

---

# Local Plan and Community Infrastructure Levy

## Viability Assessment

---

Completed on behalf of Northumberland County Council



November 2018

CP Viability Ltd



*Independent Property Experts*

## **CONTENTS**

<b>Executive Summary</b>	<b>Pg 3</b>
<b>Chapter 1 - Introduction</b>	<b>Pg 6</b>
<b>Chapter 2 - National policy context and professional guidance</b>	<b>Pg 8</b>
<b>Chapter 3 - Market conditions</b>	<b>Pg 25</b>
<b>Chapter 4 - Methodology and evidence sources</b>	<b>Pg 33</b>
<b>Chapter 5 - Residential viability assumptions</b>	<b>Pg 52</b>
<b>Chapter 6 - Residential viability testing &amp; results</b>	<b>Pg 103</b>
<b>Chapter 7 - Non-residential viability testing &amp; results</b>	<b>Pg 127</b>
<b>Chapter 8 - Conclusions and recommendations</b>	<b>Pg 133</b>

## EXECUTIVE SUMMARY

- i. Northumberland County Council (“the Council”) is currently in the process of developing its Local Plan. To support this process, the Council requires independent viability testing of its policies to ensure deliverability. In conjunction with viability testing of the plan’s policies, the Council is also considering whether to adopt a Community Infrastructure Levy (CIL), which needs to form part of the considerations.
- ii. The principal national policy is formed through the National Planning Policy Framework (‘NPPF’). This was revised in July 2018. The NPPF sets out the Government’s planning policies and how these should be applied in plan making. In support of the NPPF, the government has also published (in July 2018) a Planning Practice Guidance (‘PPG’) on viability. This provides detail on how viability assessments should be undertaken, providing guidance on some key aspects of the process.
- iii. In terms of the testing methodology, central to undertaking viability testing is the residual method of valuation (sometimes referred to as a development appraisal). This is an established valuation approach, where the end value of the scheme once completed is identified and from this all the costs of delivering the project are deducted (such as construction costs, professional fees, planning policies, marketing, developer profit etc). The result or ‘residual’ is equivalent to the price that can be paid for the land. This residual land value is then compared to a separately assessed benchmark land value (which is the minimum price deemed appropriate to encourage a landowner to release the land for development). If the residual land value is below the benchmark land value, the scheme is unviable. If it is above, the scheme is deemed to be viable. This approach has been central to the viability testing adopted for the purposes of this study.

- iv.** In line with the guidance, we consider it appropriate to undertake base appraisals (i.e. with initial assumptions) and then undertake sensitivity analysis where key assumptions are adjusted in the modelling and the appraisals re-run. This is to provide a broader view on viability (recognising the approach can never be entirely robust). The results of the base appraisals and sensitivity analysis can then be considered holistically before conclusions are reached.
- v.** For the testing, the guidance recognises that not every site likely to come forward during the period of the plan can be appraised, this is not considered to be practical. Site typologies are therefore recommended, which reflect the likely scale of schemes coming forward. This, though, can be supplemented with some sample site assessments of ‘real’ sites. We have adopted this approach in this study.
- vi.** The approach is the same for residential and commercial sites.
- vii.** In preparing our appraisals we have identified a variety of primary and secondary data sources. We have also undertaken stakeholder engagement to ensure the assumptions are as robust as possible.
- viii.** For residential development, our appraisals show that the majority of the site types are viable. However, once affordable housing provisions and CIL charges are factored in and increased this puts a downward pressure on the viability of the schemes, to the extent where some adjustments in policy are necessary so as to minimise as much as possible the impact on delivery. Some of this ‘flex’ in policy could be through a reduction in required affordable housing provisions or through reduced CIL rates.

- ix. The testing shows that all typologies are capable of delivering some form of affordable housing. However, in low value locations this is likely to be restricted to around 10% and limited to affordable home ownership only. At the other end of the scale, the testing demonstrates that in high and highest value locations a 40% affordable housing provision is viable (although this would need to be balanced against an appropriate CIL rate).
- x. For residential CIL rates, again we have factored in a suitable 'buffer' allowance when analysing the results, to ensure policy requirements do not take schemes to the margins of viability. Some low value areas are unlikely to be able to deliver a CIL contribution, however in stronger markets a rate of between £10 and £60 per sq m (depending on location) is considered justifiable. It is stressed, though, that CIL is linked to other contributions (and vice versa) and if say affordable housing provisions are increased this may result in a need to reduce the CIL rate to ensure the scheme remains viable.
- xi. For non-residential development, the majority of the appraisals return an unviable result even before a CIL charge is factored in. The only typologies which return a viable position are the retail warehouse and discount supermarket typologies.
- xii. We conclude that the retail warehouse typology can support a CIL charge equivalent to £100 per sq m. For the discount supermarket, a slightly lower rate equivalent to £75 per sq m is deemed appropriate. A rate of zero is shown to be appropriate for all other non-residential development types.

## 1. INTRODUCTION

### 1.1. Scope of work

**1.1.1.** Northumberland County Council (“the Council”) is currently in the process of developing its Local Plan. To support this process, the Council requires independent viability testing of its policies to ensure deliverability. In particular, we are instructed to advise the Council regarding:

- I. Appropriate affordable housing quantum and mix.
- II. Appropriate levels of other Section 106 policy requirements (such as education contributions, open space provision etc).
- III. Other policy provisions which could impact on scheme viability (such as the potential introduction of the Nationally Described Space Standards, certain Building Regulations standards etc).

**1.1.2.** In conjunction with viability testing of the plan’s policies, the Council is also considering whether to adopt a Community Infrastructure Levy (CIL). This would provide funding to known infrastructure requirements across the County. The Council therefore also requires viability testing to determine potential CIL rates that could be applied.

**1.1.3.** We are advised that in recent years the Council has commissioned other studies, and has undertaken studies in-house which have also considered plan viability. As part of this study we have reviewed these assessments and will look to build on previous work undertaken in reaching our conclusions.

## **1.2. CP Viability Ltd**

**1.2.1.** CP Viability specialises in providing advice to local authorities on all matters related to housing and commercial development; including individual site assessments, area wide studies and also providing expert witness advice at planning appeals. The company's Director, David Newham, has extensive experience in undertaking development appraisals and market studies.

## 2. NATIONAL POLICY CONTEXT AND PROFESSIONAL GUIDANCE

### 2.1. Introduction

- 2.1.1.** Plan wide viability assessments are subject to a combination of national planning policies and professional guidance.
- 2.1.2.** The principal national policy is formed through the National Planning Policy Framework ('NPPF'). This was initially introduced in 2012 but was revised in 2018. The NPPF sets out the Government's planning policies and how these should be applied in plan making.
- 2.1.3.** In support of the NPPF, the government has also published (in July 2018) a Planning Practice Guidance ('PPG') on viability. This provides detail on how viability assessments should be undertaken, providing guidance on some key aspects of the process.
- 2.1.4.** The NPPF and PPG supersede previous guidance documents. These documents reiterate the importance of viability in plan-making, confirming that Local Authorities should seek to ensure emerging policies are set at achievable levels that do not financially undermine development sites being brought forward. We have provided a brief overview of these documents and in particular the areas relating specifically to viability testing.
- 2.1.5.** However, there are elements of previous guidance documents that remain relevant for a viability assessor (although certain aspects have been superseded by the NPF and PPG). This includes the 'Harman Review' (discussed below) and the RICS Guidance Note 1 for Financial Viability in Planning. Given that parts of these documents remain relevant we have provided a brief overview of the key aspects.

- 2.1.6.** By way of context this chapter summarises the background to the recent NPPF / PPG changes.

## **2.2. Viability Testing Local Plans – Local Housing Delivery Group (‘Harman Review’ – June 2012)**

- 2.2.1.** This was previously a key document for providing technical guidance on how to undertake an area wide viability study, although as discussed above this has largely been superseded by the recent NPPF / PPG publications.

- 2.2.2.** One of the key areas of the Harman Review related to the concept of the ‘benchmark land value’ and how this could be assessed. In summary, the benchmark land value is different to Market Value and can be defined as being the minimum price that a hypothetical landowner would be willing to release land for development (taking into account the circumstances of the site and the relevant planning policies).

- 2.2.3.** The Harman Review indicated the following:

**Pg 29** – *“We recommend that the [benchmark land value] is based on a premium over current use values and credible alternative use value...”*

**Pg 30** – *“It is widely recognised that this approach [i.e. a percentage increase over the current use value] can be less straight forward for non-urban sites or urban extensions, where landowners are rarely forced or distressed sellers...This is particularly the case in relation to large greenfield sites...Accordingly, the uplift to the current use value sought by landowners will invariably be significantly higher than in an urban context and requires very careful consideration”.*

- 2.2.4.** However, the guidance recognises that this is more straight forward for urban / brownfield sites, where a premium (perhaps in the order of 10% – 50%) is deemed sufficient to incentivise a landowner to release the land for development.
- 2.2.5.** This, though, would not be the case for non-urban / greenfield land where the current use value may only be a modest agricultural value (for example £10,000 per Ha). For this greenfield land, clearly an uplift of 50% (or £5,000 per Ha) would not be sufficient to release the land for development. The uplift would need to be considerably more.
- 2.2.6.** The guidance therefore recommends a clear methodology for determining the BLV, which is to apply a premium to the EUV of the land (although it does not seek to fix parameters as to how the method is applied). The recent PPG on viability builds on this key principle.

### **2.3. Financial Viability In Planning – RICS Guidance Note 1 – Aug 2012**

- 2.3.1.** The purpose of this guidance note is more focused on individual viability assessments. Furthermore, key elements of this document have been superseded by the recent PPG on viability.
- 2.3.2.** However, there are elements of the guidance which remain relevant.
- 2.3.3.** In accordance with the Harman Review, the RICS Guidance Note suggests that the residual method is the most appropriate valuation method for undertaking viability assessments. An assessor therefore needs to identify a variety of appraisal inputs when preparing the modelling, which it suggests should be identified through tangible evidence.

**2.3.4.** Reasonableness is a key aspect of the RICS guidance, which remains the case following the introduction of the new NPPF and PPG.

**2.3.5.** The RICS guidance also recognises the weaknesses within the residual method and promotes the use of sensitivity testing to ensure conclusions reached are as robust as possible. Again, this remains an important in the recent NPPF / PPG.

**2.3.6.** However, the RICS guidance proposed a different approach to assessing the benchmark land value when compared to the Harman Review. However, as indicated above the PPG on viability has superseded the approach outlined in the RICS guidance.

**2.3.7.** We understand the RICS is currently looking at producing an updated guidance for viability work, to reflect the introduction of the NPPF and PPG. However, at this stage no further details have been provided.

## **2.4. Housing White Paper “Fixing our broken housing market” Feb 2017**

**2.4.1.** This White Paper proposed a number of reforms to the housing market, principally focused on increasing the supply of new dwellings.

**2.4.2.** The drive behind the White Paper was the government’s commitment to boosting annual housing supply to between 225,000 and 275,000. The Paper outlined 4 steps to achieving this:

- (i) Planning for the right homes in the right places, mainly through the use of local and neighbourhood plan policies.

- (ii) Building homes at a quicker rate, principally through addressing skill shortages, development management efficiencies and by linking infrastructure with housing development.
- (iii) Diversifying the housing market, by focusing on boosting small to medium-size builders, promoting more varied forms of tenure and encouraging 'modern methods of construction'.
- (iv) Helping people now, by meeting the diverse housing needs of the population.

**2.4.3.** With regard to plan making, the main thrust of the Paper is in relation to speeding up the plan making process. However, it also proposes to introduce a requirement for local authorities to review their plan every 5 years to ensure they are up to date with any relevant changes.

**2.4.4.** There is also a focus on brownfield land and applying a greater weight to the use of brownfield sites for homes. This is connected to a general commitment in the document to protect the greenbelt, which should only be built on in "exceptional circumstances".

**2.4.5.** A key proposal related to "Starter Homes". These would be houses available at 80% of the market value, available only to first time buyers, with incomes less than £80,000 and up to a maximum of £250,000 (outside London). The White Paper goes on to say that there is an intention to amend the NPPF to introduce a policy which states that all sites should provide a minimum of 10% affordable home ownership units.

## 2.5. Housing White Paper “Fixing our broken housing market” Feb 2017

**2.5.1.** In addition to the Housing White Paper, at the Autumn Budget in November 2017 the Government announced a number of other measures, including:

- Minimum densities for new housing in city centres and around transport hubs.
- Policy changes to support conversion of empty space above high street shops and convert retail and employment land into housing.
- Permitted development rights to allow demolition of commercial buildings where they are being replaced with new homes.
- Consultation on strengthening policy to ensure that land allocated in local plans that has no prospect of a planning application is deallocated.
- An expectation on Local Authorities to bring forward smaller sites (which should make up 20% of housing supply).
- Consultation on reforming CIL and the setting of rates which “better reflect the uplift in land values between a proposed and existing use”.
- Indexation of CIL rates to link house price inflation rather than build costs.
- Removal of restrictions to the ‘pooling’ of Section 106 contributions, in certain circumstances.

## **2.6. Draft changes to the NPPF (consultation document March 2018)**

- 2.6.1.** This outlines significant proposed changes to the National Planning Policy Framework ('NPPF'), in the form of draft text for consultation. This consultation informed changes to the final framework and Planning Practice Guidance ('PPG'), as discussed below in Chapter 3 and announced in July 2018.
- 2.6.2.** The document reiterates previous a commitment to enforcing a review of plans every 5 years.
- 2.6.3.** The key principles which drive viability remain relatively similar to the previous version of the NPPF and PPG. However, the draft text now explicitly refers to the PPG for a recommended approach to assessing viability, which wasn't previously the case.

## **2.7. Draft changes to PPG (consultation document March 2018)**

- 2.7.1.** Alongside the proposed changes to the NPPF, the government set out draft changes to the PPG, again in the form of text for consultation.
- 2.7.2.** The draft text was more detailed than previous iterations of the PPG on viability and included more detail with regards to the practical implementation of viability assessments. Of particular note was the explicit guidance on how to establish a benchmark land value ('BLV'), which is a key component of a viability assessment.

## 2.8. National Planning Policy Framework ('NPPF') July 2018

**2.8.1.** The NPPF sets out the Government's planning policies and how these should be applied in plan making. The latest version was published in July 2018.

**2.8.2.** The NPPF states that developer contributions are to be expected from development:

***Para 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.*

**2.8.3.** The NPPF also explicitly refers to viability on a number of occasions. The key paragraphs are stated below:

***Para 57** – Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. 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.*

**Para 67** – *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. Planning policies should identify a supply of:*

*a) specific, deliverable sites for years one to five of the plan period; and*

*b) specific, developable sites or broad locations for growth, for years 6-10 and, where possible, for years 11-15 of the plan.*

**Para 76** – *To help ensure that proposals for housing development are implemented in a timely manner, local planning authorities should consider imposing a planning condition providing that development must begin within a timescale shorter than the relevant default period, where this would expedite the development without threatening its deliverability or viability. For major development involving the provision of housing, local planning authorities should also assess why any earlier grant of planning permission for a similar development on the same site did not start.*

**2.8.4.** The general tone of the NPPF regarding viability is that the policies set by Local Authorities through their plan-making should be set at levels which do not undermine the viability of development. The NPPF is clear that there is a finite level of available monies derived from development which can be used to meet policy requirements. If the Local Authorities set their policies above this finite threshold, then this will undermine scheme delivery. Policies should therefore be carefully considered and set at realistic and deliverable levels.

**2.8.5.** With regard to affordable housing, the NPPF now explicitly refers to mix of tenure and sets a minimum expectation by stating that at least 10% should be made available for affordable home ownership. There are some exemptions, albeit viability is not referred to as being a reason which qualifies as an exemption (therefore this requirement also applies to sites located within low demand areas).

***Para 64** – Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups. Exemptions to this 10% requirement should also be made where the site or proposed development:*

- 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.*

**2.8.6.** In Annex 2 the types of dwellings that constitutes ‘affordable housing’ is also set out, which includes the following:

- (a) **Affordable housing to rent:** meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent or Affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).
- (b) **Starter homes:** is as specified in Sections 2 and 3 of the Housing and Planning Act 2016 and any secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute and any such secondary legislation at the time of plan-preparation or decision-making. Where secondary legislation has the effect of limiting a household's eligibility to purchase a starter home to those with a particular maximum level of household income, those restrictions should be used.
- (c) **Discounted market sales housing:** is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.

- (d) **Other affordable routes to home ownership:** *is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.*

## 2.9. Planning Practice Guidance ('PPG')

**2.9.1.** This is an online tool, which has been regularly updated in recent years. This seeks to provide planning guidance in the context of the NPPF, covering a variety of areas including: viability, Build to Rent, CIL, Planning obligations, Housing – optional technical standards, self-build and custom housebuilding and Starter Homes (amongst others).

**2.9.2.** Alongside the publication of the latest version of the NPPF in July 2018, the government also published updated guidance (through the PPG) on viability. This is split into 4 sections, as follows:

Section 1 – Viability and plan making

Section 2 – Viability and decision making

Section 3 – Standardised inputs to viability assessment

Section 4 – Accountability

**2.9.3.** We have summarised what we consider to be the key points raised in each section, as follows:

## Section 1 – Viability and plan making

- Plans should set out the contributions expected from development. This includes affordable housing and infrastructure (e.g. education, transport, health etc).
- Affordable housing requirements should be expressed as a single figure rather than a range.
- The role of viability assessment is primarily at the plan making stage.
- It is the responsibility of plan makers in collaboration with the local community, developers and other stakeholders, to create realistic, deliverable policies.
- Drafting of plan policies should be iterative and informed by engagement with stakeholders.
- The price paid for land is not a relevant justification for failing to accord with relevant policies in the plan.
- 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.
- It is the responsibility of site promoters to engage in plan making, take into account any costs including their own profit expectations and risks, and ensure that proposals for development are policy compliant.

## Section 2 – Viability and decision making

- Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable.
- It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage.
- Where a viability assessment is submitted to accompany a planning application this should be based upon and refer back to the viability assessment that informed the plan; and the applicant should provide evidence of what has changed since then.

## Section 3 – Standardised inputs to viability assessment

- 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.
- With regards to revenue, for viability assessment of a specific site or development, market evidence (rather than average figures) from the actual site or from existing developments can be used. For broad area-wide of site typology assessment at the plan making stage, average figures can be used.
- Assessment of costs should be based on evidence which is reflective of local market conditions. Costs include build costs, abnormals, site-specific infrastructure, policy requirements, finance, professional fees and marketing.

- Explicit reference to project contingency costs should be included in circumstances where scheme specific assessment is deemed necessary, with a justification for contingency relative to project risk and developers return.
- To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. This should reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees. This should also be informed by market evidence including current uses, costs and values wherever possible. Where recent market evidence is used to inform assessment of benchmark land value this evidence should be based on developments which are compliant with policies, including for affordable housing.
- Where viability assessment is used to inform decision making under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan. Local authorities can request data on the price paid for land (or the price expected to be paid through an option agreement).
- Existing Use Value is the first component of establishing the benchmark land value. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. The premium (or the 'plus' in EUV+) is the second component of benchmark land value. The premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to comply with policy requirements.

- For the purpose of viability assessment alternative use value (AUV) refers to the value of land for uses other than its current permitted use, and other than other potential development that requires planning consent, technical consent or unrealistic permitted development with different associated values. AUV of the land may be informative in establishing benchmark land value. If applying alternative uses when establishing benchmark land value these should be limited to those uses which have an existing implementable permission for that use. Where there is no existing implementable permission, plan makers can set out in which circumstances alternative uses can be used.
- For the purpose of plan making 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. A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk. Alternative figures may also be appropriate for different development types.
- The economics of build to rent schemes differ from build for sale as they depend on a long-term income stream. Scheme level viability assessment may be improved through the inclusion of two sets of figures, one based on a build to rent scheme and another for an alternative build for sale scheme.

#### Section 4 – Accountability

- The inputs and findings of any viability assessment should be set out in a way that aids clear interpretation and interrogation by decision makers.
- Any viability assessment should be prepared on the basis that it will be made publicly available other than in exceptional circumstances.

- In circumstances where it is deemed that specific details of an assessment are commercially sensitive, the information should be aggregated in published viability assessments and executive summaries, and included as part of total costs figures.

**2.9.4.** There is also a PPG on Community Infrastructure Levy ('CIL') charging. This states the following:

*Charging authorities should set a rate which does not threaten the ability to develop viably the sites and scale of development identified in the relevant Plan (the Local Plan in England, Local Development Plan in Wales, and the London Plan in London). They will need to draw on the infrastructure planning evidence that underpins the development strategy for their area. Charging authorities should use that evidence to strike an appropriate balance between the desirability of funding infrastructure from the levy and the potential impact upon the economic viability of development across their area.*

**2.9.5.** An area-based approach should be therefore adopted, where viability is tested across the different market areas of the Council's boundary. Clear evidence should be provided to support the adopted CIL rates and a balance should be sought between maximising funds for infrastructure projects ensuring that schemes remain viable and deliverable. In this regard, a 'buffer' allowance in setting the CIL charge is recommended, which will help limit the impact of changing market conditions on scheme deliverability.

### **3. MARKET CONDITIONS**

#### **3.1. Introduction**

**3.1.1.** In reviewing local market conditions we have had regard to previous studies undertaken on behalf of the Council.

**3.1.2.** In addition, we have looked at market trends and analysed general economic conditions across Northumberland, drawing on a variety of data sources, including the Land Registry, Zoopla / Rightmove (websites which specialise in residential sales and market trends), regional reports undertaken by property agents and CoStar SUITE (a paid for service which provides data on commercial property markets).

#### **3.2. Residential Market**

**3.2.1.** According to the Zoopla Zed Index (an index which, using sales data from the Land Registry and asking prices, estimates the value of all residential dwellings across England and Wales) the value of residential property across Northumberland has increased by 25.35% during the last 5 years. This compares with an average increase of 33.14% across England during the same period. This suggests house price inflation has been more modest across Northumberland when compared to the national average. However, the average increase for the North East region during the same period equates to 15.96%. Northumberland has therefore outperformed the North East region during this period, suggesting that relative demand levels for the County are strong.

- 3.2.2.** In terms of current average values, in Northumberland the Zoopla data shows a figure of £192,947. This is slightly above the north east regional average of £190,204.
- 3.2.3.** Furthermore, in April 2018 Bdaily News ran an article referencing a regional increase in north east house prices by circa £5,000 in the previous month (a rise of 3.2% in April 2018)<sup>1</sup>. The data was taken from KIS sales and lettings agents. This suggests that demand levels currently remain strong in the region, which is helping place an upward pressure on house prices.
- 3.2.4.** More specifically, in terms of settlement values Northumberland covers a large geographical area therefore there is naturally scope for a wide variance in local market values. This is demonstrated through the Zoopla data, which shows average settlement values ranging from circa £90,000 to just under £500,000.
- 3.2.5.** The Zoopla data also shows that there are examples where there is significant variance in average values between settlements that lie within close proximity to one another.
- 3.2.6.** That said, and accepting that there will always be variances in values between settlements, we note previous studies undertaken on behalf of the Council broadly categorised the County across four broad areas being:

---

<sup>1</sup> <https://bdaily.co.uk/articles/2018/04/29/north-east-house-prices-up-5000-in-the-last-month>

**Central** – which included Hexham, Morpeth, Prudhoe, Corbridge and Ponteland. A large proportion of this area includes Green Belt land, as well as part of the North Pennines Area of Outstanding Beauty. Generally, supports higher values compared with other parts of the County.

**North** – which included Berwick-upon-Tweed, Alnwick, Belford, Seahouses, Rothbury and Wooler. This area includes part of the Northumberland National Park and Northumberland Coast Area of Outstanding Natural Beauty. Supports some average to high values compared to other parts of the County.

**South East** – which included Amble, Ashington, Bedlington, Blyth, Cramlington, Guidepost / Stakeford / Choppington, Newbiggin-by-the-sea and Seaton Delaval / New Hartley / Seghill / Holywell. This area includes some Green Belt land but comprises a higher proportion of developed / previously developed land. Generally, this supports lower to average values compared to other parts of the County.

**West** – which included Haltwhistle, Haydon Bridge, Allendale and Bellingham. This area includes part of the Northumberland National Park and North Pennines Area of Outstanding Natural Beauty, generally has a more sparse population and is dominated by agriculture, forestry and tourism. Values typically are average to high in this area.

- 3.2.7.** The above areas are considered to reflect a reasonable high-level view of the wider Northumberland County market. Whilst there is some granularity within the local markets (with some limited examples of large swings in value between settlements close to one another) generally speaking the four areas outlined above are considered to be a reasonable reflection of the market dynamics. This allows a starting point on which to consider market fluctuations across the County.
- 3.2.8.** In terms of dwelling type, based on comments received from stakeholders and following our research into the market, there remains a limited appetite from developers to bring forward apartment schemes. Prior to the market crash in 2008, demand for apartments was driven by a buoyant buy-to-let investor market. The collapse of the buy-to-let market post 2008 resulted in a sharp fall in values within the apartment sector and in many cases developers were left with apartment blocks that they were unable to sell unless heavily discounted. With the buy-to-let market having yet to recover (and not expected to within the short to medium term), funders and developers continue to take a cautious approach to this apartment sector, with the market preference mainly focusing on more traditional 2 / 2.5 storey houses.
- 3.2.9.** However, the SHMA does point to an increased demand for level access flats/apartments and bungalows from older people looking to downsize from family homes. Throughout the UK, there is an established market for 'over 55s' apartment living, typically delivered by specialist providers such as McCarthy and Stone and Churchill Retirement Living. McCarthy and Stone do have an established presence in Northumberland (in Alnwick, Morpeth and Ponteland) as well as the wider North East (including currently marketing schemes in Sunderland, South Shields, Newcastle and Darlington). The established demand would suggest there is an opportunity for specialists to provide 'over 55s' apartment living within the County.

### 3.3. Commercial Market

**3.3.1.** As part of our considerations we have reviewed regional commercial property market papers prepared by national property agents. One of these is Knight Frank's "North East Property Market Report" for 2018. This states the following:

- **Office sector:** 2017 saw take up 12% below the long-term average. Out-of-town office take-up 21% below the 5 year average. Demand has tended to favour quality, mainly focused on Grade A stock. Supply is currently under pressure within the Newcastle market, as with only a limited number of schemes likely to come forward in the near future.
- **Industrial sector:** take-up of industrial space in 2017 for the north east totalled 4.4million sq ft, down from 6.7million in 2016 and significantly below the 5 year average of 7.1million. The number of transactions totalled 491, significantly down on 2016 (602). The results are seen as a consequence of a lack of good quality stock and also a general slowdown of activity in anticipation of Brexit. With regards to stock availability, there is currently around 4.2million sq ft of available stock, but only circa 10% is considered to comprise modern accommodation.

**3.3.2.** In May 2017 Costar published an article entitled "North East CRE markets shrug off Brexit concerns". This stated the following:

- According to Cushman and Wakefield's Newcastle Property Outlook for 2017 the North East has not been adversely impacted by Brexit.

- The North East's logistics market tops Cushman and Wakefield's 'Fair Value' ranking, offering the best value for investors across UK regions and sectors. This is primarily due to the devaluation of Sterling, which is expected to boost trade in the region.
- 2017 saw the "start of a post-Brexit consensus as the key players get on with business in a market defined by under supply in the key industrial and office markets, and a real estate industry struggling to adapt to the pace of disruption in the retail sector".
- However, the article goes on to state, "the region will continue to suffer from the marginal viability of new development, which will hold back the supply of much-needed new space and with it the regional economy. We feel that as in past cycles, brave developers who commit to providing space will be rewarded with strong tenant demand."

**3.3.3.** In September 2017 Property Week published an article relating to take up of large logistics and industrial units (over 4,500 sq m). Quoting Knight Frank, the article refers to a limited amount of transactions in the North East for large logistical and industrial units. However, it states that this is not due to a lack of activity or demand, but instead a result of the limited modern stock available.

**3.3.4.** The evidence above suggests that demand levels remain positive for good quality, modern industrial accommodation, if available. This suggests that new industrial development would be well received in the regional market place. The office market activity is mainly focused in major city locations (the most regionally dominant being Newcastle). There continues to be a general fall in demand for out-of-town offices, reflecting a wider trend experienced throughout the UK.

**3.3.5.** As for the **retail market**, Savills published a market report in May 2017 which focused on retail warehousing, stating the following:

- Weakening expectations for UK consumer spending, as well as an increasingly negative view amongst US retailers and investors about their markets at home has led to a slowdown in retailer demand for retail warehouse units over the last quarter. However, this slowdown should be taken in the context of record level of demand from bulky goods retailers recorded in 2015 and 2016.
- Nevertheless, for those retailers who are expanding, supply continues to be problematic, with vacancy rates in the retail warehouse sector having fallen to their lowest ever levels. These low vacancy levels are putting an upward pressure on headline rents. That said, Savills comment that they expect rents to only marginally increase in the next few years. This, though, still suggests there are development opportunities to meet this pent up demand with good quality stock.
- Investor demand for retail opportunities is expected to grow in the short to medium term, primarily due to a rising demand from institutional investors (such as pension funds). The retail sector is deemed to be attractive due to the combination of the relatively attractive yields on offer and that retail warehousing is comparatively defensive against structural changes in the retail market.
- Whilst the ideal remains retail warehousing opportunities in London / the South East, Savills comment that these opportunities remain rare and as such they expect to see some institutional investors expanding their geographical focus further north. Regions like the North East offer comparatively strong returns, which are likely to be viewed as attractive where strong covenants are involved.

**3.3.6.** Finally, we would also comment that in recent years there has been a general fall in demand for large, new supermarkets, which has been experienced across the UK. Consumer spending habits have shifted since the market crash of 2008, which has seen a rise of discount brands such as Aldi and Lidl who have significantly increased their share of the market place. Coupled with the continued growth in online retailing, the knock-on effect on the development industry has been a significant fall in demand for large supermarkets facilities, but a sharp rise in requirements for smaller supermarket units typically in and around large villages or town settlements. This trend is anticipated to continue in the future with the discount brands looking to expand their businesses and increase their market share.

**3.3.7.** In summary, there remain macro-economic challenges for the commercial sector, with the uncertainty surrounding Brexit likely to impact on market conditions in the short to medium term. That said, demand levels for good quality, modern stock remains strong, particularly in the industrial and logistical sector and also retail warehousing. Furthermore, the discount supermarket brands continue to expand their operations. In this regard, there remain opportunities for new commercial development.

## 4. METHODOLOGY AND EVIDENCE SOURCES

### 4.1. Introduction

**4.1.1.** For the purposes of our study we have adhered to the Guidance for plan viability testing as set in the NPPF / PPG (referenced above in Section 2).

**4.1.2.** This section details the methodology applied and the rationale behind assumptions made.

### 4.2. The Residual Method

**4.2.1.** Central to undertaking viability testing is the residual method of valuation (sometimes referred to as a development appraisal). This is an established valuation approach, which can be illustrated by the following equation:

$$\begin{array}{r} \textbf{Completed Development Value} \\ \text{(i.e. Total Revenue)} \\ \text{Less} \\ \textbf{Development Costs} \\ \text{(Developer's Profit + Construction + Fees + Finance)} \\ \text{Equals} \\ \textbf{Residue for Land Acquisition} \end{array}$$

**4.2.2.** In other words, to arrive at the land value the assessor assumes the scheme has been completed, and from this income takes away all the costs associated with delivering that scheme. The remaining sum, or 'residual' (if any is left), equates to the value that could be paid for the land based on the development being proposed.

- 4.2.3.** Whilst a simple concept, it is stressed that in reality the residual method often becomes a complicated and detailed approach. This is because the methodology inherently requires a wide variety of inputs to be factored into the assessment, all of which are subject to variance (e.g. sales values, build costs, professional fees, abnormal works, Council policies, profit, marketing, finance etc). All of these inputs need to be considered carefully, as potentially relatively small variances to one or two inputs could have a significant impact on the results of the assessment. This inherent flaw in the methodology is recognised by the RICS and wider industry, and as a result ‘sensitivity’ testing is recommended to try and minimise the impact of these potential variances. Nevertheless, the industry still considers this to be the most appropriate methodology for assessing development sites and appraising land value.
- 4.2.4.** Furthermore, in undertaking a residual appraisal it is important to factor in the impact that the timings of payments and income can have on funding and cash flow. For this reason, and particularly for more complex developments, it is appropriate to use a discounted cash-flow approach when preparing a residual appraisal.
- 4.2.5.** The residual method can be applied to both residential and commercial development and is therefore applicable to Whole Plan and CIL viability testing. We have subsequently utilised this approach in undertaking our viability testing.
- 4.2.6.** The Harman Review and recent PPG are clear that the appraisal inputs (e.g. revenue, build costs, professional fees, developer’s profit etc) should be evidence based and reflect the dynamics of the market being assessed. Stakeholders should be engaged to ensure the adopted inputs are as robust as possible.

**4.2.7.** The residual method allows an iterative approach to be undertaken, as certain appraisal inputs (such as planning policies) can be varied and tested to determine their impact on overall viability. The method is therefore consistent with the requirements of the July 2018 NPPF and PPG.

### **4.3. Evidence**

**4.3.1.** Primary data is crucial to ensuring the viability testing is robust. This can include a variety of sources, such as the Land Registry for residential and land sales, paid for services such as Costar SUITE (providing commercial property rents, yields and capital values), Essential Information Group property Auctions (giving details of land transactions), build cost databanks such as the Build Cost Information Service (BCIS) part of the RICS, historic viability assessments undertaken within Northumberland and the wider region giving parameters for appraisal inputs etc.

**4.3.2.** Likewise appeal decisions from the Planning Inspectorate can provide a useful indication of appraisal inputs, albeit the context of each case needs to be understood before conclusions are reached. We have identified a number of cases which we consider to be useful in the context of viability testing:

*Parkhurst Road Ltd vs Secretary of State for Communities and Local Government*

**4.3.3.** We are aware of the recent case in the High Court of Justice between Parkhurst Road Limited, the Secretary of State for Communities and Local Government and the Council of the London Borough of Islington (Citation Number [2018] EWHC 991).

- 4.3.4.** The claimant (Parkhurst Road Limited) sought to challenge a previous appeal decision relating to the development of a Former Territorial Army Centre in Islington, London, which had previously been dismissed through a Planning Appeal process. The case involved the examination of a number of key viability issues, most notably in relation to establishing Benchmark Land Values (“BLV”).
- 4.3.5.** Mr Justice Holgate dismissed the appeal and in his judgement supported the approach adopted by the Council to establish the BLV of the site for the purposes of the viability appraisal. The method used involved establishing the existing use value and then applying a premium uplift to this figure to arrive at a suitable BLV. This, therefore, broadly supports the approach advocated by the PPG.
- 4.3.6.** However, it is stressed that, due to the unique nature of development sites, we do not consider it necessarily appropriate to apply rulings for individual schemes to all projects. The Parkhurst Rd Ltd case had a variety of factors unique that its own particular market and circumstances, which would not necessarily apply to other schemes. That said, the ruling does broadly support the PPG changes, which we have taken into consideration in the methodology adopted for the purposes of this study.

*Land off Poplar Close, Ruskington, Lincolnshire (APP/R2520/S/16/3150756)*

- 4.3.7.** This related to a greenfield site comprising 67 dwellings.

- 4.3.8.** The Inspector ruled that it was appropriate to depart from the BCIS median when identifying build costs, on the grounds that the BCIS data can be considered to be inherently high and did not represent the savings made by larger regional / volume housebuilders in terms of materials and labour.

*Land off Flaxley Rd, Selby (APP/N2739/s/16/3149425)*

- 4.3.9.** This related to a greenfield site comprising 202 dwellings.

- 4.3.10.** The Inspector went further than the Ruskington decision outlined above, and ruled that it was appropriate to depart from the BCIS lower quartile when identifying build costs. Again, this was on the grounds that the BCIS has its limitations as a data set and can be regarded as being inherently high for schemes likely to be implemented by larger regional or volume housebuilders.

*Land off Lowfield Road, Bolton upon Dearne, Barnsley (APP/R4408/W/17/3170851)*

- 4.3.11.** This related to Phase 3 of a wider scheme and comprised a greenfield site of 97 dwellings.

- 4.3.12.** This case related to the implication of a development in a low value area by a 'low cost developer' specialist (in this case Gleasons, but could also apply to Keepmoat Homes, Lovell Homes, Kier Homes etc). The Inspector recognised that for this type of development in this location, the developer would implement a different type of product compared to other high value locations.

**4.3.13.** To reflect this, the viability assumptions should therefore be adjusted to take into account: significantly lower base build costs (particularly when compared to the BCIS rates), a higher percentage allowance for external works, lower professional fees and a lower debit interest charge. These adjustments resulted in the scheme being shown to be viable (which was considered to be appropriate as Phase 1 and 2 of the project had been delivered).

**4.3.14.** As indicated above, in recent years the Council has commissioned a variety of area wide studies linked to the preparation of its Local Plan. This included the following:

- Analysis of Northumberland Threshold Land Values (DVS Sept 2015).
- Hypothetical Site Types – Development Appraisals (DVS May 2016).
- Northumberland Local Plan Draft Core Strategy and CIL Viability Assessment: Housing Delivery Report (Draft final report) June 2016.
- Northumberland Local Plan and CIL Viability Assessment (CP Viability) May 2018

**4.3.15.** The above studies have been used as a starting point for the viability testing. This therefore has formed part of the wider evidence base.

**4.3.16.** We also consider it appropriate to review other area wide studies undertaken on behalf of neighbouring authorities. These provide a useful insight into plan viability testing in the regional market. The studies identified include the following:

- Richmondshire: CIL Viability Study (Peter Brett Associates Jan 16)
- Stockton on Tees: Affordable Housing Viability Study (3 Dragons Oct 16)
- Sunderland: Whole Plan Viability Assessment (HDH Planning Aug 17)
- Gateshead & Newcastle: Viability and Deliverability Report (Feb 16)
- County Durham: Local Plan viability (draft Apr 18)

*Please note, Darlington Borough Council and Hartlepool Borough Council are currently at different stages of implementing a Local Plan. However, we have been unable to identify any viability assessments for these authorities.*

#### **4.4. Stakeholder engagement**

- 4.4.1.** In addition to appeal decisions and other primary source evidence, the guidance indicates that stakeholders should be engaged to ensure the appraisal inputs are reflective of market conditions and are deliverable.
- 4.4.2.** During our general review of viability, we have had regard to previous comments raised by stakeholders in relation to the former viability studies (referred to above in 4.3). We have not detailed the responses here as we have relied more fully on the recent engagement process detailed below.
- 4.4.3.** As part of preparing the evidence base for this study we undertook two stakeholder workshops, both on 23 May 2018. The workshop was entitled “Local Plan and CIL viability testing – Northumberland County Council: Initial Findings” (the slides are shown at Appendix A4).
- 4.4.4.** The workshop discussed emerging national policy on local plan viability testing, emerging Council policies which could impact on viability (including the possible introduction of the Nationally Described Space Standard and enhanced adaptability and accessibility standards), the initial approach undertaken to testing and draft findings.

**4.4.5.** Two separate workshop sessions were undertaken:

Session 1: All non-developers who are stakeholders

Session 2: Stakeholders in the housing development industry

**4.4.6.** At Session1 the following queries were raised (response noted in blue for ease of reference):

- Challenge as to whether affordable housing could be delivered in lower value areas. [There has been historic delivery of affordable housing in lower value locations, particularly for larger scale schemes delivered by specialist low-cost developers. Ultimately, though, this will need to be tested through the viability assessments.](#)
- What indirect factors (such as access to healthcare) have been factored into the testing? [The market reflects this. If, for example, a scheme has only limited access to local amenities then this would potentially be less attractive to purchasers, which would serve to decrease values. Our assessment makes adjustments in values dependent on locational factors, therefore inherently reflects issues such as access to services. Furthermore, allowance has been made for likely planning obligations.](#)

**4.4.7.** At Session 2 the following queries were raised (response noted in blue for ease of reference):

- Challenged the use of the EPC Register when identifying dwellings size of transactional data. [This issue is addressed in Section 5.6 of this report.](#)

- How profit is apportioned to affordable units in a viability assessment. Some concern was raised that reducing profit below 20% would mean that volume housebuilders would not be able to bring sites forward. However, some agreement from stakeholders that a reduced allowance of 6% was appropriate for affordable dwellings. The PPG on viability from July 2018 indicates that profit can range from 15% to 20% in a viability assessment. The circumstances of each site need to be considered before a decision is made, recognising that profit can fluctuate and is not fixed at 20%. The rationale behind reducing the profit for affordable units is also considered to be sound as these units are often pre-sold prior to construction and transferred in bulk to a single party. The risk associated with affordable units is therefore greatly reduced when compared to market value dwellings, which in contrast are sold speculatively on a unit by unit basis. Finally, we collect data from individual viability assessments submitted to us by applicants at decision making stage. This database includes over 150 individual viability assessments and covers a wide region across the north of England. The data remains confidential however we are able to confirm that this supports a broad profit range of 15% to 20%.
- Benchmark land value is typically the most contentious issue when dealing with viability. Issue with landowners not being compelled to sell which can inflate land prices and in turn viability. This issue has been dealt with through the PPG on viability, as published in July 2018. The PPG confirms that the benchmark land value must be identified by assessing the existing use value of the site plus a suitable premium above this figure to incentivise a hypothetical landowner to release the land for development. Furthermore, it states that infrastructure costs, abnormal works, planning policies and professional fees must be appropriately reflected in the benchmark land value. It also says that in no circumstances can the price paid be justification for a site being unviable.

- S106 developer contribution 'asks' have been increasing. Allowances will vary from site to site dependent on need. For the purposes of viability testing it is appropriate to adopt an average allowance based on previous contributions, the potential impact of emerging policies and also ensuring there is no 'double counting' with any potential CIL charges. This approach has been adopted for the purposes of this study.
- Schemes significantly higher than 100 dwellings are likely to come forward in the future. There is little difference between a scheme of 100 and say 200 dwellings in terms of viability inputs. Where there starts to be an impact (in terms of changing the viability assumptions) is for schemes in excess of 250 dwellings, where there is the potential for more than one outlet to be on-site concurrently. For schemes at this level individual viability testing is deemed appropriate, rather than typology testing.
- Sales values vary significantly across the County. For this reason, the appraisals have been adjusted across 4 value areas (low, medium, high and highest).
- Low values of £1,700 per sq m appear too low. The evidence identified suggests this is reasonable, albeit it is acknowledged that, for the purposes of plan wide viability testing, a cautious approach is appropriate.
- Affordable transfer values at 70% of open market value are too high. The newly published NPPF (July 2018) includes discounted market sales and Starter Homes as qualifying affordable dwellings, each of which can attract transfer values up to 80% of market value. The allowance of 70% of market value therefore reflects the potential to include these tenure bases as affordable units (as well as more established types such as shared ownership and intermediate).

