-	£2,100				£0	Mar-26	Dec-26
3.2.2		2 bed Flats (NIA)		0.00	66.0	-	£2,100				£0	Mar-26	Dec-26
3.2.3		3 bed Flats (NIA)		0.00	85.0	-	£2,100				£0	Mar-26	Dec-26
3.2.4		2 bed house		1.03	75.0	77	£2,100				£161,438	Jul-25	Dec-26
3.2.5		3 bed house		0.13	93.0	12	£2,100				£24,413	Jul-25	Dec-26
3.2.6		4+ bed house		0.10	117.0	11.7	£2,100				£24,570	Jul-25	Dec-26
				1.3		100							
3.3	Intermediate			Nr of units	Size sqm	Total sqm	£psm				Total Value		
3.3.1		1 bed Flats (NIA)		0.00	45.0	-	£2,100				£0	Mar-26	Dec-26
3.3.2		2 bed Flats (NIA)		0.00	66.0	-	£2,100				£0	Mar-26	Dec-26
3.3.3		3 bed Flats (NIA)		0.00	85.0	-	£2,100				£0	Mar-26	Dec-26
3.3.4		2 bed house		0.41	75.0	31	£2,100				£64,575	Jul-25	Dec-26
3.3.5		3 bed house		0.05	93.0	5	£2,100				£9,765	Jul-25	Dec-26
3.3.6		4+ bed house		0.04	117.0	4.7	£2,100				£9,828	Jul-25	Dec-26
				0.5		40							
3.4	Affordable rent			Nr of units	Size sqm	Total sqm	£psm				Total Value		
3.4.1		1 bed Flats (NIA)		0.00	45.0	-	£1,650				£0	Mar-26	Dec-26
3.4.2		2 bed Flats (NIA)		0.00	66.0	-	£1,650				£0	Mar-26	Dec-26
3.4.3		3 bed Flats (NIA)		0.00	85.0	-	£1,650				£0	Mar-26	Dec-26
3.4.4		2 bed house		0.00	75.0	-	£1,650				£0	Jul-25	Dec-26
3.4.5		3 bed house		0.00	93.0	-	£1,650				£0	Jul-25	Dec-26
3.4.6		4+ bed house		0.00	117.0	-	£1,650				£0	Jul-25	Dec-26
				-		-							
3.5	Social rent			Nr of units	Size sqm	Total sqm	£psm				Total Value		
3.5.1		1 bed Flats (NIA)		0.00	45.0	-	£1,350				£0	Mar-26	Dec-26
3.5.2		2 bed Flats (NIA)		0.00	66.0	-	£1,350				£0	Mar-26	Dec-26
3.5.3		3 bed Flats (NIA)		0.00	85.0	-	£1,350				£0	Mar-26	Dec-26
3.5.4		2 bed house		2.46	75.0	185	£1,350				£249,075	Jul-25	Dec-26
3.5.5		3 bed house		0.30	93.0	28	£1,350				£37,665	Jul-25	Dec-26
3.5.6		4+ bed house		0.24	117.0	28.1	£1,350				£37,908	Jul-25	Dec-26
				3.0		240							
	Gross Development Value										**£3,301,236**		
4.0	**Development Costs**												
4.1	**Sales Cost**												
4.1.1	Private units				2.0%	on OM GDV					£53,640	Mar-26	Dec-26
4.1.2	First homes				2.0%	on First Homes GDV					£4,208	Mar-26	Dec-26
4.1.3	Affordable units				£500	per affordable housing					£1,750	Mar-26	Dec-26
	Total Sales Costs										**£59,598**		
4.2	**Build Costs**												
4.2.1	Private units			Nr of units	Size sqm	Total sqm	£psm				Total Cost		
4.2.1.1		1 bed Flats (GIA)		0.00	50.0	-	£1,511				£0	Jan-25	Jun-26
4.2.1.2		2 bed Flats (GIA)		0.00	73.3	-	£1,511				£0	Jan-25	Jun-26
4.2.1.3		3 bed Flats (GIA)		0.00	94.4	-	£1,511				£0	Jan-25	Jun-26
4.2.1.4		2 bed house		4.00	75.0	300	£1,437				£431,100	Jan-25	Jun-26
4.2.1.5		3 bed house		4.50	93.0	419	£1,437				£601,385	Jan-25	Jun-26
4.2.1.6		4+ bed house		1.50	117.0	175.5	£1,437				£252,194	Jan-25	Jun-26
				10.0		894							
4.2.2	Affordable units			Nr of units	Size sqm	Total sqm	£psm				Total Cost		
4.2.2.1		1 bed Flats (GIA)		0.00	50.0	-	£1,511				£0	Jan-25	Jun-26
4.2.2.2		2 bed Flats (GIA)		0.00	73.3	-	£1,511				£0	Jan-25	Jun-26
4.2.2.3		3 bed Flats (GIA)		0.00	94.4	-	£1,511				£0	Jan-25	Jun-26
4.2.2.4		2 bed house		3.90	75.0	292	£1,437				£419,784	Jan-25	Jun-26
4.2.2.5		3 bed house		0.48	93.0	44	£1,437				£63,479	Jan-25	Jun-26