- Contingency figures should reflect the massive risks associated with coal mining across Northumberland. This should be reflected in land value, not inputted as a cost in a viability appraisal. Furthermore, the PPG on viability from July 2018 states “explicit reference to project contingency costs should be included in circumstances where scheme specific assessment is deemed necessary”. This implies that contingency is not a requirement at plan testing stage. The fact that we have included an allowance for any contingency can therefore be regarded as cautious.
- Benchmark land value uplifts for greenfield sites at 10 times the existing use value are not sufficient to incentivise a landowner. There is no specific guidance on this. However, our experience in the market is that multiples can range from circa 5 to 25 times (or higher) over the existing use value. This will ultimately depend on the circumstances of the site, including factors such as planning policies, abnormal costs, professional fees etc. Our testing reflects a range of multiples from circa 8 times the existing use value up to circa 35 times the existing use value, therefore acknowledging a wide spectrum of value expectations. Finally, it is also stressed that a benchmark land value disregards hope value and simply reflects a reasonable level of uplift above an existing use value.

**4.4.8.** The Council has also been through a consultation process in relation to its Regulation 18 Draft Local Plan. Alongside the draft, the Local Plan Viability and CIL Assessment report (May2018) was published and the following queries in relation to viability were raised as part of this process (again response noted in blue for ease of reference):

- Benchmark land values are too low compared to land transactions. The PPG on viability (July 2018) is clear that the benchmark land value is not seeking to identify market value, but instead a reasonable premium above existing use value (whilst excluding any hope value). This justifies a departure from market value. Furthermore, transactional evidence may not have appropriately factored in abnormal costs, professional fees, planning policies etc. The PPG states that when assessing land transactions adjustments should be made to ensure all of the abnormal costs, professional fees, planning policies etc have been appropriately factored in. Simply reviewing land transactions does not ensure a 'like for like' comparison with benchmark land values. Finally, the method for establishing a benchmark land value is now clearly stated in the PPG as being the existing use value plus a premium, not based on land sales.
- A number of respondents queried a 20% affordable housing provision (with a cap at 30% in higher value locations). Reference was made to the New Hartley planning appeal (ref 3164573) which suggested a 15% affordable housing provision. Purely from a viability perspective, the level of affordable housing is subject to the testing undertaken in this report as to whether the draft policy can be viably delivered or not. With regard to the New Hartley appeal decision, this dates from September 2017 therefore was prior to the introduction of the updated NPPF and PPG, which has changed how viability will be tested. Also, one decision does not necessarily set a precedent for a wider market area, as this would have been considered in light of the specific circumstances of the scheme.
- Concern that the Hexham Neighbourhood Plan promotes a 40% affordable housing provision, which is above the level of the proposed 30% cap. Purely from a viability perspective, we have run sensitivity testing to assess whether 40% is deliverable.

- Concern that even at the current 15% affordable housing provision (which is below the draft 20%) some schemes struggle with viability. This will be considered as part of the appraisal testing. It is also stressed that NPPF / PPG still allows circumstances where viability can be raised at decision making stage.
- Need to test different affordable housing mixes, not just 50/50 between affordable rent and affordable ownership. The sensitivity testing considers different affordable housing tenure mixes.
- A number of respondents questioned whether the draft policy regarding adaptable and accessible standards (parts M4(2) and M4(3) of the Building Regulations) would be viable. This has been considered as part of the viability testing.

#### 4.5. Benchmark Land Value

**4.5.1.** In short, the BLV represents the minimum land value that a hypothetical landowner would accept to release their land for development, in the context of the prevalent planning policies. A BLV does not therefore attempt to identify the market value, it is a distinct concept.

**4.5.2.** To identify the BLV, the Harman Review and the PPG recommends using a premium over existing use value (“EUV”) and credible alternative values as a means of determining the BLV.

**4.5.3.** The PPG goes on to say that the BLV should:

- Fully reflect the total cost of all relevant policy requirements including planning obligations and, where applicable, any Community Infrastructure Levy charge;

- Fully reflect the total cost of abnormal costs; site-specific infrastructure costs; and professional site fees;
- Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types.

**4.5.4.** This follows the principle that if two identical sites are next to one another, and one has significant abnormal costs and the other does not, the site with abnormal costs will naturally have a lower site value than the land unconstrained by abnormals.

**4.5.5.** In other words, as abnormal costs increase, site value decreases and vice versa (although it is not necessarily the case that cost equals value). This is because a landowner would be forced to reduce their expectations of value as a developer would have to factor in the cost of the undertaking the abnormal costs, resulting in a lower offer. As long as the landowner still secured a reasonable uplift over the EUV this would represent an acceptable deal and therefore the scheme would be viable. It would become unviable if the offer became too close to the EUV leaving no incentive for the landowner to release the land for development.

**4.5.6.** In terms of assessing the uplift above the EUV, a differential should be made between assessing previously developed land and agricultural (greenfield) land. This is because the underlying EUV of an agricultural field will typically be significantly lower when compared to previously developed land. This means that different premiums will need to be applied to encourage landowners to sell.

**4.5.7.** The Harman Review and PPG are each silent on the precise level of premium. However, based on our experience in the market place a premium in the region of 10% to 30% above the EUV is typically expected for previously developed land (dependent on the nature of the land). For agricultural land, where values will be relatively consistent regardless of locational factors, the level of premium will be significantly higher (and can fluctuate typically from 5 to 25 (or higher) times the EUV).

**4.5.8.** However, the PPG goes on to suggest that one approach to assessing the premium over the EUV is to identify recent, policy compliant, sales of land (to capture the latest market conditions) that have recently secured a planning permission (to capture the most up to date planning policies). This can then be compared to the EUV of that site. The difference between the two figures can be regarded as a guide to premium uplifts in that location. However, there are 2 key difficulties attached to this approach:

- There are a wide variety of factors which impact on land values, including overall site size, gross to net ratios, density, proposed dwelling types, location, planning policy contributions (which fluctuate from site to site), abnormal costs, infrastructure works, the financial circumstances of the vendor and purchaser, restrictive covenants on the title, easements, whether the sale took place prior to or post achieving planning consent etc. All the factors that impacted on value will not typically be known to an assessor nor available in the public domain. This means analysing land transactions is extremely difficult and not particularly reliable.
- The amount of data available is likely to be limited, reducing the reliability of the evidence.

## 4.6. Site Types

**4.6.1.** The guidance states that the types of sites assessed as part of the viability testing should represent the likely supply of development over the plan period. Once identified, these are then tested using the residual method, with comparisons to the separately identified BLV, as outlined above.

**4.6.2.** The NPPF / PPG indicates that site testing can either be based on real 'live' sites or hypothetical site typologies, drawing upon historic completions and planning permissions.

**4.6.3.** In either case, a reasonably wide variety of sites should be considered. The guidance indicates a number of factors which could be considered when assessing hypothetical site typologies, including

- Varying levels of infrastructure dependent on the size of the scheme.
- The potential for 'abnormal' costs such as remediation and decontamination.
- Different BLV's dependent on the nature of the land (e.g. greenfield versus previously developed land in an urban area).
- Geographical locations impacting on revenue and sales rates.

**4.6.4.** However, the NPPF / PPG recognises that a balance needs to be struck between key viability considerations and ensuring there are a manageable number of site typologies to ensure the testing is as robust as possible. In other words, for the purposes of whole plan and CIL testing, it is acknowledged that all variations will not be able to be fully tested. However, what is important is that key fluctuations are reflected through the viability modelling as much as possible.

## 4.7. Iterative Approach

- 4.7.1.** Having identified appropriate sites for the purposes of the modelling (whether real sites or hypothetical or both), the residual method is then used, which generates a land value that can be compared to the BLV. As indicated above, if the land value is above the BLV, the scheme is deemed to be viable, if it is below the scheme is unviable.
- 4.7.2.** Once it has been determined whether a scheme is viable or not, adjustments can be made to the planning policy contributions to adjust the outcome of the viability. For example, if the full aspirational policy provisions are applied and the scheme is shown to be unviable, this would demonstrate that the policy provisions are unlikely to be deliverable (therefore failing to meet the requirements of the NPPF). In this scenario, the policy provisions can be reduced and the scheme re-tested. This can be done on an iterative basis up to the point where the scheme is deemed to be viable. Alternatively, it may be that the aspirational policy provisions are tested and the scheme is comfortably viable, generating a surplus of income. Under this scenario, the policy provision (for example CIL rate) could be increased and the scheme re-tested (again on an iterative basis) until there is a pre-set position of viability is reached.
- 4.7.3.** In adopting an iterative approach, it is therefore important to identify 'base' appraisals, from which adjustments can be made. This can either be on the basis of the full policy aspirations being excluded, and then added back in on an iterative basis up to a pre-determined point of viability. Or alternatively the base appraisals could include the full policy aspirations from the outset, and if the testing shows there is significant viability pressure the policy provisions could be adjusted down again up to a pre-determined point of viability.

## 4.8. Our Approach

**4.8.1.** On the basis of the above we have adopted the following approach for the purposes of the Whole Plan and CIL viability testing:

- We have identified hypothetical site types, which we consider to best reflect the future supply of sites across the County (both for residential and commercial development sites), having regard to site allocations proposed in the draft Local Plan.
- However, it is considered appropriate to incorporate some limited 'real' site appraisals, to ensure the testing is as robust as possible and follow the approach advocated in national guidance.
- For each hypothetical site type or real site we have modelled a base development appraisal, inputting the revenue and costs associated with that scheme. This has been modelled in accordance with the residual method, whereby the outcome is the land value (with all other inputs fixed costs). The same approach has also been applied to commercial site testing (for the purposes of identifying CIL).
- Initially, we look to test base appraisals, building in the emerging policies. We have run each base appraisal at 0%, 5%, 10%, 15%, 20%, 25% and 30% affordable housing and recorded the residual land values for each. If the residual land value is above the BLV, the scheme is deemed to be viable, if below it is deemed unviable.

- With regard to CIL charges, for those base appraisals that show a viable position we have re-run the appraisals applying different CIL rates, increasing the amount on an iterative basis up to a point where the scheme is deemed to be unviable. This gives us an indication of appropriate CIL rates per sq m, and also allows us to consider what an appropriate 'buffer' allowance should be factored in to help ensure viability (in accordance with the NPPF / PPG).
- Finally, we also undertake sensitivity testing, where key appraisal inputs are varied to test the impact on viability. This aids the overall analysis and ensures that the conclusions reached are as robust as possible.
- In forming our recommendations, a holistic approach is taken to all testing results.

## 5. RESIDENTIAL VIABILITY ASSUMPTIONS

### 5.1. Introduction

**5.1.1.** This section considers residential development to provide recommendations regarding affordable housing provisions, S106 obligations, CIL charging rates and any other relevant policy which could impact on viability.

### 5.2. Typology testing

**5.2.1.** As indicated above, for the purposes of this study, we have utilised hypothetical sites within the modelling, as follows:

Site type 1	1 dwelling
Site type 2	2 dwellings
Site type 3	6 dwellings
Site type 4	15 dwellings
Site type 5	50 dwellings
Site type 6	100 dwellings
Site type 7	40 dwellings (sheltered flats)

**5.2.2.** As discussed in Section 3, there is a general lack of activity within the apartment sector across Northumberland, due to limited appetite from funders / developers to bring these sites forward and also limited demand from purchasers (particularly in lower value locations where, due to the high build costs associated with apartment blocks, it is unlikely viable schemes will be demonstrated). In higher value locations, there may be some opportunities for apartment schemes, however we anticipate these opportunities will be limited. For the purposes of this study, we have therefore focused mainly on housing.

- 5.2.3.** That said, we anticipate there will be demand in the future for ‘over 55s’ apartment living (delivered by specialists such as McCarthy and Stone and Churchill Retirement Living). The type of accommodation provided can vary depending on the level of facilities / care. For example, McCarthy and Stone predominantly offer 2 products, the first being ‘Retirement Living’ where some shared common rooms are provided and some limited on-site staff / nursing, a model which assumes those living in the block have a greater level of independence. The second is ‘Assisted Living’, which provides more on-site services (such as café and hair salons) as well as more on-site staff, often able to provide specialist care as needed. The Assisted Living model is more costly, which means the overall value of the apartments is higher when compared to the Retirement Living model.
- 5.2.4.** Given the nature of specialist over 55s apartment living, ‘on-site’ affordable housing is not considered practicable within these types of apartment blocks (due to issues with management), however it may be the case that an off-site affordable housing commuted sum or CIL charge could be payable, if viability can be demonstrated. To explore this more fully, we have adopted our site Type 7, as outlined above.
- 5.2.5.** In terms of residential values, to reflect geographical differences between locations we have looked to identify value ‘bands’ reflecting these value variations being; low, medium, high and highest.
- 5.2.6.** To assist in this, we have utilised the ‘current average value’ function on the Zoopla website (which is based on data collected from the Land Registry). This gives an average value for the County as a whole (currently £192,947) and also a current average value for various main towns and service centres within Northumberland. To determine each value banding we have set the following criteria (which are considered to be reasonable parameters):

**Low value area** – current average value sub 80% of £192,947

**Medium value area** – current average value 80% to 120% of £192,947

**High value area** – current average value 120% to 200% of £192,947

**Highest value area** – current average value over 200% of £192,947

**5.2.7.** Please see attached Appendices A1 and A2 for a map of the different value locations and their average values as shown through Zoopla. The settlements considered are as follows:

**Table 1 – Value locations**

Highest Value	High Value	Medium Value	Low Value
Bamburgh	Acomb	Alnwick	Amble
Corbridge	Allendale	Belford	Ashington
Ponteland	Alnmouth	Berwick upon Tweed	Bedlington
Riding Mill	Bardon Mill	Cornhill on Tweed	Blyth
	Barrasford	Ellington	Broomhill
	Chathill	Gilsland	Choppington
	Chollerford	Haltwhistle	Cramlington
	Elsdon	Haydon Bridge	Guidepost / Stakeford
	Embleton	Longhoughton	Hadston
	Felton	Lowick	Lynemouth
	Heedon-on-the-wall	Morpeth	Newbiggin-by-the-sea
	Hexham	New Hartley	Pegswood
	Longframlington	Otterburn	Seaton Delaval
	Longhorsley	Ovingham	
	Newbrough/Fourstones	Prudhoe	
	Norham	Rothbury	
	Stamfordham	Seahouses	
	Stannington	Seaton Sluice / Old Hartley	
	Stocksfield	Seghill	
	Swarland	Shilbottle	
	Warkworth	Wooler	
	West Woodburn		
	Wylam		

**5.2.8.** A further key variation in the viability outcome is in relation to the nature of the land, specifically whether this has been previously developed (often called 'brownfield') or undeveloped land (often referred to as 'greenfield'). As discussed above in Section 4, the underlying existing use value will be significantly different for a greenfield site compared to previously developed land. A greenfield site will typically have an underlying agricultural or amenity land value, typically at a relatively modest level. In comparison, previously developed land will usually have a value based on its existing planning consent, which is likely to be higher than an agricultural land value. It may also have an alternative commercial use, which would need to be factored into any assessment of value.

**5.2.9.** Greenfield and previously developed land therefore offer different development propositions for house builders / developers. In recognition of these differences we therefore consider it appropriate to model each site type on the basis of both a greenfield site and separately as previously developed land.

**5.2.10.** Furthermore, as this study relates to Whole Plan and CIL testing, our assessments separately consider the following:

- (i)** Affordable housing and S106 contributions
- (ii)** CIL charge

**5.2.11.** In accordance with the guidance we have looked to ensure our appraisals are not at the margins of viability, and therefore included suitable 'buffers' to help ensure the assessments are robust.

### **5.3. 'Real' site testing**

**5.3.1.** As a supplement to the typology testing we have also ran appraisals for sites identified in the draft housing allocations.

**5.3.2.** For the purposes of the testing, we have looked to appraise sites which provide a mix of locations, site types and site sizes.

**5.3.3.** Following discussions with the Council we have undertaken assessments of the following 5 sites:

- 9507 Whytrig Community Middle School, Seaton Delaval (25 to 35 units)
- 2615/2616 Telephone Exchange, Hexham (circa 19 units)
- 2549 Land west of Park Rd, Haltwhistle (50 to 65 units)
- 1116 Former Coal Yard, Tweedmouth, Berwick on Tweed (60 to 80 units)
- 6751 Land east of Broad Rd, Seahouses (80 to 100 units)

**5.3.4.** We have adopted the same residual method applied to the typology testing. General assumptions have been adapted to reflect the circumstances of each specific scheme.

### **5.4. Density and gross-to-net ratios**

**5.4.1.** Density rates will fluctuate from scheme to scheme and are usually expressed as a rate per net or gross Ha. We have considered this on the basis of dwellings per net Ha.

**5.4.2.** Housing density can depend on a variety of factors, for example higher value locations tend to attract larger homes, therefore lower density rates per net Ha (and vice versa). Furthermore, if a scheme has a high proportion of bungalows (which tend to have larger plots) this can also reduce the density of a scheme.

**5.4.3.** In past studies undertaken on behalf of Northumberland, a ratio of 100% has been allowed for sites up to 0.4Ha, 83% gross to net on sites between 0.4Ha and 2 Ha and over 2Ha 70%, consistent with the methodology applied in the Council's Strategic Housing Land Availability Assessment (SHLAA).

**5.4.4.** For other local authorities the assumptions can be summarised as follows:

**Durham County Council (Apr 2018 Draft)** – gross to net ratios range from 80% to 90%.

**Sunderland City Council (Aug 2017)** – for sites up to 0.4Ha the gross to net ratio is 100%, reduced to 75% to 90% for 0.4Ha to 2Ha. For all schemes over 2Ha the ratio ranges from 50% to 75%.

**Newcastle City Council and Gateshead Council (Feb 2016 – currently being reviewed and updated)** – for sites up to 0.4Ha the gross to net ratio is 100%, reduced to 90% for 0.4Ha to 2Ha. For all schemes over 2Ha the ratio is 75%.

**North Tyneside Council (Jun 2016)** – for sites up to 0.4Ha the gross to net ratio is 100%, reduced to 75% to 90% for 0.4Ha to 2Ha. For all schemes over 2Ha the ratio ranges from 50% to 75%.

**Stockton Borough Council (Oct 2016)** – not stated

**5.4.5.** In the context of the above, the gross to net assumptions previously applied in the past Northumberland studies fall broadly in line with the approaches adopted by other local authorities. On this basis, the allowances are considered to be reasonable for the purposes of the viability testing.

**5.4.6.** With regard to dwellings per net Ha, we have again looked at the approach of other local authorities:

**Durham County Council (Apr 2018 Draft)** – 30 to 35 dwellings per net Ha

**Sunderland City Council (Aug 2017)** – 20 to 40 dwellings per net Ha

**Newcastle City Council and Gateshead Council (Feb 2016 – currently being reviewed and updated)** – 40 to 50 dwellings per net Ha.

**North Tyneside Council (Jun 2016)** – 27 dwellings per net Ha

**Stockton Borough Council (Oct 2016)** – 25 to 50 dwellings per net Ha

**5.4.7.** We have also referred to an in-house database which records individual viability appraisals as prepared by applicants and submitted to CP Viability. The database includes over 100 appraisals from the wider northern and east midlands region of England, showing key viability assumptions made by applicants. Given the sensitive nature of the data we are unable to disclose the full information, however we are able to consider average rates as calculated (which has been accepted as evidence within an appeal setting). It is recognised this offers only an insight into the market and clearly there will be fluctuations from site to site. Nevertheless, this is considered to be useful data and can complement other available evidence.

**5.4.8.** With regards to dwellings per net Ha, there is a wide range of figures shown within the database. For example, for schemes providing between 10 and 50 dwellings, the rate of units per net Ha ranges from 17 (comprising bungalows) up to over 50 units (often involving 2.5 / 3 storey dwellings). Likewise, for schemes providing over 50 dwellings the highest density is shown as 67 units per net Ha (which is from a scheme within a larger urban context).

**5.4.9.** For our typology based on 6 dwellings, we consider 20 dwellings per net Ha to be appropriate, increasing to circa 27 dwellings per net Ha for 15 dwellings. For schemes comprising 50 or more dwellings, which are more likely to be implemented by a regional or national house builder, a ratio of circa 35 dwellings per net Ha is considered to be appropriate.

## **5.5. Dwelling sizes**

**5.5.1.** As with density / gross-to-net ratios, dwelling sizes will vary from site to site. In higher value locations it may be that the market expects larger detached housing, increasing the overall average size. Conversely, in lower market areas it may be more appropriate to have a higher proportion of smaller semi-detached / terraced dwellings, which reduces the overall average.

**5.5.2.** In previous studies the Council has adopted the following average dwelling sizes, informed by various evidence used in the viability modelling:

1b flat	43.38 sq m
2b flat	66.52 sq m
2b house	65.03 sq m
3b house	91.75 sq m
4b house	124.38 sq m

**5.5.3.** We have sense checked this against the other local authority studies:

**Durham County Council (Mar 2018 Draft)** – a single average equivalent to 95 sq m was adopted.

**Sunderland City Council (Aug 2017)** – 68 sq m to 130 sq m

**Newcastle City Council and Gateshead Council (Feb 2016 – currently being reviewed and updated)** – 45 sq m to 121 sq m

**North Tyneside Council (Jun 2016)** – 65 sq m to 130 sq m

**Stockton Borough Council (Oct 2016)** – 70 sq m to 120 sq m

**5.5.4.** The allowances are broadly in line with other local authority studies.

**5.5.5.** However, the Council is currently considering whether to introduce the Nationally Described Space Standards (NDSS). This acts as an optional planning requirement, to be potentially factored into a Council's Local Plan following a viability assessment (it is not therefore currently a statutory requirement), subject to viability testing. This deals with internal spaces of new dwellings and involves setting minimum dwelling sizes for all development.

**5.5.6.** As part of the testing we have therefore looked to factor in the aspirations set out in the NDSS, which are summarised as follows:

**Table 2 – Minimum gross internal floors areas and storage (sq m)**

Number of bedrooms(b)	Number of bed spaces (persons)	1 storey dwellings	2 storey dwellings	3 storey dwellings	Built-in storage
1b	1p	39 (37) *			1.0
	2p	50	58		1.5
2b	3p	61	70		2.0
	4p	70	79		
3b	4p	74	84	90	2.5
	5p	86	93	99	
	6p	95	102	108	
4b	5p	90	97	103	3.0
	6p	99	106	112	
	7p	108	115	121	
	8p	117	124	130	
5b	6p	103	110	116	3.5
	7p	112	119	125	
	8p	121	128	134	
6b	7p	116	123	129	4.0
	8p	125	132	138	

**5.5.7.** The NDSS rates provide minimum figures dependent on bedrooms numbers. However, for each dwelling there is some flexibility as different minimum requirements are adopted dependent on how many persons will reside in the dwelling. This recognises the fact that dwellings will not only vary dependent on the number of bedrooms but will also differ depending on whether they are flats, bungalows, terraced, semi-detached, detached etc and also how many storeys are provided. For example, in the 3 bed dwelling category the minimum standards provide two further sub-categories, relating to the number of persons and also the number of storeys. For each of these sub-categories a different minimum dwelling size is indicated, as follows:

**Table 3 – NDSS 3 bed dwelling category example**

Number of beds	Number of persons	1 storey (sqm)	2 storey (sqm)	3 storey (sq m)
3	4	74	84	90
3	5	86	93	99
3	6	95	102	108

- 5.5.8.** In summary, to meet the NDSS standard a 3 bed dwelling could therefore range from 74 to 108 sq m dependent on the style of dwelling and number of storeys. A similar fluctuation in size also applies to all other dwellings (with bedrooms ranging from 1 to 6).
- 5.5.9.** The Council is subsequently looking to assess how the introduction of the NDSS would impact on the viability testing of the Local Plan, and in particular whether this would have a negative effect on viability.
- 5.5.10.** From a plan viability testing perspective, it is not possible or necessary to test all of the variations of the NDSS standard. This is because there would be several thousand size iterations which would need testing, which is not practical. Furthermore, it is unnecessary to attempt to guess the precise mix that a developer would look to apply, instead the guidance states that an average viability assumption complimentary to the local market should be adopted.
- 5.5.11.** In this regard, specifically for the purpose of a plan viability test, it is reasonable to adopt average NDSS dwelling sizes, based simply on the number of bedrooms. To arrive at an average we have identified the lowest and highest sizes for each dwelling category and taken the middle point between the two. For single dwelling schemes, though, we have allowed the highest NDSS rate, as it is assumed for single plots larger dwellings would be provided.
- 5.5.12.** Having established the average for the NDSS, we have then looked to compare this with the Council's previous assumptions on dwelling size (as shown above in 5.5.2). This is to determine whether there is any significant change if the NDSS is applied.

**5.5.13.** The results are summarised below. Please note we have only included dwellings ranging from 1 to 4 bedrooms, as this is consistent with past viability assumptions and also reflects the majority of the dwelling types that are likely to be brought forward during the plan period. Furthermore, we have looked to mirror the dwelling types as previously assumed by the Council and therefore have assessed flats and houses separately.

**Table 4 – NDSS average sizes compared with previous Council assumptions**

Number of beds	Low (sq m)	High (sq m)	NDSS Average (sq m)	Council Average (sq m)	Change %
1b flat	39	50	44.50	43.38	2.52%
2b flat	61	70	65.50	66.52	-1.56%
2	70	79	74.50	65.03	12.71%
3	84	108	96.00	91.75	4.43%
4	97	130	113.50	124.38	-9.59%

**5.5.14.** Adopting the average NDSS therefore would result in a relatively small increase in the size for 1bed flats, but a small decrease in the size of 2 bed flats. The most significant adjustment would be for 2 bed dwellings, which would increase (in the testing) by around 9.5 sq m per dwelling. There would be a smaller increase in 3 bed dwellings, of around 4.25 sq m. However, in 4 bed dwellings there would be a significant reduction by over 10 sq m.

**5.5.15.** We have firstly considered the impact NDSS would have on overall scheme density. We have calculated the average area (shown in sq m) per net developable hectare for both the NDSS and the Council's previous assumptions. The results are shown below (please note we have limited the analysis to schemes comprising 6 or more houses):

**Table 5 – Council previous area assumptions density (sq m per net Ha)**

	<b>6 units</b>	<b>15 units</b>	<b>50 units</b>	<b>100 units</b>
<b>Sq m per net Ha</b>	2,161	2,765	3,383	3,552

**Table 6 – NDSS density (sq m per net Ha)**

	<b>6 units</b>	<b>15 units</b>	<b>50 units</b>	<b>100 units</b>
<b>Sq m per net Ha</b>	2,095	2,744	3,357	3,525

**5.5.16.**As shown above, using the average sizes and the methodology outlined above, the introduction of the NDSS has only a marginal impact on the density rates for schemes. On this basis, the impact of introducing NDSS to the study is likely to have only a marginal impact on the viability testing and certainly not to the extent that would render a scheme unviable.

**5.5.17.**As for market demand and affordability for purchasers we have considered the overall impact the NDSS would have on the viability testing when considering the value of 2 and 3 bed dwellings (compared with the Council's previous assumptions). Using the Council's previous average size assumptions, a 3bed house would extend to 91.75 sq m. For the purposes of the exercise only, applying a rate equivalent to £1,750 per sq m would give an overall house value of £160,500. Adopting the NDSS average would increase the size to 96 sqm. Again, adopting £1,750 per sq m would therefore increase the overall value to £168,000 (an increase of around 5%). For a 2bed house, the increase would be more pronounced, being from £114,000 to £130,000 (increase of around 12.5%).

**5.5.18.** It is stressed that the above examples are arbitrary, as in reality (for reasons of quantum) larger dwellings command lower rates per sq m. In other words, if a rate of £1,750 per sq m applied to a 2 bed house of 65 sq m, a lower rate would be applicable to a 2 bed house of 74.5 sq m. For the larger units, an adjustment £1,700 per sq m is considered reasonable, for the purposes of the example. This would reduce the NDSS 2 bed to £126,650.

**5.5.19.** From an affordability perspective, assuming the NDSS average was applied to a 3-bed house, assuming a 90% mortgage, the level of deposit would increase by £750. In terms of mortgage repayments, assuming a capital repayment debit interest rate of 2% for a 35 year term (fixed for 2 years), with longer mortgage terms increasingly popular in the market place (particularly with first time buyers), the monthly mortgage payment would increase from circa £482 per calendar month (pcm) to £504 pcm, or an uplift of £22 pcm.

**5.5.20.** Similarly, assuming the NDSS average was applied to a 2-bed house, assuming a 90% mortgage, the level of deposit would increase by £1,265. In terms of mortgage repayments, assuming a capital repayment debit interest rate of 2% for a 35 year term (fixed for 2 years), the monthly mortgage payment would increase from circa £342 per calendar month (pcm) to £380 pcm, or an uplift of £38 pcm.

**5.5.21.** For some purchasers, the increases outlined above may be unaffordable. However, for others the increases would be relatively comfortable and would not undermine their ability to proceed with a purchase. On this basis, we do not anticipate the application of the NDSS would undermine the purchaser market. It may, though, have a narrowing effect on the purchaser market, which in turn may have some limited impact on sales rates.

**5.5.22.** In summary:

- For the purposes of the viability testing a single, average NDSS figure can be applied to 1 and 2 bed flats, as well as 2, 3 and 4 bed houses.
- Applying the NDSS to the viability modelling would lower the size of 2 bed flats and 4 bed dwellings, compared with previous assumptions. However, for 2 and 3 bed dwellings there would be an increase.
- In the viability modelling, the introduction of NDSS would only marginally increase density rates. However, this is not considered to be to the extent as to undermine scheme delivery. For this reason, if the NDSS is applied to the viability testing the net developable areas would not require significant adjustment.
- There may be some limited impact on affordability in the market place, however for most purchasers it is not envisaged that the increase in size would impact on their ability to proceed with a purchase. However, a slight narrowing of the purchaser market could be argued to result in a slight slowing of sales rates, which should be considered as part of the viability testing.

**5.5.23.** With regard to the appropriate mix of dwellings, the approach previously adopted was based mainly on a ratio of 20% 2 bed dwellings, 40% 3 bed and 40% 4 bed. This is considered to be a reasonable average assumption for the purposes of the viability testing. More specific consideration of mix was given to individual site testing.

## 5.6. Revenue – Market Value

- 5.6.1.** For market value housing we have reviewed previous studies undertaken across the County.
- 5.6.2.** In addition, as shown in Appendix A3, we have identified sales evidence from across the County, utilising the Land Registry. Using the online functions we have limited the data collected to different postcode areas within Northumberland, new build dwellings, type of dwelling (i.e. semi, detached, terrace etc) and sales achieved since Jan 2016. By collating the data in this way we are able to undertake a more focused analysis.
- 5.6.3.** To aid our analysis further, we have also looked to identify the sizes of the comparable data collected. This enables us to establish values on a 'rate per sq m' basis, which ensures that 'like for like' comparisons can be made (if the overall size of a dwelling is not known it could be the case that the comparable evidence is derived from substantially larger dwellings, which could potentially lead to inaccurate analysis).
- 5.6.4.** In order to identify the size of each property, we have cross-referenced the Land Registry data with dwelling sizes as shown on the respective EPC Register. The size of each dwelling is given as a single figure (in square metres). We consider the use of the EPC register to be appropriate for the purposes of this study when analysing sales values, for the following reasons:
- (i) This approach has been adopted by other neighbouring authorities in their own area-wide viability testing and accepted through an examination process (Newcastle and Gateshead both adopted this approach in their Core Strategy assessment and CIL testing, each of which was successfully taken through examination).

- (ii) In our experience, it is an approach used on a wide-spread basis in preparation of viability assessments for individual planning applications and area wide studies. The method is used by Local Authorities, surveyors, landowners and house-builders (albeit it is accepted that not all parties consistently use the approach).
- (iii) For the purposes of an area-wide study the assessor is looking to establish appropriate average sales values. It is accepted that the sales data collected through the Land Registry will reflect a variety of different dwelling types, for example some of dwellings that form the data will comprise garages and some of which will not. The rates per sq m data will therefore show a range of figures to reflect these variations. However, we have not looked to adopt values at the top end of the range, but instead looked to arrive at average values, which mitigates these variations in the data.

**5.6.5.** Please note, we would also stress that there is a lag of around 3 – 6 months in the Land Registry data, due to the time it takes for new transactions to be submitted to the Land Registry following a sale and to be uploaded onto the database. As such, any house price inflation that has taken place in recent months (over a 1 to 2 quarter period) is not reflected in the evidence. Allowances therefore need to be made in the analysis for this inflation.

**5.6.6.** During previous studies the sales rates applied were as follows:

<b>Low</b>	-	£1,600 per sq m
<b>Medium</b>	-	£2,000 per sq m
<b>High</b>	-	£2,400 per sq m
<b>Highest</b>	-	£2,800 per sq m

**5.6.7.** Taking into account the previous figures applied, the Land Registry data identified, average settlement values in Zoopla and also house price inflation during the last few years we have arrived at the following adjusted sales values:

**Table 7 – Market value average sales values (£ per sq m)**

Value banding	Average value 2/2.5 storey (£ per sq m)
Low	£1,700
Medium	£2,100
High	£2,500
Highest	£2,800

## **5.7. Revenue – Affordable Housing**

**5.7.1.** In previous testing the Council has allowed transfer values for affordable rent units equivalent to 45% of the market value. For intermediate / shared ownership units the allowance has been increased to 67.5% of market value.

**5.7.2.** The local authority regional studies show the following allowances:

**Durham County Council (Apr 2018 Draft)** – affordable rent equivalent to 50% of market value, for intermediate / shared ownership 67.50% of market value.

**Sunderland City Council (Aug 2017)** – for the affordable rent units a ‘rent and yield’ approach has been adopted, whereby the net rental has been arrived at (by deducting management, voids, repairs) before capitalising using an appropriate yield. For the intermediate / shared ownership 65% of market value has been assumed.

**Newcastle City Council and Gateshead Council (Feb 2016 – currently being reviewed and updated)** – affordable rent equivalent to 55% of market value, for intermediate / shared ownership 70% of market value.

**North Tyneside Council (Jun 2016)** – have adopted fixed transfer values, ranging from £65,000 to £92,000 for affordable rented units and £70,000 to £80,000 for intermediate / shared ownership.

**Stockton Borough Council (Oct 2016)** – approach unclear.

**5.7.3.** There are therefore a number of approaches to identifying transfer values, albeit the most favoured tends to be in line with the Council’s existing approach whereby a percentage of the equivalent market value is allowed.

**5.7.4.** Having considered the above, we consider a ‘percentage of market value’ to be an appropriate approach for the purposes of an area-wide viability study. Furthermore, and based on our experience of undertaking individual viability assessments, **we consider there to be scope to increase the affordable rented allowance to 50% of market value. For intermediate / shared ownership the previous allowance of 67.5% is still considered to be reasonable.**

**5.7.5.** In addition, 'Starter Homes' has been introduced as an additional potential product for consideration. Whilst the dwellings would be sold in the open market and therefore are different to affordable rent and intermediate / shared ownership dwellings (which are transferred to a Registered Provider), this would nonetheless reflect a product which is made more affordable to the end occupier. There are various conditions relating to Starter Homes, including age restrictions on who can acquire them and also a price cap equating a maximum of 80% of the equivalent market value.

**5.7.6.** For Discounted Market Sales (DMS), this would ensure the units remain affordable dwellings in perpetuity (whereas a Starter Home would only be affordable at the point of the first sale) and it is not limited to first time buyers. For DMS, the draft NPPF wording also refers to these units being offered as a maximum up to 80% of the market value (which should therefore be reflected in the viability testing).

## **5.8. Plot construction costs**

**5.8.1.** For the purposes of this review, plot construction costs mean the cost of building each dwelling, including preliminaries and contractor's margin, but excluding externals, abnormals and a contingency allowance.

**5.8.2.** With regard to 'plot construction' costs (the cost of constructing a house from foundations up, but excluding any external works) we have considered a variety of evidence, including reviewing past appraisals received by the Council (which remain commercially sensitive, although the average across the sample can be disclosed), comments from stakeholders, regional area wide studies taken on behalf of neighbouring Councils and data sources, in particular the Build Cost Information Service (BCIS) of the RICS.

**5.8.3.** During 2017 build cost inflation rose sharply, with some commentators seeing this as a consequence of Brexit (due to a reduction in the skilled labour market). This rise has increased pressure on viability in some areas. However, it remains to be seen whether this is a short-term adjustment in the market or a longer term trend. The BCIS published an article in January 2018 which predicted tender prices would fall in the year to Q3 2018. The BCIS All-in Tender Price Index shows the following:

1Q 2017	-	298
2Q 2017	-	320
3Q 2017	-	312
4Q 2017	-	321
1Q 2018	-	317
2Q 2018	-	315
3Q 2018	-	314

**5.8.4.** This shows there was a sharp 'jump' in build costs between Q1 and Q2 in 2017, however since this time there has been some consolidation in the market, which is expected to continue. This suggests that the sharp increase in build cost inflation is a short-term adjustment.

**5.8.5.** The BCIS is a favoured tool in the industry, particularly for the purposes of an area wide study. This is because the data, which is based on voluntary tender information submitted to the RICS, gives a rate per sq m to apply to an assessment. Furthermore, it also can be rebased to particular locations, and can also be adjusted dependent on the size of your dwellings (for example a rate is given for 2 storey housing and a separate rate for single storey dwellings), therefore giving greater accuracy.

**5.8.6.** However, we would stress that, like any data source, it does have weaknesses which can often be overlooked. Firstly, the 'rate per sq m' shown in the BCIS includes the plot construction cost, site preliminary costs and the contractor's overhead allowance. However, it excludes external costs, contingency allowance and all abnormal works. If the BCIS is adopted the items excluded therefore need to be added back in. Likewise, it is important that items such as preliminaries are not 'double counted'.

**5.8.7.** Secondly, it is important to understand the context of the data. From our analysis, between January 2012 and March 2017 there were 137 separate housing schemes across the UK which were used for 'elemental' analysis in determining the various BCIS rates. Of this sample, the size of schemes ranged from 1 house to 68 houses, with an average of 12.52 houses per scheme submitted into the data. 85% of the sample comprised schemes consisting of 20 houses or less and only 1.46% of the sample (2 schemes) comprised 50 or more dwellings. In other words, the vast majority of the data used for analysis when determining the various BCIS rates was derived from small schemes implemented by either local or relatively small contractors. We note that no volume housebuilder contributed to the aforementioned sample.

**5.8.8.** It is generally accepted that volume housebuilders are able to construct houses at a cheaper rate than smaller building firms (owing to their ability to bulk-buy materials and their ability to offer more regular work, therefore negotiate cheaper contracts with sub-contractors etc). The BCIS acknowledges this through a note on "Economies of Scale" it published on 25th Oct 2016, which states the following:

*Pricing levels on building contracts tend to fall as the size of the project increases.*

*The latest BCIS Tender Price Study, based on project tender price indices analysed by contract sum, shows that pricing levels fall by as much as 20% between small contracts and multimillion pound schemes.*

*Compared to the mean value of projects in the study of £1.7million projects, pricing on small projects is 10% higher, while pricing on projects over £40million can be 10% lower.*

**5.8.9.** The sample used in the elemental analysis does not include data from larger scale projects, it is mostly derived from schemes comprising 20 or less houses. As the cheaper volume house-builder costs are not reflected within this sample, the data can be regarded as being inherently high, at least when trying to determine the construction costs for a large scheme (in excess of say 50 units). For this reason, the BCIS is considered to be less reliable for larger developments (particularly those which would require implementation by a large volume house builder). To account for this, the BCIS lower quartile figure is often deemed a more appropriate benchmark for larger scale projects.

**5.8.10.** Thirdly, the data is partly estimated and is vulnerable to short-term 'spikes' in the wider construction market (regardless of whether this has in fact filtered through to specific tender prices for specific products e.g. housing). This can cause sharp short-term 'jumps' in the BCIS rates shown, which then typically level off in the future. For undertaking a study at a particular point in time, this can provide an unbalanced view of the market. As indicated above, at the current time the BCIS rates reflect recent sharp inflationary pressure, but as shown it is expected that the impact of this will level off in the coming months. From a viability testing perspective, applying the current BCIS rates, which incorporate the recent spikes in the market place, can provide an unbalanced view of scheme viability.

**5.8.11.** In summary, the BCIS is a useful tool and is routinely used when undertaking area wide assessments. However, there are weaknesses in the data sampling, particularly when assessing larger scale projects. As such, the context of the data needs to be understood and adjustments are needed to ensure appropriate build costs are applied.

**5.8.12.** Furthermore, the following appeal decisions (as previously referred to in Section 4) are relevant here:

*Poplar Close, Ruskington (ref 3150756)*

- Greenfield site, 67 dwellings.
- Average sales values £2,100 - £2,300 per sq m.
- Use of lower quartile BCIS agreed and accepted by the Inspector.

*Flaxley Rd, Selby (ref 3149425)*

- Greenfield site, 202 dwellings.
- Average sales values £2,000 per sq m.
- Inspector ruled that the lower quartile BCIS was not appropriate for determining build costs when a scheme was (i) likely to be delivered by a volume house builder and (ii) other information / data was available.
- A figure below the lower quartile was accepted by the Inspector.

*Lowfield Road, Bolton upon Dearne, Barnsley (PINS ref 3170851)*

- Greenfield site, Phase3 97 dwellings.
- Low value location.

- Inspector accepted build costs significantly lower than the BCIS lower quartile, on the basis of the scheme was likely to be delivered by a 'low cost' developer.

**5.8.13.** Two of the three appeal decisions therefore advocate the use of a build cost below the BCIS lower quartile. In the case of a low value location scheme (implemented by a 'low cost' developer), the build costs are someway below the BCIS lower quartile rate. This is also reflected in our own experience of undertaking individual viability assessments in low value locations, where we typically see build costs below the BCIS lower quartile rate. It also matches evidence held by the Councils from their own records of individual viability schemes being delivered in lower value locations, which support figures below the BCIS lower quartile rate.

**5.8.14.** The local authority regional studies show the following allowances:

**Durham County Council (Apr 2018 Draft)** – for schemes of 20 units or less the BCIS median is applied, for schemes of 50 dwellings or more the lower quartile is applied.

**Sunderland City Council (Aug 2017)** – adopt the mid-point between the median and lower quartile.

**Newcastle City Council and Gateshead Council (Feb 2016 – currently being reviewed and updated)** – range between BCIS lower quartile and median.

**North Tyneside Council (Jun 2016)** – consider the BCIS and then adopt a lower rate (equivalent to £830 per sq m).

**Stockton Borough Council (Oct 2016)** – adopt the BCIS median, although they comment that they consider this to be a conservative approach.

**5.8.15.** The identified evidence broadly supports the use of the BCIS, however it also highlights the limitations of the data and indicates that adjustments are appropriate (dependent on the nature of the site in question) for the purposes of plan viability testing.

**5.8.16.** For the purposes of the testing we have applied the BCIS lower quartile to schemes providing 50 or more dwellings (being site types likely to be brought forward by regional and national house builders). However, as discussed above, this is considered to be a cautious approach and in reality schemes are likely to be brought forward with reduced build costs, particularly by low cost developers. For this reason, we have adopted a sensitivity test which reduces the build costs by 5% and separately a further sensitivity test which appraises a low cost developer model.

**5.8.17.** For site types of 15 or less units, we have applied a mix between the lower quartile and median (the lower quartile has been used for medium and low value areas, recognising that specifications will differ dependent on the market value of the end product).

## **5.9. Accessible and adaptable dwellings**

**5.9.1.** This relates to a section of the Building Regulations 2010, “Access to and use of buildings: Approved Document M”. To meet the optional standard the following must be provided:

**5.9.2.** There are 3 categories which form Part of Approved Document M, defined as follows:

**M4 (1) Category 1: Visitable dwellings.** Reasonable provision should be made for people to gain access to and use the dwelling and its facilities.

**M4(2) Category 2: Accessible and adaptable dwellings.** Reasonable provision must be made for people to gain access to and use the dwelling and its facilities. The provision made must be sufficient to meet the needs of occupants with differing needs including some older or disabled people and to allow adaptation of the dwelling to meet the changing needs of occupants over time.

**M4 (3) Category 3: Wheelchair user dwellings.** Reasonable provision must be made for people to gain access to and use the dwelling and its facilities. The provision must be made sufficient to (a) allow simple adaptation of the dwelling to meet the needs of occupants who use wheelchairs or (b) meet the needs of occupants who use wheelchairs.

**5.9.3.** The Council's emerging policy relates to M4 (2) and M4 (3) (a) and (b), as described above.

**5.9.4.** As this is an optional standard, there is limited available evidence to demonstrate the impact meeting this standard would have on overall build costs. For this reason, it is considered the EC Harris "Housing Standards Review – Cost Impacts" report from Sept 2014 provides an important evidence base for the construction costings. The report includes a variety of cost estimates related to construction work, process costs, approval costs etc. Table 8 below sets out a breakdown of the costs shown in the EC Harris report (allowing for indexation).

**Table 8 – Summary of EC Harris M4 (2) cost estimates, plus indexation**

<b>M4 (2)</b>	<b>1b flat</b>	<b>2b flat</b>	<b>2b house</b>	<b>3b house</b>	<b>4b house</b>
Access cost	£ 940	£ 907	£ 523	£ 521	£ 520
Process costs	£ 48	£ 48	£ 48	£ 48	£ 48
Access recipient cost	£ 4	£ 4	£ 4	£ 4	£ 4
Access type approval cost	£ 416	£ 416	£ 416	£ 416	£ 416
Access type approval recipient cost	£ 92	£ 92	£ 92	£ 92	£ 92
	£ 1,500	£ 1,467	£ 1,083	£ 1,081	£ 1,080
Allowing for RPI indexation since Sep 14 (6%)	<b>£ 1,590</b>	<b>£ 1,555</b>	<b>£ 1,148</b>	<b>£ 1,146</b>	<b>£ 1,145</b>

**5.9.5.** Please note, at the time of the EC Harris report there was no minimum dwelling size standard (the NDSS was first introduced in 2015, after the report). In their review, EC Harris subsequently made an additional “access related space cost” for providing slightly larger dwellings. As NDSS already allows for increased dwelling sizes (compared to the assumptions made in the EC Harris report), if NDSS is applied in the viability testing the additional increased dwelling cost referred to by EC Harris can be excluded from the analysis (as inclusion would reflect double-counting).

**5.9.6.** The overall cost impact of the M4 (2) standards depends on how many dwellings it applies to. For example, if applied to 25% of new build schemes, for a development of 100 dwellings the overall cost impact is likely to be in the region of £25,000, which may be deemed minor. However, if applied to 100%, a cost of £100,000 may render a scheme unviable.

**5.9.7.** The EC Harris report also provides costings for M4 (3), which relates to wheelchair-user access. These costs are significantly higher and come in two levels: M4 (3a) adaptable and M4 (3b) accessible. For M4 (3a), the extra-over construction cost (after allowances for inflation) equates to roughly £9,000 to £12,500 per dwelling. For M4 (3b) this increases to up to circa £25,000 per dwelling. In both cases, the M4 (3) standard would therefore have a greater impact on viability when compared to the M4 (2) standard.

## **5.10. Externals, contingency and professional fees**

**5.10.1.** The Council have previously used the following allowances for these costings:

- Externals 10% to 15% of build costs
- Contingency 3.75% of build costs
- Professional fees 10% of build costs
- Total 23.75% to 28.75% of build costs

**5.10.2.** To consider these allowances we have reviewed the 100 plus viability appraisals submitted to CP Viability for the wider Northern and East Midlands region (as discussed previously). The results of our analysis are summarised below:

### *Externals*

- Sub 10 dwellings average 9.88%
- 10 to 50 dwellings average 13.40%
- Over 50 dwellings average 18.32%

### *Contingency*

- Sub 10 dwellings average 3.02%
- 10 to 50 dwellings average 3.29%
- Over 50 dwellings average 2.90%

### *Professional fees*

- Sub 10 dwellings average 8.31%
- 10 to 50 dwellings average 6.69%
- Over 50 dwellings average 5.78%

**5.10.3.** The above evidence suggests external costs in the region of 15%, contingency at 3% and professional fees of circa 6.5%. This gives an overall total of 24.50%. Whilst the individual elements are different the overall allowances are therefore broadly in line with the range previously adopted by the Council.

**5.10.4.** As further evidence, we have reviewed the local authority regional studies which show the following allowances:

**Durham County Council (Apr 2018 Draft)** – externals 15%, contingency 3% to 5% and professional fees 5% to 10%. Total ranges from 23% to 30%.

**Sunderland City Council (Aug 2017)** – externals 5% to 20%, contingency 2.5% to 5%, professional fees 10%. Total ranges from 17.5% to 35%.

**Newcastle City Council and Gateshead Council (Feb 2016 – currently being reviewed and updated)** – externals 10%, contingency 5% and professional fees 10%. Total 25%.

**North Tyneside Council (Jun 2016)** – externals 20%, contingency 0% to 5%, professional fees 10%. Total ranges from 30% to 35%.

**Stockton Borough Council (Oct 2016)** – externals 15%, contingency 0%, professional fees 8% to 12%. Total ranges from 23% to 27%.

**5.10.5.** Please note, the above evidence (both the viability appraisals data and local authority studies) implicitly include the NHBC warranty and EPC register costs.

**5.10.6.** Having considered all of the above we have made some adjustments to reflect the specific nature of the site type. For example, for smaller sites of 6 dwellings or less we have assumed 10% externals, but for schemes of 15 dwellings or more we have assumed 15% externals (reflecting the fact there will be larger requirements for roadways and general external infrastructure on larger schemes).

**5.10.7.** We have also differentiated between greenfield (3%) and brownfield (5% sites with regards to contingency allowances, as recognition that brownfield sites tend to have a higher risk of hidden costs (such as decontamination works). Likewise for professional fees, we have applied a range of 6% to 10% dependent on the size of the scheme (the larger the scheme, the lower the professional fee percentage, reflecting some quantum savings and also the fact that regional / volume housebuilders utilise existing product types and therefore can reduce design costs).

**5.10.8.** Overall (to include contingency, externals and professional fees), our allowances range from circa 20% to 30%, which is considered to be reasonable in light of the identified evidence.

## **5.11. Abnormals**

**5.11.1.** These can be defined as construction costs which are over-and-above the standard requirements of a scheme. This can include a variety of costs, such as remediation works, decontamination, demolition, enhanced foundation solutions, flood mitigation works, 'opening' infrastructure works etc.

**5.11.2.** There is a relationship between land value and abnormal costs, the general principle being that if two identical sites are next to one another, the site with higher abnormal costs will have a lower site value and vice versa. This follows the way the market works, as a housebuilder / developer would look to negotiate a reduced price if abnormal costs were identified. Likewise, it is reasonable to assume that, if abnormal costs are found, and these abnormal costs will always need to be incurred to bring that site forward (for example identified land contamination), a landowner would need to readjust their expectations and lower their requirements regarding the site value.

**5.11.3.** In theory, it could be argued that there should be a direct corresponding relationship between the level of abnormal costs and site value. However, there remains a minimum requirement below which landowners may not be incentivised to release the land for development, even if there appears to be a justification to the reduction based on the level of abnormal costs. The market is imperfect in this respect and therefore landowners may look to negotiate a compromise, rather than simply accepting that all the abnormal costs should be deducted from the land price.

**5.11.4.** Typically, most sites will attract some level of abnormal costs, although this will vary significantly from site to site. This may not necessarily follow preconceptions of where abnormal costs are likely to be incurred. For example, an undeveloped greenfield site may appear to be a straight forward development opportunity, however following investigation enhanced foundations could be found due to adverse ground conditions, flood mitigation works may be required, access issues could be identified etc. For these reasons, abnormal costs will always need to be determined on a site-by-site basis.

**5.11.5.** However, for the purposes of a Local Plan viability study, it is considered appropriate to make some allowance within the modelling for abnormal costs, even though in reality it is impossible to accurately gauge an 'average' (therefore any allowance made will be arbitrary). What is important is that whatever the level adopted this should be considered alongside the benchmark land value.

**5.11.6.** The Council previously adopted nil abnormals for the purposes of the viability testing (albeit the site values were adjusted accordingly to reflect this). However, as indicated above, we consider it appropriate to make some allowance.

**5.11.7.** There is no consensus as how best to gauge the abnormal costs, with some councils adopting a percentage of build costs, with others applying a rate per Ha. This is shown within the local authority regional studies:

**Durham County Council (Mar 2018 Draft)** – £75,000 per net Ha for greenfield and £150,000 per net Ha for brownfield.

**Sunderland City Council (Aug 2017)** – 10% of build costs for brownfield sites and zero for greenfield sites.

**Newcastle City Council and Gateshead Council (Feb 2016 – currently being reviewed and updated)** – 5% of build costs.

**North Tyneside Council (Jun 2016)** – £100,000 per Ha for brownfield, zero for greenfield.

**Stockton Borough Council (Oct 2016)** – for schemes over 50 dwellings a range of £50,000 to £200,000 per net Ha.

**5.11.8.** We note that applying a percentage against build costs results in the level of abnormal costs increasing arbitrarily between sites (with the highest rates recorded in the high and medium value areas). There is no reason why a site in a higher value area would carry increased abnormal costs, therefore the percentage approach unduly penalises sites in higher value areas.

**5.11.9.** As shown above, a number of authorities apply different rates between brownfield and greenfield sites, as there is (arguably) a greater chance of incurring abnormal costs on previously developed land (issues such as remediation). If this approach is adopted then separate sites values must also be applied to greenfield and brownfield sites. There is no correct approach and a single abnormal costs allowance is just as reasonable as applying a split rate for greenfield and brownfield sites. However, it is important to be consistent and ensure there is an appropriate balance with site value.

**5.11.10.** We conclude that it is appropriate to make some level of allowance for abnormal costs in the viability modelling but recognising that this should be balanced with the adopted site value. Furthermore, applying a rate per net Ha is a better approach than applying a percentage rate to build costs (as the latter unfairly penalises sites located within higher value areas). **We consider an allowance of £150,000 per net Ha to be appropriate for the modelling for brownfield sites, reduced to £75,000 per net Ha for greenfield sites.**

## **5.12. S106 Payments**

**5.12.1.** S106 capital contributions can cover a wide variety of policy areas including areas such as: education, health, public open space, highway works, travel plans, ecology etc. However, please note for the purposes of this study affordable housing is not included as being part of the S106 contributions and instead this is dealt with separately in the viability testing.

- 5.12.2.** The precise level of each policy requirement will fluctuate from site to site dependent on need. It is not the case that each site will carry a fixed policy requirement. For example, there is a specific education need in one area which triggers a policy contribution. In other areas, there may be no need, so the policy contribution is not triggered. From a viability perspective it would therefore be unfair to apply a fixed education contribution to all sites, as this would have a negative impact on viability in the testing in areas where an education contribution was not required (and therefore skew the results).
- 5.12.3.** For the purposes of plan viability testing it is not therefore appropriate to adopt a 'worst case' position whereby the maximum policy contributions are applied. Likewise, adopting a nil contribution would be as equally unrealistic. The Harman Review and subsequent PPG guidance again indicates that average costs should be factored into the appraisal testing.
- 5.12.4.** Furthermore, if a CIL rate is introduced, some of the infrastructure requirements that would have previously been triggered through a S106 capital contribution would now fall under the CIL (currently through the Regulation 123 List). In the viability testing there would therefore be a risk of 'double counting' if the S106 allowance is set too high. This therefore needs to be carefully considered in the viability testing.
- 5.12.5.** For the purposes of the viability testing, it is considered appropriate to adopt a single, average S106 payment for each site, calculated on a 'per dwelling' basis (this is an approach routinely adopted in whole plan viability testing).

**5.12.6.** To identify an appropriate average rate we have reviewed past S106 contributions secured by the Council from new development. We recognise that these contributions have been secured in a policy regime that does not include CIL charges. Downward adjustments should therefore be made to the S106 contributions to avoid double-counting, as referenced above.

**5.12.7.** The Council has provided us with details of past S106 contributions made by developers on new build residential schemes. **Please note, a number of the applications provided to us made zero S106 contributions, we have therefore only summarised schemes with payments:**

**Table 9 – Past S106 financial contributions secured by the Council**

Planning ref	Dwellings	S106 contributions	S106 per dwelling
17/01123/FUL	13	£ 7,800	£ 600
17/01942/FUL	13	£ 30,800	£ 2,369
16/02211/FUL	24	£ 21,120	£ 880
<b>Average</b>	<b>16.67</b>	<b>£ 19,907</b>	<b>£ 1,283</b>
16/02081/OUT	30	£ 39,400	£ 1,313
17/00248/VARYCO	35	£ 40,000	£ 1,143
16/04680/OUT	36	£ 24,636	£ 684
16/00876/FUL	39	£ 7,800	£ 200
17/00701/VARYCO	39	£ 21,000	£ 538
16/01688/OUT	45	£ 30,500	£ 678
16/00860/FUL	50	£ 16,500	£ 330
17/00080/FUL	51	£ 59,168	£ 1,160
15/02466/VARYCO	54	£ 146,770	£ 2,718
15/03676/FUL	59	£ 23,000	£ 390
17/01149/FUL	62	£ 145,200	£ 2,342
<b>Average</b>	<b>45.45</b>	<b>£ 50,361</b>	<b>£ 1,045</b>
16/01330/FUL	75	£ 11,000	£ 147
16/00138/FUL	80	£ 250,000	£ 3,125
16/02336/FUL	89	£ 594,000	£ 6,674
15/04272/OUT	90	£ 105,000	£ 1,167
15/04270/OUT	121	£ 70,000	£ 579
16/04622/FUL	142	£ 75,375	£ 531
15/00078/OUT	150	£ 200,000	£ 1,333
15/00897/OUT	192	£ 210,000	£ 1,094
15/00381/OUTES	233	£ 60,000	£ 258
<b>Average</b>	<b>130.22</b>	<b>£ 175,042</b>	<b>£ 1,656</b>
14/04160/FUL	392	£ 639,714	£ 1,632
14/04099/OUT	480	£ 42,000	£ 88
B/08/00465/FUL	715	£ 8,654,000	£ 12,103
15/00901/OUTES	1600	£ 3,920,988	£ 2,451
<b>Average</b>	<b>796.75</b>	<b>£ 3,314,176</b>	<b>£ 4,068</b>

**5.12.8.** As shown above, for scheme typologies of 15, 50 and 100 dwellings, the average S106 contributions ranges from circa £1,000 to £1,700 per dwelling. For larger, strategic sites (circa 400 dwellings or more) the contributions may potentially increase, although we do note that the data is skewed by one particular scheme.

**5.12.9.** Taking into account the above data, as well as current obligation requirements and the future likely policy asks and also the introduction of a CIL charge, we consider a S106 contribution equivalent to £1,500 per dwelling to be appropriate for the purposes of viability testing (applied to each of the scheme typologies). For larger strategic sites (say circa 400 dwellings or more), there is the potential for these schemes to attract a higher rate. However, these could be considered on a 'case by case' basis as and when any strategic sites come forward.

### **5.13.      Marketing and legal fees**

**5.13.1.** In previous viability testing an allowance equivalent to 4% of revenue had been applied, plus £500 per dwelling for legal fees.

**5.13.2.** The averages for marketing as shown from our in-house viability database are as follows:

- Sub 10 dwellings average 2.83%
- 10 to 50 dwellings average 2.90%
- Over 50 dwellings average 2.67%

**5.13.3.** The local authority regional studies show the following:

**Durham County Council (Apr 2018 Draft) – marketing 2% to 3%**

**Sunderland City Council (Aug 2017) – marketing 3.5% (reduced for affordable)**

**Newcastle City Council and Gateshead Council (Feb 2016 – currently being reviewed and updated) – marketing 3.5%**

**North Tyneside Council (Jun 2016) – marketing 3%**

**Stockton Borough Council (Oct 2016) – marketing 3%**

**5.13.4.** Based on the above we consider the allowance of 4% to be overly cautious. For larger schemes there will be economies of scale which will reduce the overall marketing cost. Furthermore, for small projects the developer would likely use a local agent, rather than incurring the cost of a marketing suite etc (which would minimise the costs involved). **As an overall average, we consider 3% of revenue (applied to the market value dwellings) to be a reasonable marketing cost allowance for schemes providing 15 or more dwellings. For 6 dwellings or less we have reduced the rate to 1.5%.**

**5.13.5.** A £500 per unit legal fee is considered to be reasonable for the market value dwellings. For the affordable units, which are typically transferred in bulk to a single party, the costs will be reduced. We consider an allowance of £300 per affordable unit to be reasonable.

## 5.14. Finance

**5.14.1.** Previous studies included a 6.5% debit interest charge.

**5.14.2.** The debit interest rates shown in our in-house viability database are as follows:

- Sub 10 dwellings average 6.33%
- 10 to 50 dwellings average 5.81%
- Over 50 dwellings average 5.71%

**5.14.3.** The above therefore shows debit interest charges falling as the size of the scheme increases. This reflects the fact that smaller schemes are likely to be implemented by local / small house builders, generally regarded as being a higher risk by lenders. For the largest schemes, it is normally the case that these are delivered by national volume house builder plc's, regarded as lower risk borrowers, (which serves to reduce the interest rate charged).

**5.14.4.** As for the local authority regional studies, these show the following debit interest rates:

**Durham County Council (Apr 2018 Draft)** – 5.5% to 6.5% debit

**Sunderland City Council (Aug 2017)** – 6% debit plus 1% arrangement

**Newcastle City Council and Gateshead Council (Feb 2016 – currently being reviewed and updated)** – 6.5% debit and 1.5% credit

**North Tyneside Council (Jun 2016)** – 6.5% debit and 6.5% credit

**Stockton Borough Council (Oct 2016)** – 6% debit

**5.14.5.**Based on our viability database the 6.5% debit allowance appears cautious. However, this allowance is generally in line with the approach adopted by other local authorities in their own viability studies. For this reason, and assuming the rate would also cover arrangement fees / exit fees etc, **we consider an average 6.5% debit charge to be appropriate for the purposes of the testing.**

**5.14.6.**In addition, we consider it appropriate to factor a credit rate. For larger schemes, there will come a point in time when the level of revenue exceeds costs. When this occurs it is reasonable to assume that the developer would invest the surplus into ‘something’, rather than leaving the money to be eroded by inflation. It may be that this is regarded as an opportunity cost and therefore inputted into another scheme the developer is involved with. Alternatively, there may an opportunity to invest the money into a yield generating investment, such as bonds, shares, property etc.

**5.14.7.**For the purposes of the viability testing we consider an average credit rate of **3% to be appropriate** (reflecting the fact that developers are typically sophisticated businesses and would not simply input the money into a savings account but would look to maximise the return from this surplus, such as using it to reduce the borrowing on a future scheme). It is stressed, however, that in reality this is only likely to impact on the larger projects (likely to be 100 dwellings or more).

## **5.15. Build / sales rates**

**5.15.1.**Previous studies assumed that schemes providing less than 60 units would attract average sales rates equivalent to 30 units per annum, whilst for over 60 units this would increase to 60 units per annum.

**5.15.2.** Construction rates should broadly reflect likely sales rates. This follows the principle that there is little benefit to constructing dwellings at a significantly faster rate than they can be sold at, as it creates the risk that homes will be left empty for extended periods (and could be targeted for vandalism, naturally deteriorate etc). In this respect, we consider it appropriate to first consider the sales rates and from this an appropriate construction rate can then be applied.

**5.15.3.** Across the wider north east region there is evidence of sales rates in excess of 40 dwellings per annum for schemes of 60 units or less. However, this tends to be from schemes where there is a high demand from buyers looking to take advantage of the government's Help to Buy: Equity Loan scheme.

**5.15.4.** However, there are also examples of schemes where sales rates are below this level. Regarding the Help to Buy: Equity Loan scheme the intention is currently for this to end in 2020. Whilst there may be some short-term impact on sales rates, longer term rates are likely to level off. Furthermore, the introduction of NDSS may have some limited impact on sales rates in certain locations. This would too justify a more cautious approach to sales rates.

**5.15.5.** Smaller schemes also tend to have longer sales rates (when expressed as a rate per calendar month). This is partly due to the lower marketing costs and lower profile nature of bespoke schemes.

**5.15.6.** Having considered the above, **we have adopted the following sales rates, which are considered to be cautious but appropriate for the purposes of the testing:**

**1, 2, 6 and 15 dwellings:** 1 sale per calendar month

**50 dwellings:** 2.08 sales per calendar month (25 per annum)

**100 dwellings:** 2.75 sale per calendar month (33 per annum)

**5.15.7.** Strategic site are likely to generate a higher sales rates, with multiple outlets in situ. This can be assessed on a site by site basis as and when any strategic sites are identified.

## **5.16. Developer Profit**

**5.16.1.** The PPG refers to a range of developer's profit from 15% to 20% on revenue. It is stressed that profit is a function of risk and therefore it is appropriate to allow some fluctuation from site to site (as different sites carry different risks).

**5.16.2.** The Councils previous assumptions were based on the following:

- 17% (smaller scale) to 20% (larger scale) on revenue applied to the market value dwelling sales
- 6% on revenue applied to the affordable housing transfer values

**5.16.3.** By way of additional supporting evidence, we have also referred to individual cases we are aware of. The averages for developer profit as shown from our in-house viability database are as follows:

- Sub 10 dwellings average for market value dwellings 16.17%
- 10 to 50 dwellings average for market value dwellings 17.68%
- Over 50 dwellings average for market value dwellings 18.81%

**5.16.4.** This suggests that profit requirements tend to reduce for smaller schemes and increase for larger projects. It also suggests that profit margins are not fixed and can fluctuate from scheme to scheme, in line with the PPG. Also, the average rates fall broadly within the 15% to 20% on revenue range referred to in the PPG.

**5.16.5.** Furthermore, there are examples from appeal decisions where a variety of profit margins have been accepted. For example, at the *Poplar Close, Ruskington (ref 3150756)* appeal decision a 17.5% profit margin was deemed acceptable by the Inspector. In contrast, at the *Flaxley Rd, Selby (ref 3149425)* appeal the Inspector agreed to a 20% rate. This therefore highlights the nature of development and the fact that risk will differ from site to site. For example, it is reasonable to assume that a 50 dwelling scheme in a high value greenfield location would carry a lower risk than a 50 dwelling scheme in a low value brownfield location. The variation of risk and profit therefore reflects the workings of a free market.

**5.16.6.** As for the local authority regional studies, these assume the following:

**Durham County Council (Apr 2018 Draft)** – 15% to 20% on revenue for market value and 6% for affordable housing.

**Sunderland City Council (Aug 2017)** – 20% on revenue

**Newcastle City Council and Gateshead Council (Feb 2016 – currently being reviewed and updated)** – 20% on revenue for market value and 6% for affordable housing

**North Tyneside Council (Jun 2016)** –20% on revenue for market value and 6% for affordable housing

**Stockton Borough Council (Oct 2016)** –20% on revenue for market value and 6% for affordable housing

**5.16.7.** The majority of the above studies therefore advocate a ‘split’ profit approach, applying a higher rate to the market value dwellings and a lower rate to the affordable units. This approach is considered to be logical as there is a different risk profile attached to market value dwellings, which are sold speculatively in the open market, compared with affordable units which are often ‘pre-sold’ before construction and transferred in bulk to a single party (therefore a much lower risk).

**5.16.8.** However, we would stress that the above profit split is not appropriate when considering Built to Rent or Private Rented Sector (PRS) development. This is where a multi-storey apartment block is sold, as a single entity, to an institutional investor (such as a pension fund). As the dwellings are sold in bulk, to a single party (with a deal often agreed prior) the risk profile is different to houses, which are sold speculatively and individually. This general principle is also supported in the PPG. From our experience and also from schemes appraised by the Council, a profit margin of closer to 10% on revenue is considered to be more appropriate.

**5.16.9.** Having considered all of the above, there is a legitimate argument to support a range of developer profit rates, at least for the market value dwellings. However, **on balance and for the purposes of a plan-making study in this case we consider the split allowance of 20% / 6% to be reasonable (albeit if anything on the cautious side) for schemes being sold speculatively to individual purchasers.**

## **5.17. Residential Benchmark Land Value (BLV)**

**5.17.1.** The principles behind this concept are discussed above in sections 2 and 4. In short, the BLV represents the minimum land value that a hypothetical landowner would accept to release their land for development, in the context of the prevalent planning policies. A BLV does not therefore attempt to identify the market value, it is a distinct concept.

**5.17.2.** To identify the BLV, the PPG recommends using a premium over existing use value (EUV) and credible alternative values as a means of determining the BLV.

**5.17.3.** In terms of assessing the uplift above the EUV, a differential should be made between assessing previously developed land and agricultural (greenfield) land. This is because the underlying EUV of an agricultural field will typically be significantly lower when compared to previously developed land. This means that different premiums will need to be applied to encourage landowners to sell.

**5.17.4.** The guidance is silent on the precise level of premium. However, based on our experience in the market place a premium in the region of 10% to 30% above the EUV is typically expected for previously developed land (dependent on the nature of the land). For agricultural land, where values will be relatively consistent regardless of locational factors, the level of premium will be significantly higher (and can fluctuate typically from 5 to 25 times the EUV).

**5.17.5.** In previous studies, including specific analysis of BLVs the following BLVs were identified and applied to the viability testing:

**Greenfield**

**Sub £1,750:** £245,000 to £320,000 per gross Ha

**£1,750 to £2,250:** £320,000 to £370,000 per gross Ha

**Over £2,250:** over £370,000 per gross Ha

**Brownfield**

**All sites:** £185,000 to £310,000 per gross Ha

**5.17.6.** By way of evidence we have assessed the local authority regional studies, which assume the following:

**Durham County Council (Apr 2018 Draft)** – range of £200,000 to £900,000 per Ha for greenfield sites, reduced to £175,000 to £800,000 per Ha for previously developed land.

**Sunderland City Council (Aug 2017)** – range of £370,000 to £900,000 per net Ha.

**Newcastle City Council and Gateshead Council (Feb 2016 – currently being reviewed and updated)** – for ‘urban’ sites a range for £200,000 to £2,100,000 per gross Ha, for ‘non-urban’ sites £360,000 to £530,000 per gross Ha.

**North Tyneside Council (Jun 2016)** – adopt an EUV plus incentive approach whereby for greenfield sites an EUV of £20,000 per Ha is applied and then 50% of the scheme revenue is added. For brownfield, an EUV of £350,000 per Ha is applied, plus 20% of scheme revenue.

**Stockton Borough Council (Oct 2016)** – range from £250,000 to £600,000 per net Ha.

**5.17.7.** As a general sense check of landowner expectations from the wider north of England and East Midlands regions, we have again reviewed our in-house viability database, albeit restricting the search from Jan 2016. It is acknowledged that this data is derived from a much broader area, often outside of the north east. Nonetheless, this is useful for gauging a general ‘tone’ of BLVs across a broad area. It is also stressed that, bar some inevitable outlying examples, BLVs for the majority of the cases remain within a relatively narrow spectrum across this wide region, as summarised below. Please note the figures are given on a per gross Ha basis, therefore net rates would be higher. Also, the full data remains confidential however we are able to provide sample averages and ranges:

- 54 schemes within the sample ranging from 4 dwelling schemes to 1,250.
- The average BLV is typically at its highest for schemes providing 40 units or less (an average across the sample of just under £1.1million per gross Ha).
- For schemes providing 40 to 100 units the average reduces significantly to circa £450,000 per gross Ha. For schemes providing in excess of 100 dwellings the average reduces further to circa £350,000 per gross Ha. This can be explained by quantum, as larger parcels are being purchased ‘in bulk’ the rate paid reduces.

- Across the whole sample, the range is wide from circa £100,000 to over £2million per gross Ha. However, the majority of the sample (around 75% of the date) falls within the relatively narrow band of £150,000 to £650,000 per gross Ha. It is noted that these sites tend to be in broadly low and mid value areas.

**5.17.8.** However, it is stressed that the majority of the data relates to viability assessments undertaken prior to the introduction of the PPG and the newly confirmed approach to assessing benchmark land values. Some of the benchmark land values have been based on different approaches (i.e. not the existing use value plus premium approach now advocated). Some of the approaches previously used in setting benchmark land values resulted in inflated values when compared to the existing use value plus premium approach. For this reason, the averages identified can be regarded as being inherently high when considered against the new existing use value plus premium approach.

**5.17.9.** Furthermore, we have also considered land transactions in Northumberland, albeit recognising, as indicated above, the limitations to assessing land sales data:

**Table 10 – Greenfield land sales Northumberland**

Address		Pcode	Type	Gross Land area (Ha)	Sale Price	Sold (price per Ha)	Sale Date
Land at Edgewell Court	Prudhoe	NE42 6HW	Greenfield	0.13	£ 69,000	£ 530,769	21/07/2015
Hunter Avenue	Blyth	NE24 3JT	Greenfield	0.22	£ 34,500	£ 156,818	24/09/2013
South Loansdean	Morpeth	NE61 2DW	Greenfield	0.28	£ 365,000	£ 1,303,571	01/02/2017
Lionheart Enterprise Park	Alnwick	NE66 2EP	Greenfield	0.42	£ 100,000	£ 238,095	01/04/2015
Tweedside indust Est	Berwick	TD15 2XF	Greenfield	0.46	£ 29,500	£ 64,130	14/05/2014
Lilswood Holiday Park	Hexham	NE47 0HX	Greenfield	0.61	£ 225,000	£ 368,852	14/11/2017
Cowpen Rd	Blyth	NE24 5EZ	Greenfield	1.56	£ 115,000	£ 73,718	20/05/2013
Spencer Rd	Blyth	NE24 5TG	Greenfield	1.56	£ 170,000	£ 108,974	09/09/2013
Hadston Industrial Estate	Morpeth	NE65 9YG	Greenfield	1.74	£ 131,000	£ 75,287	06/04/2015
Showfields, Haydon Bridge	Hexham		Greenfield	2.41	£ 1,661,808	£ 689,547	20/01/2017
Newbiggin Rd	Ashington	NE63 0TB	Greenfield	2.45	£ 225,000	£ 91,837	16/10/2013
Bassington Avenue	Cramlington	NE23 8AQ	Greenfield	3.12	£ 650,000	£ 208,333	23/06/2015
South Fields	Morpeth		Greenfield	3.66	£ 2,539,019	£ 693,721	08/07/2015
Woodland Rise	Hexham		Greenfield	3.90	£ 8,293,741	£ 2,126,600	15/05/2015
Coquet Park	Felton		Greenfield	3.95	£ 2,045,000	£ 517,722	03/11/2016
Percy Wood Golf Club	Morpeth	NE65 9BB	Greenfield	72.85	£ 16,000,000	£ 219,629	01/02/2018
Burgham Park Golf club	Morpeth	NE65 9QP	Greenfield	93.08	£ 1,360,000	£ 14,611	03/03/2017

**Table 11 – Brownfield land sales Northumberland**

Address		Pcode	Type	Gross Land area (Ha)	Sale Price	Sold (price per Ha)	Sale Date
Land at 106 Milburn Rd	Ashington	NE63 0PQ	Brownfield	0.01	£ 15,000	£ 1,153,846	30/01/2017
Former Miner's Welfare	Cramlington	NE23 7PR	Brownfield	0.2	£ 100,000	£ 500,000	30/01/2018
Gas House Lane	Morpeth	NE61 1SR	Brownfield	0.23	£ 80,000	£ 347,826	18/02/2014
Former Fire Station	Alnwick	NE66 2PA	Brownfield	0.58	£ 450,000	£ 775,862	20/02/2018
Former Coal depot, Ellington Rd	Ashington	NE63 8TT	Brownfield	1.13	£ 200,000	£ 176,991	09/05/2015
Malvins Rd	Blyth		Brownfield	1.30	£ 545,600	£ 419,692	28/08/2015
Woodhorn Lane	Ashington		Brownfield	2.55	£ 1,545,000	£ 605,882	24/03/2017
Barley Meadows, off B1326	Cramlington		Brownfield	7.61	£ 5,965,000	£ 783,837	28/10/2016
Taylors Wynd, Hepscott Park	Stannington	NE61 6NF	Brownfield	11.35	£ 6,887,950	£ 606,868	30/03/2017

**Table 12 – Land available for sale as at Q2/Q3 2018 Northumberland**

Address		Pcode	Type	Gross Land area (Ha)	Asking	Ask (price per Ha)
Land at 106 Milburn Rd	Ashington	NE63 0PQ	Brownfield	0.01	£ 39,950	£ 3,073,077
Former bus garage	Morpeth	NE61 5RQ	Brownfield	0.03	£ 125,000	£ 5,000,000
Mian Rd, Milfield	Wooler	NE71 6JD	Brownfield	0.03	£ 125,000	£ 3,993,610
Blue House Farm Cottages Nedder	Bedlington	NE22	Greenfield	0.06	£ 80,000	£ 1,333,333
Bridge End Indust Est	Hexham	NE46 4DQ	Greenfield	0.06	£ 70,000	£ 1,166,667
Fair View	Prudhoe	NE42 6EU	Greenfield	0.06	£ 100,000	£ 1,666,667
Tulip St	Prudhoe	NE42	Mix	0.09	£ 130,000	£ 1,444,444
14 Middle Drive, Darras Hall	Ponteland	NE20	Greenfield	0.10	£ 350,000	£ 3,500,000
Windsor Place	Ponteland	NE20	Greenfield	0.13	£ 350,000	£ 2,692,308
2 Kenmore Rd, Swarland	Morpeth	NE65	Greenfield	0.14	£ 165,000	£ 1,178,571
Carterside Farm	Rothbury	NE65 7RT	Greenfield	0.15	£ 160,000	£ 1,066,667
Felton	Morpeth	NE65	Greenfield	0.16	£ 300,000	£ 1,875,000
The Mill Plot, Doddington	Wooler	NE71	Greenfield	0.16	£ 125,000	£ 781,250
Castle Garth	Morpeth	NE65	Greenfield	0.20	£ 250,000	£ 1,250,000
Warenford	Belford	NE70 7HL	Greenfield	0.25	£ 300,000	£ 1,200,000
Tow House, Bardon Mill	Hexham	NE47 7EG	Greenfield	0.25	£ 180,000	£ 720,000
Shilburn Rd	Allendale	NE47	Greenfield	0.35	£ 225,000	£ 642,857
Land by Railway station	Chathill	NE67 5DF	Greenfield	0.38	£ 50,000	£ 131,579
Seabank, The Crescent	Berwick		Greenfield	0.39	£ 650,000	£ 1,666,667
Cowpen Rd	Blyth	NE24 5TR	Greenfield	0.40	£ 75,000	£ 187,500
Westwood, Bardon Mill	Hexham	NE47 7JF	Greenfield	0.40	£ 40,000	£ 100,000
Main St	Seahouses	NE68 7UD	Greenfield	0.42	£ 500,000	£ 1,190,476
Eastlands	Kirkwhelpington	NE19 2RW	Greenfield	0.46	£ 600,000	£ 1,304,348
Land at Belmont, Haydon Bridge	Hexham	NE47	Mix	0.49	£ 375,000	£ 765,306
At Aidan's RC First School	Ashington	NE63 0LF	Brownfield	0.60	£ 300,000	£ 500,000
NE town centre	Morpeth	NE61	Greenfield	0.72	£ 500,000	£ 694,444
Thropton	Morpeth	NE65	Greenfield	0.76	£ 250,000	£ 328,947
Land at	Haltwhistle	NE49	Greenfield	0.81	£ 200,000	£ 246,914
Hartburn	Morpeth	NE61	Greenfield	1.18	£ 340,000	£ 288,136
Blyth Riverside Business Park	Blyth	NE24 4RR	Greenfield	1.21	£ 300,000	£ 247,934
Cornhill-on-Tweed	Cornhill	TD12	Greenfield	2.63	£ 80,000	£ 30,418
High House Lane	Morpeth	NE61	Greenfield	6.07	£ 135,000	£ 22,241
Ulgham	Morpeth	NE61	Greenfield	7.04	£ 120,000	£ 17,045
Slaley	Slaley	NE47	Greenfield	10.21	£ 150,000	£ 14,691
Stobswood	Morpeth	NE61	Greenfield	10.30	£ 160,000	£ 15,534
High Bracken Hill	Lowgate		Greenfield	40.94	£ 550,000	£ 13,434

**5.17.10.** The above therefore shows a wide range of land values, highlighting the difficulty in undertaking a comparable approach (as land values vary dependent on location, use, future development potential, abnormals, Council planning policies etc).

**5.17.11.** The PPG recognises this issue and suggests and in particular sales having taken place where reduce policy provisions have been provided. The PPG goes on to say that ideally only land transactions that provided the full planning policies should be considered, or where this is not possible the evidence should be adjusted to reflect the full policy provisions. However, in practice this is extremely difficult as often the full details of the site is not known therefore the scope for any meaningful analysis is limited.

**5.17.12.** Having considered all of the evidence identified above we have adopted the following BLV allowances in the appraisal testing (please note for the brownfield sites we have worked on the basis of a circa 25% uplift over the EUV).

**Table 13 – Recommended BLV assumptions**

<b>Value area</b>	<b>Greenfield</b>	<b>Multiple of EUV</b>	<b>Brownfield</b>
Highest	£600,000	34.29	£350,000
High	£450,000	25.71	£300,000
Medium	£300,000	17.14	£250,000
Low	£150,000	8.57	£200,000

## 6. RESIDENTIAL VIABILITY TESTING AND RESULTS

### 6.1. Base appraisals

**6.1.1.** The results for the residential base appraisals are shown in the attached Appendices B1 to B7.

**6.1.2.** For clarity, the base appraisals adopt the assumptions outlined above in Section 5. Furthermore, for each typology we have varied the amount of on-site affordable housing between 0% and 30% (with a tenure mix of circa 70:30 between affordable rented and other forms of affordable home ownership such as discounted market sales (DMS), Starter Homes and intermediate shared ownership / equity dwellings). Please note, if the mix of affordable units is adjusted this could impact on the viability outcome. For example, if there is a greater weight towards rented affordable units, this is likely to have a detrimental impact on viability. Conversely, if there is a greater weight towards affordable ownership, this is likely to have positive impact on viability.

**6.1.3.** The appraisals are also adjusted to reflect the four values areas (highest, high, medium and low), as well as greenfield and brownfield distinctions. The residual land value is then compared with the separately assessed BLV. If the residual land value is below the BLV, the scheme is deemed to be unviable. If the residual land value is above the BLV the scheme is deemed to be viable. At this point a CIL charge is then factored into the appraisal testing, applied as a rate per sq m to the modelling and increased up to a point where the scheme is still deemed to be viable (but allowing for a reasonable 'buffer' to ensure it is not at the margins of viability).

**6.1.4.** By way of a summary for each typology:

**Typology 1 – 1 dwelling (Appendix B1)**

- The affordable housing provision does not apply to this size scheme.
- For greenfield sites, schemes in the high and highest locations are shown to be viable, but unviable in medium and low.
- For brownfield sites, the schemes are comfortably viable in the highest, high and medium value areas. However, the low value typology is shown to be unviable.

**Typology 2 – 2 dwellings (Appendix B2)**

- The affordable housing provision does not apply to this size scheme.
- For brownfield sites (which have only been tested for this typology), the schemes are viable in the highest and high value areas. However, the medium and low value typologies are shown to be unviable.

**Typology 3 – 6 dwellings (Appendix B3)**

- The affordable housing provision does not apply to this size scheme.
- For brownfield sites (which have only been tested for this typology), the schemes are comfortably viable in the highest and high value areas.
- In the medium value areas the schemes are marginally unviable (equivalent to around £5,000). If the S106 contributions were reduced slightly the typology would become viable.
- The low value areas are shown to be unviable.

#### Typology 4 – 15 dwellings (Appendix B4a to B4c)

- We have tested affordable housing provisions from 0% up to 30%, at 5% intervals. However, to avoid excessive data we have only appended the results from 5%, 15% and 30%, which we consider gives a sufficient insight into the testing.
- With a 5% affordable housing provision the outcomes in the low and medium values areas (for both greenfield and brownfield) are shown to be unviable. High and highest value areas are shown to be comfortably viable.
- For the high and highest value areas a viable outcome is shown with 30% affordable housing. At these levels a CIL rate of £50 per sq m is comfortably viable in the highest value locations. In the high value locations the rate reduces to circa £20 per sq m. If the affordable housing provision is reduced, the CIL rates could be increased.

#### Typology 5 – 50 dwellings (Appendix B5a to B5c)

- We have tested affordable housing provisions from 0% up to 30%, at 5% intervals. Again, to avoid excessive data we have only appended the results from 5%, 15% and 30%, which we consider gives a sufficient insight into the testing.
- With a 5% affordable housing provision the outcomes in the low value areas (for both greenfield and brownfield) are shown to be unviable. High and highest value areas are shown to be comfortably viable.
- With a 15% affordable housing provision the outcomes in the medium value areas (for both greenfield and brownfield) are shown to be viable. At these levels a CIL rate of £10 per sq m is viable. High and highest value areas are shown to be comfortably viable.