4.2.2.6		4+ bed house		0.38	117.0	44.5	£1,437				£63,889	Jan-25	Jun-26
				4.8		381							
4.2.3.1	Revised Building Regulations Part F,L and O						3.9%	of total build cost			£71,441	Jan-25	Jun-26
4.2.4.1	Building Safety Act - 6+ storeys						£0	per flat			£0	Jan-25	Jun-26
				Nr of units	Size sqm	Total sqm	£psm				Total Cost		
4.2.5	Garages			3.5	18	63	£500				£31,455	Jan-25	Jun-26
	Total Build Costs			**15**							**£1,934,726**		
4.3	**Extra-Over Construction Costs**												
4.3.1.1	Externals (for flats)				10.0%	extra-over on build cost for flats					£0	Jan-25	Jun-26
4.3.1.2	Externals (for houses)				10.0%	extra-over on build cost for houses					£186,329	Jan-25	Jun-26
4.3.1.3	Electrical vehicle charging points				£1,000	per flat (applied to 50% of total)					£0	Jan-25	Jun-26
4.3.1.4	Electrical vehicle charging points				£1,000	per house					£14,750	Jan-25	Jun-26
4.3.1.5	10% Biodiversity Net Gain				£1,000	per dwelling					£15,000	Jan-25	Sep-25
4.3.1.6	Site abnormals (remediation/demolition)				£0	per net ha					£0	Jan-25	Sep-25
4.3.1.7	Site opening costs				£0	per unit					£0	Jan-25	Sep-25
	Total Extra-Over Construction Costs										**£216,079**		
4.4	**Contingency**												
4.4.1	on build costs (incl: externals)				0.0%						£0	Jan-25	Jun-26
	Total Contingency										**£0**		
4.5	**Professional Fees**												
4.5.1	on build costs (incl: externals)				8.0%						£172,064	Jan-25	Jun-26
	Total Professional Fees										**£172,064**		
4.6	**Other Planning Obligations**												
4.6.1.1	CIL rates				£0.00	per CIL liable flsp (sqm)					£0	Jan-25	Sep-25
4.6.1.2	S106 - Education				£1,580	per unit					£23,700	Jan-25	Sep-25
4.6.1.3	S106 - Open space				£1,790	per unit					£26,850	Jan-25	Sep-25
4.6.1.4	S106 - Recreation				£190	per unit					£2,850	Jan-25	Sep-25
4.6.1.5	S106 - Transport				£80	per unit					£1,200	Jan-25	Sep-25
4.6.1.5	S106 - Legal fees and monitoring				£20	per unit					£300	Jan-25	Sep-25
4.6.1.7	M4(2) - Flats				£950	per flat		90%	of all flats		£0	Jan-25	Jun-26
4.6.1.8	M4(2) - Houses				£550	per house		90%	of all houses		£7,301	Jan-25	Jun-26
4.6.1.9	M4(3a) - OM flats				£8,000	applied to		10%	of open market flats		£0	Jan-25	Jun-26
4.6.1.10	M4(3a) - OM houses				£10,500	applied to		10%	of open market houses		£10,500	Jan-25	Jun-26
4.6.1.11	M4(3b) - Affordable flats				£8,000	applied to		10%	of affordable flats		£0	Jan-25	Jun-26
4.6.1.12	M4(3b) - Affordable houses				£23,000	applied to		10%	of affordable houses		£10,925	Jan-25	Jun-26
4.6.1.13	Net zero carbon ready (flats)				£0	per flat					£0	Jan-25	Jun-26
4.6.1.14	Net zero carbon ready (houses)				£0	per house					£0	Jan-25	Jun-26
	Total Developer Contributions										**£83,626**		
5.0	**TOTAL DEVELOPMENT COSTS**										**£2,466,094**		
6.0	**TOTAL PROJECT COSTS [EXCLUDING INTEREST]**										**£3,213,157**		
7.0	**TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]**										**£88,079**		
8.0	**Finance Costs**												
					APR		PCM						
8.1	Finance	Debit			7.5%	on net costs	0.60%				-£88,079		
		Credit			1.5%	on positive balance	0.12%						
9.0	**TOTAL PROJECT COSTS [INCLUDING INTEREST]**										**£3,301,236**		

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45 Extracare units @ 90dph VA 1

Nr of dwgs	45
Gross ha	0.50
Net ha	0.50
Land type	Brownfield
LV description	Brownfield
Value area	VA 1
Average height	Extracare

Tenure

Nr	Private	Affordable
	31	14.0
First Homes		3.5
Intermediate		1.4
Affordable rent		-
Social rent		9.1

TECHNICAL CHECKS:

Sqm/ha	6,018
Dwgs/ha	90
Units/pa	15
AH rate	31.1%
GDV=Total costs	0
Profit/total GDV	15.5%

DVA SUMMARY:

RLV	**-£5,537,833**
BLV	**£467,500**
Viable?	**No**
Headroom	**-£6,005,333**
Headroom per net ha	**-£12,010,666**
Headroom per dwg	**-£133,452**
Headroom psm flsp	**-£1,150**
Headroom psm CIL liable flsp	-£1,670

											TIMING	
1.0	**Site Acquisition**										**Start**	**Finish**
1.1	Net site value (residual land value)									-£5,537,833	Jan-25	Dec-25
1.2	Stamp Duty Land Tax			Category:	Commercial land					£0	Jan-25	Dec-25
										£0	Jan-25	Dec-25
1.3	Purchaser costs				1.75%	on land costs				£0	Jan-25	Dec-25
	Total Site Acquisition Costs									**-£5,537,833**		
2.0	**Developer Return**											
2.1	Central overheads (cashflowed)				3.5%	of GDV				£265,509	Jan-25	May-29
2.2	Developer return on older person accommodation		17.5%	Minus overheads		14.0%	of OM GDV			£854,589	May-29	Jun-29
2.3	Developer return on First homes		10.0%			6.5%	of First Homes GDV			£31,358	May-29	Jun-29
2.4	Developer return on affordable housing		6.0%			2.5%	of AH transfer values			£24,983	May-29	Jun-29
	Total Developer Return									**£1,176,439**		
3.0	**Development Value**											
3.1	Private units		Nr of units	Size sqm	Total sqm	£psm				Total Value		
3.1.1		Retirement (NIA)	0.00	62.50	-	£2,520				£0	Jun-26	May-29
3.1.2		Extracare (NIA)	31.00	72.50	2,248	£2,716				£6,104,210	Jun-26	May-29
			31.0		2,248							
3.2	First Homes		Nr of units	Size sqm	Total sqm	£psm				Total Value		
3.2.1		Retirement (NIA)	0.00	62.5	-	£1,764				£0	Jun-26	May-29
3.2.2		Extracare (NIA)	3.50	72.5	254	£1,901				£482,430	Jun-26	May-29
			3.5		254							
3.3	Intermediate		Nr of units	Size sqm	Total sqm	£psm				Total Value		
3.3.1		Retirement (NIA)	0.00	62.5	-	£1,764				£0	Jun-26	May-29
3.3.2		Extracare (NIA)	1.40	72.5	102	£1,901				£192,972	Jun-26	May-29
			1.4		102							
3.4	Affordable rent		Nr of units	Size sqm	Total sqm	£psm				Total Value		
3.4.1		Retirement (NIA)	0.00	62.5	-	£1,386				£0	Jun-26	May-29
3.4.2		Extracare (NIA)	0.00	72.5	-	£1,494				£0	Jun-26	May-29
			-		-							
3.5	Social rent		Nr of units	Size sqm	Total sqm	£psm				Total Value		
3.5.1		Retirement (NIA)	0.00	62.5	-	£1,134				£0	Jun-26	May-29
3.5.2		Extracare (NIA)	9.10	72.5	660	£1,222				£806,346	Jun-26	May-29
			9.1		660							
	Gross Development Value									**£7,585,958**		
4.0	**Development Costs**											
4.1	**Sales Cost**											
4.1.1	Private units				6.00%	on OM GDV				£366,253	Jun-26	May-29
4.1.2	First homes				2.00%	on First Homes GDV				£9,649	Jun-26	May-29
4.1.3	Affordable units				£500	per affordable housing				£5,250	Jun-26	May-29
	Total Sales Costs									**£381,151**		
4.2	**Build Costs**											
4.2.1	Private units		Nr of units	Size sqm	Total sqm	£psm				Total Cost		
4.2.1.1		Retirement (NIA)	0.00	83.3	-	£1,668				£0	Jan-25	Nov-26