- For the high and highest value areas a viable outcome is shown with 30% affordable housing. At these levels a CIL rate of £60 per sq m is comfortably viable in the highest value locations. In the high value locations the rate reduces to circa £40 per sq m. If the affordable housing provision is reduced, the CIL rates could be increased.

#### Typology 6 – 100 dwellings (Appendix B6a to B6c)

- We have tested affordable housing provisions from 0% up to 30%, at 5% intervals. Again, to avoid excessive data we have only appended the results from 5%, 15% and 30%, which we consider gives a sufficient insight into the testing.
- With a 5% affordable housing provision the outcomes in the low value areas (for both greenfield and brownfield) are shown to be unviable. Medium, high and highest value areas are shown to be comfortably viable.
- With a 15% affordable housing provision the outcomes in the medium value areas (for both greenfield and brownfield) are shown to be viable. At these levels a CIL rate of £10 per sq m is viable. High and highest value areas are shown to be comfortably viable.
- For the high and highest value areas a viable outcome is shown with 30% affordable housing. At these levels a CIL rate of £60 per sq m is comfortably viable in the highest value locations. In the high value locations the rate reduces to circa £40 per sq m. If the affordable housing provision is reduced, the CIL rates could be increased.

### Typology 7 – 40 dwellings Sheltered Accommodation (Appendix B7)

- The affordable housing provision does not apply to this size scheme.
- The typologies are comfortably viable in the highest and high value areas. The highest value area can comfortably support a CIL rate of circa £50 per sq m. The high value area can support a CIL rate of circa £25 per sq m.
- The low and medium value areas are shown to be unviable.

## **6.2. Sensitivity Test 1 – 5% reduction in build costs**

**6.2.1.** During the last 6 – 9 months there has been a ‘spike’ in construction costs (which is reflected in the current BCIS rates), driven principally by labour shortages in the market place, as well as continued increases in the cost of materials. Anecdotally, we are aware that some active within the industry consider this to be due to Brexit, with EU labourers leaving Britain to return to mainland Europe. It therefore remains to be seen how long this will impact on the construction sector and whether the current sharp rise in costs is a short-term phenomenon.

**6.2.2.** At the current time, build cost inflation is in excess of house price inflation. This creates a risk that the viability testing therefore unfairly underplays the viability of sites within the County, because the testing so happens to have been carried out at a point in time when build cost inflation has spiked.

**6.2.3.** Over the longer-term, house price inflation has in fact been higher than build cost inflation. By way of evidence, we have analysed data from the Land Registry since the records began in Jan 1995 to May 2018 (therefore covering a period of around 23 years). We have rebased to residential sales achieved across Northumberland, covering all property types. The change in value during this period can be summarised as follows:

Average Northumberland residential sales value Jan. 1995 -	£47,068
Average Northumberland residential sales value Oct. 2017 -	£151,322

**6.2.4.** Since January 1995 residential sales values in Northumberland have therefore increased by circa 321%. This is the equivalent of an average increase of circa 5.25% per annum.

**6.2.5.** In terms of build cost inflation we have analysed the BCIS All-in Tender Price Index. By way of additional analysis, we have also analysed the BCIS Housing Tender Price Index. To ensure a consistent comparison with sales value inflation, we have assessed the data from January 1995. The data is summarised as follows:

Housing TPI Index Jan. 1995	-	125
Housing TPI Index Autumn 2017	-	323 (the latest available data)

**6.2.6.** Since January 1995 the Housing Tender Price Index have therefore increased by circa 258% (equivalent to around 4.25% per annum). In this respect, since January 1995 house prices have increased at a quicker rate than construction costs. Please note, the BCIS All In TPI, which includes commercial as well as residential projects, also shows a similar increase during this period of around 250%.

**6.2.7.** On the basis of the above evidence, we therefore consider it appropriate to run sensitivity testing at a reduced construction cost (as the BCIS rate currently reflects a 'spike' when compared to the longer-term data). For the purpose of the testing we have reduced the construction costs by 5%.

**6.2.8.** Reducing the build costs has a positive impact on the viability result. With this in mind we have focused our analysis on the medium and low value areas (where there was greater pressure on the viability compared to the high and highest value areas in the base appraisal testing).

**6.2.9.** For our starting assessment, we have adopted a 10% affordable housing provision (see appendices C4a, C5a and C6a). The results are as follows:

- For our 15 dwelling typology these are shown to be unviable both in the low and medium value locations. However, the medium values are marginally unviable and could be return a viable position if the planning policy requirements are relaxed.
- For our 50 and 100 dwelling typology the low value areas are shown to be unviable. However, the medium values are shown to be viable and could comfortably support a 10% affordable housing provision and a CIL rate at £20 per sq m.

**6.2.10.** We have also re-run the 50 and 100 typologies in the medium value areas with a 15% affordable housing provision (see appendices C5b and C6b). The results show that again the medium value locations would be comfortably viable with a 15% affordable housing provision and £20 per sq m CIL charge.

### 6.3. Sensitivity Test 2 – Low cost housebuilder model

**6.3.1.** As discussed above, the base appraisal testing returned unviable results in low value areas. However, this contradicts site delivery across Northumberland, as sites are coming forward and being delivered in the lowest value areas. In some cases, these sites are being delivered by specialist ‘low value’ house builders (such as Gleeson and Keepmoat). These housebuilders typically have a different business model to other volume housebuilders, reflecting the delivery of a more basic specification.

**6.3.2.** With this in mind we have subsequently looked to test, on 50 dwellings or higher schemes (being the likely schemes that a low-cost developer would look to implement), the low-cost house builder models. This includes a low base build cost of £850 per sq m (based on other individual viability appraisals we are currently aware of from the wider region), an increase of external costs to 20% and a reduced finance rate of 5.5%.

**6.3.3.** For our starting assessment, we have adopted a 15% affordable housing provision (see appendices D5a and D6a). The results are as follows:

- For both the 50 and 100 dwelling typologies in the medium value areas the schemes are comfortably viable with a 15% affordable housing provision and a £10 per sq m CIL charge.
- For both the 50 and 100 dwelling typologies in the low value areas, the greenfield sites the schemes are viable with 15% affordable housing provision and a zero CIL charge.

- For both the 50 and 100 dwelling typologies in the low value areas, the brownfield sites the schemes are unviable.

**6.3.4.** This testing therefore suggests that schemes can be delivered in low value areas and support some level of affordable housing.

#### **6.4. Sensitivity Test 3 – Affordable housing mix**

**6.4.1.** The proposed changes to the NPPF and PPG places a greater emphasis on affordable housing ownership, rather than rental products.

**6.4.2.** We have therefore looked to test how varying the level of affordable housing ownership (to include products such as Starter Homes) could impact on the viability outcomes.

##### Low value areas

**6.4.3.** We have firstly considered low value areas, to assess whether this would change the outcomes from being unviable to viable. For the purposes of the testing we have assessed the low-cost developer model with a 10% affordable provision (all provided as affordable ownership). Please see appendices E5a and E6a.

**6.4.4.** Both demonstrate that, with a 10% affordable housing provision (all provided as affordable home ownership) schemes in low value areas are viable. This suggests a 10% provision can be provided by low value schemes, if the tenure mix is adjusted to providing all affordable home ownership.

### Medium value areas

- 6.4.5.** For the medium value testing, the above demonstrates that under the low-cost developer model a 10% provision can be comfortably provided. A higher provision could therefore be delivered under this scenario (20% or higher) if all of the affordable units are provided as affordable ownership tenure bases.
- 6.4.6.** Alternatively, the medium value schemes could provide a proportion of affordable rented. The base appraisals demonstrate that with a 70/30 split between affordable rent and affordable ownership the medium value schemes are either unviable (in the case of the 15 dwelling model) or at a level where there is potentially a risk of the viability being undermined.
- 6.4.7.** Based on need identified in the Strategic Housing Market Assessment ('SHMA') and reflecting the limited scope to provide affordable rented products in low value areas, the Council has identified a tenure mix requirement of 33/67 between affordable rent and affordable ownership products for the medium value area. We have subsequently looked to factor in this mix for a 15% affordable housing provision. Please note, we have only tested the 50 and 100 dwelling scenarios, as the mix assumed in the base appraisal for the 15 dwelling scheme was already 50/50 (i.e. 1 affordable rent and 1 shared ownership product), therefore there is limited scope to adjust this mix.
- 6.4.8.** Please see appendices E5b and E6b. The results show that viability improves when the affordable housing tenure mix is adjusted in line with the above. These can be regarded as being comfortably viable under this scenario.

### High and highest value areas

- 6.4.9.** Based on need identified in the SHMA and reflecting the limited scope to provide affordable rented products in low value areas, the Council has identified a tenure mix requirement of circa 66/33 between affordable rent and affordable ownership products in the high and highest value areas.
- 6.4.10.** As indicated above, the base appraisals reflect a 70/30 tenure split between affordable rent and affordable ownership, therefore exceeding the requirements identified in the SHMA.
- 6.4.11.** In these base appraisals, for 50 and 100 dwellings, the highest value areas are shown to be comfortably viable even with a 30% affordable housing provision applied (see appendices B5c and B6c). This suggests an affordable housing provision of at least 30% is justifiable (albeit this would need to be balanced against the adopted CIL rate).
- 6.4.12.** Likewise, when a 30% affordable housing provision is applied the 50 and 100 dwelling scenarios in the high value areas are also shown to be viable (again see appendices B5c and B6c). However, the viability pressure is greater here and there is potentially a risk of undermining viability (again dependent on the adopted CIL rate).
- 6.4.13.** For the 15 dwelling scenario, the viability pressure is significantly increased when a 30% affordable housing provision is applied (see appendix B4c). The high value areas are only marginally viable and even with in the highest value areas the viability pressure remains at a level potentially at risk from being undermined. If the affordable housing provision is reduced to 15% the scenarios are shown to be more comfortably viable. This suggests an affordable housing provision in between 15% and 30% is more appropriate for the 15 dwelling scenario.

## 6.5. Sensitivity Test 4 – M4 (2) and M4 (3) Optional Building Regulations Standards

**6.5.1.** We understand the Council has an aspirational requirement (subject to viability testing) for the following:

**M4 (2)** – as discussed above in Section 5. The EC Harris analysis suggests an additional cost equivalent to £1,000 to £1,500 per dwelling. Adopting a cautious approach we have assumed a cost of £2,000 per dwelling. The Council's aspiration is for this apply to 50% of the market value dwellings and 90% of the affordable units.

**M4 (3)a** – as discussed above in Section 5. The EC Harris analysis suggests an additional cost up to around £12,500 per dwelling, which we have adopted in our appraisal testing. The Council's aspiration is for this apply to 25% of the affordable units.

**6.5.2.** We have applied the above additional costs to the base appraisals, as follows:

### Typology 1 – 1 dwelling (Appendix F1)

- For the purposes of this testing we have assumed the single dwelling would meet the M4(2) standard, therefore an additional cost of £2,000 has been applied.
- This has little impact on the overall viability of the typology, as the viability outcomes are the same as the base appraisals.
- In other words, the application of the M4 (2) standard is not considered to be the difference between a scheme being viable or unviable. Where typology 1 is unviable (for example greenfield low value sites) this is due to other factors such as the sales values being too low.

### Typology 2 – 2 dwellings (Appendix F2)

- We have applied the M4 (2) standard to both dwellings.
- As with typology 1, the viability outcome does not change from the base appraisals, therefore the application of the M4 (2) is not considered to have a significant impact on the scheme viability.

### Typology 3 – 6 dwellings (Appendix F3)

- In the first instance, we have applied the M4 (2) standard to all 6 dwellings.
- As with typologies 1 and 2, for the majority the viability outcome does not change from the base appraisals, therefore the application of the M4 (2) is not considered to have a significant impact on the scheme viability.
- The only scheme where there is potentially a significant change is the medium value site. The base appraisal shows a small deficit and therefore can be regarded as being marginally viable. If the M4 (2) standard is applied to 100% of the dwellings, this deficit increases making the scheme less viable, to the point where deliverability may be impacted. If the provision of the M4 (2) standard is reduced to 50%, though, the scheme is again considered to be marginally viable.

### Typology 4 – 15 dwellings (Appendix F4a to F4c)

- This follows the base testing, considering 5%, 15% and 30% affordable housing provisions. Initially, we have applied the M4 (2) standard to 50% of the market value units and 90% of the affordable. We have then also applied the M4 (3)a standard to 25% of the affordable.

- With a 5% affordable housing provision the viability outcomes are largely unaffected and remain in line with the base appraisals.
- With a 15% affordable housing, the application of the M4 (2) and M4 (3)a standards starts to risk impacting on the viability outcome (the surplus above the benchmark land value reduces by around 10% to 15%). However, overall the outcomes remain the same (with the low and medium schemes already unviable before the standards are applied). If the M4 (2) standard is only applied to 25% of the market value and 50% of the affordable, plus the M4 (3) standard is removed, the impact is significantly lessened (with the impact on the surplus showing around a 3% to 5% reduction).
- At 30% affordable housing, the application of the M4 (2) and M4 (3)a standards risks undermining scheme viability (with the surplus above the benchmark land value being reduced by between circa 10% to 25%). The high greenfield scheme goes from being viable to unviable. Furthermore, the high brownfield goes from being viable to only marginally viable. If the M4 (2) standard is reduced to 25% on market value and 50% on affordable and the M4 (3) cost only applied to 1 dwelling, all of the high and highest scenarios are shown to be viable (albeit marginally in the case of the high greenfield), with the surplus above the benchmark land value reducing by around 5% to 10%.

### Typology 5 – 50 dwellings (Appendix F5a to F5d)

- This follows the base testing, considering 5%, 15% and 30% affordable housing provisions. Initially, we have applied the M4 (2) standard to 50% of the market value units and 90% of the affordable. We have then also applied the M4 (3)a standard to 25% of the affordable.
- With a 5% affordable housing provision the viability outcomes are largely unaffected and remain in line with the base appraisals.
- With a 15% affordable housing, the low and medium value schemes are already unviable before the M4 (2) and M4 (3)a standards are applied. For the high and highest value locations the scheme remain comfortably viable. Our appendix F5d also tests the low cost developer scenario (for low and medium areas). With the above standards applied the medium schemes remain viable. (the low scheme was already showing as unviable).
- At 30% affordable housing, the application of the M4 (2) and M4 (3)a standards risks undermining scheme viability. The medium schemes go from being viable to only marginally viable. If the M4 (2) standard is reduced to 25% on market value and 50% on affordable and the M4 (3) cost only applied to 10% of the affordable, all of the medium, high and highest are shown to be viable.

### Typology 6 – 100 dwellings (Appendix F6a to F6d)

- This follows the base testing, considering 5%, 15% and 30% affordable housing provisions. Initially, we have applied the M4 (2) standard to 50% of the market value units and 90% of the affordable. We have then also applied the M4 (3)a standard to 25% of the affordable.
- With a 5% affordable housing provision the viability outcomes are largely unaffected and remain in line with the base appraisals.
- With a 15% affordable housing, the low and medium value schemes are already unviable before the M4 (2) and M4 (3)a standards are applied. For the high and highest value locations the scheme remain comfortably viable. Our appendix F6d also tests the low cost developer scenario (for low and medium areas). With the above standards applied the medium schemes remain viable. (the low scheme was already showing as unviable).
- At 30% affordable housing, the application of the M4 (2) and M4 (3)a standards risks undermining scheme viability (with the surplus above the benchmark land value being reduced by between circa 10% to 25%). If the M4 (2) standard is reduced to 25% on market value and 50% on affordable and the M4 (3) cost only applied to 10% of the affordable, all of the medium, high and highest are shown to be viable.

### Typology 7 – 40 dwellings Sheltered Accommodation (Appendices F7a and F7b)

- The affordable housing provision does not apply to this size scheme. We have subsequently only applied the M4 (2) standard to 50% of the dwellings initially.
- The low and medium value locations are unviable before the M4 (2) is applied, therefore the M4 (2) is not the defining factor in these schemes being unviable.
- The highest value schemes and the high brownfield scheme are comfortably viable even with the application of the M4 (2) standard.
- However, the high value greenfield scheme is only marginally viable with the application of the M4 (2) standard. The introduction of this to 50% of the dwellings therefore lessens viability and in turn increases the risk of non-delivery.
- If the M4 (2) standard is only applied to 25%, this would improve viability to the point where there is a reduced risk of non-delivery.

## 6.6. Sensitivity Test 5 – Dwelling sizes outside of the NDSS requirements

**6.6.1.** As discussed above in Section 5 and shown in Table 4 (shown again below), the introduction of the NDSS as minimum standards would result in the following changes in dwelling size:

Number of beds	Low (sq m)	High (sq m)	NDSS Average (sq m)	Council Average (sq m)	Change %
1b flat	39	50	44.50	43.38	2.52%
2b flat	61	70	65.50	66.52	-1.56%
2	70	79	74.50	65.03	12.71%
3	84	108	96.00	91.75	4.43%
4	97	130	113.50	124.38	-9.59%

**6.6.2.** Compared with previous Council allowances, some of the dwelling sizes would increase whilst others would in fact reduce in size.

**6.6.3.** One of the key considerations for the Council is whether the introduction of the NDSS would have a significant impact on viability. To inform this we have subsequently re-tested a sample of the base appraisals using the previous Council average areas, to determine the level of impact this has on the overall viability. It is not considered necessary to re-test all of the appraisals, as a sample should sufficiently demonstrate the level of impact.

**6.6.4.** The sample of sites re-tested using the previous Council averages include:

- 15 dwellings low value brownfield 15% affordable
- 15 dwellings low value greenfield 15% affordable
- 15 dwellings medium value brownfield 15% affordable
- 15 dwellings medium value brownfield 15% affordable
- 50 dwellings low value brownfield 15% affordable
- 50 dwellings low value greenfield 15% affordable
- 50 dwellings medium value brownfield 15% affordable
- 50 dwellings medium value brownfield 15% affordable
- 100 dwellings high value brownfield 15% affordable
- 100 dwellings high value greenfield 15% affordable
- 100 dwellings highest value brownfield 15% affordable
- 100 dwellings highest value brownfield 15% affordable

**6.6.5.** Please see appendices G4a, G5b and G6c. The results show that when the Council's average sizes are applied the viability outcome is almost identical to the NDSS results, with only a negligible improvement in viability.

- 6.6.6.** This suggests that applying the NDSS average rates (as per our approach) has only a negligible impact on viability and is not a key factor in determining whether a scheme is viable or not.

## **6.7. Sensitivity Test 6 – 40% affordable housing in higher value areas**

- 6.7.1.** Stakeholder comments raised a concern with regard to the draft policy creating a 30% cap regarding affordable housing, which was contrary to the Hexham neighbourhood plan which identified a 40% provision.

- 6.7.2.** Solely for the purposes of testing viability we have run appraisals for high and highest value locations with a 40% provision. The schemes typologies tested include:

- 15 dwellings high value brownfield 40% affordable
- 15 dwellings high value greenfield 40% affordable
- 15 dwellings highest value brownfield 40% affordable
- 15 dwellings highest value brownfield 40% affordable
- 15 dwellings high value brownfield 40% affordable
- 15 dwellings high value greenfield 40% affordable
- 15 dwellings highest value brownfield 40% affordable
- 15 dwellings highest value brownfield 40% affordable
- 15 dwellings high value brownfield 40% affordable
- 15 dwellings high value greenfield 40% affordable
- 15 dwellings highest value brownfield 40% affordable
- 15 dwellings highest value brownfield 40% affordable

- 6.7.3.** The results are shown in Appendices H4c, H5c and H6c.

**6.7.4.** For the 15 dwellings, the increase to a 40% affordable housing provision has a negative impact on scheme viability. For 3 out of the 4 schemes tested, the surplus above the benchmark land value reduces below 50%. At this level there is an increased risk of non-delivery owing to an inadequate buffer.

**6.7.5.** For the 50 and 100 dwellings typologies, the results show that viability pressure has increased, however the schemes are still shown to be viable and providing a suitable 'buffer' above the benchmark land value.

**6.7.6.** The testing shows that for larger schemes of 50 plus dwellings (likely to be delivered by a regional or national volume house builder) a higher provision of 40% affordable housing is viable.

## **6.8. Site Specific Testing – Residential**

**6.8.1.** Please also see Appendix Ia for a report detailing the residential site specific viability tests (5 sites in total). The individual appraisals are attached as appendices Ib to If.

**6.8.2.** The results of the testing demonstrate that each of the sites are viable including an element of affordable housing as follows:

**Table 14 – Residential site specific viability results**

Site	Outcome
Seaton Delaval	10% affordable housing viable (all affordable home ownership)
Hexham	27.78% affordable housing viable (66/33 split b/w rent & owner)
Haltwhistle	20% affordable housing viable (50/50 split b/w rent & owner)
Berwick	15% affordable housing viable (50/50 split b/w rent & owner)
Seahouses	25% affordable housing viable (50/50 split b/w rent & owner)

- 6.8.3.** It is stressed that the above testing is based on a generic S106 assumption equivalent to £1,500 per dwelling.
- 6.8.4.** The Council has undertaken a more detailed review and has since confirmed that for Seaton Delaval, Hexham, Haltwhistle and Berwick the actual S106 policy requirements would be likely to fall below £1,500 dwelling, which would have a positive impact on the viability outcomes.
- 6.8.5.** However, the Council has also indicated that there is the potential that the S106 requirement for Berwick would increase above the generic £1,500 per dwelling assumption. There are 2 main factors in this, the first being the local school currently showing as over capacity and the second being the additional contributions associated with the Council's coastal mitigation policy. Overall, the Council calculates a potential S106 developer contribution provision equivalent to £3,607 per dwelling.
- 6.8.6.** We have subsequently run a sensitivity test for the Berwick site based on the potential increased S106 contributions of £3,607 per dwelling. Under this scenario, the maximum affordable housing provision would equate to 11.59% (therefore below the 15% deliverable with the reduced S106 contributions). This highlights the impact of variable planning obligation costs on the affordable housing provision. Education contributions can potentially be a relatively significant cost, however such contributions are limited only to those school partnership areas without sufficient capacity. Such considerations may necessitate consideration of viability on a site specific basis, if circumstances which are not accounted for in this assessment can be demonstrated by an applicant.

## 6.9. Conclusions from residential site testing

- 6.9.1.** As indicated in the guidance, plan-level appraisal testing can only provide a general overview on viability at a specific point in time. Individual site testing will still be appropriate to take into account site specific circumstances and fluctuations in market conditions where a developer can demonstrate exceptional circumstances, which are not captured in this plan level assessment.
- 6.9.2.** Within this context, our appraisals show that generally the 50 and 100 typologies are viable (or in the case of the low value areas can be shown to be viable if adjusted to a low-cost house builder model). For the smaller scale typologies (being 15 dwellings or less) the testing shows that in low and medium areas the viability pressure is likely to be high. This primarily due to the economics of smaller sites, as these will typically be delivered by smaller scale house builders who are unable to benefit from the economies of scale that a volume house builder can achieve. In other words, the build costs associated with smaller schemes are typically increased on a rate per sq m basis when compared to volume-house builder projects, which increases the pressure on viability.
- 6.9.3.** However, even for 50 and 100 dwellings schemes, once affordable housing provisions and CIL charges are factored in and increased this puts a downward pressure on viability, to the extent where some adjustments in policy are necessary so as to minimise as much as possible the impact on delivery. Some of this 'flex' in policy could be through a reduction in required affordable housing provisions or through reduced CIL rates.
- 6.9.4.** In accordance with the guidance, we have adopted a cautious position, for example:

- By adopting BCIS figures, which are considered to be typically above the build costs incurred in reality by regional / national volume house builders.
- Initial sales values are on the cautious side, particularly in low and medium value areas.
- Past S106 contributions, particularly for schemes less than 50 dwellings, are typically lower than our allowance of £1,500 per sq m.
- We have allowed cautious 'buffers' when determining appropriate CIL rates.
- Contingency rates are included. The PPG on viability infers that contingencies are only appropriate for decision making viability testing.

**6.9.5.** The testing shows that all typologies are capable are delivering some form of affordable housing. However, in low value locations this is likely to be restricted to around 10% and limited to affordable home ownership only. At the other end of the scale, the testing demonstrates that in high and highest value locations a 40% affordable housing provision is viable (although this would need to be balanced against an appropriate CIL rate and likely section 106 requirements).

**6.9.6.** For CIL rates, again we have factored in a suitable 'buffer' allowance when analysing the results, to ensure policy requirements do not take schemes to the margins of viability.

### CIL charge

<b>Highest value location</b>	-	<b>£60 per sq m</b>
<b>High value location</b>	-	<b>£30 per sq m</b>
<b>Medium value location</b>	-	<b>£10 per sq m</b>
<b>Low value location</b>	-	<b>£0 per sq m</b>
<b>Sheltered accommodation</b>	-	<b>£50 per sq m highest value area</b>
<b>Sheltered accommodation</b>	-	<b>£25 per sq m high value area</b>

**6.9.7.** Please note, if a CIL charge was not introduced by the Council it is possible that this would simply serve to proportionally increase the level of S106 contributions that a scheme would need to provide (which would have otherwise been effectively paid for through the CIL). In this case, there would be a neutral impact on the viability testing.

**6.9.8.** However, it is not necessarily the case that a CIL rate is equal to S106 policy requirements. If it was found that by not introducing the CIL there was a surplus of available monies (that were not required for S106 contributions) this would improve the overall viability of the scheme, therefore help in the delivery of other policy areas such as affordable housing or M4 (2) and M4 (3). This, though, would need to be considered in more detail, particularly in relation to whether S106 policy contributions would need to increase if CIL was not introduced.

## 7. NON-RESIDENTIAL VIABILITY TESTING AND RESULTS

### 7.1. Scheme typologies

**7.1.1.** In previous testing the following non-residential site typologies were applied:

**Table 15 – Previous site typologies**

	GIA sq m	Coverage	Gross	Net Ha
A1 – Large supermarket	2,500	40%	0.64	0.26
A1 – small supermarket	1,200	30%	0.40	0.12
A1 – mini supermarket	270	70%	0.04	0.03
A1 – retail warehouse	2,300	40%	0.58	0.23
A1-A5 – small retail	270	70%	0.04	0.03
B1a – town centre office	1,150	115%	0.05	0.05
B1a – out of town office	3,200	50%	0.64	0.32
B2 – industrial	2,900	40%	0.73	0.29
B1c – light industrial	3,600	40%	0.90	0.36
B8 – storage distribution	6,900	35%	1.99	0.70
C1 – Hotel	2,500	60%	0.42	0.25
D2 – Leisure	2,800	40%	0.70	0.28

**7.1.2.** The above typologies are broadly considered to be appropriate in the current market for non-residential viability testing. However, there is currently little market demand for new-build ‘large supermarket’ development and also min-supermarkets. New-build activity within this sector has largely been around discount-supermarkets in recent years (and this trend is expected to continue at least in the short to medium term). We have therefore only tested a discount supermarket typology (based on what was previously referred to as the A1 small supermarket of 1,200 sq m).

## 7.2. Revenue

**7.2.1.** In assessing non-residential revenues we have mostly adopted a ‘rent and yield’ approach, whereby the Market Rent is identified for the completed accommodation and then capitalised using an appropriate yield. This reflects standard practice within the industry. However, the hotel typology is an exception, where we have focused principally on a capital value per room.

**7.2.2.** The rental evidence is shown in Appendices J1 to J4.

**7.2.3.** Evidence of investment yields is shown in Appendices K1 to K3.

**7.2.4.** Having considered the evidence, we have adopted the following revenue inputs in the appraisals:

**Table 16 – Revenue inputs**

	Rent per sq m	Yield
A1 – discount supermarket	£170	5.75%
A1 – retail warehouse	£130	7%
A1-A5 – small retail	£300	8%
B1a – town centre office	£170	7.5%
B1a – out of town office	£170	7.5%
B2 – industrial	£80	8%
B1c – light industrial	£80	8%
B8 – storage distribution	£70	8%
C1 – Hotel*		
D2 – Leisure	£150	7%

\*For the hotel typology we have adopted a capital value equivalent to £62,500 per room.

**7.2.5.** Furthermore, in the current market it is commonplace for landlords to attract tenants through rental incentives, such as rent free periods. In recognition of this we have allowed rent free periods ranging from 6 to 12 months.

### 7.3. Construction costs

**7.3.1.** The allowances are based on BCIS data. For all typologies the BCIS median has been utilised. The BCIS is considered to be reliable as a data set for non-residential development. For this reason, we consider it appropriate to favour the median rates for the site typologies.

### 7.4. Other non-residential development costs

**7.4.1.** We have adopted the following assumptions in the modelling:

**Externals** – expressed as a percentage of the BCIS median rate. We have applied a range from 5% to 15% dependent on the typology (for example a retail warehouse where there would be a large external loading / parking area 15% has been applied, however for a cinema where there is limited external space 5% has been applied).

**Contingency** – expressed as a percentage of the BCIS median rate and externals. We have applied a range from 3% to 5%.

**Professional fees** – expressed as a percentage of the BCIS median rate and externals. We have applied 10% to all typologies.

**Disposal / letting fees** – expressed as a percentage of revenue. Sales agent fees at 1% of capital value, plus 0.25% to cover legal costs. Letting agents fees at 10% of first years rent, plus 5% to cover legal costs.

**Profit** – for non-residential development this is typically expressed as a percentage rate based on development cost. The appropriate level will fluctuate dependent on the nature of investment. For example, a pre-let scheme (where the tenant moves in immediately upon completion of the construction works) carries a significantly lower risk than a speculatively built project where the occupier has to be identified after the construction works have commenced. For pre-let schemes, in our experience profit margins tend to be sub 15% on cost. For speculative schemes the profit is adjusted to typically above 15% on cost. For the purposes of this modelling we therefore have typically applied an average of 15% on cost (except for the small retail model, which is considered to carry a higher risk and has therefore been adjusted to 20%).

## **7.5. Non-residential Benchmark Land Value ('BLV')**

- 7.5.1.** We refer to the analysis above in Section 5. The same approach and land transactions analysis applies to non-residential sites.
- 7.5.2.** We have adopted the following rates for each typology (please note the adopted figures reflect the size of the schemes, with the smallest schemes carrying higher rates per Ha for reasons of quantum):

**Table 17 – Non-residential BLVs**

	Rate per Ha
A1 – discount supermarket	£400,000
A1 – retail warehouse	£800,000
A1-A5 – small retail	£12,500,000
B1a – town centre office	£5,000,000
B1a – out of town office	£500,000
B2 – industrial	£300,000
B1c – light industrial	£300,000
B8 – storage distribution	£300,000
C1 – Hotel*	£1,000,000
D2 – Leisure	£1,000,000

## 7.6. Non-residential appraisal results

**7.6.1.** Based on the above appraisal inputs the schemes returns the following outcomes:

**Table 18 – Non-residential appraisal results**

	Surplus / deficit over BLV	Outcome	CIL Rate per sq m
A1 – discount supermarket	£61,017	Viable	£75
A1 – retail warehouse	£428,609	Viable	£100
A1-A5 – small retail	-£98,107	Unviable	£0
B1a – town centre office	-£924,510	Unviable	£0
B1a – out of town office	-£1,917,482	Unviable	£0
B2 – industrial	-£140,142	Unviable	£0
B1c – light industrial	-£172,108	Unviable	£0
B8 – storage distribution	-£563,903	Unviable	£0
C1 – Hotel	-£984,750	Unviable	£0
D2 – Leisure	-£441,095	Unviable	£0

**7.6.2.** We have also undertaken a site specific test of a greenfield site in Prudhoe, which has been identified as having potential for industrial development.

**7.6.3.** Please see attached appendices La and Lb, being a report and appraisal of our viability assessment. We conclude that the site is potentially viable, dependent on the assumptions made in relation to the associated abnormal costs. However, this is not to the extent where a CIL contribution could be provided.

### **7.7. Non-residential conclusions**

**7.7.1.** As shown above, the majority of the non-residential modelling returns an unviable result (with the residual land value below the BLV).

**7.7.2.** **The only typologies which return a viable position are the retail warehouse and discount supermarket typologies. Given their positive viability, in each case we have looked to factor in a CIL charge, increasing this within the modelling on an iterative basis. Having undertaken this process, we conclude that the retail warehouse typology can support a CIL charge equivalent to £100 per sq m. For the discount supermarket, a slightly lower rate equivalent to £75 per sq m is deemed appropriate.**

**7.7.3.** As per the residential testing, if a CIL charge was not introduced by the Council it is possible that this would simply serve to proportionally increase the level of S106 contributions. This, though, would need to be explored in more detail as it is also the case that potentially, by not introducing the CIL, there could be surplus monies available in the appraisal, which would ultimately serve to improve overall scheme viability.

## 8. CONCLUSIONS AND RECOMMENDATIONS

- 8.1.** For residential sites, the overwhelming majority of our hypothetical tests show that development across the County is viable and able to deliver some level of policy contribution.
- 8.2.** However, as expected, it is noted that schemes in low value locations attract the greatest pressure on viability and therefore will be unable to support the same policy contributions than schemes in higher value areas. Adjustments should therefore be made to policy levels dependent on locational factors. Our approach suggests that four locational categories (low, medium, high and highest) would be appropriate for the Northumberland market and enable robust policies to be reflective of value fluctuations across the County.
- 8.3.** Furthermore, it should be noted that our base appraisal testing applies average NDSS sizes within the modelling. Compared to previous size assumptions adopted in past Northumberland viability testing, the application of the average NDSS rates results in upward adjustments in the sizes of 2 and 3 bed dwellings, but results in reduced average sizes for the 4 bed dwellings. Having applied the average NDSS rates to each typology we have then calculated an average single size per dwelling (expressed on a 'per sq m' basis). When the past average single rate per sq m is compared to our NDSS average rate, the two figures are broadly similar. From this perspective, applying the NDSS rates therefore has only a minimal impact on the viability modelling when compared against past assumptions (as demonstrated through the sensitivity testing).
- 8.4.** Having undertaken sensitivity testing, we also conclude that a policy regarding M4 (2) accessible and adaptable standards (of the Building Regulations 2010) does not have a significant impact on scheme viability (i.e. the costs impact is relatively small and would not be sufficient to change the viability outcome of a project). However, meeting the enhanced standard of M4 (3) attracts a more significant cost and the introduction of this provision has a greater risk of undermining viability.

**8.5.** Having adopted a rigorous appraisal testing approach, where each policy has been assessed plus sensitivity analysis, we conclude that affordable housing provision is likely to vary dependent on the nature of the location. In the lowest value areas, a 10% affordable provision (all affordable home ownership) is likely to be the maximum level of delivery. In the highest value areas, as high as 40% is shown to be viable whilst retaining a suitable buffer.

**8.6.** It was also found that specialist 'over 55s' retirement living / sheltered accommodation (in the high and highest value locations) were viable and could provide some level of contribution. This could be in the form of a CIL charge, which we calculated as being in the region of £25 to £50 per sq m. Alternatively, this could be provided as a commuted sum, with a range of £1,250 to £2,500 per dwelling recommended.

**8.7.** For other CIL rates, again we have factored in a suitable 'buffer' allowance when analysing the results, to ensure policy requirements do not take schemes to the margins of viability.

#### CIL charge

<b>Highest value location</b>	-	<b>£60 per sq m</b>
<b>High value location</b>	-	<b>£30 per sq m</b>
<b>Medium value location</b>	-	<b>£10 per sq m</b>
<b>Low value location</b>	-	<b>£0 per sq m</b>

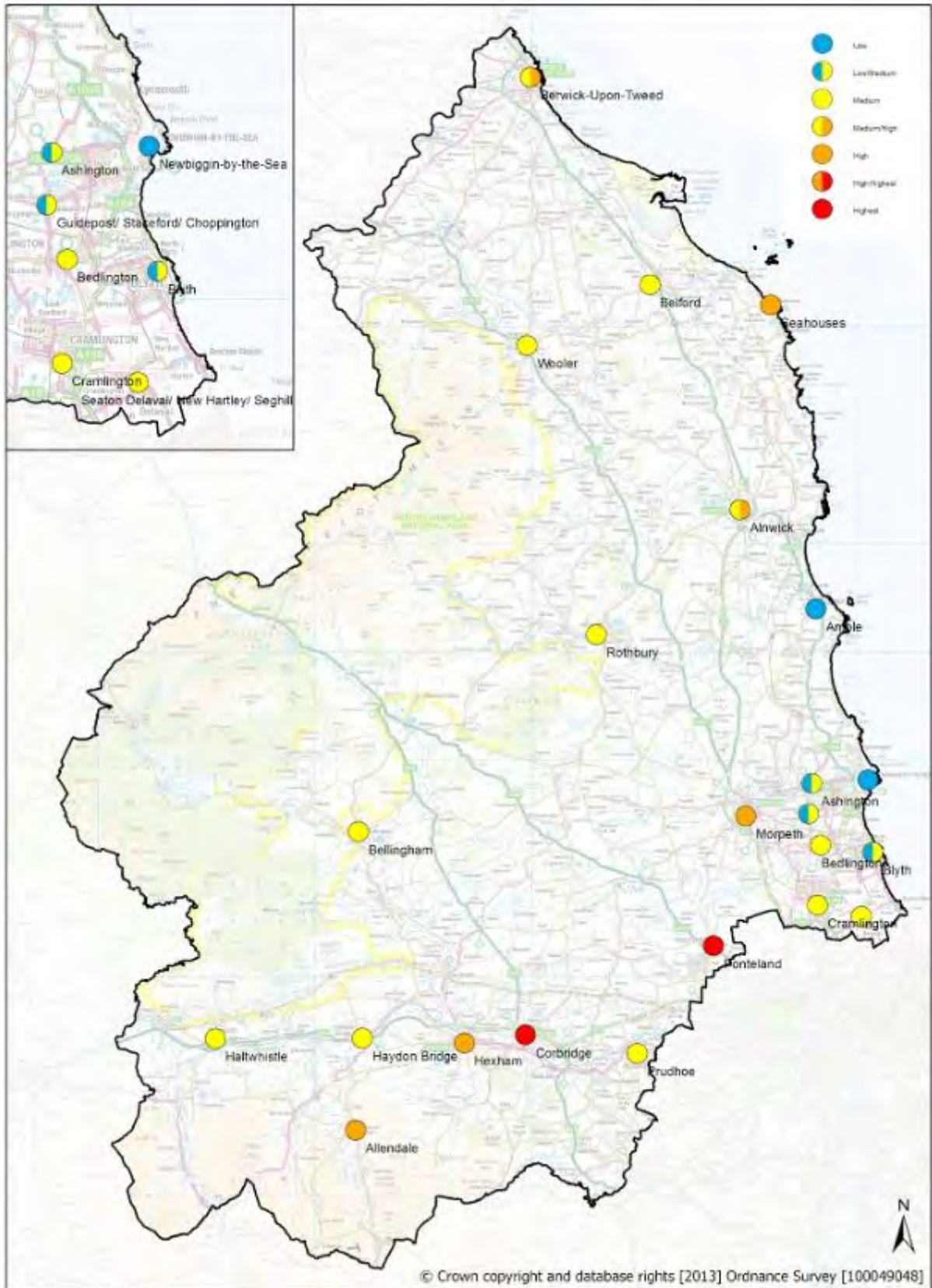
**8.8.** Finally, with regard to non-residential site testing, our modelling showed that only retail warehousing and discount supermarket development would be able to viably support a CIL charge. Building in appropriate 'buffer' allowances, we recommend the following provisions:

<b>Retail warehouse development</b>	<b>- £100 per sq m</b>
<b>Small supermarket development</b>	<b>- £75 per sq m</b>

- 8.9.** As commented above under the residential and non-residential results, if the Council chose not to introduce a CIL this may have a neutral impact on the viability testing, as it may simply serve to increase the S106 contributions required for each scheme. However, this would need further consideration as it is not always the case that a CIL rate is directly equal to an equivalent S106 policy. It may be that by not introducing the CIL a surplus of monies is generated in the appraisals, which would have a positive impact on the overall scheme viability. Further analysis on this point should be undertaken to inform the Council's decision regarding the CIL.