4.2.1.2		Extracare (NIA)	31.00	116.0	3,596	£1,709				£6,145,564	Jan-25	Nov-26
			31.0		3,596							
4.2.2	Affordable units		Nr of units	Size sqm	Total sqm	£psm				Total Cost		
4.2.2.1		Retirement (NIA)	0.00	83.3	-	£1,668				£0	Jan-25	Nov-26
4.2.2.2		Extracare (NIA)	14.00	116.0	1,624	£1,709				£2,775,416	Jan-25	Nov-26
			14.0		1,624							
4.2.3.1	Revised Building Regulations Part F,L and O					£0	of total build cost			£2	Jan-25	Nov-26
4.6.8	Building Safety Act - 6+ storeys					£0	per flat			£0	Jan-25	Nov-26
			Nr of units	Size sqm	Total sqm	£psm				Total Cost		
4.2.3	Garages		0.0	18	-	£500				£0	Jan-25	Nov-26
	Total Build Costs		**45**							**£8,920,982**		
4.3	**Extra-Over Construction Costs**											
4.3.1.1	Externals (for flats)				10%	extra-over on build cost for houses				£892,098	Jan-25	Nov-26
4.3.1.2	Externals (for houses)				10%	extra-over on build cost for houses				£0	Jan-25	Nov-26
4.3.1.3	Electrical vehicle charging points				£1,000	per flat (applied to 50% of total)				£22,500	Jan-25	Nov-26
4.3.1.4	Electrical vehicle charging points				£1,000	per house				£0	Jan-25	Nov-26
4.3.1.5	10% Biodiversity Net Gain				£450	per dwelling				£20,250	Jan-25	Dec-25
4.3.1.6	Site abnormals (remediation/demolition)				£500,000	per net ha				£250,000	Jan-25	Dec-25
4.3.1.7	Site opening costs				£0	per unit				£0	Jan-25	Dec-25
	Total Extra-Over Construction Costs									**£1,184,848**		
4.4	**Contingency**											
4.4.1	on build costs (incl: externals)				0%					£0	Jan-25	Nov-26
	Total Contingency									**£0**		
4.5	**Professional Fees**											
4.5.1	on build costs (incl: externals)				8%					£808,466	Jan-25	Nov-26
	Total Professional Fees									**£808,466**		
4.6	**Other Planning Obligations**											
4.6.1.1	CIL rates				£0.00	per CIL liable flsp (sqm)				£0	Jan-25	Dec-25
4.6.1.2	S106 - Education				£0	per unit				£0	Jan-25	Dec-25
4.6.1.3	S106 - Open space				£1,790	per unit				£80,550	Jan-25	Dec-25
4.6.1.4	S106 - Recreation				£190	per unit				£8,550	Jan-25	Dec-25
4.6.1.5	S106 - Transport				£80	per unit				£3,600	Jan-25	Dec-25
4.6.1.5	S106 - Legal fees and monitoring				£20	per unit				£900	Jan-25	Dec-25
4.6.1.6	M4(2) - Flats				£0	per flat				£0	Jan-25	Nov-26
4.6.1.7	M4(2) - Houses				£0	per house				£0	Jan-25	Nov-26
4.6.1.8	M4(3a) - OM flats				£0	per flat				£0	Jan-25	Nov-26
4.6.1.9	M4(3a) - OM houses				£0	per house				£0	Jan-25	Nov-26
4.6.1.10	M4(3b) - Affordable flats				£0	per flat				£0	Jan-25	Nov-26
4.6.1.11	M4(3b) - Affordable houses				£0	per house				£0	Jan-25	Nov-26
4.6.1.12	Net zero carbon ready (flats)				£0	per flat				£0	Jan-25	Nov-26
4.6.1.13	Net zero carbon ready (houses)				£0	per house				£0	Jan-25	Nov-26
	Total Developer Contributions									**£93,600**		
5.0	**TOTAL DEVELOPMENT COSTS**									**£11,389,047**		
6.0	**TOTAL PROJECT COSTS [EXCLUDING INTEREST]**									**£7,027,653**		
7.0	**TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]**									**£558,304**		
8.0	**Finance Costs**											
					APR			PCM				
8.1	Finance	Debit			7.5%	on net costs		0.60%		-£558,304		
		Credit			1.5%	on positive balance		0.12%				
9.0	**TOTAL PROJECT COSTS [INCLUDING INTEREST]**									**£7,585,958**		

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250 Flats @ 300bph

Nr of dwgs	250
Gross ha	0.83
Net ha	0.83
Land type	Brownfield
LV description	Brownfield
Value area	VA Lower
Average height	Student Accommodation

Tenure

Nr	Private	Affordable
	250	-
First Homes		-
Intermediate		-
Affordable rent		-
Social rent		-

TECHNICAL CHECKS:

Sqm/ha	-
Dwgs/ha	300
Units/pa	150
AH rate	0.0%
GDV=Total costs	-
Profit/total GDV	15.9%

DVA SUMMARY:

RLV	-£953,553
BLV	£779,167
Viable?	No
Headroom	**-£1,732,720**
Headroom per net ha	-£2,079,264
Headroom per dwg	-£6,931
Headroom psm flsp	-£164
Headroom psm CIL liable flsp	-£164

									TIMING	
									Start	**Finish**
1.0	**Site Acquisition**									
1.1	Net site value (residual land value)							-£953,553	Jan-25	Sep-26
1.2	Stamp Duty Land Tax			Category:	Commercial land			£0	Jan-25	Sep-26
								£0	Jan-25	Sep-26
1.3	Purchaser costs				1.75%	on land costs		£0	Jan-25	Sep-26
	Total Site Acquisition Costs							**-£953,553**		
2.0	**Developer's Return**									
2.1	Central overheads (cashflowed)				3.5%	of Total Development Costs		£1,006,522	Jan-25	Nov-28
2.2	Developer profit on market housing			20.0%	Minus overheads	16.5%	of Total Development Costs	£4,745,034	Nov-28	Dec-28
2.3	Developer profit on First homes			10.0%		6.5%	of First Homes GDV	£0	Nov-28	Dec-28
2.4	Developer profit on affordable housing			6.0%		2.5%	of AH transfer values	£0	Nov-28	Dec-28
	Total Developer's Profit							**£5,751,556**		
3.0	**Development Value**									
3.1	Private units		Bed size (NIA)	Nr of beds	Total sqm (NIA)	£ per annum	Yield	Total Value		
3.1.1		Clusters	15.00	125.00	1875.0	£4,998.00	5.50%	£11,359,091	Mar-27	Nov-28
3.1.2		Studios	23.00	225.00	5175.0	£6,069.00	5.50%	£24,827,727	Mar-27	Nov-28
				350.0						
	Gross Development Value							**£36,186,818**		
4.0	**Development Costs**									
4.1	**Sales Cost**									
4.1.1	Private units				2.00%	on OM GDV		£723,736	Mar-27	Nov-28
4.1.2	First homes				2.00%	on First Homes GDV		£0	Mar-27	Nov-28
4.1.3	Affordable units				£600	per affordable housing		£0	Mar-27	Nov-28
	Total Sales Costs							**£723,736**		
4.2	**Build Costs**									
4.2.1	Private units		Unit size (GIA)	Nr of beds	Total sqm (GIA)		£psm	Total Cost		
4.2.1.1		Clusters	25.00	125.00	3,125		£2,175	£6,796,875	Jan-25	May-28
4.2.1.1		Studios	33.00	225.00	7,425		£2,175	£16,149,375	Jan-25	May-28
				350.0	10,550					
4.2.3.1	Revised Building Regulations Part F,L and O						3.9%	of total build cost	£894,904	Jan-25	May-28
4.2.4.1	Building Safety Act - 6+ storeys						£0	per flat	£0	Jan-25	May-28
				Nr of units	Size sqm	Total sqm	£psm		Total Cost		
4.2.5	Garages			0.0	18	-	£500		£0	Jan-25	May-28