## **APPENDIX A**

- A1      Settlement Values Map (Zoopla data)**
- A2      Settlement Average Values**
- A3      Average New Build Values**
- A4      Local Plan Viability and CIL Workshop Presentation - May 2018**



Area	Av Value	Northumberland Av Oct 2018	% of average	Value banding	Above or below?
Ponteland	£ 488,086	£ 191,223	255.24%	Highest	over 200%
Riding Mill	£ 463,012	£ 191,223	242.13%	Highest	over 200%
Corbridge	£ 411,240	£ 191,223	215.06%	Highest	over 200%
Bellingham	£ 399,789	£ 191,223	209.07%	Highest	over 200%
Bamburgh	£ 395,479	£ 191,223	206.82%	Highest	over 200%
Stannington	£ 356,668	£ 191,223	186.52%	High	130% to 200%
Swarland	£ 349,738	£ 191,223	182.90%	High	130% to 200%
Wylam	£ 347,393	£ 191,223	181.67%	High	130% to 200%
Felton	£ 347,150	£ 191,223	181.54%	High	130% to 200%
Stocksfield	£ 346,681	£ 191,223	181.30%	High	130% to 200%
Alnmouth	£ 339,563	£ 191,223	177.57%	High	130% to 200%
Longhorsley	£ 332,949	£ 191,223	174.12%	High	130% to 200%
Stamfordham	£ 319,894	£ 191,223	167.29%	High	130% to 200%
Chollerford	£ 315,088	£ 191,223	164.78%	High	130% to 200%
Warkworth	£ 314,382	£ 191,223	164.41%	High	130% to 200%
Heddon-on-the-wall	£ 302,230	£ 191,223	158.05%	High	130% to 200%
Barrasford	£ 294,630	£ 191,223	154.08%	High	130% to 200%
Longframlington	£ 294,455	£ 191,223	153.99%	High	130% to 200%
Bardon Mill	£ 279,087	£ 191,223	145.95%	High	130% to 200%
West Woodburn	£ 277,278	£ 191,223	145.00%	High	130% to 200%
Acomb	£ 275,514	£ 191,223	144.08%	High	130% to 200%
Hexham	£ 272,711	£ 191,223	142.61%	High	130% to 200%
Norham	£ 267,848	£ 191,223	140.07%	High	130% to 200%
Newbrough/Fourstones	£ 267,685	£ 191,223	139.99%	High	130% to 200%
Elsdon	£ 267,352	£ 191,223	139.81%	High	130% to 200%
Embleton	£ 264,936	£ 191,223	138.55%	High	130% to 200%
Allendale	£ 257,168	£ 191,223	134.49%	High	130% to 200%
Chathill	£ 253,402	£ 191,223	132.52%	High	130% to 200%
Rothbury	£ 245,756	£ 191,223	128.52%	Medium	80% to 130%
Ovingham	£ 242,597	£ 191,223	126.87%	Medium	80% to 130%
Longhoughton	£ 237,625	£ 191,223	124.27%	Medium	80% to 130%
Alnwick	£ 237,511	£ 191,223	124.21%	Medium	80% to 130%
Morpeth	£ 237,419	£ 191,223	124.16%	Medium	80% to 130%
Cornhill-on-Tweed	£ 234,183	£ 191,223	122.47%	Medium	80% to 130%
Belford	£ 224,718	£ 191,223	117.52%	Medium	80% to 130%
Seahouses	£ 223,132	£ 191,223	116.69%	Medium	80% to 130%
Lowick	£ 220,529	£ 191,223	115.33%	Medium	80% to 130%
Gilsland	£ 211,935	£ 191,223	110.83%	Medium	80% to 130%
Haydon Bridge	£ 210,310	£ 191,223	109.98%	Medium	80% to 130%
Seaton Sluice/Old Hartley	£ 207,569	£ 191,223	108.55%	Medium	80% to 130%
Otterburn	£ 200,717	£ 191,223	104.96%	Medium	80% to 130%
Prudhoe	£ 190,924	£ 191,223	99.84%	Medium	80% to 130%
Wooler	£ 188,529	£ 191,223	98.59%	Medium	80% to 130%
Berwick upon Tweed	£ 183,782	£ 191,223	96.11%	Medium	80% to 130%
Shilbottle	£ 177,462	£ 191,223	92.80%	Medium	80% to 130%
Ellington	£ 174,353	£ 191,223	91.18%	Medium	80% to 130%
New Hartely	£ 165,210	£ 191,223	86.40%	Medium	80% to 130%
Haltwhistle	£ 157,330	£ 191,223	82.28%	Medium	80% to 130%
Seghill	£ 156,971	£ 191,223	82.09%	Medium	80% to 130%
Seaton Delaval	£ 151,613	£ 191,223	79.29%	Low	sub 80%
Cramlington	£ 150,165	£ 191,223	78.53%	Low	sub 80%
Bedlington	£ 149,835	£ 191,223	78.36%	Low	sub 80%
Amble	£ 149,529	£ 191,223	78.20%	Low	sub 80%
Pegswood	£ 146,116	£ 191,223	76.41%	Low	sub 80%
Hadston	£ 139,451	£ 191,223	72.93%	Low	sub 80%
Blyth	£ 125,851	£ 191,223	65.81%	Low	sub 80%
Choppington	£ 121,643	£ 191,223	63.61%	Low	sub 80%
Broomhill	£ 115,906	£ 191,223	60.61%	Low	sub 80%
Ashington	£ 110,793	£ 191,223	57.94%	Low	sub 80%
Newbiggin-by-the-sea	£ 94,050	£ 191,223	49.18%	Low	sub 80%
Guidepost / Stakeford	£ 90,816	£ 191,223	47.49%	Low	sub 80%
Lynemouth	£ 71,233	£ 191,223	37.25%	Low	sub 80%

Appendix A3 - Average new build values		Postcode	Det av size	Detached	Semi av size	Semi	Terr av size	Terr	Flat av size	Flat
Berwick upon Tweed	TD15	0	£	-	0	£ -	122	£ 1,920	0	£ -
Ashington	NE63	114	£	1,752	76	£ 1,895	75	£ 1,553	56	£ 1,561
Amble	NE65	99	£	1,846	71	£ 1,849	77	£ 1,572	0	£ -
Blyth	NE24	107	£	1,946	73	£ 1,887	72	£ 1,899	55	£ 2,236
Newbiggin	NE64	141	£	2,023	94	£ 1,741	53	£ 2,829	0	£ -
Prudhoe	NE42	152	£	2,105	0	£ -	0	£ -	0	£ -
Bedlington	NE22	100	£	2,110	76	£ 2,117	0	£ -	53	£ 1,337
Seaton Delaval	NE25	110	£	2,110	77	£ 2,006	61	£ 1,711	43	£ 1,669
Alnwick	NE66	120	£	2,272	91	£ 2,113	0	£ -	60	£ 1,782
Cramlington	NE23	122	£	2,321	105	£ 2,063	148	£ 2,194	0	£ -
Longframlington	NE65	117	£	2,352	88	£ 2,142	67	£ 1,903	0	£ -
Warkworth	NE65	132	£	2,435	0	£ -	0	£ -	0	£ -
Embleton	NE66	133	£	2,546	0	£ -	0	£ -	0	£ -
Longhorsley	NE65	116	£	2,571	0	£ -	0	£ -	0	£ -
Morpeth	NE61	137	£	2,585	77	£ 2,189	72	£ 2,241	66	£ 1,559
Wylam	NE41	154	£	2,674	0	£ -	69	£ 2,106	0	£ -
Corbridge	NE45	186	£	2,678	0	£ -	0	£ -	0	£ -
Hexham	NE46	150	£	2,790	121	£ 2,145	77	£ 1,874	68	£ 2,700
Ponteland	NE20	103	£	2,799	81	£ 2,623	0	£ -	89	£ 3,465

# LOCAL PLAN AND CIL VIABILITY TESTING — NORTHUMBERLAND COUNTY COUNCIL


**Initial Findings – May 2018**

**David Newham MRICS Director**


**CP Viability Ltd**




## CP VIABILITY LTD

- Independent advisor
  - Viability specialist
  - Public sector background
  - Regional experience
- 
- A series of several thin, white, parallel diagonal lines extending from the bottom right corner towards the center of the slide.

## SCOPE OF WORK

- Build on previous viability testing undertaken on behalf of the Council (residential and non-residential).
  - Test various proposed draft policy contributions / requirements. Provide recommendations regarding any appropriate adjustments.
  - Consider implications of draft changes to the NPPF and PPG.
- 
- A series of white diagonal lines of varying lengths and thicknesses, located in the bottom right corner of the slide, creating a modern, abstract graphic element.

## EVIDENCE

- Primary and secondary evidence – mix of data provided by the Councils and that identified by CP Viability
  - Evidence includes:
    - (i) Past viability studies
    - (ii) Transactional evidence (including land)
    - (iii) Past stakeholder responses
    - (iv) Area wide studies of neighbouring authorities
    - (v) Individual viability case examples
- 
- A series of white diagonal lines of varying lengths and thicknesses are positioned in the bottom right corner of the slide, creating a modern, abstract graphic element.

## NPPF – DRAFT TEXT FOR CONSULTATION (MAR 18)

- New definitions for affordable housing (Annex 2):
  - (i) Affordable housing to rent – (a) rent in accordance with Govt's rent policy or 20% below local market (b) Landlord is an RP (unless Build to Rent) (c) provision to remain affordable in future.
  - (ii) Starter Homes – outside London no more than £250k, 20% below MV, first time buyer aged under 40.
  - (iii) Discounted market sale – sold at least 20% below MV, provisions need to ensure housing remains at discount in future.
  - (iv) Other affordable routes (e.g. Shared ownership, equity loans, rent to buy)

## DRAFT PLANNING PRACTICE GUIDANCE (MAR 18)

### Developer Profit

- 20% of revenue for Market Value may be considered a suitable return.
- 6% if revenue for Affordable may be more appropriate.
- Alternative figures may be applied where there is evidence to support this according to the type, scale and risk profile of planned development.

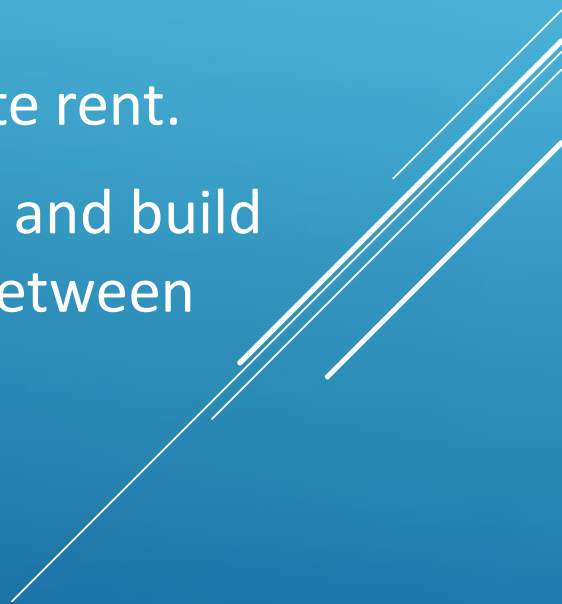
# DRAFT PLANNING PRACTICE GUIDANCE (MAR 18)

## Benchmark Land Value (“BLV”)

- Specific guidance on establishing site values (known as BLV).
- EUV plus premium
- BLV should fully reflect total cost of planning policy requirements inc CIL (where applicable), abnormal costs, site-specific infrastructure, professional fees.
- Price paid not justification for a scheme being unviable.
- Where possible consider recent market land transactions, but specifically evidence from policy compliant development.
- To identify suitable premium identify similar site types that are policy compliant, that have recently secured planning consent (hope value is to be ignored).

## DRAFT PLANNING PRACTICE GUIDANCE (MAR 18)

### Build to Rent

- Economics are different to a build for sale scheme, as they depend on a long term income stream.
  - It is assumed AH will be in the form of affordable private rent.
  - Scheme level viability could consider both build to rent and build for sale for a scheme typology, to enable comparison between the 2 approaches.
- 
- A series of white diagonal lines of varying lengths and thicknesses, located in the bottom right corner of the slide, creating a modern, abstract graphic element.

## POLICES WHICH COULD IMPACT ON VIABILITY

- Nationally Described Space Standards (“NDSS”) – optional planning condition. Deals with minimum dwellings sizes dependent on number of beds, persons, storeys.
- Building Regs Approved Doc M – M4 (2) “access to and use of buildings”. Provision for ppl to gain access, meet needs of occupants with differing needs (including older or disabled ppl) and must allow future adaptation. EC Harris circa £1,000 - £1,500 per dwellings.
- M4 (3) wheelchair access. (a) adaptable circa £10k / unit (b) accessible circa £25k per unit

## S106 OBLIGATIONS

- Past contributions average £2,195 per dwelling.
- Varies from site to site.
- Can include a variety of costs: education, sports & recreation, travel plan, SUDS, open space, heritage asset, highways, cycle route, doctors surgery, community facilities, ecology mitigation, heath care, coastal wardening.
- Careful to not double-count with costs that would be covered by CIL.

## BASIC STRUCTURE OF A DEVELOPMENT APPRAISAL

<i>Gross Development Value (i.e. Total Revenue)</i>
Less
<i>Development Costs (<b>Developer's Profit and Risk</b> + Construction + Fees + Finance)</i>
Equals
<i>Residue for Land Acquisition</i>

## RESIDENTIAL – DRAFT TESTING INPUTS

- Site typologies:
  - (i) 1 dwelling – ‘self-build’ model
  - (ii) 2 dwellings
  - (iii) 6 dwellings
  - (iv) 15 dwellings
  - (v) 50 dwellings
  - (vi) 100 dwellings
  - (vii) 40 dwellings (sheltered apartments)
- Vary reflecting brownfield or greenfield.

## RESIDENTIAL – DRAFT TESTING INPUTS

- Gross to net: sub 6 dwellings or less 100%, 15 dwellings 83%, 50 dwellings or more 70%
- Density: 6 dwellings circa 20 dwellings per net Ha, 15 dwellings circa 28 dwellings per net Ha, over 50 dwellings circa 35 dwellings per net Ha.
- Average unit size (based on NDSS): 6 dwellings 105 sq m, 15 dwellings or more circa 99 sq m,

## RESIDENTIAL – DRAFT TESTING INPUTS

Sales values	Highest £2,800 psm, High £2,500 psm, Medium £2,100 psm, Low £1,700 psm
Affordable Transfer Values	70/30 split b/w AR and Inter/SO AR 50% of MV Inter / SO 67.5% of MV
Build costs	BCIS – however recognition that data has limitations (no volume house builder contributes). Lower Quartile for 50 dwellings or more scheme, mix of LQ and Median for smaller schemes (dependent on value location).
Externals	6 dwellings or less 10%, 15 dwellings or more 15%
Contingency	Greenfield 3% Brownfield 5%
Professional fees	6 dwellings or less – 10% 15 dwellings – 8% 50 dwellings or more – 6%

## RESIDENTIAL – DRAFT TESTING INPUTS

Abnormals	Greenfield £75,000 per net Ha, Brownfield £150,000 per net Ha
S106	£1,500 per dwelling
Marketing & Legals	6 dwellings or less 1.5% 15 dwellings or more 3% MV £500 AH £300
Finance	Debit 6.5% Credit 3%
Profit	20% MV 6% AH
BLV	Greenfield (per Ha): Highest £600k, High £450k, Med £300k, Low £150k Brownfield (per Ha): Highest £350k, High £300k, Med £250k, Low £200k

## RESIDENTIAL 'BASE' APPRAISALS – DRAFT RESULTS

- 0% AH, for 1, 2, 6 and 40 sheltered flats. Only viable in high & highest. Sheltered can support CIL £50psm Highest, £25 psm High.
- 5% AH (15, 50 & 100). Generally viable in medium, high and highest. CIL rates £20 up to £75psm.
- 10% & 15% AH. Generally viable in medium, high and highest. CIL rates £10 up to £60psm.
- 20%, 25% & 30% AH. Generally viable in high and highest, with some in medium. CIL rates from zero up to £50 psm.

## RESIDENTIAL SENSITIVITY

- 100% AH ownership (e.g. Starter Homes, DMS). Only retested medium & low. Improves outcome, but low still showing pressure on viability.
- M4 (2) 25%. Has only a marginal impact on overall viability.
- Lower build cost (reduced by 5%). At 10% to 15% AH Low value areas still show pressure on viability. Increases CIL in medium areas from around £10psm to £20psm.
- Low cost developer model. Lower plot construction, higher external rate of 20%, lower professional fees, lower finance. At 15% AH low value greenfield now show as viable. Brownfield marginally viable.

## RESIDENTIAL INITIAL FINDINGS SUMMARY

- Low value areas have greatest pressure on viability. Delivery of AH could be provided through low cost developer model.
- Medium value areas showing relatively strong results, in terms of AH and CIL. Comfortably viable at 'base' testing of 15% AH.
- High and Highest value areas comfortably viable at 20% to 30% AH.
- NDSS not therefore shown to undermine scheme viability.
- Introduction of M4 (2) on a proportion of dwellings unlikely to have a significant impact on viability outcome.
- CIL charges justifiable on schemes in medium, high and highest value areas (rates broadly £10 psm up to £75 psm, dependent on AH assumptions).
- If new AH definition results in a greater proportion of home ownership AH products to be accepted within local policy, this would have a positive impact on viability. However, the testing shows 70/30 split b/w rented and ownership is still broadly deliverable.
- Recalibration of BLVs and how these are assessed within viability testing.

## NON-RESIDENTIAL – DRAFT TESTING INPUTS

- Site typologies:
  - (i) Retail warehouse 2,300 sq m £140 psm 7% yield
  - (ii) B2 Industrial 2,900 sq m £80 psm 8% yield
  - (iii) B1c light Industrial 3,600 sq m £80 psm 8% yield
  - (iv) B8 warehouse 6,900 sq m £70 psm 8% yield
  - (v) Discount supermarket 1,200 sq m £150 psm 6% yield
  - (vi) Small retail 270 sq m £450 psm 7% yield
  - (vii) Hotel 80 bed 2,500 sq m £62,500 per room
  - (viii) Office – in town 1,150 sq m £170 psm 7.5% yield
  - (ix) Office – out of town 3,200 sq m £170 psm 7.5% yield
  - (x) Cinema 4,000 sq m £150 psm 7% yield

## NON-RESIDENTIAL – DRAFT TESTING INPUTS

- Build costs followed BCIS rates.
- Externals 5% to 15% dependent on scheme.
- Contingency mainly 3%.
- Professional fees 10%.
- Nil abnormal costs for purposes of the testing.
- Sales and letting fees factored in.
- Profit mainly 15% on cost (increased to 20% on small retail, considered to be highest risk).
- BLV adjusted for each type.

## NON-RESIDENTIAL BASE APPRAISALS

Viable	Unviable
Retail warehouse (£100 psm CIL)	Industrial (B1c, B2 & B8)
Small retail (£400 psm CIL)	Offices (in town & out of town)
	Discount supermarket
	Hotel
	Cinema

## **APPENDIX B**

<b>B1</b>	<b>Typology 1</b>	<b>1 dwelling 0% Affordable Housing</b>
<b>B2</b>	<b>Typology 2</b>	<b>2 dwellings 0% Affordable Housing</b>
<b>B3</b>	<b>Typology 3</b>	<b>6 dwellings 0% Affordable Housing</b>
<b>B4a</b>	<b>Typology 4</b>	<b>15 dwellings 5% Affordable Housing</b>
<b>B4b</b>	<b>Typology 4</b>	<b>15 dwellings 15% Affordable Housing</b>
<b>B4c</b>	<b>Typology 4</b>	<b>15 dwellings 30% Affordable Housing</b>
<b>B5a</b>	<b>Typology 5</b>	<b>50 dwellings 5% Affordable Housing</b>
<b>B5b</b>	<b>Typology 5</b>	<b>50 dwellings 15% Affordable Housing</b>
<b>B5c</b>	<b>Typology 5</b>	<b>50 dwellings 30% Affordable Housing</b>
<b>B6a</b>	<b>Typology 6</b>	<b>100 dwellings 5% Affordable Housing</b>
<b>B6b</b>	<b>Typology 6</b>	<b>100 dwellings 15% Affordable Housing</b>
<b>B6c</b>	<b>Typology 6</b>	<b>100 dwellings 30% Affordable Housing</b>
<b>B7</b>	<b>Typology 7</b>	<b>40 dwellings (sheltered) 0% Affordable Housing</b>

# APPENDIX B1 - TYPOLOGY 1 - 1 DWELLING 0% AFFORDABLE HOUSING

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?
Type 1	Highest	Greenfield	150	0.22	£ 600,000	£ 152,000	£ 169,269	£ 17,269	11.36%	VIABLE
Type 1	High	Greenfield	150	0.22	£ 450,000	£ 119,000	£ 127,138	£ 8,138	6.84%	VIABLE
Type 1	Medium	Greenfield	150	0.22	£ 300,000	£ 86,000	£ 70,456	-£ 15,544	-18.07%	UNVIABLE
Type 1	Low	Greenfield	150	0.22	£ 150,000	£ 53,000	£ 13,775	-£ 39,225	-74.01%	UNVIABLE
Type 1	Highest	Brownfield	150	0.11	£ 350,000	£ 58,500	£ 165,638	£ 107,138	183.14%	VIABLE
Type 1	High	Brownfield	150	0.11	£ 300,000	£ 53,000	£ 123,435	£ 70,435	132.90%	VIABLE
Type 1	Medium	Brownfield	150	0.11	£ 250,000	£ 47,500	£ 66,754	£ 19,254	40.53%	VIABLE
Type 1	Low	Brownfield	150	0.11	£ 200,000	£ 42,000	£ 10,072	-£ 31,928	-76.02%	UNVIABLE

## APPENDIX B2 - TYPOLOGY 2 - 2 DWELLINGS 0% AFFORDABLE HOUSING

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)		BLV	Residual Land Value		Base appraisal surplus		Surplus % of BLV	Viable?	
Type 2	Highest	Brownfield	300	0.30	£	350,000	£	125,000	£	187,905	£	62,905	50.32%	VIABLE
Type 2	High	Brownfield	300	0.30	£	300,000	£	110,000	£	117,730	£	7,730	7.03%	VIABLE
Type 2	Medium	Brownfield	300	0.30	£	250,000	£	95,000	£	23,167	-£	71,833	-75.61%	UNVIABLE
Type 2	Low	Brownfield	300	0.30	£	200,000	£	80,000	-£	72,575	-£	152,575	-190.72%	UNVIABLE

# APPENDIX B3 - TYPOLOGY 3 - 6 DWELLINGS 0% AFFORDABLE HOUSING

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?
Type 3	Highest	Brownfield	629	0.30	£ 350,000	£ 125,000	£ 423,268	£ 298,268	238.61%	VIABLE
Type 3	High	Brownfield	629	0.30	£ 300,000	£ 110,000	£ 282,862	£ 172,862	157.15%	VIABLE
Type 3	Medium	Brownfield	629	0.30	£ 250,000	£ 95,000	£ 90,021	-£ 4,979	-5.24%	UNVIABLE
Type 3	Low	Brownfield	629	0.30	£ 200,000	£ 80,000	-£ 108,218	-£ 188,218	-235.27%	UNVIABLE

**APPENDIX B4a - TYPOLOGY 4 - 15 DWELLINGS 5% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 4	Highest	Brownfield	1,481	0.65	£ 350,000	£ 227,500	£ 695,062	£ 467,562	205.52%	Viable	£ 50	£ 74,050	£ 393,512	173%
Type 4	High	Brownfield	1,481	0.65	£ 300,000	£ 195,000	£ 401,030	£ 206,030	105.66%	Viable	£ 25	£ 37,025	£ 169,005	87%
Type 4	Medium	Brownfield	1,481	0.65	£ 250,000	£ 162,500	£ 937	£ 163,437	-100.58%	UNViable	£ -	£ -	£ -	-
Type 4	Low	Brownfield	1,481	0.65	£ 200,000	£ 130,000	£ 424,187	£ 554,187	-426.30%	UNViable	£ -	£ -	£ -	-
Type 4	Highest	Greenfield	1,481	0.65	£ 600,000	£ 390,000	£ 764,228	£ 374,228	95.96%	Viable	£ 50	£ 74,050	£ 300,178	77%
Type 4	High	Greenfield	1,481	0.65	£ 450,000	£ 292,500	£ 470,195	£ 177,695	60.75%	Viable	£ 25	£ 37,025	£ 140,670	48%
Type 4	Medium	Greenfield	1,481	0.65	£ 300,000	£ 195,000	£ 71,657	£ 123,343	-63.25%	UNViable	£ -	£ -	£ -	-
Type 4	Low	Greenfield	1,481	0.65	£ 150,000	£ 97,500	£ 349,293	£ 446,793	-458.25%	UNViable	£ -	£ -	£ -	-

**APPENDIX B4b - TYPOLOGY 4 - 15 DWELLINGS 15% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 4	Highest	Brownfield	1,481	0.65	£ 350,000	£ 227,500	£ 692,009	£ 464,509	204.18%	VIABLE	£ 50	£ 74,050	£ 390,459	172%
Type 4	High	Brownfield	1,481	0.65	£ 300,000	£ 195,000	£ 401,636	£ 206,636	105.97%	VIABLE	£ 25	£ 37,025	£ 169,611	87%
Type 4	Medium	Brownfield	1,481	0.65	£ 250,000	£ 162,500	£ 4,791	-£ 157,709	-97.05%	UNVIABLE	£ -	£ -	£ -	-
Type 4	Low	Brownfield	1,481	0.65	£ 200,000	£ 130,000	-£ 413,081	-£ 543,081	-417.75%	UNVIABLE	£ -	£ -	£ -	-
Type 4	Highest	Greenfield	1,481	0.65	£ 600,000	£ 390,000	£ 758,826	£ 368,826	94.57%	VIABLE	£ 50	£ 74,050	£ 294,776	76%
Type 4	High	Greenfield	1,481	0.65	£ 450,000	£ 292,500	£ 468,453	£ 175,953	60.15%	VIABLE	£ 25	£ 37,025	£ 138,928	47%
Type 4	Medium	Greenfield	1,481	0.65	£ 300,000	£ 195,000	£ 74,899	-£ 120,101	-61.59%	UNVIABLE	£ -	£ -	£ -	-
Type 4	Low	Greenfield	1,481	0.65	£ 150,000	£ 97,500	-£ 340,731	-£ 438,231	-449.47%	UNVIABLE	£ -	£ -	£ -	-

**APPENDIX B4c - TYPOLOGY 4 - 15 DWELLINGS 30% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 4	Highest	Brownfield	1,481	0.65	£ 350,000	£ 227,500	£ 562,734	£ 335,234	147.36%	VIABLE	£ 50	£ 74,050	£ 261,184	115%
Type 4	High	Brownfield	1,481	0.65	£ 300,000	£ 195,000	£ 296,103	£ 101,103	51.85%	VIABLE	£ 20	£ 29,620	£ 71,483	37%
Type 4	Highest	Greenfield	1,481	0.65	£ 600,000	£ 390,000	£ 622,502	£ 232,502	59.62%	VIABLE	£ 50	£ 74,050	£ 158,452	41%
Type 4	High	Greenfield	1,481	0.65	£ 450,000	£ 292,500	£ 355,872	£ 63,372	21.67%	VIABLE	£ 20	£ 29,620	£ 33,752	12%

**APPENDIX B5a - TYPOLOGY 5 - 50 DWELLINGS 5% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 5	Highest	Brownfield	4,935	2.10	£ 350,000	£ 735,000	£ 3,205,627	£ 2,470,627	336.14%	VIABLE	£ 75	£ 370,125	£ 2,100,502	286%
Type 5	High	Brownfield	4,935	2.10	£ 300,000	£ 630,000	£ 2,253,565	£ 1,623,565	257.71%	VIABLE	£ 50	£ 246,750	£ 1,376,815	219%
Type 5	Medium	Brownfield	4,935	2.10	£ 250,000	£ 525,000	£ 983,766	£ 458,766	87.38%	VIABLE	£ 20	£ 98,700	£ 360,066	69%
Type 5	Low	Brownfield	4,935	2.10	£ 200,000	£ 420,000	£ 324,415	£ 744,415	-177.24%	UNVIABLE	£ -	£ -	£ -	-
Type 5	Highest	Greenfield	4,935	2.10	£ 600,000	£ 1,260,000	£ 3,392,669	£ 2,132,669	169.26%	VIABLE	£ 75	£ 370,125	£ 1,762,544	140%
Type 5	High	Greenfield	4,935	2.10	£ 450,000	£ 945,000	£ 2,440,608	£ 1,495,608	158.27%	VIABLE	£ 50	£ 246,750	£ 1,248,858	132%
Type 5	Medium	Greenfield	4,935	2.10	£ 300,000	£ 630,000	£ 1,170,890	£ 540,890	85.86%	VIABLE	£ 20	£ 98,700	£ 442,190	70%
Type 5	Low	Greenfield	4,935	2.10	£ 150,000	£ 315,000	£ 119,185	£ 434,185	-137.84%	UNVIABLE	£ -	£ -	£ -	-

**APPENDIX B5b - TYPOLOGY 5 - 50 DWELLINGS 15% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 5	Highest	Brownfield	4,935	2.10	£ 350,000	£ 735,000	£ 3,045,028	£ 2,310,028	314.29%	VIABLE	£ 60	£ 296,100	£ 2,013,928	274%
Type 5	High	Brownfield	4,935	2.10	£ 300,000	£ 630,000	£ 2,123,081	£ 1,493,081	237.00%	VIABLE	£ 30	£ 148,050	£ 1,345,031	213%
Type 5	Medium	Brownfield	4,935	2.10	£ 250,000	£ 525,000	£ 893,507	£ 368,507	70.19%	VIABLE	£ 10	£ 49,350	£ 319,157	61%
Type 5	Low	Brownfield	4,935	2.10	£ 200,000	£ 420,000	£ -379,020	£ -799,020	-190.24%	UNVIABLE	£ -	£ -	£ -	-
Type 5	Highest	Greenfield	4,935	2.10	£ 600,000	£ 1,260,000	£ 3,222,177	£ 1,962,177	155.73%	VIABLE	£ 60	£ 296,100	£ 1,666,077	132%
Type 5	High	Greenfield	4,935	2.10	£ 450,000	£ 945,000	£ 2,300,229	£ 1,355,229	143.41%	VIABLE	£ 30	£ 148,050	£ 1,207,179	128%
Type 5	Medium	Greenfield	4,935	2.10	£ 300,000	£ 630,000	£ 1,070,733	£ 440,733	69.96%	VIABLE	£ 10	£ 49,350	£ 391,383	62%
Type 5	Low	Greenfield	4,935	2.10	£ 150,000	£ 315,000	£ -184,331	£ -499,331	-158.52%	UNVIABLE	£ -	£ -	£ -	-

**APPENDIX B5c - TYPOLOGY 5 - 50 DWELLINGS 30% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 5	Highest	Brownfield	4,935	2.10	£ 350,000	£ 735,000	£ 2,751,314	£ 2,016,314	274.33%	VIABLE	£ 60	£ 296,100	£ 1,720,214	234%
Type 5	High	Brownfield	4,935	2.10	£ 300,000	£ 630,000	£ 1,878,935	£ 1,248,935	198.24%	VIABLE	£ 40	£ 197,400	£ 1,051,535	167%
Type 5	Medium	Brownfield	4,935	2.10	£ 250,000	£ 525,000	£ 715,446	£ 190,446	36.28%	VIABLE	£ 10	£ 49,350	£ 141,096	27%
Type 5	Highest	Greenfield	4,935	2.10	£ 600,000	£ 1,260,000	£ 2,914,559	£ 1,654,559	131.31%	VIABLE	£ 60	£ 296,100	£ 1,358,459	108%
Type 5	High	Greenfield	4,935	2.10	£ 450,000	£ 945,000	£ 2,042,232	£ 1,097,232	116.11%	VIABLE	£ 40	£ 197,400	£ 899,832	95%
Type 5	Medium	Greenfield	4,935	2.10	£ 300,000	£ 630,000	£ 878,742	£ 248,742	39.48%	VIABLE	£ 10	£ 49,350	£ 199,392	32%

**APPENDIX B6a - TYPOLOGY 6 - 100 DWELLINGS 5% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 6	Highest	Brownfield	9,870	4.00	£ 350,000	£ 1,400,000	£ 6,393,484	£ 4,993,484	356.68%	VIABLE	£ 75	£ 740,250	£ 4,253,234	304%
Type 6	High	Brownfield	9,870	4.00	£ 300,000	£ 1,200,000	£ 4,526,497	£ 3,326,497	277.21%	VIABLE	£ 50	£ 493,500	£ 2,832,997	236%
Type 6	Medium	Brownfield	9,870	4.00	£ 250,000	£ 1,000,000	£ 2,033,243	£ 1,033,243	103.32%	VIABLE	£ 20	£ 197,400	£ 835,843	84%
Type 6	Low	Brownfield	9,870	4.00	£ 200,000	£ 800,000	-£ 552,735	-£ 1,352,735	-169.09%	UNVIABLE	£ -	£ -	£ -	-
Type 6	Highest	Greenfield	9,870	4.00	£ 600,000	£ 2,400,000	£ 6,749,380	£ 4,349,380	181.22%	VIABLE	£ 75	£ 740,250	£ 3,609,130	150%
Type 6	High	Greenfield	9,870	4.00	£ 450,000	£ 1,800,000	£ 4,882,677	£ 3,082,677	171.26%	VIABLE	£ 50	£ 493,500	£ 2,589,177	144%
Type 6	Medium	Greenfield	9,870	4.00	£ 300,000	£ 1,200,000	£ 2,390,715	£ 1,190,715	99.23%	VIABLE	£ 20	£ 197,400	£ 993,315	83%
Type 6	Low	Greenfield	9,870	4.00	£ 150,000	£ 600,000	-£ 150,819	-£ 750,819	-125.14%	UNVIABLE	£ -	£ -	£ -	-

**APPENDIX B6b - TYPOLOGY 6 - 100 DWELLINGS 15% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %	
Type 6	Highest	Brownfield	9,870	4.00	£ 350,000	£ 1,400,000	£ 6,035,558	£ 4,635,558	331.11%	Viable	£ 60	£ 592,200	£ 4,043,358	289%	
Type 6	High	Brownfield	9,870	4.00	£ 300,000	£ 1,200,000	£ 4,232,312	£ 3,032,312	252.69%	Viable	£ 30	£ 296,100	£ 2,736,212	228%	
Type 6	Medium	Brownfield	9,870	4.00	£ 250,000	£ 1,000,000	£ 1,823,978	£ 823,978	82.40%	Viable	£ 10	£ 98,700	£ 725,278	73%	
Type 6	Low	Brownfield	9,870	4.00	£ 200,000	£ 800,000	-£ 691,622	-£ 1,491,622	-186.45%	UNViable	£ -	£ -	£ -	-	
Type 6	Highest	Greenfield	9,870	4.00	£ 600,000	£ 2,400,000	£ 6,372,069	£ 3,972,069	165.50%	Viable	£ 60	£ 592,200	£ 3,379,869	141%	
Type 6	High	Greenfield	9,870	4.00	£ 450,000	£ 1,800,000	£ 4,569,062	£ 2,769,062	153.84%	Viable	£ 30	£ 296,100	£ 2,472,962	137%	
Type 6	Medium	Greenfield	9,870	4.00	£ 300,000	£ 1,200,000	£ 2,162,100	£ 962,100	80.18%	Viable	£ 10	£ 98,700	£ 863,400	72%	
Type 6	Low	Greenfield	9,870	4.00	£ 150,000	£ 600,000	-£ 309,930	-£ 909,930	-151.66%	UNViable	£ -	£ -	£ -	-	

**APPENDIX B6c - TYPOLOGY 6 - 100 DWELLINGS 30% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 6	Highest	Brownfield	9,870	4.00	£ 350,000	£ 1,400,000	£ 5,516,818	£ 4,116,818	294.06%	VIABLE	£ 60	£ 592,200	£ 3,524,618	252%
Type 6	High	Brownfield	9,870	4.00	£ 300,000	£ 1,200,000	£ 3,807,172	£ 2,607,172	217.26%	VIABLE	£ 40	£ 394,800	£ 2,212,372	184%
Type 6	Medium	Brownfield	9,870	4.00	£ 250,000	£ 1,000,000	£ 1,524,035	£ 524,035	52.40%	VIABLE	£ 10	£ 98,700	£ 425,335	43%
Type 6	Highest	Greenfield	9,870	4.00	£ 600,000	£ 2,400,000	£ 5,824,495	£ 3,424,495	142.69%	VIABLE	£ 60	£ 592,200	£ 2,832,295	118%
Type 6	High	Greenfield	9,870	4.00	£ 450,000	£ 1,800,000	£ 4,115,078	£ 2,315,078	128.62%	VIABLE	£ 40	£ 394,800	£ 1,920,278	107%
Type 6	Medium	Greenfield	9,870	4.00	£ 300,000	£ 1,200,000	£ 1,833,008	£ 633,008	52.75%	VIABLE	£ 10	£ 98,700	£ 534,308	45%

**APPENDIX B7 - TYPOLOGY 7 - 40 DWELLINGS SHELTERED ACCOMMODATION 0% AFFORDABLE HOUSING**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL rate psm	Total CIL	Adjusted surplus	Surplus % of BLV
Type 7	Highest	Brownfield	2,032	0.57	£ 350,000	£ 199,500	£ 873,183	£ 673,683	337.69%	VIABLE	£ 50	£ 101,600	£ 572,083	286.76%
Type 7	High	Brownfield	2,032	0.57	£ 300,000	£ 171,000	£ 391,028	£ 220,028	128.67%	VIABLE	£ 25	£ 50,800	£ 169,228	98.96%
Type 7	Medium	Brownfield	2,032	0.57	£ 250,000	£ 142,500	-£ 281,693	-£ 424,193	-297.68%	UNVIABLE				
Type 7	Low	Brownfield	2,032	0.57	£ 200,000	£ 114,000	-£ 977,323	-£ 1,091,323	-957.30%	UNVIABLE				
Type 7	Highest	Greenfield	2,032	0.57	£ 600,000	£ 342,000	£ 964,686	£ 622,686	182.07%	VIABLE	£ 50	£ 101,600	£ 521,086	152.36%
Type 7	High	Greenfield	2,032	0.57	£ 450,000	£ 482,532	£ 611,695	£ 129,163	26.77%	VIABLE	£ 25	£ 50,800	£ 78,363	16.24%
Type 7	Medium	Greenfield	2,032	0.57	£ 300,000	£ 171,000	-£ 183,116	-£ 354,116	-207.09%	UNVIABLE				
Type 7	Low	Greenfield	2,032	0.57	£ 150,000	£ 85,500	-£ 878,241	-£ 963,741	-1127.18%	UNVIABLE				

## **APPENDIX C**

<b>C4a</b>	<b>Typology 4</b>	<b>15 dwellings 5% Affordable Housing</b>
<b>C5a</b>	<b>Typology 5</b>	<b>50 dwellings 10% Affordable Housing</b>
<b>C5b</b>	<b>Typology 5</b>	<b>50 dwellings 15% Affordable Housing</b>
<b>C6a</b>	<b>Typology 6</b>	<b>100 dwellings 10% Affordable Housing</b>
<b>C6b</b>	<b>Typology 6</b>	<b>100 dwellings 15% Affordable Housing</b>

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)		BLV		Residual Land Value		Base appraisal surplus		Surplus % of BLV	Viable?
Type 4	Medium	Brownfield	1,481	0.65	£	250,000	£	162,500	£	106,472	-£	56,028	-34.48%	UNVIABLE
Type 4	Low	Brownfield	1,481	0.65	£	200,000	£	130,000	-£	308,157	-£	438,157	-337.04%	UNVIABLE
Type 4	Medium	Greenfield	1,481	0.65	£	300,000	£	195,000	£	174,788	-£	20,212	-10.37%	UNVIABLE
Type 4	Low	Greenfield	1,481	0.65	£	150,000	£	97,500	-£	237,640	-£	335,140	-343.73%	UNVIABLE

**APPENDIX C5a - TYPOLOGY 5 - 50 DWELLINGS 10% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 5	Medium	Brownfield	4,935	2.10	£ 250,000	£ 525,000	£ 1,193,270	£ 668,270	127.29%	VIAABLE	£ 20	£ 98,700	£ 569,570	108%
Type 5	Low	Brownfield	4,935	2.10	£ 200,000	£ 420,000	£ 72,488	£ 492,488	-117.26%	UNVIAABLE	£ -	£ -	£ -	-
Type 5	Medium	Greenfield	4,935	2.10	£ 300,000	£ 630,000	£ 1,371,989	£ 741,989	117.78%	VIAABLE	£ 20	£ 98,700	£ 643,289	102%
Type 5	Low	Greenfield	4,935	2.10	£ 150,000	£ 315,000	£ 117,724	£ 197,276	-62.63%	UNVIAABLE	£ -	£ -	£ -	-

**APPENDIX C5b - TYPOLOGY 5 - 50 DWELLINGS 15% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 5	Medium	Brownfield	4,935	2.10	£ 250,000	£ 525,000	£ 1,158,154	£ 633,154	120.60%	VIABLE	£ 20	£ 98,700	£ 534,454	102%
Type 5	Low	Brownfield	4,935	2.10	£ 200,000	£ 420,000	£ 88,978	£ 508,978	-121.19%	UNVIABLE	£ -	£ -	£ -	-
Type 5	Medium	Greenfield	4,935	2.10	£ 300,000	£ 630,000	£ 1,331,213	£ 701,213	111.30%	VIABLE	£ 20	£ 98,700	£ 602,513	96%
Type 5	Low	Greenfield	4,935	2.10	£ 150,000	£ 315,000	£ 95,809	£ 219,191	-69.58%	UNVIABLE	£ -	£ -	£ -	-

**APPENDIX C6a - TYPOLOGY 6 - 100 DWELLINGS 10% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 6	Medium	Brownfield	9,870	4.00	£ 250,000	£ 1,000,000	£ 2,465,059	£ 1,465,059	146.51%	VIABLE	£ 20	£ 197,400	£ 1,267,659	127%
Type 6	Low	Brownfield	9,870	4.00	£ 200,000	£ 800,000	£ -22,548	£ -822,548	-102.82%	UNVIABLE	£ -	£ -	£ -	-
Type 6	Medium	Greenfield	9,870	4.00	£ 300,000	£ 1,200,000	£ 2,803,600	£ 1,603,600	133.63%	VIABLE	£ 20	£ 197,400	£ 1,406,200	117%
Type 6	Low	Greenfield	9,870	4.00	£ 150,000	£ 600,000	£ 341,788	£ -258,212	-43.04%	UNVIABLE	£ -	£ -	£ -	-

**APPENDIX C6b - TYPOLOGY 6 - 100 DWELLINGS 15% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 6	Medium	Brownfield	9,870	4.00	£ 250,000	£ 1,000,000	£ 2,339,986	£ 1,339,986	134.00%	VIABLE	£ 20	£ 197,400	£ 1,142,586	114%
Type 6	Low	Brownfield	9,870	4.00	£ 200,000	£ 800,000	£ -110,513	£ -910,513	-113.81%	UNVIABLE	£ -	£ -	£ -	-
Type 6	Medium	Greenfield	9,870	4.00	£ 300,000	£ 1,200,000	£ 2,669,333	£ 1,469,333	122.44%	VIABLE	£ 20	£ 197,400	£ 1,271,933	106%
Type 6	Low	Greenfield	9,870	4.00	£ 150,000	£ 600,000	£ 247,428	£ -352,572	-58.76%	UNVIABLE	£ -	£ -	£ -	-

## **APPENDIX D**

<b>D5a</b>	<b>Typology 5</b>	<b>50 dwellings 15% Affordable Housing</b>
<b>D6a</b>	<b>Typology 6</b>	<b>100 dwellings 15% Affordable Housing</b>

**APPENDIX D5a - TYPOLOGY 5 - 50 DWELLINGS 15% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 5	Medium	Brownfield	4,935	2.10	£ 250,000	£ 525,000	£ 1,568,345	£ 1,043,345	198.73%	VIABLE	£ 10	£ 49,350	£ 993,995	189%
Type 5	Low	Brownfield	4,935	2.10	£ 200,000	£ 420,000	£ 337,204	-£ 82,796	-19.71%	UNVIABLE	£ -	£ -	£ -	-
Type 5	Medium	Greenfield	4,935	2.10	£ 300,000	£ 630,000	£ 1,738,220	£ 1,108,220	175.91%	VIABLE	£ 10	£ 49,350	£ 1,058,870	168%
Type 5	Low	Greenfield	4,935	2.10	£ 150,000	£ 315,000	£ 515,530	£ 200,530	63.66%	VIABLE	£ -	£ -	£ -	-

APPENDIX D6a - TYPOLOGY 6 - 100 DWELLINGS 15% AFFORDABLE DWELLINGS

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %	
Type 6	Medium	Brownfield	9,870	4.00	£ 250,000	£ 1,000,000	£ 3,160,269	£ 2,160,269	216.03%	VIABLE	£ 10	£ 98,700	£ 2,061,569	206%	
Type 6	Low	Brownfield	9,870	4.00	£ 200,000	£ 800,000	£ 742,435	-£ 57,565	-7.20%	UNVIABLE	£ -	£ -	£ -	-	
Type 6	Medium	Greenfield	9,870	4.00	£ 300,000	£ 1,200,000	£ 3,484,823	£ 2,284,823	190.40%	VIABLE	£ 10	£ 98,700	£ 2,186,123	182%	
Type 6	Low	Greenfield	9,870	4.00	£ 150,000	£ 600,000	£ 1,085,535	£ 485,535	80.92%	VIABLE	£ -	£ -	£ -	-	

## **APPENDIX E**

<b>E5a</b>	<b>Typology 5</b>	<b>50 dwellings 10% Affordable Housing</b>
<b>E5b</b>	<b>Typology 5</b>	<b>50 dwellings 15% Affordable Housing</b>
<b>E6a</b>	<b>Typology 6</b>	<b>100 dwellings 10% Low Cost Developer</b>
<b>E6b</b>	<b>Typology 6</b>	<b>100 dwellings 15% Affordable Housing</b>

**APPENDIX E5a - TYPOLOGY 5 - 50 DWELLINGS 10% AFFORDABLE DWELLINGS LOW COST DEVELOPER**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 5	Medium	Brownfield	4,935	2.10	£ 250,000	£ 525,000	£ 1,845,154	£ 1,320,154	251.46%	VIABLE	£ 10	£ 49,350	£ 1,270,804	242%
Type 5	Low	Brownfield	4,935	2.10	£ 200,000	£ 420,000	£ 559,519	£ 139,519	33.22%	VIABLE	£ -	£ -	£ 139,519	33%
Type 5	Medium	Greenfield	4,935	2.10	£ 300,000	£ 630,000	£ 2,020,289	£ 1,390,289	220.68%	VIABLE	£ 10	£ 49,350	£ 1,340,939	213%
Type 5	Low	Greenfield	4,935	2.10	£ 150,000	£ 315,000	£ 743,348	£ 428,348	135.98%	VIABLE	£ -	£ -	£ 428,348	136%

APPENDIX E5b - TYPOLOGY 5 - 50 DWELLINGS 15% AFFORDABLE DWELLINGS

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %	
Type 5	Medium	Brownfield	4,935	2.10	£	250,000	£ 525,000	£ 1,027,115	£ 502,115	95.64%	VIABLE	£ 10	£ 49,350	£ 452,765	86%
Type 5	Medium	Greenfield	4,935	2.10	£	300,000	£ 630,000	£ 1,204,340	£ 574,340	91.17%	VIABLE	£ 10	£ 49,350	£ 524,990	83%

**APPENDIX E6a - TYPOLOGY 6 - 100 DWELLINGS 10% AFFORDABLE DWELLINGS LOW COST DEVELOPER**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)		BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm		Total CIL	Adjusted Surplus	Surplus %
Type 6	Medium	Brownfield	9,870	4.00	£	250,000	£ 1,000,000	£ 3,713,271	£ 2,713,271	271.33%	VIABLE	£	10	£ 98,700	£ 2,614,571	261%
Type 6	Low	Brownfield	9,870	4.00	£	200,000	£ 800,000	£ 1,194,440	£ 394,440	49.31%	VIABLE	£	-	£ -	£ 394,440	49%
Type 6	Medium	Greenfield	9,870	4.00	£	300,000	£ 1,200,000	£ 4,046,234	£ 2,846,234	237.19%	VIABLE	£	10	£ 98,700	£ 2,747,534	229%
Type 6	Low	Greenfield	9,870	4.00	£	150,000	£ 600,000	£ 1,545,507	£ 945,507	157.58%	VIABLE	£	-	£ -	£ 945,507	158%

APPENDIX E6b - TYPOLOGY 6 - 100 DWELLINGS 15% AFFORDABLE DWELLINGS

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)		BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm		Total CIL	Adjusted Surplus	Surplus %
Type 6	Medium	Brownfield	9,870	4.00	£	250,000	£ 1,000,000	£ 2,066,737	£ 1,066,737	106.67%	Viable	£	10	£ 98,700	£ 968,037	97%
Type 6	Medium	Greenfield	9,870	4.00	£	300,000	£ 1,200,000	£ 2,404,536	£ 1,204,536	100.38%	Viable	£	10	£ 98,700	£ 1,105,836	92%

## **APPENDIX F**

<b>F1</b>	<b>Typology 1</b>	<b>1 dwelling M4(2)</b>
<b>F2</b>	<b>Typology 2</b>	<b>2 dwellings M4(2)</b>
<b>F3</b>	<b>Typology 3</b>	<b>6 dwellings M4(2)</b>
<b>F4a</b>	<b>Typology 4</b>	<b>15 dwellings 5% Affordable Housing</b>
<b>F4b</b>	<b>Typology 4</b>	<b>15 dwellings 15% Affordable Housing</b>
<b>F4c</b>	<b>Typology 4</b>	<b>15 dwellings 30% Affordable Housing</b>
<b>F5a</b>	<b>Typology 5</b>	<b>50 dwellings 5% Affordable Housing</b>
<b>F5b</b>	<b>Typology 5</b>	<b>50 dwellings 15% Affordable Housing</b>
<b>F5c</b>	<b>Typology 5</b>	<b>50 dwellings 30% Affordable Housing</b>
<b>F5d</b>	<b>Typology 5</b>	<b>50 dwellings 15% Affordable Housing - Low Cost Developer</b>
<b>F6a</b>	<b>Typology 6</b>	<b>100 dwellings 5% Affordable Housing</b>
<b>F6b</b>	<b>Typology 6</b>	<b>100 dwellings 15% Affordable Housing</b>
<b>F6c</b>	<b>Typology 6</b>	<b>100 dwellings 30% Affordable Housing</b>
<b>F6d</b>	<b>Typology 6</b>	<b>100 dwellings 15% Affordable Housing - Low Cost Developer</b>
<b>F7a</b>	<b>Typology 7</b>	<b>40 dwellings (sheltered) M4(2)</b>
<b>F7b</b>	<b>Typology 7</b>	<b>40 dwellings (sheltered) M4(3)</b>

**APPENDIX F1 - TYPOLOGY 1 - 1 DWELLING M4 (2)**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)		BLV	Residual Land Value		Base appraisal surplus	Surplus % of BLV	M4 (2) cost		Adjusted surplus	Viable?			
Type 1	Highest	Greenfield	150	0.22	£	600,000	£	152,000	£	169,269	£	17,269	11.36%	£	2,000	£	15,269	VIABLE
Type 1	High	Greenfield	150	0.22	£	450,000	£	119,000	£	127,138	£	8,138	6.84%	£	2,000	£	6,138	VIABLE
Type 1	Medium	Greenfield	150	0.22	£	300,000	£	86,000	£	70,456	£	-15,544	-18.07%	£	2,000	£	17,544	UNVIABLE
Type 1	Low	Greenfield	150	0.22	£	150,000	£	53,000	£	13,775	£	-39,225	-74.01%	£	2,000	£	41,225	UNVIABLE
Type 1	Highest	Brownfield	150	0.11	£	350,000	£	58,500	£	165,638	£	107,138	183.14%	£	2,000	£	105,138	VIABLE
Type 1	High	Brownfield	150	0.11	£	300,000	£	53,000	£	123,435	£	70,435	132.90%	£	2,000	£	68,435	VIABLE
Type 1	Medium	Brownfield	150	0.11	£	250,000	£	47,500	£	66,754	£	19,254	40.53%	£	2,000	£	17,254	VIABLE
Type 1	Low	Brownfield	150	0.11	£	200,000	£	42,000	£	10,072	£	-31,928	-76.02%	£	2,000	£	33,928	UNVIABLE

# APPENDIX F2 - TYPOLOGY 2 - 2 DWELLINGS M4 (2)

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)		BLV	Residual Land Value		Base appraisal surplus	Surplus % of BLV	M4 (2) cost		Adjusted surplus	Viable?			
Type 2	Highest	Brownfield	300	0.30	£	350,000	£	125,000	£	187,905	£	62,905	50.32%	£	4,000	£	58,905	VIABLE
Type 2	High	Brownfield	300	0.30	£	300,000	£	110,000	£	117,730	£	7,730	7.03%	£	4,000	£	3,730	VIABLE
Type 2	Medium	Brownfield	300	0.30	£	250,000	£	95,000	£	23,167	-£	71,833	-75.61%	£	4,000	-£	75,833	UNVIABLE
Type 2	Low	Brownfield	300	0.30	£	200,000	£	80,000	-£	72,575	-£	152,575	-190.72%	£	4,000	-£	156,575	UNVIABLE

**APPENDIX F3 - TYPOLOGY 3 - 6 DWELLINGS M4 (2)**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)		BLV	Residual Land Value		Base appraisal surplus	Surplus % of BLV	M4 (2) cost		Adjusted surplus	Viable?			
Type 3	Highest	Brownfield	629	0.30	£	350,000	£	125,000	£	423,268	£	298,268	238.61%	£	12,000	£	286,268	VIABLE
Type 3	High	Brownfield	629	0.30	£	300,000	£	110,000	£	282,862	£	172,862	157.15%	£	12,000	£	160,862	VIABLE
Type 3	Medium	Brownfield	629	0.30	£	250,000	£	95,000	£	90,021	-£	4,979	-5.24%	£	12,000	-£	16,979	UNVIABLE
Type 3	Low	Brownfield	629	0.30	£	200,000	£	80,000	-£	108,218	-£	188,218	-235.27%	£	12,000	-£	200,218	UNVIABLE

**APPENDIX F4a - TYPOLOGY 4 - 15 DWELLINGS 5% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Adjusted Surplus	Surplus %	M4 (2) Cost	M4 (3) Cost	Adjusted surplus	Surplus %
Type 4	Highest	Brownfield	1,481	0.65	£ 350,000	£ 227,500	£ 695,062	£ 467,562	205.52%	£ 393,512	173%	£ 17,000	£ 12,500	£ 364,012	160%
Type 4	High	Brownfield	1,481	0.65	£ 300,000	£ 195,000	£ 401,030	£ 206,030	105.66%	£ 169,005	87%	£ 17,000	£ 12,500	£ 139,505	72%
Type 4	Medium	Brownfield	1,481	0.65	£ 250,000	£ 162,500	£ 937	£ 163,437	-100.58%	£ -	-				
Type 4	Low	Brownfield	1,481	0.65	£ 200,000	£ 130,000	£ 424,187	£ 554,187	-426.30%	£ -	-				
Type 4	Highest	Greenfield	1,481	0.65	£ 600,000	£ 390,000	£ 764,228	£ 374,228	95.96%	£ 300,178	77%	£ 17,000	£ 12,500	£ 270,678	69%
Type 4	High	Greenfield	1,481	0.65	£ 450,000	£ 292,500	£ 470,195	£ 177,695	60.75%	£ 140,670	48%	£ 17,000	£ 12,500	£ 111,170	38%
Type 4	Medium	Greenfield	1,481	0.65	£ 300,000	£ 195,000	£ 71,657	£ 123,343	-63.25%	£ -	-				
Type 4	Low	Greenfield	1,481	0.65	£ 150,000	£ 97,500	£ 349,293	£ 446,793	-458.25%	£ -	-				

**APPENDIX F4b - TYPOLOGY 4 - 15 DWELLINGS 15% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Adjusted Surplus	Surplus %	M4 (2) Cost	M4 (3) Cost	Adjusted surplus	Surplus %
Type 4	Highest	Brownfield	1,481	0.65	£ 350,000	£ 227,500	£ 692,009	£ 464,509	204.18%	£ 390,459	172%	£ 19,000	£ 12,500	£ 358,959	158%
Type 4	High	Brownfield	1,481	0.65	£ 300,000	£ 195,000	£ 401,636	£ 206,636	105.97%	£ 169,611	87%	£ 19,000	£ 12,500	£ 138,111	71%
Type 4	Medium	Brownfield	1,481	0.65	£ 250,000	£ 162,500	£ 4,791	-£ 157,709	-97.05%	£ -					
Type 4	Low	Brownfield	1,481	0.65	£ 200,000	£ 130,000	-£ 413,081	-£ 543,081	-417.75%	£ -					
Type 4	Highest	Greenfield	1,481	0.65	£ 600,000	£ 390,000	£ 758,826	£ 368,826	94.57%	£ 294,776	76%	£ 19,000	£ 12,500	£ 263,276	68%
Type 4	High	Greenfield	1,481	0.65	£ 450,000	£ 292,500	£ 468,453	£ 175,953	60.15%	£ 138,928	47%	£ 19,000	£ 12,500	£ 107,428	37%
Type 4	Medium	Greenfield	1,481	0.65	£ 300,000	£ 195,000	£ 74,899	-£ 120,101	-61.59%	£ -					
Type 4	Low	Greenfield	1,481	0.65	£ 150,000	£ 97,500	-£ 340,731	-£ 438,231	-449.47%	£ -					

**APPENDIX F4c - TYPOLOGY 4 - 15 DWELLINGS 30% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Adjusted Surplus	Surplus %	M4 (2) Cost	M4 (3) Cost	Adjusted surplus	Surplus %
Type 4	Highest	Brownfield	1,481	0.65	£ 350,000	£ 227,500	£ 562,734	£ 335,234	147.36%	£ 261,184	115%	£ 23,000	£ 25,000	£ 213,184	94%
Type 4	High	Brownfield	1,481	0.65	£ 300,000	£ 195,000	£ 296,103	£ 101,103	51.85%	£ 71,483	37%	£ 23,000	£ 25,000	£ 23,483	12%
Type 4	Highest	Greenfield	1,481	0.65	£ 600,000	£ 390,000	£ 622,502	£ 232,502	59.62%	£ 158,452	41%	£ 23,000	£ 25,000	£ 110,452	28%
Type 4	High	Greenfield	1,481	0.65	£ 450,000	£ 292,500	£ 355,872	£ 63,372	21.67%	£ 33,752	12%	£ 23,000	£ 25,000	-£ 14,248	-5%

**APPENDIX F5a - TYPOLOGY 5 - 50 DWELLINGS 5% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Adjusted Surplus	Surplus %	M4 (2) Cost	M4 (3) Cost	Adjusted surplus	Surplus %
Type 5	Highest	Brownfield	4,935	2.10	£ 350,000	£ 735,000	£ 3,205,627	£ 2,470,627	336.14%	£ 2,100,502	286%	£ 56,000	£ 12,500	£ 2,032,002	276%
Type 5	High	Brownfield	4,935	2.10	£ 300,000	£ 630,000	£ 2,253,565	£ 1,623,565	257.71%	£ 1,376,815	219%	£ 56,000	£ 12,500	£ 1,308,315	208%
Type 5	Medium	Brownfield	4,935	2.10	£ 250,000	£ 525,000	£ 983,766	£ 458,766	87.38%	£ 360,066	69%	£ 56,000	£ 12,500	£ 291,566	56%
Type 5	Low	Brownfield	4,935	2.10	£ 200,000	£ 420,000	£ 324,415	£ 744,415	-177.24%	£ -	-	£ 56,000	£ 12,500	£ 1,694,044	134%
Type 5	Highest	Greenfield	4,935	2.10	£ 600,000	£ 1,260,000	£ 3,392,669	£ 2,132,669	169.26%	£ 1,762,544	140%	£ 56,000	£ 12,500	£ 1,180,358	125%
Type 5	High	Greenfield	4,935	2.10	£ 450,000	£ 945,000	£ 2,440,608	£ 1,495,608	158.27%	£ 1,248,858	132%	£ 56,000	£ 12,500	£ 373,690	59%
Type 5	Medium	Greenfield	4,935	2.10	£ 300,000	£ 630,000	£ 1,170,890	£ 540,890	85.86%	£ 442,190	70%	£ 56,000	£ 12,500	£ 373,690	59%
Type 5	Low	Greenfield	4,935	2.10	£ 150,000	£ 315,000	£ 119,185	£ 434,185	-137.84%	£ -	-				

**APPENDIX F5b - TYPOLOGY 5 - 50 DWELLINGS 15% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Adjusted Surplus	Surplus %	M4 (2) Cost	M4 (3) Cost	Adjusted surplus	Surplus %
Type 5	Highest	Brownfield	4,935	2.10	£ 350,000	£ 735,000	£ 3,045,028	£ 2,310,028	314.29%	£ 2,013,928	274%	£ 64,000	£ 25,000	£ 1,924,928	262%
Type 5	High	Brownfield	4,935	2.10	£ 300,000	£ 630,000	£ 2,123,081	£ 1,493,081	237.00%	£ 1,345,031	213%	£ 64,000	£ 25,000	£ 1,256,031	199%
Type 5	Medium	Brownfield	4,935	2.10	£ 250,000	£ 525,000	£ 893,507	£ 368,507	70.19%	£ 319,157	61%				
Type 5	Low	Brownfield	4,935	2.10	£ 200,000	£ 420,000	-£ 379,020	-£ 799,020	-190.24%	£ -					
Type 5	Highest	Greenfield	4,935	2.10	£ 600,000	£ 1,260,000	£ 3,222,177	£ 1,962,177	155.73%	£ 1,666,077	132%	£ 64,000	£ 25,000	£ 1,577,077	125%
Type 5	High	Greenfield	4,935	2.10	£ 450,000	£ 945,000	£ 2,300,229	£ 1,355,229	143.41%	£ 1,207,179	128%	£ 64,000	£ 25,000	£ 1,118,179	118%
Type 5	Medium	Greenfield	4,935	2.10	£ 300,000	£ 630,000	£ 1,070,733	£ 440,733	69.96%	£ 391,383	62%				
Type 5	Low	Greenfield	4,935	2.10	£ 150,000	£ 315,000	-£ 184,331	-£ 499,331	-158.52%	£ -					

**APPENDIX F5c - TYPOLOGY 5 - 50 DWELLINGS 30% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	CIL £psm	Total CIL	Adjusted Surplus	Surplus %	M4 (2) Cost	M4 (3) Cost	Adjusted surplus	Surplus %
Type 5	Highest	Brownfield	4,935	2.10	£ 350,000	£ 735,000	£ 2,751,314	£ 2,016,314	274.33%	£ 60	£ 296,100	£ 1,720,214	234%	£ 78,000	£ 50,000	£ 1,592,214	217%
Type 5	High	Brownfield	4,935	2.10	£ 300,000	£ 630,000	£ 1,878,935	£ 1,248,935	198.24%	£ 40	£ 197,400	£ 1,051,535	167%	£ 78,000	£ 50,000	£ 923,535	147%
Type 5	Medium	Brownfield	4,935	2.10	£ 250,000	£ 525,000	£ 715,446	£ 190,446	36.28%	£ 10	£ 49,350	£ 141,096	27%	£ 78,000	£ 50,000	£ 13,096	2%
Type 5	Highest	Greenfield	4,935	2.10	£ 600,000	£ 1,260,000	£ 2,914,559	£ 1,654,559	131.31%	£ 60	£ 296,100	£ 1,358,459	108%	£ 78,000	£ 50,000	£ 1,230,459	98%
Type 5	High	Greenfield	4,935	2.10	£ 450,000	£ 945,000	£ 2,042,232	£ 1,097,232	116.11%	£ 40	£ 197,400	£ 899,832	95%	£ 78,000	£ 50,000	£ 771,832	82%
Type 5	Medium	Greenfield	4,935	2.10	£ 300,000	£ 630,000	£ 878,742	£ 248,742	39.48%	£ 10	£ 49,350	£ 199,392	32%	£ 78,000	£ 50,000	£ 71,392	11%

**APPENDIX F5d - TYPOLOGY 5 - 50 DWELLINGS 15% AFFORDABLE DWELLINGS LOW COST DEVELOPER**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	CIL £psm	Total CIL	Adjusted Surplus	Surplus %	M4 (2) Cost	M4 (3) Cost	Adjusted surplus	Surplus %
Type 5	Medium	Brownfield	4,935	2.10	£ 250,000	£ 525,000	£ 1,568,345	£ 1,043,345	£ 10	£ 49,350	£ 993,995	189%	£ 64,000	£ 25,000	£ 904,995	172%
Type 5	Low	Brownfield	4,935	2.10	£ 200,000	£ 420,000	£ 337,204	-£ 82,796	£ -	£ -	£ -	-	£ 64,000	£ 25,000	£ 904,995	172%
Type 5	Medium	Greenfield	4,935	2.10	£ 300,000	£ 630,000	£ 1,738,220	£ 1,108,220	£ 10	£ 49,350	£ 1,058,870	168%	£ 64,000	£ 25,000	£ 969,870	154%
Type 5	Low	Greenfield	4,935	2.10	£ 150,000	£ 315,000	£ 515,530	£ 200,530	£ -	£ -	£ -	-	£ 64,000	£ 25,000	£ 969,870	154%

**APPENDIX F6a - TYPOLOGY 6 - 100 DWELLINGS 5% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Adjusted Surplus	Surplus %	M4 (2) Cost	M4 (3) Cost	Adjusted surplus	Surplus %
Type 6	Highest	Brownfield	9,870	4.00	£ 350,000	£ 1,400,000	£ 6,393,484	£ 4,993,484	356.68%	£ 4,253,234	304%	£ 108,000	£ 12,500	£ 4,132,734	295%
Type 6	High	Brownfield	9,870	4.00	£ 300,000	£ 1,200,000	£ 4,526,497	£ 3,326,497	277.21%	£ 2,832,997	236%	£ 108,000	£ 12,500	£ 2,712,497	226%
Type 6	Medium	Brownfield	9,870	4.00	£ 250,000	£ 1,000,000	£ 2,033,243	£ 1,033,243	103.32%	£ 835,843	84%	£ 108,000	£ 12,500	£ 715,343	72%
Type 6	Low	Brownfield	9,870	4.00	£ 200,000	£ 800,000	£ 552,735	£ 1,352,735	-169.09%	£ -	-	£ 108,000	£ 12,500	£ 872,815	73%
Type 6	Highest	Greenfield	9,870	4.00	£ 600,000	£ 2,400,000	£ 6,749,380	£ 4,349,380	181.22%	£ 3,609,130	150%	£ 108,000	£ 12,500	£ 3,488,630	145%
Type 6	High	Greenfield	9,870	4.00	£ 450,000	£ 1,800,000	£ 4,882,677	£ 3,082,677	171.26%	£ 2,589,177	144%	£ 108,000	£ 12,500	£ 2,468,677	137%
Type 6	Medium	Greenfield	9,870	4.00	£ 300,000	£ 1,200,000	£ 2,390,715	£ 1,190,715	99.23%	£ 993,315	83%	£ 108,000	£ 12,500	£ 872,815	73%
Type 6	Low	Greenfield	9,870	4.00	£ 150,000	£ 600,000	£ 150,819	£ 750,819	-125.14%	£ -	-	£ 108,000	£ 12,500	£ 872,815	73%

**APPENDIX F6b - TYPOLOGY 6 - 100 DWELLINGS 15% AFFORDABLE DWELLING**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Adjusted Surplus	Surplus %	M4 (2) Cost	M4 (3) Cost	Adjusted surplus	Surplus %
Type 6	Highest	Brownfield	9,870	4.00	£ 350,000	£ 1,400,000	£ 6,035,558	£ 4,635,558	331.11%	£ 4,043,358	289%	£ 128,000	£ 50,000	£3,865,358	276%
Type 6	High	Brownfield	9,870	4.00	£ 300,000	£ 1,200,000	£ 4,232,312	£ 3,032,312	252.69%	£ 2,736,212	228%	£ 128,000	£ 50,000	£2,558,212	213%
Type 6	Medium	Brownfield	9,870	4.00	£ 250,000	£ 1,000,000	£ 1,823,978	£ 823,978	82.40%	£ 725,278	73%				
Type 6	Low	Brownfield	9,870	4.00	£ 200,000	£ 800,000	£ 691,622	£ 1,491,622	-186.45%	£ -					
Type 6	Highest	Greenfield	9,870	4.00	£ 600,000	£ 2,400,000	£ 6,372,069	£ 3,972,069	165.50%	£ 3,379,869	141%	£ 128,000	£ 50,000	£3,201,869	133%
Type 6	High	Greenfield	9,870	4.00	£ 450,000	£ 1,800,000	£ 4,569,062	£ 2,769,062	153.84%	£ 2,472,962	137%	£ 128,000	£ 50,000	£2,294,962	127%
Type 6	Medium	Greenfield	9,870	4.00	£ 300,000	£ 1,200,000	£ 2,162,100	£ 962,100	80.18%	£ 863,400	72%				
Type 6	Low	Greenfield	9,870	4.00	£ 150,000	£ 600,000	£ 309,930	£ 909,930	-151.66%	£ -					

# APPENDIX F6c - TYPOLOGY 6 - 100 DWELLINGS 30% AFFORDABLE DWELLINGS

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 6	Highest	Brownfield	9,870	4.00	£ 350,000	£ 1,400,000	£ 5,516,818	£ 4,116,818	294.06%	VIABLE	£ 60	£ 592,200	£ 3,524,618	252%
Type 6	High	Brownfield	9,870	4.00	£ 300,000	£ 1,200,000	£ 3,807,172	£ 2,607,172	217.26%	VIABLE	£ 40	£ 394,800	£ 2,212,372	184%
Type 6	Medium	Brownfield	9,870	4.00	£ 250,000	£ 1,000,000	£ 1,524,035	£ 524,035	52.40%	VIABLE	£ 10	£ 98,700	£ 425,335	43%
Type 6	Highest	Greenfield	9,870	4.00	£ 600,000	£ 2,400,000	£ 5,824,495	£ 3,424,495	142.69%	VIABLE	£ 60	£ 592,200	£ 2,832,295	118%
Type 6	High	Greenfield	9,870	4.00	£ 450,000	£ 1,800,000	£ 4,115,078	£ 2,315,078	128.62%	VIABLE	£ 40	£ 394,800	£ 1,920,278	107%
Type 6	Medium	Greenfield	9,870	4.00	£ 300,000	£ 1,200,000	£ 1,833,008	£ 633,008	52.75%	VIABLE	£ 10	£ 98,700	£ 534,308	45%

**APPENDIX F6d - TYPOLOGY 6 - 100 DWELLINGS 15% AFFORDABLE DWELLINGS LOW COST DEVELOPER**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	CIL £psm	Total CIL	Adjusted Surplus	Surplus %	M4 (2) Cost	M4 (3) Cost	Adjusted surplus	Surplus %
Type 6	Medium	Brownfield	9,870	4.00	£ 250,000	£ 1,000,000	£ 3,160,269	£ 2,160,269	£ 10	£ 98,700	£ 2,061,569	206%	£128,000	£ 50,000	£ 1,883,569	188%
Type 6	Low	Brownfield	9,870	4.00	£ 200,000	£ 800,000	£ 742,435	-£ 57,565	£ -	£ -	£ -	-	£128,000	£ 50,000	£ 1,883,569	188%
Type 6	Medium	Greenfield	9,870	4.00	£ 300,000	£ 1,200,000	£ 3,484,823	£ 2,284,823	£ 10	£ 98,700	£ 2,186,123	182%	£128,000	£ 50,000	£ 2,008,123	167%
Type 6	Low	Greenfield	9,870	4.00	£ 150,000	£ 600,000	£ 1,085,535	£ 485,535	£ -	£ -	£ -	-	£128,000	£ 50,000	£ 2,008,123	167%

**APPENDIX F7a - TYPOLOGY 7 - 40 DWELLINGS SHELTERED ACCOMMODATION M4 (2)**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL rate psm	Total CIL	Adjusted surplus	Surplus % of BLV	M4 (2) cost	Adjusted surplus
Type 7	Highest	Brownfield	2,032	0.57	£ 350,000	£ 199,500	£ 873,183	£ 673,683	337.69%	VIABLE	£ 50	£ 101,600	£ 572,083	286.76%	£ 40,000	£ 532,083
Type 7	High	Brownfield	2,032	0.57	£ 300,000	£ 171,000	£ 391,028	£ 220,028	128.67%	VIABLE	£ 25	£ 50,800	£ 169,228	98.96%	£ 40,000	£ 129,228
Type 7	Medium	Brownfield	2,032	0.57	£ 250,000	£ 142,500	-£ 281,693	-£ 424,193	-297.68%	UNVIABLE						
Type 7	Low	Brownfield	2,032	0.57	£ 200,000	£ 114,000	-£ 977,323	-£ 1,091,323	-957.30%	UNVIABLE						
Type 7	Highest	Greenfield	2,032	0.57	£ 600,000	£ 342,000	£ 964,686	£ 622,686	182.07%	VIABLE	£ 50	£ 101,600	£ 521,086	152.36%	£ 40,000	£ 481,086
Type 7	High	Greenfield	2,032	0.57	£ 450,000	£ 482,532	£ 611,695	£ 129,163	26.77%	VIABLE	£ 25	£ 50,800	£ 78,363	16.24%	£ 40,000	£ 38,363
Type 7	Medium	Greenfield	2,032	0.57	£ 300,000	£ 171,000	-£ 183,116	-£ 354,116	-207.09%	UNVIABLE						
Type 7	Low	Greenfield	2,032	0.57	£ 150,000	£ 85,500	-£ 878,241	-£ 963,741	-1127.18%	UNVIABLE						

**APPENDIX F7b - TYPOLOGY 7 - 40 DWELLINGS SHELTERED ACCOMMODATION M4 (2)**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL rate psm	Total CIL	Adjusted surplus	Surplus % of BLV	M4 (2) cost	Adjusted surplus
Type 7	Highest	Brownfield	2,032	0.57	£ 350,000	£ 199,500	£ 873,183	£ 673,683	337.69%	VIABLE	£ 50	£ 101,600	£ 572,083	286.76%	£ 20,000	£ 552,083
Type 7	High	Brownfield	2,032	0.57	£ 300,000	£ 171,000	£ 391,028	£ 220,028	128.67%	VIABLE	£ 25	£ 50,800	£ 169,228	98.96%	£ 20,000	£ 149,228
Type 7	Medium	Brownfield	2,032	0.57	£ 250,000	£ 142,500	-£ 281,693	-£ 424,193	-297.68%	UNVIABLE						
Type 7	Low	Brownfield	2,032	0.57	£ 200,000	£ 114,000	-£ 977,323	-£ 1,091,323	-957.30%	UNVIABLE						
Type 7	Highest	Greenfield	2,032	0.57	£ 600,000	£ 342,000	£ 964,686	£ 622,686	182.07%	VIABLE	£ 50	£ 101,600	£ 521,086	152.36%	£ 20,000	£ 501,086
Type 7	High	Greenfield	2,032	0.57	£ 450,000	£ 482,532	£ 611,695	£ 129,163	26.77%	VIABLE	£ 25	£ 50,800	£ 78,363	16.24%	£ 20,000	£ 58,363
Type 7	Medium	Greenfield	2,032	0.57	£ 300,000	£ 171,000	-£ 183,116	-£ 354,116	-207.09%	UNVIABLE						
Type 7	Low	Greenfield	2,032	0.57	£ 150,000	£ 85,500	-£ 878,241	-£ 963,741	-1127.18%	UNVIABLE						

## **APPENDIX G**

<b>G4a</b>	<b>Typology 4</b>	<b>15 dwellings 5% Affordable Housing</b>
<b>G5b</b>	<b>Typology 5</b>	<b>50 dwellings 15% Affordable Housing</b>
<b>G6c</b>	<b>Typology 6</b>	<b>100 dwellings 30% Affordable Housing</b>

**APPENDIX G4a - TYPOLOGY 4 - 15 DWELLINGS 15% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	NDSS Residual Land Value	NDSS Base appraisal surplus	NDSS Surplus % of BLV	NDSS Viable?	Council Residual Land Value	Council Base appraisal surplus	Council Surplus % of BLV	Council Viable?
Type 4	Medium	Brownfield	1,492	0.65	£ 250,000	£ 162,500	£ 4,791	-£ 157,709	-97.05%	UNVIABLE	£ 5,591	-£ 156,909	-96.56%	UNVIABLE
Type 4	Low	Brownfield	1,492	0.65	£ 200,000	£ 130,000	-£ 413,081	-£ 543,081	-417.75%	UNVIABLE	-£ 415,347	-£ 545,347	-419.50%	UNVIABLE
Type 4	Medium	Greenfield	1,492	0.65	£ 300,000	£ 195,000	£ 74,899	-£ 120,101	-61.59%	UNVIABLE	£ 75,936	-£ 119,064	-61.06%	UNVIABLE
Type 4	Low	Greenfield	1,492	0.65	£ 150,000	£ 97,500	-£ 340,731	-£ 438,231	-449.47%	UNVIABLE	-£ 342,752	-£ 440,252	-451.54%	UNVIABLE

**APPENDIX G5b - TYPOLOGY 5 - 50 DWELLINGS 15% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)		BLV		NDSS Residual Land Value		NDSS Base appraisal surplus		NDSS Surplus % of BLV	NDSS Viable?	Council Residual Land Value		Council Base appraisal surplus		Council Surplus % of BLV	Council Viable?
Type 5	Medium	Brownfield	4,973	2.10	£	250,000	£	525,000	£	893,507	£	368,507	70.19%	VIABLE	£	902,390	£	377,390	71.88%	UNVIABLE
Type 5	Low	Brownfield	4,973	2.10	£	200,000	£	420,000	-£	379,020	-£	799,020	-190.24%	UNVIABLE	-£	379,637	-£	799,637	-190.39%	UNVIABLE
Type 5	Medium	Greenfield	4,973	2.10	£	300,000	£	630,000	£	1,070,733	£	440,733	69.96%	VIABLE	£	1,080,255	£	450,255	71.47%	UNVIABLE
Type 5	Low	Greenfield	4,973	2.10	£	150,000	£	315,000	-£	184,331	-£	499,331	-158.52%	UNVIABLE	-£	184,268	-£	499,268	-158.50%	UNVIABLE

**APPENDIX G6c - TYPOLOGY 6 - 100 DWELLINGS 30% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	NDSS Residual Land Value	NDSS Base appraisal surplus	NDSS Surplus % of BLV	NDSS Viable?	Council Residual Land Value	Council Base appraisal surplus	Council Surplus % of BLV	Council Viable?
Type 6	Highest	Brownfield	9,946	4.00	£ 350,000	£ 1,400,000	£ 5,516,818	£ 4,116,818	294.06%	Viable	£ 5,563,087	£ 4,163,087	297.36%	UNViable
Type 6	High	Brownfield	9,946	4.00	£ 300,000	£ 1,200,000	£ 3,807,172	£ 2,607,172	217.26%	Viable	£ 3,840,280	£ 2,640,280	220.02%	UNViable
Type 6	Highest	Greenfield	9,946	4.00	£ 600,000	£ 2,400,000	£ 5,824,495	£ 3,424,495	142.69%	Viable	£ 5,871,793	£ 3,471,793	144.66%	UNViable
Type 6	High	Greenfield	9,946	4.00	£ 450,000	£ 1,800,000	£ 4,115,078	£ 2,315,078	128.62%	Viable	£ 4,149,216	£ 2,349,216	130.51%	UNViable

## **APPENDIX H**

<b>H4c</b>	<b>Typology 4</b>	<b>15 dwellings 30% Affordable Housing</b>
<b>H5c</b>	<b>Typology 5</b>	<b>50 dwellings 30% Affordable Housing</b>
<b>H6c</b>	<b>Typology 6</b>	<b>100 dwellings 30% Affordable Housing</b>

**APPENDIX H4c - TYPOLOGY 4 - 15 DWELLINGS 30% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 4	Highest	Brownfield	1,481	0.65	£ 350,000	£ 227,500	£ 519,794	£ 292,294	128.48%	VIABLE	£ 50	£ 74,050	£ 218,244	96%
Type 4	High	Brownfield	1,481	0.65	£ 300,000	£ 195,000	£ 261,063	£ 66,063	33.88%	VIABLE	£ 20	£ 29,620	£ 36,443	19%
Type 4	Highest	Greenfield	1,481	0.65	£ 600,000	£ 390,000	£ 577,214	£ 187,214	48.00%	VIABLE	£ 50	£ 74,050	£ 113,164	29%
Type 4	High	Greenfield	1,481	0.65	£ 450,000	£ 292,500	£ 318,481	£ 25,981	8.88%	VIABLE	£ 20	£ 29,620	-£ 3,639	-1%

**APPENDIX H5c - TYPOLOGY 5 - 50 DWELLINGS 30% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)		BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %				
Type 5	Highest	Brownfield	4,935	2.10	£	350,000	£	735,000	£	1,816,350	247.12%	VIABLE	£	60	£	296,100	£	1,520,250	207%
Type 5	High	Brownfield	4,935	2.10	£	300,000	£	630,000	£	1,713,375	171.96%	VIABLE	£	40	£	197,400	£	885,975	141%
Type 5	Highest	Greenfield	4,935	2.10	£	600,000	£	1,260,000	£	2,704,704	114.66%	VIABLE	£	60	£	296,100	£	1,148,604	91%
Type 5	High	Greenfield	4,935	2.10	£	450,000	£	945,000	£	1,866,729	97.54%	VIABLE	£	40	£	197,400	£	724,329	77%

**APPENDIX H6c - TYPOLOGY 6 - 100 DWELLINGS 30% AFFORDABLE DWELLINGS**

Site Type	Value Area	Land	Total sq m	Gross (Ha)	BLV (£ per gross Ha)	BLV	Residual Land Value	Base appraisal surplus	Surplus % of BLV	Viable?	CIL £psm	Total CIL	Adjusted Surplus	Surplus %
Type 6	Highest	Brownfield	9,870	4.00	£ 350,000	£ 1,400,000	£ 5,158,313	£ 3,758,313	268.45%	VIABLE	£ 60	£ 592,200	£ 3,166,113	226%
Type 6	High	Brownfield	9,870	4.00	£ 300,000	£ 1,200,000	£ 3,512,506	£ 2,312,506	192.71%	VIABLE	£ 40	£ 394,800	£ 1,917,706	160%
Type 6	Highest	Greenfield	9,870	4.00	£ 600,000	£ 2,400,000	£ 5,446,731	£ 3,046,731	126.95%	VIABLE	£ 60	£ 592,200	£ 2,454,531	102%
Type 6	High	Greenfield	9,870	4.00	£ 450,000	£ 1,800,000	£ 3,801,085	£ 2,001,085	111.17%	VIABLE	£ 40	£ 394,800	£ 1,606,285	89%

## **APPENDIX I**

**IA Residential Site Specific Report**

**IB Whytrig Middle School, Seaton Delaval Development Appraisal**

**IC Telephone Exchange, Hexham Development Appraisal**

**ID Land West of Park Road, Haltwhistle Development Appraisal**

**IE Former Coal Yard, Berwick upon Tweed Development Appraisal**

**IF Land east of Broad Road, Seahouses Development Appraisal**

---

## Appendix Ia: Site Specific Viability Testing – Northumberland Local Plan and CIL Viability Testing

---

**Completed on behalf of Northumberland County Council**



**November 2018**

**CP Viability Ltd**



## **1 INTRODUCTION**

- 1.1. In March 2018 CP Viability Ltd ('CPV') was instructed by Northumberland County Council ('the Council') to undertake a Local Plan and CIL viability assessment.
- 1.2. Since this time the revised National Planning Policy Framework ('NPPF') has been published (July 2018), as well as the Planning Practice Guidance ('PPG') on viability (also July 2018). The new national guidance sets out clearly that when assessing viability it is not a requirement to test every individual site which is likely to come forward during the plan period, as this is not practical or economical. Instead, the guidance advocates the use of site typologies as a means of testing general plan policy viability, an approach which has been adopted in our wider assessment.
- 1.3. However, the guidance recognises that some limited site-specific testing may be useful as supporting evidence when reaching conclusions on plan viability. In this regard, the Council has advised that Northumberland has a significant number of committed development sites including some large strategic schemes. The plan does not therefore comprise strategic scale allocations as part of the plan delivery. However, the plan does include a number of housing site allocations, which can be used to form a sample of specific sites for viability testing.
- 1.4. Within this context, the Council has instructed CPV to undertake viability testing of a sample of housing allocation sites. Following discussions on the appropriate sample we have been instructed to test the following (which are considered to provide a reasonable reflection of the type of sites likely to come forward):

- Whytrig Community Middle School, Seaton Delaval 25 to 35 units
- Telephone Exchange, Hexham circa 19 units
- Land west of Park Rd, Haltwhistle 50 to 65 units
- Former Coal Yard, Tweedmouth, Berwick upon Tweed 60 to 80 units
- Land east of Broad Rd, Seahouses 80 to 100 units

- 1.5. The Council requires a detailed viability assessment, taking into account the specific circumstances of each site. That said, it is recognised that full scheme information may not be known at this stage and where this is the case we have looked to form assumptions based on our own experience. However, these assessments are also to be consistent with the methodology and the broad assumptions of the previous Local Plan and CIL viability assessment, which we have taken into account when forming judgments.
- 1.6. In accordance with the RICS, prior to accepting this instruction we can confirm that we undertook a conflict of interest check. Having undertaken this review we are unaware of any conflict of interest that prevents CP Viability from undertaking this instruction. If, at a later date, a conflict is identified we will notify all parties to discuss how this should be managed.
- 1.7. We have assessed the viability of each scheme as at November 2018.
- 1.8. All 5 sites were inspected (externally only where there were buildings in situ) on the 5<sup>th</sup> November 2018.
- 1.9. In accordance with the RICS Guidance on Viability (Guidance Note 1, 2012), our appraisal assumes a hypothetical landowner and a hypothetical developer. The intention of a viability assessment is therefore to identify the approach a 'typical' or 'average' developer / landowner would take to delivering the site for development. A viability assessment does not therefore seek to reflect the specific circumstances of any particular body (whether landowner or developer).

- 1.10. For each site, the Council has provided a housing allocation reference number, site plan, a gross area and estimated number of dwellings.
- 1.11. The appraisals have been completed using the ARGUS Developer toolkit, an industry leader for modelling development cash flows. The individual appraisals are appended to this report.
- 1.12. For our initial viability appraisal testing we have looked to apply the Council's full policy provisions. If a scheme is shown to be unviable with the full policy provision, we have then looked to adjust the level of affordable housing and re-run the appraisal, on an iterative basis, up until the scheme reaches a point deemed to be viable and deliverable (if possible).
- 1.13. This report reflects the independent views of CP Viability, based on the research undertaken, the evidence identified and the experience of the analysing surveyor. For ease of reference, we have commented on each site individually.