	Total Build Costs			**350**					**£23,841,154**		
4.3	**Extra-Over Construction Costs**									
4.3.1.1	Externals (for flats)				5%	extra-over on build cost for flats			£1,147,313	Jan-25	May-28
4.3.1.2	Externals (for houses)				10%	extra-over on build cost for houses			£0	Jan-25	May-28
4.3.1.3	Electrical vehicle charging points				£0	per flat (on 50% of the total flats)			£0	Jan-25	May-28
4.3.1.4	Electrical vehicle charging points				£0	per house			£0	Jan-25	May-28
4.3.1.5	10% Biodiversity Net Gain				£450	per dwelling			£112,500	Jan-25	Sep-26
4.3.1.6	Site abnormals (remediation/demolition)				£400,000	per net ha			£333,333	Jan-25	Sep-26
4.3.1.7	Site opening costs				£0	per unit			£0	Jan-25	Sep-26
	Total Extra-Over Construction Costs								**£1,593,146**		
4.4	**Contingency**									
4.4.1	on build costs (incl: extra over costs)				0%				£0	Jan-25	May-28
	Total Contingency								**£0**		
4.5	**Professional Fees**									
4.5.1	on build costs (incl: extra over costs)				8%				£2,034,744	Jan-25	May-28
	Total Professional Fees								**£2,034,744**		
4.6	**Other Planning Obligations**									
4.6.1.1	CIL rates				£0.00	per CIL liable flsp (sqm)			£0	Jan-25	Sep-26
4.6.1.2	S106 - Education (per flat)				£0	per unit			£0	Jan-25	Sep-26
4.6.1.2	S106 - Education (per house)				£0	per unit			£0	Jan-25	Sep-26
4.6.1.3	S106 - Sports & Green Infrastructure				£1,880	per unit			£470,000	Jan-25	Sep-26
4.6.1.4	S106 -Recreation				£300	per unit			£75,000	Jan-25	Sep-26
4.6.1.5	S106 - Transport				£80	per unit			£20,000	Jan-25	Sep-26
4.6.1.6	M4(2) - Flats				£0	per flat	0%	of all flats	£0	Jan-25	May-28
4.6.1.7	M4(2) - Houses				£0	per house	0%	of all houses	£0	Jan-25	May-28
4.6.1.8	M4(3a) - OM flats				£0	applied to	0%	of open market flats	£0	Jan-25	May-28
4.6.1.9	M4(3a) - OM houses				£0	applied to	0%	of open market houses	£0	Jan-25	May-28
4.6.1.10	M4(3b) - Affordable flats				£0	applied to	0%	of affordable flats	£0	Jan-25	May-28
4.6.1.11	M4(3b) - Affordable houses				£0	applied to	0%	of affordable houses	£0	Jan-25	May-28
4.6.1.12	Net zero carbon ready (flats)				£0	per flat			£0	Jan-25	May-28
4.6.1.13	Net zero carbon ready (houses)				£0	per house			£0	Jan-25	May-28
	Total Developer Contributions								**£565,000**		
5.0	**TOTAL DEVELOPMENT COSTS**								**£28,757,780**		
6.0	**TOTAL PROJECT COSTS [EXCLUDING INTEREST]**								**£33,555,782**		
7.0	**TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]**								**£2,631,036**		
8.0	**Finance Costs**									
					APR		PCM			
8.1	Finance	Debit			7.5%	on net costs	0.60%		-£2,631,036	
		Credit			1.5%	on positive balance	0.12%			
9.0	**TOTAL PROJECT COSTS [INCLUDING INTEREST]**								**£36,186,818**	

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Appendix F: Example Non-Residential Appraisal

8: Extra Large/strategic warehousing greenfield	TECHNICAL CHECKS:		DVA SUMMARY:			
ITEM	GDV=Total costs	-	RLV per net ha	£1,251,825	£2,118,000	TIMING
	Profit/total GDV	15.5%	BLV per net ha	£247,100		
Net Site Area 8.57	Profit/total costs	20.0%	Viable?	Yes		
			Headroom psm CIL liable	£287		Start / Finish

1.0	**Site Acquisition**							
1.1.1	Site value (residual land value)						£10,729,932	Jan-24 / Feb-24
1.1.2	Purchaser costs						£132,465	Jan-24 / Feb-24
	Total Site Acquisition Costs						**£10,862,397**	
2.0	**Development Value**							
		Nr. of units	Size sqm	Rent psm	Yield	Value per unit	Capital Value	
2,1	8: Extra Large/strategic ware	1	30,000	91.3	4.75%	£57,663,158	£57,663,158	Mar-26 / Apr-26
2.2	Adjusted for rent free			Rent free period	Nr. of months	0	£57,663,158	Mar-26 / Apr-26
					Less purchaser costs		£3,881,763	Mar-26 / Apr-26
	Total Net Development Value						**£53,781,395**	
3.0	**Development Costs**							
3.1	**Build Costs**							
		Nr. of units	Size sqm	Cost psm			Total Costs	
3.1.1	8: Extra Large/strategic ware	1	30,000	£640			£19,200,000	Oct-24 / Mar-26
							£19,200,000	
3.2	**Externals**							
3.2.1	External works		10.0%	of build costs			£1,920,000	Oct-24 / Mar-26
3.2.2	Biodiversity Net Gain		£15,000	per ha			£128,571	Oct-24 / Mar-26
3.2.3	Opening up costs		£525,000	per ha			£4,500,000	Oct-24 / Mar-26
							£6,548,571	
4.3	**Professional Fees**							
4.3.1	Professional fees		10%	of build costs + externals			£2,574,857	Oct-24 / Mar-26
							£2,574,857	
4.4	**Planning Obligations**							
4.4.1	Section 106		4%	of build costs, externals + PFs			£1,132,937	Oct-24 / Mar-26
							£1,132,937	
4.5	**Policy Obligations**							
4.5.1	Policy CRE 1: Climate Change		2.82%	of BCIS build costs			£541,440	Oct-24 / Mar-26
							£541,440	
4.6	**Sales Cost**							
4.6.1	Marketing costs		1.00%				£537,814	Mar-26 / Apr-26
4.6.2	Letting agent fee		10%	of rent			£273,900	Mar-26 / Apr-26
4.6.3	Letting legal fees		5%	of rent			£136,950	Mar-26 / Apr-26
	Total Sales Costs						**£948,664**	
5.0	**TOTAL DEVELOPMENT COSTS (including land payment)**						**£41,808,867**	
6.0	**Developer Return**							
6.1	Central overheads		3.5%	of total development costs			£1,463,310	Oct-24 / Mar-26
6.2	Profit (net)		16.5%	of total development costs			£6,898,463	Mar-26 / Apr-26
	Total Developer's Return						**£8,361,773**	
7.0	**TOTAL PROJECT COSTS [EXCLUDING INTEREST]**						**£50,170,640**	
8.0	**TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]**						**£3,610,755**	
9.0	**Finance Costs**		APR			PCM		
			7.50%	of net costs		0.604%	-£3,610,755	
	TOTAL PROJECT COSTS [INCLUDING INTEREST]						**£53,781,395**	

NB: This appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to assess the impact of planning policies on site viability at a strategic level. This appraisal is not a formal 'Red Book' (RICS Valuation – Global Standards Effective from 31 January 2022) valuation and should not be relied upon as such.