## 2. 9507 - Whytrig Community Middle School, Western Av, Seaton Delaval



### 2.1. Property Description

2.1.1. Seaton Delaval is a village located around 10 miles to the north east of Newcastle, 5 miles north west of Whitley Bay and 5 miles south east of Cramlington. The main road access is via the A192, although the main trunk roads of A189 and A19 are also within easy access. The site itself is situated towards to north western edge of the village. There are various established residential dwellings to the north, east and south. The western boundary fronts onto undeveloped greenfields.

2.1.2. According to the Zoopla Zed-Index, Seaton Delaval has a current average value of £153,857. The average for Northumberland is currently £193,974. Seaton Delaval can therefore be regarded as a below value location, within the context of the wider County. This is consistent with the findings of the Local Plan and CIL viability study, which allocated Seaton Delaval as a 'low' value settlement for the County.

2.1.3. The land comprises part a former school and playground which has since been demolished and the site largely cleared, albeit there remains a variety of concrete slabs / foundations at ground floor level and below, as well as tarmac covered areas. We also noted some low-level vegetation and a small number of trees on site to the northern part of the site.

2.1.4. The site itself is broadly rectangular in shape and generally level throughout. We understand the site extends to circa 0.93 Ha (0.84 acres), on a gross basis.

## 2.2. General scheme assumptions

2.2.1. The Council has estimated a total yield of between 25 and 35 residential dwellings.

2.2.2. Firstly, with regard to gross to net density, in the Local Plan and CIL viability assessment schemes with a gross area of between 0.4 and 2Ha were assumed to have a gross to net ration of 83%. This is consistent with 2 recent viability assessments we have been involved with in Milfield (30 dwellings) and Cornhill-on-Tweed (23 dwellings), both of which comprised cleared, former school sites. For consistency, we have subsequently adopted a gross to net ratio of 83% in our testing.

2.2.3. Secondly, with regard to dwellings per net Ha, the Local Plan and CIL viability study hypothetical appraisals refer to 27 dwellings per net Ha for a scheme of 15 dwellings, increasing to 35 dwellings per net Ha for a scheme of 50 or more units. The subject site therefore falls in between these two typologies. However, the Milfield and Cornhill-on-Tweed sites referred to above both showed densities equivalent to circa 35 dwellings per net Ha. In light of this, we consider it appropriate to apply 35 dwellings per net Ha to the subject site.

2.2.4. Based on a gross to net ratio of 83% and a density of circa 35 dwellings per net Ha, we have therefore assumed a yield of 28 dwellings at the subject site.

2.2.5. We have not been provided with, or are aware of, any detailed scheme in relation to the site, although the Council has confirmed that it owns the site and that it is available for disposal and redevelopment. We have therefore made assumptions regarding the scheme for the purposes of the viability testing.

2.2.6. With regards to dwellings sizes, the Council is currently considering introducing a requirement for residential development to meet the minimum standards set out in the Nationally Described Space Standards ('NDSS'). The Local Plan and CIL viability study factored this into the modelling. For the purposes of this assessment we therefore consider it appropriate to adopt the same approach. The minimum dwelling sizes identified in the Local Plan and CIL study which impact on the subject site are as follows:

2 bed house	-	74.50 sq m
3 bed house	-	96.00 sq m
4 bed house	-	113.50 sq m

2.2.7. As for dwelling mix, the Local Plan and CIL viability study adopts the following:

2 bed house	-	20%
3 bed house	-	40%
4 bed house	-	40%

2.2.8. However, the evidence from the Milfield and Cornhill-on-Tweed sites referred to above is that, in a lower market area, there would be a higher proportion of 2 bed (at least 30%) and 3 bed (at least 60%). For this reason we have adjusted the housing mix to the following:

2 bed house	-	9	(32.14%)
3 bed house	-	16	(57.14%)
4 bed house	-	3	(10.71%)

2.2.9. Based on the above assumptions, the overall density equates to 3,300 sq m per net Ha. This is considered to be reasonable and in line with the Local Plan and CIL Viability testing.

### 2.3. Gross Development Value (sales revenue)

2.3.1. As indicated above, in the Local Plan Viability testing this location is categorised as being in a 'low' value area for Northumberland. The average sales values adopted in this study for this area equates to £1,700 per sq m.

2.3.2. The most relevant transactional evidence identified from new build housing in Seaton Delaval are the following:

**Miller Homes, Wheatfields** – around 1mile to the north east of the subject site, on the outer edge of Seaton Delaval, the northern side of the scheme facing onto open fields. Whilst further away from the main amenities associated with Seaton Delaval, this is likely to attract a premium compared to the subject site owing to its semi-rural outlook (in part).

**Bellway, Phase 2 Wheatridge Park** – around 0.5 miles to the north the subject site, on the outer edge of Seaton Delaval, adjacent to a railway line again with part of the scheme facing onto open fields. Whilst further away from the main amenities associated with Seaton Delaval, this may attract a premium compared to the subject site owing to its semi-rural outlook (in part).

2.3.3. The values shown on the Land Registry for each are as follows:

Miller Homes - Wheatfields		Pcode	Price	Sq m	£ psm	Date	Type
36 AMBRIDGE WAY	SEATON DELAVAL	NE25 0PY	£ 202,950	89	£ 2,280	24/03/2016	Detached
46 AMBRIDGE WAY	SEATON DELAVAL	NE25 0PY	£ 202,950	89	£ 2,280	03/06/2016	Detached
1 WASHINGTON GROVE	SEATON DELAVAL	NE25 0PQ	£ 205,450	89	£ 2,308	16/12/2016	Detached
2 WASHINGTON GROVE	SEATON DELAVAL	NE25 0PQ	£ 205,450	89	£ 2,308	16/12/2016	Detached
4 FRANKLIN DRIVE	SEATON DELAVAL	NE25 0QU	£ 205,450	89	£ 2,308	24/03/2017	Detached
11 AMBRIDGE WAY	SEATON DELAVAL	NE25 0PY	£ 216,750	102	£ 2,125	27/05/2016	Detached
36 JEFFERSON GROVE	SEATON DELAVAL	NE25 0QE	£ 234,950	102	£ 2,303	09/09/2016	Detached
		<b>Average</b>	<b>£ 210,564</b>	<b>93</b>	<b>£ 2,273</b>		
8 DELAVAL COURT	SEATON DELAVAL	NE25 0QX	£ 225,000	112	£ 2,009	13/09/2017	Detached
8 FRANKLIN DRIVE	SEATON DELAVAL	NE25 0QU	£ 257,950	114	£ 2,263	12/05/2017	Detached
16 FRANKLIN DRIVE	SEATON DELAVAL	NE25 0QU	£ 257,950	114	£ 2,263	04/08/2017	Detached
50 AMBRIDGE WAY	SEATON DELAVAL	NE25 0PY	£ 249,950	115	£ 2,173	24/06/2016	Detached
58 AMBRIDGE WAY	SEATON DELAVAL	NE25 0PY	£ 254,950	117	£ 2,179	19/08/2016	Detached
60 AMBRIDGE WAY	SEATON DELAVAL	NE25 0PY	£ 265,950	117	£ 2,273	08/09/2017	Detached
		<b>Average</b>	<b>£ 251,958</b>	<b>115</b>	<b>£ 2,193</b>		
3 DELAVAL COURT	SEATON DELAVAL	NE25 0QX	£ 160,000	75	£ 2,133	24/06/2016	Semi
34 AMBRIDGE WAY	SEATON DELAVAL	NE25 0PY	£ 159,950	76	£ 2,105	26/02/2016	Semi
38 AMBRIDGE WAY	SEATON DELAVAL	NE25 0PY	£ 162,950	76	£ 2,144	24/03/2016	Semi
44 AMBRIDGE WAY	SEATON DELAVAL	NE25 0PY	£ 164,950	76	£ 2,170	20/05/2016	Semi
56 AMBRIDGE WAY	SEATON DELAVAL	NE25 0PY	£ 165,950	76	£ 2,184	12/08/2016	Semi
35 JEFFERSON GROVE	SEATON DELAVAL	NE25 0QE	£ 164,950	76	£ 2,170	02/09/2016	Semi
34 JEFFERSON GROVE	SEATON DELAVAL	NE25 0QE	£ 164,950	76	£ 2,170	23/09/2016	Semi
4 JEFFERSON GROVE	SEATON DELAVAL	NE25 0QE	£ 166,950	76	£ 2,197	23/06/2017	Semi
1 JEFFERSON GROVE	SEATON DELAVAL	NE25 0QE	£ 166,950	76	£ 2,197	30/06/2017	Semi
2 JEFFERSON GROVE	SEATON DELAVAL	NE25 0QE	£ 166,950	76	£ 2,197	30/06/2017	Semi
3 JEFFERSON GROVE	SEATON DELAVAL	NE25 0QE	£ 169,051	76	£ 2,224	30/06/2017	Semi
32 AMBRIDGE WAY	SEATON DELAVAL	NE25 0PY	£ 179,950	83	£ 2,168	24/03/2016	Semi
4 WASHINGTON GROVE	SEATON DELAVAL	NE25 0PQ	£ 183,950	83	£ 2,216	18/11/2016	Semi
		<b>Average</b>	<b>£ 167,500</b>	<b>77</b>	<b>£ 2,175</b>		

Bellway - Ph2 Wheatridge Park		Pcode	Price	Sq m	£ psm	Date	Type
8 CHIRDON WAY	SEATON DELAVAL	NE25 0FP	£ 189,995	89	£ 2,135	29/01/2016	Detached
34 RIDGE END DRIVE	SEATON DELAVAL	NE25 0FR	£ 189,995	89	£ 2,135	26/02/2016	Detached
		<b>Average</b>	<b>£ 189,995</b>	<b>89</b>	<b>£ 2,135</b>		
7 CHIRDON WAY	SEATON DELAVAL	NE25 0FP	£ 199,995	110	£ 1,818	22/01/2016	Detached
36 RIDGE END DRIVE	SEATON DELAVAL	NE25 0FR	£ 241,995	117	£ 2,068	26/02/2016	Detached
5 CHIRDON WAY	SEATON DELAVAL	NE25 0FP	£ 241,995	117	£ 2,068	27/05/2016	Detached
		<b>Average</b>	<b>£ 227,995</b>	<b>115</b>	<b>£ 1,985</b>		
11 CHIRDON WAY	SEATON DELAVAL	NE25 0FP	£ 184,995	110	£ 1,682	28/01/2016	Semi
10 CHIRDON WAY	SEATON DELAVAL	NE25 0FP	£ 186,995	110	£ 1,700	29/01/2016	Semi
1 AKENSHAW DRIVE	SEATON DELAVAL	NE25 0FN	£ 184,995	110	£ 1,682	06/05/2016	Semi
3 AKENSHAW DRIVE	SEATON DELAVAL	NE25 0FN	£ 184,995	110	£ 1,682	26/05/2016	Semi
5 AKENSHAW DRIVE	SEATON DELAVAL	NE25 0FN	£ 186,995	110	£ 1,700	27/05/2016	Semi
7 AKENSHAW DRIVE	SEATON DELAVAL	NE25 0FN	£ 191,795	110	£ 1,744	27/05/2016	Semi
		<b>Average</b>	<b>£ 186,795</b>	<b>110</b>	<b>£ 1,698</b>		

2.3.4. For the Miller Homes scheme, values are typically in the region of £2,100 to £2,300 per sq m. For the Bellway scheme, this reduces to around £2,000 to £2,100 per sq m for detached dwellings and £1,700 per sq m for large semi-detached units.

2.3.5. It is noted that the above sales took place in 2016 and 2017, therefore adjustments should be made for revenue inflation since this time. Adjustments also need to be made to reflect other factors such as location (with the above evidence likely to carry a premium over the subject site), size of dwelling, type of dwelling etc.

2.3.6. Having considered the above we consider an average rate of £1,900 per sq m to be reasonable given the specific location of the site.

2.3.7. For the affordable dwellings, we have assumed a circa 20% provision, split broadly 50/50 between affordable rented and shared ownership.

2.3.8. For the affordable rented units we have assumed the transfer price would equate to 50% of the equivalent market value. For the intermediate / shared ownership units we have assumed the transfer price would equate to 67.5% of the equivalent market value.

## 2.4. Gross Development Cost (outgoings to implement the development)

2.4.1. We consider the Build Cost Information Service ("BCIS") of the RICS to be an appropriate database for benchmarking build costs. The BCIS rate includes the construction of each dwelling, including a contractor's overhead. However, it excludes external costs, contingency allowance and abnormal works.

- 2.4.2. In this case the lower quartile rate is deemed appropriate, which is currently £1,022 per sq m.
- 2.4.3. To cover externals, we have adopted an additional 15% of the basic build cost. For contingency we have allowed a further 3% (based on the BCIS cost plus the external works). Both are considered to be in line our experience in the market place for a scheme of this nature and also the Local Plan Viability Testing.
- 2.4.4. At this stage the full extent of any abnormal costs are unknown. For abnormals, we have allowed a spot figure of £25,000 to cover removal of the existing slabs and previous foundations. This is considered to be a reasonable estimate at this stage.
- 2.4.5. However, it is stressed that the PPG (July 2018) on viability states that abnormals should be reflected in the benchmark land value ('BLV'), therefore if abnormals increase the BLV should be broadly decrease at a proportional rate and vice versa. The impact of identifying abnormals at a later date may not therefore change the viability outcome of the scheme.
- 2.4.6. The Council is also considering introducing a policy in relation to Building Regulations M4 (2) and M4 (3) enhanced accessibility standards. For M4 (2), this is to apply to 50% of the market value and 90% of the affordable dwellings. The Local Plan and CIL Viability testing calculates this cost at being equivalent to £2,000 per dwelling.
- 2.4.7. For M4 (3)a, the emerging policy is for this to apply to 25% of the affordable dwellings. The Local Plan and CIL Viability testing calculates the costs at being equivalent to circa £10,000 per dwelling.

- 2.4.8. For professional fees we have allowed 6% of the build costs / external works, which is again considered to be appropriate for the size and nature of the scheme, in line with Local Plan Viability testing.
- 2.4.9. For policy contributions, the actual likely costs associated with the scheme are not, at this moment known (and would only be accurately calculated in the event of a detailed scheme coming forward). For the purposes of this exercise we have subsequently followed the Local Plan and CIL viability testing and adopted an average charge equivalent to £1,500 per dwelling.
- 2.4.10. For CIL, sites located in a low value area were recommended as having a nil CIL charge. We have applied this approach to our testing.
- 2.4.11. For marketing / disposal costs, we have allowed 3% of sales revenue, plus £600 per dwelling legal fees (reducing to £300 per dwelling for the affordable units). This is in line with the Local Plan and CIL viability testing.
- 2.4.12. For finance we have assumed a 6.5% debit rate, plus a 3% credit, in line with the Local Plan and CIL viability testing.
- 2.4.13. As for profit, in the Local Plan and CIL viability testing a range of 15% to 20% on revenue is discussed (a range which is also referred to in the PPG on viability). In our experience sites of this scale (between 10 and 50 dwellings) typically attract lower percentage profit margins. As referred to in the Local Plan and CIL viability testing, our in-house database of individual cases suggests profit margins are in the region of 17.5% for market value dwellings.

- 2.4.14. The study, though, concludes that a rate of 20% applied to the market value revenue and 6% applied to the affordable revenue is reasonable for the purposes of assessing typologies (albeit acknowledging that this is, if anything, on the high side for certain types of sites). For the purposes of this exercise we have adopted the same approach.
- 2.4.15. In terms of the benchmark land value, the PPG July 2018 publication on viability is clear that this should be calculated based on Existing Use Value ('EUUV') plus a premium. It is also clear that the calculation should exclude hope value.
- 2.4.16. The subject site comprises a former school, therefore it can be regarded as being largely redundant for this use. There would therefore be limited market to take on this land as an existing use. On this basis, the existing use value would be relatively modest and perhaps in the order to £150,000 to £300,000 per Ha.
- 2.4.17. In terms of a premium uplift (designed to encourage a landowner to release for development) this would also be relatively modest as the existing use is effectively redundant therefore an alternative use would be in the interests of the landowner. A premium uplift of 5% to 10% is therefore considered to be more than reasonable for this type of land. Having considered this, we consider a BLV of say £200,000 to be realistic based on the existing use value of the site, without any allowance for hope value (as per the approach advocated in the PPG viability July 2018 publication).
- 2.4.18. Based on the above inputs we have run a policy compliant ARGUS appraisal based on a sales rate of circa 2.5 per calendar month.
- 2.4.19. Our initial appraisal based on a circa 20% affordable housing provision shows that, based on the above inputs, the scheme returns a residual land value of £38,902. This is below the benchmark land value of £200,000, therefore is regarded as being unviable.

2.4.20. We have subsequently re-run our appraisal (attached appendix Ib), reducing the affordable housing provision to 10% and assuming that all of these would be provided affordable home ownership units. This generates a residual land value of £242,784. This is therefore above the benchmark land value and as such can be regarded as being viable. For clarity, this scenario is shown to be viable with the following assumptions:

- NDSS applied.
- M4(2) standard applied to 50% of the market value units and 90% of the affordable units.
- M4(3)a standard applied to 25% of the affordable units.
- S106 costs at an average of £1,500 per unit.
- Nil CIL charge.
- 10% affordable housing provision, all provided as affordable home ownership.

### 3. 2615/2616 – Telephone Exchange, Gaprigg, Hexham



#### 3.1. Property Description

3.1.1. Hexham is a market town located around 22 miles to the west of Newcastle, situated broadly in between the North Pennines and Northumberland National Park and to the south of the River Tyne. The main road access is via the A69. The site itself is situated within the town centre and short walking distance from the main high street. This is an elevated position which looks down (to the north) towards the centre of the town. The immediate vicinity comprises residential dwellings.

3.1.2. According to the Zoopla Zed-Index, Hexham has a current average value of £275,674. The average for Northumberland is currently £193,974. Seaton Delaval can therefore be regarded as a below value location, within the context of the wider County. This is consistent with the findings of the Local Plan and CIL viability study, which allocated Seaton Delaval as a 'high' value area for the County.

3.1.3. The site comprises a BT telephone exchange facility, which is described on the business rates list as a “communication station and premises”. Externally, this appears as 3 / 4 storey office building. We understand this is current still occupied.

3.1.4. The site itself is shown as 2 separate parcels within the Councils allocations map, however for the purposes of this assessment we have assessed this as a single site. The land is broadly rectangular in shape and slopes generally for south to north. We understand the site extends to circa 0.51 Ha (1.26 acres), on a gross basis.

### 3.2. General scheme assumptions

3.2.1. The Council has estimated a total yield of circa 19 dwellings.

3.2.2. Firstly, with regard to gross to net density, in the Local Plan and CIL viability assessment schemes with a gross area of between 0.4 and 2Ha were assumed to have a gross to net ratio of 83%. However, we note in the Council’s SHLAA details a 100% gross to net ratio is allowed. Based upon our inspection this is considered to be reasonable.

3.2.3. Secondly, with regard to dwellings per net Ha, the Local Plan and CIL viability study hypothetical appraisals refer to 27 dwellings per net Ha for a scheme of 15 dwellings, increasing to 35 dwellings per net Ha for a scheme of 50 or more units. Given the sites location close to the town centre we believe the higher end of this density is appropriate (i.e. 35 dwellings per net Ha).

3.2.4. Based on a gross to net ratio of 100% and a density of circa 35 dwellings per net Ha, we have therefore assumed a yield of 18 dwellings at the subject site.

3.2.5. We have not been provided with, or are aware of, any detailed scheme in relation to the site. We have therefore made assumptions regarding the scheme for the purposes of the viability testing.

3.2.6. With regards to dwellings sizes, the Council is currently considering introducing a requirement for residential development to meet the minimum standards set out in the Nationally Described Space Standards ('NDSS'). The Local Plan and CIL viability study factored this into the modelling. For the purposes of this assessment we therefore consider it appropriate to adopt the same approach. The minimum dwelling sizes identified in the Local Plan and CIL study which impact on the subject site are as follows:

2 bed house	-	74.50 sq m
3 bed house	-	96.00 sq m
4 bed house	-	113.50 sq m

3.2.7. As for dwelling mix, the Local Plan and CIL viability study adopts the following:

2 bed house	-	20%
3 bed house	-	40%
4 bed house	-	40%

3.2.8. We have applied the same in our appraisal testing.

3.2.9. Based on the above assumptions, the overall density equates to 3,500 sq m per net Ha. This is considered to be reasonable for a town centre location such as this and in line with the Local Plan and CIL Viability testing.

### 3.3. Gross Development Value (sales revenue)

3.3.1. As indicated above, in the Local Plan Viability testing this location is categorised as being in a 'high' value area for Northumberland. The average sales values adopted in this study for this area equates to £2,500 per sq m.

3.3.2. The most relevant transactional evidence identified from new build housing in Hexham are the following:

**Trivselhus by Esh, Hexham Gate** – around 1.5 miles to the east of the subject site, on the eastern outer edge of Hexham. This comprises a scheme of 16 dwellings, built in a Scandinavian style with high energy saving technology.

Hexham Gate, Trivselhus			Pcode	Sq m	£psm	Price	Date	Type
6	PARK WELL	HEXHAM	NE46 1AQ	144	£ 2,951	£ 425,000	16/12/2016	Detached
7	PARK WELL	HEXHAM	NE46 1AQ	144	£ 2,951	£ 425,000	28/04/2017	Detached
				<b>Av</b>	<b>£ 2,951</b>			
9	PARK WELL	HEXHAM	NE46 1AQ	165	£ 2,818	£ 465,000	12/05/2017	Detached
10	PARK WELL	HEXHAM	NE46 1AQ	165	£ 2,818	£ 465,000	19/05/2017	Detached
				<b>Av</b>	<b>£ 2,818</b>			
3	PARK WELL	HEXHAM	NE46 1AQ	185	£ 2,838	£ 525,000	24/02/2017	Detached
14	PARK WELL	HEXHAM	NE46 1AQ	185	£ 2,838	£ 525,000	13/07/2017	Detached
				<b>Av</b>	<b>£ 2,838</b>			
5	PARK WELL	HEXHAM	NE46 1AQ	198	£ 2,677	£ 530,000	07/07/2017	Detached
8	PARK WELL	HEXHAM	NE46 1AQ	198	£ 2,702	£ 535,000	30/11/2017	Detached
11	PARK WELL	HEXHAM	NE46 1AQ	198	£ 2,702	£ 535,000	01/12/2017	Detached
13	PARK WELL	HEXHAM	NE46 1AQ	198	£ 2,677	£ 530,000	17/07/2017	Detached
15	PARK WELL	HEXHAM	NE46 1AQ	198	£ 2,677	£ 530,000	30/03/2017	Detached
				<b>Av</b>	<b>£ 2,687</b>			
1	PARK WELL	HEXHAM	NE46 1AQ	206	£ 2,743	£ 565,000	29/09/2017	Detached
2	PARK WELL	HEXHAM	NE46 1AQ	206	£ 2,718	£ 560,000	28/04/2017	Detached
4	PARK WELL	HEXHAM	NE46 1AQ	206	£ 2,743	£ 565,000	09/10/2017	Detached
12	PARK WELL	HEXHAM	NE46 1AQ	206	£ 2,767	£ 570,000	31/10/2017	Detached
16	PARK WELL	HEXHAM	NE46 1AQ	206	£ 2,718	£ 560,000	13/10/2017	Detached
				<b>Av</b>	<b>£ 2,738</b>			

**David Wilson Homes, Woodland Rise** – around 1.25 miles to the east of the subject site, on the eastern outer edge of Hexham.

David Wilson Homes Woodland Rise				Pcode	Sq m	£psm	Price	Date	Type
11	LAUREL ROAD	WOODLAND RISE	HEXHAM	NE46 1UQ	92	£ 2,826	£ 259,995	23/06/2017	Detached
15	HORNBEAM CRESCENT	WOODLAND RISE	HEXHAM	NE46 1WJ	92	£ 2,880	£ 264,995	22/12/2017	Detached
					<b>Av</b>	<b>£ 2,853</b>			
1	HORNBEAM CRESCENT	WOODLAND RISE	HEXHAM	NE46 1WJ	115	£ 2,861	£ 329,000	02/06/2017	Detached
17	LAUREL ROAD	WOODLAND RISE	HEXHAM	NE46 1UQ	115	£ 3,000	£ 344,995	28/06/2017	Detached
22	LAUREL ROAD	WOODLAND RISE	HEXHAM	NE46 1UQ	115	£ 2,870	£ 329,995	01/09/2017	Detached
					<b>Av</b>	<b>£ 2,910</b>			
19	LAUREL ROAD	WOODLAND RISE	HEXHAM	NE46 1UQ	124	£ 2,460	£ 305,000	14/12/2017	Detached
18	LAUREL ROAD	WOODLAND RISE	HEXHAM	NE46 1UQ	124	£ 2,702	£ 335,000	21/12/2017	Detached
16	LAUREL ROAD	WOODLAND RISE	HEXHAM	NE46 1UQ	124	£ 2,702	£ 334,995	22/12/2017	Detached
26	LAUREL ROAD	WOODLAND RISE	HEXHAM	NE46 1UQ	124	£ 2,661	£ 329,995	12/03/2018	Detached
10	LAUREL ROAD	WOODLAND RISE	HEXHAM	NE46 1UQ	124	£ 2,661	£ 329,995	20/04/2018	Detached
					<b>Av</b>	<b>£ 2,637</b>			
2	LAUREL ROAD	WOODLAND RISE	HEXHAM	NE46 1UQ	127	£ 2,874	£ 364,995	18/05/2017	Detached
7	LAUREL ROAD	WOODLAND RISE	HEXHAM	NE46 1UQ	127	£ 2,874	£ 364,995	05/06/2017	Detached
1	BLACKTHORN CLOSE	WOODLAND RISE	HEXHAM	NE46 1UX	127	£ 2,913	£ 369,995	03/11/2017	Detached
23	HORNBEAM CRESCENT	WOODLAND RISE	HEXHAM	NE46 1WJ	127	£ 2,894	£ 367,500	16/03/2018	Detached
					<b>Av</b>	<b>£ 2,889</b>			
28	LAUREL ROAD	WOODLAND RISE	HEXHAM	NE46 1UQ	129	£ 2,426	£ 313,000	15/12/2017	Detached
20	LAUREL ROAD	WOODLAND RISE	HEXHAM	NE46 1UQ	129	£ 2,326	£ 300,000	21/12/2017	Detached
					<b>Av</b>	<b>£ 2,376</b>			
17	HORNBEAM CRESCENT	WOODLAND RISE	HEXHAM	NE46 1WJ	133	£ 2,970	£ 394,995	22/12/2017	Detached
4	LAUREL ROAD	WOODLAND RISE	HEXHAM	NE46 1UQ	143	£ 2,797	£ 399,995	05/05/2017	Detached
3	HORNBEAM CRESCENT	WOODLAND RISE	HEXHAM	NE46 1WJ	143	£ 2,657	£ 379,995	29/06/2017	Detached
9	LAUREL ROAD	WOODLAND RISE	HEXHAM	NE46 1UQ	166	£ 2,861	£ 474,995	28/06/2017	Detached
6	BRAMBLE GARDENS	WOODLAND RISE	HEXHAM	NE46 1WH	166	£ 2,861	£ 474,995	19/03/2018	Detached
14	LAUREL ROAD	WOODLAND RISE	HEXHAM	NE46 1UQ	220	£ 2,659	£ 584,995	30/06/2017	Detached
8	LAUREL ROAD	WOODLAND RISE	HEXHAM	NE46 1UQ	220	£ 2,386	£ 525,000	30/11/2017	Detached
					<b>Av</b>	<b>£ 2,742</b>			

3.3.3. Both schemes show values in excess of £2,500 per sq m (with values as high as £3,000 per sq m recorded in some cases).

3.3.4. Having considered the above and given the site's location close to the town centre (which we anticipate would be attractive to purchasers) we consider an average rate of £2,800 per sq m to be reasonable for the purposes of the viability testing.

3.3.5. For the affordable dwellings, we have assumed a circa 15% provision, split broadly 50/50 between affordable rented and shared ownership.

3.3.6. For the affordable rented units, given the high associated sales values, we have adjusted the transfer price to 40% of the equivalent market value. For the intermediate / shared ownership units we have assumed the transfer price would equate to 65% of the equivalent market value.

#### 3.4. Gross Development Cost (outgoings to implement the development)

3.4.1. We consider the Build Cost Information Service ("BCIS") of the RICS to be an appropriate database for benchmarking build costs. The BCIS rate includes the construction of each dwelling, including a contractor's overhead. However, it excludes external costs, contingency allowance and abnormal works.

3.4.2. In this case, taking into account the high value nature of the location, we would expect the product specification to be enhanced when compared against (for example) the Seaton Delaval scheme discussed above. For this reason, we deem the median rate to be appropriate, which is currently £1,155 per sq m.

3.4.3. To cover externals, we have adopted an additional 15% of the basic build cost. For contingency we have allowed a further 5% (based on the BCIS cost plus the external works). Both are considered to be in line our experience in the market place for a scheme of this nature and also the Local Plan Viability Testing.

- 3.4.4. At this stage the full extent of any abnormal costs are unknown. For abnormals, we have allowed a spot figure of £50,000 to cover the demolition of the existing building. This is considered to be a reasonable estimate at this stage.
- 3.4.5. However, it is stressed that the PPG (July 2018) on viability states that abnormals should be reflected in the benchmark land value ('BLV'), therefore if abnormals increase the BLV should be broadly decrease at a proportional rate and vice versa. The impact of identifying abnormals at a later date may not therefore change the viability outcome of the scheme.
- 3.4.6. The Council is also considering introducing a policy in relation to Building Regulations M4 (2) and M4 (3) enhanced accessibility standards. For M4 (2), this is to apply to 50% of the market value and 90% of the affordable dwellings. The Local Plan and CIL Viability testing calculates this cost at being equivalent to £2,000 per dwelling.
- 3.4.7. For M4 (3)a, the emerging policy is for this to apply to 25% of the affordable dwellings. The Local Plan and CIL Viability testing calculates the costs at being equivalent to circa £10,000 per dwelling.
- 3.4.8. For professional fees we have allowed 6% of the build costs / external works, which is again considered to be appropriate for the size and nature of the scheme, in line with Local Plan Viability testing.
- 3.4.9. For policy contributions, the actual likely costs associated with the scheme are not, at this moment known (and would only be accurately calculated in the event of a detailed scheme coming forward). For the purposes of this exercise we have subsequently followed the Local Plan and CIL viability testing and adopted an average charge equivalent to £1,500 per dwelling.

- 3.4.10. For CIL, the Local Plan and CIL viability study recommends that sites located in a high value area have a £30 per sq m CIL charge. It is stressed that this rate has not been finalised at this stage, however for the purposes of this exercise it is deemed appropriate to adopt the same allowance.
- 3.4.11. For marketing / disposal costs, we have allowed 3% of sales revenue, plus £600 per dwelling legal fees (reducing to £300 per dwelling for the affordable units). This is in line with the Local Plan and CIL viability testing.
- 3.4.12. For finance we have assumed a 6.5% debit rate, plus a 3% credit, in line with the Local Plan and CIL viability testing.
- 3.4.13. As for profit, in the Local Plan and CIL viability testing a range of 15% to 20% on revenue is discussed (a range which is also referred to in the PPG on viability). In our experience sites of this scale (between 10 and 50 dwellings) typically attract lower percentage profit margins. As referred to in the Local Plan and CIL viability testing, our in-house database of individual cases suggests profit margins are in the region of 17.5% for market value dwellings.
- 3.4.14. The study, though, concludes that a rate of 20% applied to the market value revenue and 6% applied to the affordable revenue is reasonable for the purposes of assessing typologies (albeit acknowledging that this is, if anything, on the high side for certain types of sites). For the purposes of this exercise we have adopted the same approach.
- 3.4.15. In terms of the benchmark land value, the PPG July 2018 publication on viability is clear that this should be calculated based on Existing Use Value ('EUV') plus a premium. It is also clear that the calculation should exclude hope value.

3.4.16. The subject site comprises an occupied telephone exchange. We have not been provided with a gross internal area of the building (or details of how the existing accommodation is laid out) therefore it is difficult to gauge any potential market rent / market value associated with the property's existing use. Furthermore, the business rates refers to a relatively modest rateable value of £16,000 per annum, however it is unclear whether this relates to part or all of the existing building.

3.4.17. Given the uncertainties surrounding the existing use value, for the purposes of this exercise we have reviewed the benchmark land value referred to in the Local Plan and CIL viability testing. This indicates a value of £300,000 per Ha for a brownfield site in a high value location. However, this would only equate to around £150,000 and given the nature of the site we believe a landowner would require a significantly higher incentive to release the site for development. Having considered this we have adopted a benchmark land value of £500,000.

3.4.18. Our initial appraisal based on a circa 20% affordable housing provision shows that, based on the above inputs, the scheme returns a residual land value of £645,282. This is comfortably above the benchmark land value of £500,000, therefore is regarded as being viable.

3.4.19. We have subsequently re-run our appraisal (attached appendix 1c), increasing the affordable housing provision to 5 units (27.78%) and assuming that higher proportion of affordable rent will be provided (around 66/33 ration between affordable rent and affordable home ownership). This generates a residual land value of £510,136. This is therefore above the benchmark land value and as such can be regarded as being viable. For clarity, this scenario is shown to be viable with the following assumptions:

- NDSS applied.
- M4(2) standard applied to 50% of the market value units and 90% of the affordable units.
- M4(3)a standard applied to 25% of the affordable units.
- S106 costs at an average of £1,500 per unit.
- £30 per sq m CIL charge.
- 27.78% affordable housing provision, being circa 66/33 split between affordable rent and affordable home ownership.

#### **4. 2549 – Land west of Park Road, Haltwhistle**



##### **4.1. Property Description**

4.1.1. Hexham is a small town located around 16 miles to the west of Hexham and 22 miles east of Carlisle, situated in between the North Pennines and Northumberland National Park and to the south of the River South Tyne. The main road access is via the A69. The site itself is situated on the western edge of the town overlooking open fields to the west and north.

4.1.2. According to the Zoopla Zed-Index, Haltwhistle has a current average value of £158,428. The average for Northumberland is currently £193,974. Haltwhistle can therefore be regarded as a below value location, within the context of the wider County. However, the Local Plan and CIL viability study allocates Haltwhistle as a 'medium' value settlement for the County.

4.1.3. The site comprises undeveloped agricultural (grazing) land. This undulates in parts, with the levels dropping down into a 'dip' within part of the site where it is anticipated there is a risk of water run-off collecting and pooling in times of heavy rain.

4.1.4. The land is an irregular shape. We understand the site extends to circa 2.91 Ha (7.17 acres), on a gross basis.

#### 4.2. General scheme assumptions

4.2.1. The Council has estimated a total yield of circa 50 to 65 dwellings.

4.2.2. Firstly, with regard to gross to net density, in the Local Plan and CIL viability assessment schemes with a gross area of in excess of 2Ha were assumed to have a gross to net ratio of 70%. However, we note in the Council's SHLAA details a 75% gross to net ratio is allowed. Based upon our inspection this is considered to be reasonable.

4.2.3. Secondly, with regard to dwellings per net Ha, the Local Plan and CIL viability study hypothetical appraisals refer to 35 dwellings per net Ha for a scheme of 50 dwellings. However, we note in the SHLAA assessment the Council has assumed around 30 dwellings per net Ha. Given the site topography, we agree that a reduced rate of 30 dwellings per net Ha is appropriate.

4.2.4. Based on a gross to net ratio of 75% and a density of circa 30 dwellings per net Ha, we have therefore assumed a yield of 65 dwellings at the subject site.

4.2.5. We have not been provided with, or are aware of, any detailed scheme in relation to the site. We have therefore made assumptions regarding the scheme for the purposes of the viability testing.

4.2.6. With regards to dwellings sizes, the Council is currently considering introducing a requirement for residential development to meet the minimum standards set out in the Nationally Described Space Standards ('NDSS'). The Local Plan and CIL viability study factored this into the modelling. For the purposes of this assessment we therefore consider it appropriate to adopt the same approach. The minimum dwelling sizes identified in the Local Plan and CIL study which impact on the subject site are as follows:

2 bed house	-	74.50 sq m
3 bed house	-	96.00 sq m
4 bed house	-	113.50 sq m

4.2.7. As for dwelling mix, the Local Plan and CIL viability study adopts the following:

2 bed house	-	20%
3 bed house	-	40%
4 bed house	-	40%

4.2.8. We have applied the same in our appraisal testing.

4.2.9. Based on the above assumptions, the overall density equates to circa 3,000 sq m per net Ha. This is considered to be in line with the Local Plan and CIL Viability testing (given the reduced density).

#### 4.3. Gross Development Value (sales revenue)

4.3.1. As indicated above, in the Local Plan Viability testing this location is categorised as being in a 'medium' value area for Northumberland. The average sales values adopted in this study for this area equates to £2,100 per sq m.

4.3.2. According to the Land Registry there is has been no newly built dwellings sold in postcode area NE49 (which includes Haltwhistle as well as surrounding villages) since Jan 2016.

4.3.3. Given the lack of new build transactions we have researched second hand sales in the town. However, we would stress that analysing second hand sales is less accurate than assessing new build transactions, for the following reasons:

- (i) New build transactions all offer dwellings in a good standard of repair fully decorated to modern standards. Second-hand sales may have outstanding repair issues and/or need modernisation works, which can depress value.
- (ii) Second hand sales will cover houses constructed through different eras. For example, it could include nineteenth century housing, 1920s/1930s housing, 1950s housing, 1980s housing etc. Houses from each of these different eras have different characteristics (plot sizes, room dimensions etc), all of which impact on value. It is difficult to differentiate between houses from different eras.
- (iii) Typically, a brand-new dwelling will carry a premium above an equivalent sized second hand dwelling. This is because a purchaser benefits from the full 10 year warranty, the latest building regulations standards and also the fact the house has not been 'lived in' before.

4.3.4. For the reasons outlined above, additional adjustments need to be made when analysing second-hand sales (as well as factors such as location and date of sale).

4.3.5. The second-hand sales identified in Haltwhistle are as follows:

Address		Pcode	Sq m	£psm	Price	Date	Type
1 STONEY RIGG CLOSE	HALTWHISTLE	NE49 0JT	87	£ 2,414	£ 210,000	21/06/2017	Detached
LEES HALL GATE	NORTH ROAD	HALTWHISTLE	91	£ 1,951	£ 177,500	29/03/2018	Detached
THE COIGN	COMB HILL	HALTWHISTLE	94	£ 1,968	£ 185,000	15/09/2017	Detached
WHINGATE	NORTH ROAD	HALTWHISTLE	99	£ 2,424	£ 240,000	05/09/2017	Detached
28 HADRIANS RISE	HALTWHISTLE	NE49 0BA	121	£ 1,860	£ 225,000	04/05/2018	Detached
1 HADRIANS RISE	HALTWHISTLE	NE49 0BA	124	£ 1,935	£ 240,000	15/08/2017	Detached
41 HADRIANS RISE	HALTWHISTLE	NE49 0BA	131	£ 1,817	£ 238,000	17/02/2017	Detached
			<b>Av</b>	<b>£ 2,053</b>			
12 GIBSON CLOSE	HALTWHISTLE	NE49 9HJ	71	£ 1,704	£ 120,995	03/07/2017	Semi
2 GREEN PARK CRESCENT	HALTWHISTLE	NE49 9HH	73	£ 1,247	£ 91,000	16/08/2017	Semi
6 BOWLING GREEN COURT	HALTWHISTLE	NE49 9FA	73	£ 1,729	£ 126,250	25/04/2018	Semi
11 GIBSON CLOSE	HALTWHISTLE	NE49 9HJ	75	£ 1,634	£ 122,545	31/07/2017	Semi
6 WOODHEAD VILLAS	HALTWHISTLE	NE49 9DU	76	£ 1,645	£ 125,000	07/04/2017	Semi
13 MEADOW GRANGE	HALTWHISTLE	NE49 9PB	79	£ 2,278	£ 180,000	25/08/2017	Semi
			<b>Av</b>	<b>£ 1,706</b>			
8 BOWLING GREEN COURT	HALTWHISTLE	NE49 9FA	84	£ 1,786	£ 150,000	09/08/2017	Semi
18 MEADOW GRANGE	HALTWHISTLE	NE49 9PB	85	£ 2,059	£ 175,000	24/08/2017	Semi
1 MEADOW VIEW	HALTWHISTLE	NE49 9PE	89	£ 1,562	£ 139,000	05/05/2017	Semi
LINDEN HOUSE	CAPEL AVENUE	HALTWHISTLE	91	£ 1,396	£ 127,000	21/03/2018	Semi
BIRCH HOUSE	CAPEL AVENUE	HALTWHISTLE	91	£ 1,643	£ 149,500	01/05/2018	Semi
			<b>Av</b>	<b>£ 1,689</b>			
7 OAKWELL TERRACE	HALTWHISTLE	NE49 9LR	72	£ 1,667	£ 120,000	30/06/2017	Terrace
1 GREENCROFT AVENUE	HALTWHISTLE	NE49 9AW	74	£ 1,466	£ 108,500	21/11/2017	Terrace
5 GREEN PARK CRESCENT	HALTWHISTLE	NE49 9HH	74	£ 1,230	£ 91,000	08/01/2018	Terrace
1 BELLISTER VIEW	HALTWHISTLE	NE49 0AR	75	£ 1,560	£ 117,000	24/07/2017	Terrace
			<b>Av</b>	<b>£ 1,481</b>			
22 GREENCROFT	HALTWHISTLE	NE49 9AY	87	£ 1,322	£ 115,000	08/06/2017	Terrace
43 HADRIANS RISE	HALTWHISTLE	NE49 0BA	88	£ 2,080	£ 183,000	31/10/2017	Terrace
36 CENTRAL DRIVE	HALTWHISTLE	NE49 9AX	90	£ 1,189	£ 107,000	07/04/2017	Terrace
8 EAST VIEW	HALTWHISTLE	NE49 9BD	102	£ 1,348	£ 137,500	15/08/2017	Terrace
			<b>Av</b>	<b>£ 1,485</b>			

4.3.6. Having considered the above and given the site's location semi-rural outlook we consider an average value of £2,100 per sq m to be reasonable for the subject site.

4.3.7. For the affordable dwellings, we have assumed a circa 15% provision, split broadly 50/50 between affordable rented and shared ownership.

4.3.8. For the affordable rented units, we have adopted the transfer price to 50% of the equivalent market value. For the intermediate / shared ownership units we have assumed the transfer price would equate to 67.5% of the equivalent market value.

#### 4.4. Gross Development Cost (outgoings to implement the development)

4.4.1. We consider the Build Cost Information Service ("BCIS") of the RICS to be an appropriate database for benchmarking build costs. The BCIS rate includes the construction of each dwelling, including a contractor's overhead. However, it excludes external costs, contingency allowance and abnormal works.

4.4.2. In this case the lower quartile rate is deemed appropriate, which is currently £1,022 per sq m.

4.4.3. To cover externals, we have adopted an additional 15% of the basic build cost. For contingency we have allowed a further 3% (based on the BCIS cost plus the external works). Both are considered to be in line our experience in the market place for a scheme of this nature and also the Local Plan Viability Testing.

- 4.4.4. At this stage the extent of any abnormal costs are unknown. However, it is likely some abnormal works will be required in relation to drainage issue on site. We have allowed a spot figure of £100,000 per Ha in our appraisal (total £291,000).
- 4.4.5. However, it is stressed that the PPG (July 2018) on viability states that abnormals should be reflected in the benchmark land value ('BLV'), therefore if abnormals increase the BLV should be broadly decrease at a proportional rate and vice versa. The impact of identifying abnormals at a later date may not therefore change the viability outcome of the scheme.
- 4.4.6. The Council is also considering introducing a policy in relation to Building Regulations M4 (2) and M4 (3) enhanced accessibility standards. For M4 (2), this is to apply to 50% of the market value and 90% of the affordable dwellings. The Local Plan and CIL Viability testing calculates this cost at being equivalent to £2,000 per dwelling.
- 4.4.7. For M4 (3)a, the emerging policy is for this to apply to 25% of the affordable dwellings. The Local Plan and CIL Viability testing calculates the costs at being equivalent to circa £10,000 per dwelling.
- 4.4.8. For professional fees we have allowed 6% of the build costs / external works, which is again considered to be appropriate for the size and nature of the scheme, in line with Local Plan Viability testing.
- 4.4.9. For policy contributions, the actual likely costs associated with the scheme are not, at this moment known (and would only be accurately calculated in the event of a detailed scheme coming forward). For the purposes of this exercise we have subsequently followed the Local Plan and CIL viability testing and adopted an average charge equivalent to £1,500 per dwelling.

- 4.4.10. For CIL, the Local Plan and CIL viability study recommends that sites located in a medium value area have a £10 per sq m CIL charge. It is stressed that this rate has not been finalised at this stage, however for the purposes of this exercise it is deemed appropriate to adopt the same allowance.
- 4.4.11. For marketing / disposal costs, we have allowed 3% of sales revenue, plus £600 per dwelling legal fees (reducing to £300 per dwelling for the affordable units). This is in line with the Local Plan and CIL viability testing.
- 4.4.12. For finance we have assumed a 6.5% debit rate, plus a 3% credit, in line with the Local Plan and CIL viability testing.
- 4.4.13. As for profit, in the Local Plan and CIL viability testing a range of 15% to 20% on revenue is discussed (a range which is also referred to in the PPG on viability). In our experience sites of this scale (between 10 and 50 dwellings) typically attract lower percentage profit margins. As referred to in the Local Plan and CIL viability testing, our in-house database of individual cases suggests profit margins are in the region of 17.5% for market value dwellings.
- 4.4.14. The study, though, concludes that a rate of 20% applied to the market value revenue and 6% applied to the affordable revenue is reasonable for the purposes of assessing typologies (albeit acknowledging that this is, if anything, on the high side for certain types of sites). For the purposes of this exercise we have adopted the same approach.
- 4.4.15. In terms of the benchmark land value, the PPG July 2018 publication on viability is clear that this should be calculated based on Existing Use Value ('EUV') plus a premium. It is also clear that the calculation should exclude hope value.
- 4.4.16. The subject property comprises undeveloped grazing land, therefore the existing use value is likely to be modest (in the order of £15,000 per Ha).

4.4.17. In terms of a premium uplift, for agricultural land (where values will be relatively consistent regardless of locational factors) the level of premium can fluctuate typically from 5 to 25 times the EUV. Please note, the lower end of the range typically reflects factors such as; large scheme, sites in low value areas, sites with high infrastructure / abnormal costs.

4.4.18. In this case, a premium uplift of 15 times the EUV would equate to around £225,000. This is considered to be reasonable taking into account the nature of the site (including the assumed abnormals and the larger gross to net ratio). This equates to around £650,000.

4.4.19. Based on the above inputs we have run a policy compliant ARGUS appraisal based on a sales rate of circa 2.5 per calendar month.

4.4.20. Our initial appraisal based on a 20% affordable housing provision (attached appendix Id) shows that, based on the above inputs, the scheme returns a residual land value of £792,710. This is comfortably above the benchmark land value of £650,000, therefore is regarded as being viable. For clarity, this scenario is shown to be viable with the following assumptions:

- NDSS applied.
- M4(2) standard applied to 50% of the market value units and 90% of the affordable units.
- M4(3)a standard applied to 25% of the affordable units.
- S106 costs at an average of £1,500 per unit.
- £10 per sq m CIL charge.
- 20% affordable housing provision, being circa 50/50 split between affordable rent and affordable home ownership.

## **5. 1116 – Former Coal Yard east of Northumberland Rd & west of Billendean Rd, Tweedmouth, Berwick-upon-Tweed**



### **5.1. Property Description**

5.1.1. Berwick-upon-Tweed is a town located on the east coast of England, situated on the north and south banks of the River Tweed estuary. This is positioned broadly equidistant between Newcastle to the south (around 60 miles away) and Edinburgh to the north west. The town is only a short distance from the Scottish border. The main access to the town is via the A1.

5.1.2. The site itself is located within the Tweedmouth area of the town, which is on the south bank of the estuary. The southern boundary abuts the East Coast main railway line and to the north there are various residential dwellings and beyond a supermarket. The eastern boundary adjoins woodland, which includes a public footpath.

- 5.1.3. According to the Zoopla Zed-Index, Berwick upon Tweed has a current average value of £187,314. The average for Northumberland is currently £193,974. Berwick upon Tweed can therefore be regarded as an average value location, within the context of the wider County. This is consistent with the findings of the Local Plan and CIL viability study, which allocated Berwick upon Tweed as a 'medium' value settlement for the County.
- 5.1.4. The land comprises a former coal yard. This includes 2 redundant and derelict industrial buildings to the northern section of the site. The rest comprises mostly rough ground (which may comprise made ground) covered in part with a variety of low lying vegetation. Vehicular access onto the site is currently off Northumberland Road to the western edge of the site, however there is the potential to create an access to the south via Billendean Rd.
- 5.1.5. The site itself is an irregular shape and generally level throughout. We understand the site extends to circa 2.91 Ha (5.39 acres), on a gross basis (in accordance with the Council's SHLAA record).
- 5.1.6. According to the planning records the site has been subject to the following applications within the last 5 years:

[11/02030/OUT](#)

- In November 2012 the land was granted an outline planning consent for 71 residential units.
- Application for reserved matters was to be made within 3 years.
- The signed S106 agreement referred to 7 (9.86%) affordable dwellings. There were no other S106 contributions required.

### 15/01307/REM

- In April 2015 a reserved matters application was submitted in relation to the outline planning consent (11/02030/OUT).
- The accompanying plan shows 69 dwellings, with the following mix:

2b terrace (affordable)	70 sq m	7 units
2b terrace	85 sq m	8 units
3b terrace	120.49 sqm	12 units
3b semi	120 sq m	10 units
3b semi	120.52 sq m	24 units
4b semi	150 sq m	8 units

- However, the application was withdrawn in Aug 2016, with the Council advising the following:

*Due to the type of application and the length of time allowed for the agreement of Reserved Matters the REM application is now considered to have expired*

*A new application will be received in the context of the principal of development already being accepted in the previous Outline application and with the updated drawings and legal agreement that the current applications seek agree*

*The Full application may now require updated assessments (e.g ecology)*

5.1.7. The Council has separately advised that one of the issues identified within the site during the above planning applications was in relation to site access (as well as decontamination and remediation). Furthermore, at the current time there is no active planning application and one option being considered is in relation to the construction of an extra-care facility on site.

## 5.2. General scheme assumptions

5.2.1. The Council has estimated a total yield of between 60 and 80 residential dwellings. In light of the planning history outlined above, we consider it appropriate to assume 69 dwellings on site.

5.2.2. With regard to gross to net density, in the Local Plan and CIL viability assessment schemes with a gross area of in excess of 2Ha were assumed to have a gross to net ratio of 70%. However, we note in the Council's SHLAA details a 75% gross to net ratio is allowed. Based upon our inspection this is considered to be reasonable. This equates to 31.62 dwellings per net Ha.

5.2.3. With regards to dwellings sizes, the Council is currently considering introducing a requirement for residential development to meet the minimum standards set out in the Nationally Described Space Standards ('NDSS'). The Local Plan and CIL viability study factored this into the modelling. This was not in place at the time of the previous planning applications, therefore we consider it appropriate to adjust the dwelling sizes in accordance with this draft policy. The minimum dwelling sizes identified in the Local Plan and CIL study which impact on the subject site are as follows:

2 bed house	-	74.50 sq m
3 bed house	-	96.00 sq m
4 bed house	-	113.50 sq m

5.2.4. As for dwelling mix, the Local Plan and CIL viability study adopts the following:

2 bed house	-	20%
3 bed house	-	40%
4 bed house	-	40%

5.2.5. Based on the above assumptions, the overall density equates to circa 3,130 sq m per net Ha. This is considered to be reasonable and in line with the Local Plan and CIL Viability testing.

### 5.3. Gross Development Value (sales revenue)

5.3.1. As indicated above, in the Local Plan Viability testing this location is categorised as being in a 'medium' value area for Northumberland. The average sales values adopted in this study for this area equates to £2,100 per sq m.

5.3.2. New build transactional evidence is limited. However, we note the following:

Address		Pcode	Sq m	£psm	Price	Date	Type
3 GOVERNORS GARDENS	BERWICK-UPON-TWEED	TD15 1JF	99	£ 2,020	£ 200,000	10/03/2017	Terrace
4 GOVERNORS GARDENS	BERWICK-UPON-TWEED	TD15 1JF	99	£ 2,273	£ 225,000	10/08/2016	Terrace
14 GOVERNORS GARDENS	BERWICK-UPON-TWEED	TD15 1JF	99	£ 1,919	£ 190,000	03/10/2016	Terrace
			<b>Av</b>	<b>£ 2,071</b>			
1 GOVERNORS GARDENS	BERWICK-UPON-TWEED	TD15 1JF	109	£ 1,743	£ 190,000	03/10/2016	Terrace
7 GOVERNORS GARDENS	BERWICK-UPON-TWEED	TD15 1JF	109	£ 1,835	£ 200,000	20/06/2016	Terrace
			<b>Av</b>	<b>£ 1,789</b>			
2 GOVERNORS GARDENS	BERWICK-UPON-TWEED	TD15 1JF	146	£ 1,712	£ 250,000	20/04/2018	Terrace
5 GOVERNORS GARDENS	BERWICK-UPON-TWEED	TD15 1JF	146	£ 1,849	£ 270,000	20/12/2016	Terrace
6 GOVERNORS GARDENS	BERWICK-UPON-TWEED	TD15 1JF	146	£ 1,918	£ 280,000	23/11/2016	Terrace
8 GOVERNORS GARDENS	BERWICK-UPON-TWEED	TD15 1JF	146	£ 1,849	£ 270,000	06/12/2017	Terrace
11 GOVERNORS GARDENS	BERWICK-UPON-TWEED	TD15 1JF	146	£ 1,801	£ 263,000	31/05/2017	Terrace
12 GOVERNORS GARDENS	BERWICK-UPON-TWEED	TD15 1JF	148	£ 1,926	£ 285,000	24/05/2016	Terrace
			<b>Av</b>	<b>£ 1,843</b>			
3A GRANGE LOANING	BERWICK-UPON-TWEED	TD15 1QN	123	£ 1,943	£ 239,000	23/02/2018	Semi
3B GRANGE LOANING	BERWICK-UPON-TWEED	TD15 1QN	123	£ 1,943	£ 239,000	26/05/2017	Semi
			<b>Av</b>	<b>£ 1,872</b>			

- 5.3.3. Governor's Gardens is located on the north side of the estuary in an attractive position, overlooking the estuary. We note that the values achieved for terraces around 99 sq m generated in the region of £2,050 per sq m in 2016 / early 2017. For larger terraces, the rate per sq m fell, which is to be expected for reasons of quantum.
- 5.3.4. Grange Loaning is also located on the north side of the estuary, on the edge of the town.
- 5.3.5. Adjustments have been made to reflect dates of sale. Adjustments also need to be made to reflect other factors such as location (with the above evidence likely to carry a premium over the subject site), size of dwelling, type of dwelling etc.
- 5.3.6. Having considered the above we consider an average rate of £2,100 per sq m to be reasonable given the nature of the site, which is in line with the Local Plan and CIL viability testing for medium value locations.
- 5.3.7. For the affordable dwellings, we have assumed a circa 10% provision (in line with the previous planning application), split broadly 50/50 between affordable rented and shared ownership.
- 5.3.8. For the affordable rented units we have assumed the transfer price would equate to 50% of the equivalent market value. For the intermediate / shared ownership units we have assumed the transfer price would equate to 67.5% of the equivalent market value.

#### 5.4. Gross Development Cost (outgoings to implement the development)

- 5.4.1. We consider the Build Cost Information Service (“BCIS”) of the RICS to be an appropriate database for benchmarking build costs. The BCIS rate includes the construction of each dwelling, including a contractor’s overhead. However, it excludes external costs, contingency allowance and abnormal works.
- 5.4.2. In this case the lower quartile rate is deemed appropriate, which is currently £1,022 per sq m.
- 5.4.3. To cover externals, we have adopted an additional 15% of the basic build cost. For contingency we have allowed a further 5% (based on the BCIS cost plus the external works). Both are considered to be in line our experience in the market place for a scheme of this nature and also the Local Plan Viability Testing.
- 5.4.4. At this stage the extent of any abnormal costs are unknown. However, given the historic use of the property and the identified access issues it is likely abnormal works will be required in relation to drainage issue on site. We have allowed a spot figure of £250,000 per Ha in our appraisal (total £727,500).
- 5.4.5. However, it is stressed that the PPG (July 2018) on viability states that abnormals should be reflected in the benchmark land value (‘BLV’), therefore if abnormals increase the BLV should be broadly decrease at a proportional rate and vice versa. The impact of identifying abnormals at a later date may not therefore change the viability outcome of the scheme.

- 5.4.6. However, it is stressed that the PPG (July 2018) on viability states that abnormals should be reflected in the benchmark land value ('BLV'), therefore if abnormals increase the BLV should be broadly decrease at a proportional rate and vice versa. The impact of identifying abnormals at a later date may not therefore change the viability outcome of the scheme.
- 5.4.7. The Council is also considering introducing a policy in relation to Building Regulations M4 (2) and M4 (3) enhanced accessibility standards. For M4 (2), this is to apply to 50% of the market value and 90% of the affordable dwellings. The Local Plan and CIL Viability testing calculates this cost at being equivalent to £2,000 per dwelling.
- 5.4.8. For M4 (3)a, the emerging policy is for this to apply to 25% of the affordable dwellings. The Local Plan and CIL Viability testing calculates the costs at being equivalent to circa £10,000 per dwelling.
- 5.4.9. For professional fees we have allowed 6% of the build costs / external works, which is again considered to be appropriate for the size and nature of the scheme, in line with Local Plan Viability testing.
- 5.4.10. For policy contributions, the actual likely costs associated with the scheme are not, at this moment known (and would only be accurately calculated in the event of a detailed scheme coming forward). Furthermore, no S106 contributions were identified as part of the previous application. However, this may change in light of the merging plan and as such for the purposes of this exercise we have followed the Local Plan and CIL viability testing and adopted an average charge equivalent to £1,500 per dwelling.

- 5.4.11. For CIL, the Local Plan and CIL viability study recommends that sites located in a medium value area have a £10 per sq m CIL charge. It is stressed that this rate has not been finalised at this stage, however for the purposes of this exercise it is deemed appropriate to adopt the same allowance.
- 5.4.12. For marketing / disposal costs, we have allowed 3% of sales revenue, plus £600 per dwelling legal fees (reducing to £300 per dwelling for the affordable units). This is in line with the Local Plan and CIL viability testing.
- 5.4.13. For finance we have assumed a 6.5% debit rate, plus a 3% credit, in line with the Local Plan and CIL viability testing.
- 5.4.14. As for profit, in the Local Plan and CIL viability testing a range of 15% to 20% on revenue is discussed (a range which is also referred to in the PPG on viability). In our experience sites of this scale (between 10 and 50 dwellings) typically attract lower percentage profit margins. As referred to in the Local Plan and CIL viability testing, our in-house database of individual cases suggests profit margins are in the region of 17.5% for market value dwellings.
- 5.4.15. The study, though, concludes that a rate of 20% applied to the market value revenue and 6% applied to the affordable revenue is reasonable for the purposes of assessing typologies (albeit acknowledging that this is, if anything, on the high side for certain types of sites). For the purposes of this exercise we have adopted the same approach.
- 5.4.16. In terms of the benchmark land value, the PPG July 2018 publication on viability is clear that this should be calculated based on Existing Use Value ('EUV') plus a premium. It is also clear that the calculation should exclude hope value.

5.4.17. The subject site comprises a former coal yard, therefore it can be regarded as being largely redundant for this use. However, as an alternative use the site could be used as secondary storage land. For this use we would expect a land value in the region of £150,000 per Ha. For a benchmark land value this calculates to say £450,000.

5.4.18. Based on the above inputs we have run a policy compliant ARGUS appraisal based on a sales rate of circa 2.5 per calendar month.

5.4.19. Our initial appraisal based on a 15% affordable housing provision (attached appendix 1e) shows that, based on the above inputs, the scheme returns a residual land value of £484,283. This is comfortably above the benchmark land value of £450,000, therefore is regarded as being viable. For clarity, this scenario is shown to be viable with the following assumptions:

- NDSS applied.
- M4(2) standard applied to 50% of the market value units and 90% of the affordable units.
- M4(3)a standard applied to 25% of the affordable units.
- S106 costs at an average of £1,500 per unit.
- £10 per sq m CIL charge.
- 15% affordable housing provision, being circa 50/50 split between affordable rent and affordable home ownership.

## 6. 6751 – Land east of Broad Road, Seahouses



### 6.1. Property Description

6.1.1. Seahouses is a large village / small town located on the Northumberland coast around 22 miles south of Berwick upon Tweed and 50 miles north of Newcastle. The main road access is via various 'B' roads with the A1 some 9 miles to the west. The site itself is situated to the north west of the main centre of Seahouses, on the edge of the settlement. There are some modern houses immediately to the north and a caravan park to the south east, whilst the rest of the site abounds agricultural land.

6.1.2. According to the Zoopla Zed-Index, Seahouses has a current average value of £228,807. The average for Northumberland is currently £193,974. Seahouses can therefore be regarded as an above value location, within the context of the wider County. However, the Local Plan and CIL viability study allocates Seahouses as a 'medium' value settlement for the County.

6.1.3. The site comprises undeveloped agricultural land to the most part, although there is a small wooded area to the western edge of the site which appears to be used as public access amenity space.

6.1.4. The land is an irregular shape and broadly flat to the most part. We understand the site extends to circa 11.18 Ha (20.72 acres), on a gross basis.

## 6.2. General scheme assumptions

6.2.1. The Council has estimated a total yield of circa 80 to 100 dwellings.

6.2.2. With regard to gross to net density, in the Local Plan and CIL viability assessment schemes with a gross area of in excess of 2Ha were assumed to have a gross to net ratio of 70%. However, we note in the Council's SHLAA details a 75% gross to net ratio is allowed. The Council, though, had indicated that a low density would be necessary in this location. For this reason we have adjusted the gross to net to 40%, but assumed the top end of the Council's assumed yield (i.e. 100 dwellings).

6.2.3. Based on a gross to net ratio of 40% and a density of circa 100 dwellings this equates to around 22 units per net Ha.

6.2.4. We have not been provided with, or are aware of, any detailed scheme in relation to the site. We have therefore made assumptions regarding the scheme for the purposes of the viability testing.

6.2.5. With regards to dwellings sizes, the Council is currently considering introducing a requirement for residential development to meet the minimum standards set out in the Nationally Described Space Standards ('NDSS'). The Local Plan and CIL viability study factored this into the modelling. For the purposes of this assessment we therefore consider it appropriate to adopt the same approach. The minimum dwelling sizes identified in the Local Plan and CIL study which impact on the subject site are as follows:

2 bed house	-	74.50 sq m
3 bed house	-	96.00 sq m
4 bed house	-	113.50 sq m

6.2.6. As for dwelling mix, the Local Plan and CIL viability study adopts the following:

2 bed house	-	20%
3 bed house	-	40%
4 bed house	-	40%

6.2.7. We have applied the same in our appraisal testing.

### 6.3. Gross Development Value (sales revenue)

6.3.1. As indicated above, in the Local Plan Viability testing this location is categorised as being in a 'medium' value area for Northumberland. The average sales values adopted in this study for this area equates to £2,100 per sq m.

6.3.2. According to the Land Registry there is has been no newly built dwellings sold in postcode area NE68 (which includes Seahouses as well as surrounding villages) since Jan 2016.

6.3.3. Given the lack of new build transactions we have researched second hand sales in the town. However, we would stress that analysing second hand sales is less accurate than assessing new build transactions, for the following reasons:

- (iv) New build transactions all offer dwellings in a good standard of repair fully decorated to modern standards. Second-hand sales may have outstanding repair issues and/or need modernisation works, which can depress value.
- (v) Second hand sales will cover houses constructed through different eras. For example, it could include nineteenth century housing, 1920s/1930s housing, 1950s housing, 1980s housing etc. Houses from each of these different eras have different characteristics (plot sizes, room dimensions etc), all of which impact on value. It is difficult to differentiate between houses from different eras.
- (vi) Typically, a brand-new dwelling will carry a premium above an equivalent sized second hand dwelling. This is because a purchaser benefits from the full 10 year warranty, the latest building regulations standards and also the fact the house has not been 'lived in' before.

6.3.4. For the reasons outlined above, additional adjustments need to be made when analysing second-hand sales (as well as factors such as location and date of sale).

6.3.5. The second-hand sales identified in Seahouses are as follows:

	Address		Pcode	Sq m	£psm	Price	Date	Type
52	SOUTH LANE	SEAHOUSES	NE68 7UL	99	£2,121	£210,000	06/01/2017	Detached
11	QUARRYFIELDS	SEAHOUSES	NE68 7TB	109	£2,546	£277,500	02/03/2018	Detached
4	CASTLE DRIVE	SEAHOUSES	NE68 7BB	123	£2,780	£342,000	08/05/2017	Detached
2	CASTLE VIEW	SEAHOUSES	NE68 7BD	131	£3,015	£395,000	01/06/2018	Detached
1	UNION STREET	SEAHOUSES	NE68 7RT	144	£2,104	£303,000	27/10/2017	Detached
				<b>Av</b>	<b>£2,513</b>			
52	KIPPY LAW	SEAHOUSES	NE68 7YH	69	£1,884	£130,000	01/05/2018	Semi
12	JAMES STREET	SEAHOUSES	NE68 7YD	70	£2,143	£150,000	19/01/2018	Semi
201	MAIN STREET	SEAHOUSES	NE68 7TX	72	£2,597	£187,000	12/07/2018	Semi
11	UNION STREET	SEAHOUSES	NE68 7RT	75	£2,960	£222,000	11/04/2017	Semi
113	MAIN STREET	SEAHOUSES	NE68 7TS	80	£2,688	£215,000	22/06/2018	Semi
				<b>Av</b>	<b>£2,454</b>			
11	DUNSTAN VIEW	SEAHOUSES	NE68 7SF	68	£2,485	£169,000	20/01/2017	Terrace
5	SUNNIESIDE PLACE	SEAHOUSES	NE68 7RR	70	£2,771	£194,000	21/04/2017	Terrace
21	DUNSTAN VIEW	SEAHOUSES	NE68 7SF	70	£2,143	£150,000	01/02/2017	Terrace
4	HARBOUR ROAD	SEAHOUSES	NE68 7RN	73	£3,112	£227,150	20/01/2017	Terrace
87	MAIN STREET	SEAHOUSES	NE68 7TW	75	£1,640	£123,000	16/03/2018	Terrace
67	JAMES STREET	SEAHOUSES	NE68 7YA	75	£1,493	£112,000	28/06/2017	Terrace
				<b>Av</b>	<b>£2,274</b>			
5	UNION STREET	SEAHOUSES	NE68 7RT	82	£2,149	£176,200	31/08/2017	Terrace
26	UNION STREET	SEAHOUSES	NE68 7RT	82	£2,073	£170,000	31/03/2017	Terrace
12	SUNNIESIDE PLACE	SEAHOUSES	NE68 7RR	85	£1,741	£148,000	24/02/2017	Terrace
18	CRUMSTONE	SEAHOUSES	NE68 7RJ	90	£1,422	£128,000	31/01/2017	Terrace
23	CRUMSTONE	SEAHOUSES	NE68 7RJ	90	£1,644	£148,000	06/04/2018	Terrace
				<b>Av</b>	<b>£1,806</b>			

6.3.6. In particular, we note the values achieved at Castle View and Castle Drive, which are immediately to the north of the subject site (circa £2,800 to £3,000 per sq m).

6.3.7. Having considered the above (particularly taking into account that these reflect second-hand sales) we believe there is good evidence to justify an increase above the 'medium' average value of £2,100 per sq m referred to in the Local Plan and CIL viability study. We consider an average value of £2,400 per sq m to be justifiable.

6.3.8. For the affordable dwellings, we have assumed a circa 15% provision, split broadly 50/50 between affordable rented and shared ownership.

6.3.9. For the affordable rented units, we have adopted the transfer price to 40% of the equivalent market value (reduced to reflect the higher market values applied). For the intermediate / shared ownership units we have assumed the transfer price would equate to 65% of the equivalent market value.

#### 6.4. Gross Development Cost (outgoings to implement the development)

6.4.1. We consider the Build Cost Information Service (“BCIS”) of the RICS to be an appropriate database for benchmarking build costs. The BCIS rate includes the construction of each dwelling, including a contractor’s overhead. However, it excludes external costs, contingency allowance and abnormal works.

6.4.2. In this case the lower quartile rate is deemed appropriate, which is currently £1,022 per sq m.

6.4.3. To cover externals, we have adopted an additional 15% of the basic build cost. For contingency we have allowed a further 3% (based on the BCIS cost plus the external works). Both are considered to be in line our experience in the market place for a scheme of this nature and also the Local Plan Viability Testing.

6.4.4. At this stage the extent of any abnormal costs are unknown. However, there is the potential for some abnormal works. We have allowed a spot figure of £50,000 per Ha in our appraisal (total £559,000).

6.4.5. However, it is stressed that the PPG (July 2018) on viability states that abnormals should be reflected in the benchmark land value (‘BLV’), therefore if abnormals increase the BLV should be broadly decrease at a proportional rate and vice versa. The impact of identifying abnormals at a later date may not therefore change the viability outcome of the scheme.

- 6.4.6. The Council is also considering introducing a policy in relation to Building Regulations M4 (2) and M4 (3) enhanced accessibility standards. For M4 (2), this is to apply to 50% of the market value and 90% of the affordable dwellings. The Local Plan and CIL Viability testing calculates this cost at being equivalent to £2,000 per dwelling.
- 6.4.7. For M4 (3)a, the emerging policy is for this to apply to 25% of the affordable dwellings. The Local Plan and CIL Viability testing calculates the costs at being equivalent to circa £10,000 per dwelling.
- 6.4.8. For professional fees we have allowed 6% of the build costs / external works, which is again considered to be appropriate for the size and nature of the scheme, in line with Local Plan Viability testing.
- 6.4.9. For policy contributions, the actual likely costs associated with the scheme are not, at this moment known (and would only be accurately calculated in the event of a detailed scheme coming forward). For the purposes of this exercise we have subsequently followed the Local Plan and CIL viability testing and adopted an average charge equivalent to £1,500 per dwelling.
- 6.4.10. For CIL, the Local Plan and CIL viability study recommends that sites located in a medium value area have a £10 per sq m CIL charge. However, given the high values associated the site we have increased to £30 per sq m. It is stressed that this rate has not been finalised at this stage, however for the purposes of this exercise it is deemed appropriate to adopt the same allowance.
- 6.4.11. For marketing / disposal costs, we have allowed 3% of sales revenue, plus £600 per dwelling legal fees (reducing to £300 per dwelling for the affordable units). This is in line with the Local Plan and CIL viability testing.

- 6.4.12. For finance we have assumed a 6.5% debit rate, plus a 3% credit, in line with the Local Plan and CIL viability testing.
- 6.4.13. As for profit, in the Local Plan and CIL viability testing a range of 15% to 20% on revenue is discussed (a range which is also referred to in the PPG on viability). In light of this, a rate of 20% applied to the market value revenue and 6% applied to the affordable revenue is considered reasonable.
- 6.4.14. In terms of the benchmark land value, the PPG July 2018 publication on viability is clear that this should be calculated based on Existing Use Value ('EUV') plus a premium. It is also clear that the calculation should exclude hope value.
- 6.4.15. The subject property comprises undeveloped agricultural land, therefore the existing use value is likely to be modest (in the order of £20,000 per Ha).
- 6.4.16. In terms of a premium uplift, for agricultural land (where values will be relatively consistent regardless of locational factors) the level of premium can fluctuate typically from 5 to 25 times the EUV. Please note, the lower end of the range typically reflects factors such as; large scheme, sites in low value areas, sites with high infrastructure / abnormal costs.
- 6.4.17. In this case, a premium uplift of 10 times the EUV is considered reasonable (which also takes into account the low gross to net ratio). This equates to £200,000 per Ha. This is considered to be reasonable taking into account the nature of the site (including the assumed abnormals and the low gross to net ratio). This total to £2,236,000.
- 6.4.18. Based on the above inputs we have run a policy compliant ARGUS appraisal based on a sales rate of circa 2.5 per calendar month.

6.4.19. Our initial appraisal based on a circa 20% affordable housing provision shows that, based on the above inputs, the scheme returns a residual land value of £2,535,396. This is comfortably above the benchmark land value of £2,236,000, therefore is regarded as being viable.

6.4.20. We have subsequently re-run our appraisal (attached appendix If), increasing the affordable housing provision to 25%. This generates a residual land value of £2,311,001, which is above the benchmark land value and as such can be regarded as being viable. For clarity, this scenario is shown to be viable with the following assumptions:

- NDSS applied.
- M4(2) standard applied to 50% of the market value units and 90% of the affordable units.
- M4(3)a standard applied to 25% of the affordable units.
- S106 costs at an average of £1,500 per unit.
- £30 per sq m CIL charge.
- 25% affordable housing provision, being circa 50/50 split between affordable rent and affordable home ownership.

## 7. SUMMARY

7.1. By way of a brief summary, our appraisal testing shows the following:

Site	Outcome
Seaton Delaval	10% affordable housing viable (all affordable home ownership)
Hexham	27.78% affordable housing viable (66/33 split b/w rent & owner)
Haltwhistle	20% affordable housing viable (50/50 split b/w rent & owner)
Berwick	15% affordable housing viable (50/50 split b/w rent & owner)
Seahouses	25% affordable housing viable (50/50 split b/w rent & owner)

David Newham MRICS RICS Registered Valuer

A handwritten signature in blue ink, appearing to read 'D Newham', is positioned below the name.

CP Viability Ltd

November 2018

Whytrig Middle School, Seaton Delaval  
SHLAA Ref 9507  
DN-0139

Development Appraisal  
Prepared by David Newham MRICS Director  
CP Viability Ltd  
16 November 2018

**APPRAISAL SUMMARY****CP VIABILITY LTD**

Whytrig Middle School, Seaton Delaval  
SHLAA Ref 9507

**Summary Appraisal for Phase 1**

Currency in £

**REVENUE****Sales Valuation**

	Units	m <sup>2</sup>	Rate m <sup>2</sup>	Unit Price	Gross Sales
2 bed	8	596.00	1,900.00	141,550	1,132,400
3 bed	14	1,344.00	1,900.00	182,400	2,553,600
4 bed	3	340.50	1,900.00	215,650	646,950
SO- 2b	1	74.50	1,520.00	113,240	113,240
SO - 3b	<u>2</u>	<u>192.00</u>	1,520.00	145,920	<u>291,840</u>
<b>Totals</b>	<b>28</b>	<b>2,547.00</b>			<b>4,738,030</b>

**NET REALISATION****4,738,030****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.90 Ha 269,760.38 pHect)		242,784	
			242,784
Stamp Duty		1,856	
Legal Fee	0.50%	1,214	
			3,070

**CONSTRUCTION COSTS****Construction**

	m <sup>2</sup>	Rate m <sup>2</sup>	Cost	
2 bed	596.00 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	609,112	
3 bed	1,344.00 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	1,373,568	
4 bed	340.50 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	347,991	
SO- 2b	74.50 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	76,139	
SO - 3b	<u>192.00 m<sup>2</sup></u>	1,022.00 pm <sup>2</sup>	<u>196,224</u>	
<b>Totals</b>	<b>2,547.00 m<sup>2</sup></b>		<b>2,603,034</b>	<b>2,603,034</b>

Contingency	3.00%	89,805
-------------	-------	--------

**APPRAISAL SUMMARY****CP VIABILITY LTD****Whytrig Middle School, Seaton Delaval****SHLAA Ref 9507**

General S106	28.00 un	1,500.00 /un	42,000	
M4 (2)			30,000	
M4(3)a			10,000	
Slab / foundation removal			25,000	
Externals		15.00%	390,455	
				587,260

**PROFESSIONAL FEES**

Professional fees		6.00%	179,609	
				179,609

**DISPOSAL FEES**

Marketing		3.00%	129,989	
Sales Legal Fee	25.00 un	600.00 /un	15,000	
Affordable Legal Fee	3.00 un	300.00 /un	900	
				145,889

**FINANCE**

Debit Rate 6.500%, Credit Rate 3.000% (Nominal)				
Land			23,522	
Construction			53,562	
Other			8,551	
Total Finance Cost				85,635

**TOTAL COSTS****3,847,280****PROFIT****890,750****Performance Measures**

Profit on Cost%	23.15%
Profit on GDV%	18.80%
Profit on NDV%	18.80%
IRR	53.51%

## APPRAISAL SUMMARY

CP VIABILITY LTD

Whytrig Middle School, Seaton Delaval

SHLAA Ref 9507

Profit Erosion (finance rate 6.500%)

3 yrs 3 mths

Land Cost pHect

269,760

Telephone Exchange, Gaprigg Court, Hexham  
SHLAA Ref 2615/2616  
DN-0139

Development Appraisal  
Prepared by David Newham MRICS Director  
CP Viability Ltd  
16 November 2018

**APPRAISAL SUMMARY****CP VIABILITY LTD**

Telephone Exchange, Gaprigg Court, Hexham  
SHLAA Ref 2615/2616

**Summary Appraisal for Phase 1**

Currency in £

**REVENUE****Sales Valuation**

	Units	m <sup>2</sup>	Rate m <sup>2</sup>	Unit Price	Gross Sales
2 bed	1	74.50	2,800.00	208,600	208,600
3 bed	5	480.00	2,800.00	268,800	1,344,000
4 bed	7	794.50	2,800.00	317,800	2,224,600
AR - 2b	2	149.00	1,120.00	83,440	166,880
AR - 3b	2	192.00	1,120.00	107,520	215,040
SO - 3b	<u>1</u>	<u>96.00</u>	1,820.00	174,720	<u>174,720</u>
<b>Totals</b>	<b>18</b>	<b>1,786.00</b>			<b>4,333,840</b>

**NET REALISATION****4,333,840****OUTLAY****ACQUISITION COSTS**

Residualised Price (0.51 Ha 1,000,267.46 pHect)	510,136	
		510,136
Stamp Duty	15,007	
Legal Fee	0.50% 2,551	
		17,557

**CONSTRUCTION COSTS****Construction**

	m <sup>2</sup>	Rate m <sup>2</sup>	Cost	
2 bed	74.50 m <sup>2</sup>	1,155.00 pm <sup>2</sup>	86,048	
3 bed	480.00 m <sup>2</sup>	1,155.00 pm <sup>2</sup>	554,400	
4 bed	794.50 m <sup>2</sup>	1,155.00 pm <sup>2</sup>	917,648	
AR - 2b	149.00 m <sup>2</sup>	1,155.00 pm <sup>2</sup>	172,095	
AR - 3b	192.00 m <sup>2</sup>	1,155.00 pm <sup>2</sup>	221,760	
SO - 3b	<u>96.00 m<sup>2</sup></u>	1,155.00 pm <sup>2</sup>	<u>110,880</u>	
<b>Totals</b>	<b>1,786.00 m<sup>2</sup></b>		<b>2,062,830</b>	<b>2,062,830</b>

**APPRAISAL SUMMARY****CP VIABILITY LTD**

Telephone Exchange, Gaprigg Court, Hexham

SHLAA Ref 2615/2616

Contingency		5.00%	118,613	
General S106	18.00 un	1,500.00 /un	27,000	
M4 (2)			20,000	
M4(3)a			10,000	
CIL	1,786.00 m²	30.00 pm²	53,580	
Demolition			50,000	
Externals		15.00%	309,425	
				588,617
<b>PROFESSIONAL FEES</b>				
Professional fees		6.00%	142,335	
				142,335
<b>DISPOSAL FEES</b>				
Marketing		3.00%	113,316	
Sales Legal Fee	13.00 un	600.00 /un	7,800	
Affordable Legal Fee	5.00 un	300.00 /un	1,500	
				122,616
<b>FINANCE</b>				
Debit Rate 6.500%, Credit Rate 3.000% (Nominal)				
Land			50,488	
Construction			42,094	
Other			8,407	
Total Finance Cost				100,989
<b>TOTAL COSTS</b>				<b>3,545,081</b>
<b>PROFIT</b>				<b>788,759</b>

**Performance Measures**

Profit on Cost%	22.25%
Profit on GDV%	18.20%
Profit on NDV%	18.20%

**APPRAISAL SUMMARY****CP VIABILITY LTD**

Telephone Exchange, Gaprigg Court, Hexham  
SHLAA Ref 2615/2616

IRR	43.04%
Profit Erosion (finance rate 6.500%)	3 yrs 1 mth
Land Cost pHect	1,000,267

Land west of Park Rd, Haltwhistle  
SHLAA Ref 2549  
DN-0139

Development Appraisal  
Prepared by David Newham MRICS Director  
CP Viability Ltd  
16 November 2018

**APPRAISAL SUMMARY****CP VIABILITY LTD**

Land west of Park Rd, Haltwhistle  
SHLAA Ref 2549

**Summary Appraisal for Phase 1**

Currency in £

**REVENUE**

Sales Valuation	Units	m <sup>2</sup>	Rate m <sup>2</sup>	Unit Price	Gross Sales
2 bed	7	521.50	2,100.00	156,450	1,095,150
3 bed	19	1,824.00	2,100.00	201,600	3,830,400
4 bed	26	2,951.00	2,100.00	238,350	6,197,100
AR - 2b	4	298.00	1,050.00	78,225	312,900
AR - 3b	3	288.00	1,050.00	100,800	302,400
SO- 2b	2	149.00	1,417.50	105,604	211,208
SO - 3b	<u>4</u>	<u>384.00</u>	<u>1,417.50</u>	<u>136,080</u>	<u>544,320</u>
<b>Totals</b>	<b>65</b>	<b>6,415.50</b>			<b>12,493,478</b>

**NET REALISATION****12,493,478****OUTLAY****ACQUISITION COSTS**

Residualised Price (2.91 Ha 272,408.98 pHect)	792,710	
		792,710
Stamp Duty	29,135	
Legal Fee	0.50% 3,964	
		33,099

**CONSTRUCTION COSTS**

Construction	m <sup>2</sup>	Rate m <sup>2</sup>	Cost
2 bed	521.50 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	532,973
3 bed	1,824.00 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	1,864,128
4 bed	2,951.00 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	3,015,922
AR - 2b	298.00 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	304,556
AR - 3b	288.00 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	294,336
SO- 2b	149.00 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	152,278

**APPRAISAL SUMMARY****CP VIABILITY LTD**

Land west of Park Rd, Haltwhistle

SHLAA Ref 2549

SO - 3b	384.00 m²	1,022.00 pm²	392,448	
<b>Totals</b>	<b>6,415.50 m²</b>		<b>6,556,641</b>	<b>6,556,641</b>

Contingency		3.00%	226,204	
General S106	65.00 un	1,500.00 /un	97,500	
M4 (2)			74,000	
M4(3)a			30,000	
CIL	6,415.50 m²	10.00 pm²	64,155	
Abnormal drainage	2.91 ha	100,000.00 /ha	291,000	
Externals		15.00%	983,496	
				1,766,355

**PROFESSIONAL FEES**

Professional fees		6.00%	452,408	
				452,408

**DISPOSAL FEES**

Marketing		3.00%	333,680	
Sales Legal Fee	52.00 un	600.00 /un	31,200	
Affordable Legal Fee	13.00 un	300.00 /un	3,900	
				368,780

**FINANCE**

Debit Rate 6.500%, Credit Rate 3.000% (Nominal)				
Land			137,832	
Construction			88,603	
Other			(9,246)	
Total Finance Cost				217,189

**TOTAL COSTS****10,187,182****PROFIT****2,306,296****Performance Measures**

Profit on Cost%	22.64%
-----------------	--------

**APPRAISAL SUMMARY****CP VIABILITY LTD****Land west of Park Rd, Haltwhistle****SHLAA Ref 2549**

Profit on GDV%	18.46%
Profit on NDV%	18.46%
IRR	43.34%
Profit Erosion (finance rate 6.500%)	3 yrs 2 mths
Land Cost pHect	272,409

Former Coal Yard, Northumberland Rd, Berwick on Tweed  
SHLAA Ref 1116  
DN-0139

Development Appraisal  
Prepared by David Newham MRICS Director  
CP Viability Ltd  
16 November 2018

**APPRAISAL SUMMARY****CP VIABILITY LTD**

Former Coal Yard, Northumberland Rd, Berwick on Tweed  
SHLAA Ref 1116

**Summary Appraisal for Phase 1**

Currency in £

**REVENUE**

Sales Valuation	Units	m <sup>2</sup>	Rate m <sup>2</sup>	Unit Price	Gross Sales
2 bed	8	596.00	2,100.00	156,450	1,251,600
3 bed	22	2,112.00	2,100.00	201,600	4,435,200
4 bed	28	3,178.00	2,100.00	238,350	6,673,800
AR - 2b	3	223.50	1,050.00	78,225	234,675
AR - 3b	3	288.00	1,050.00	100,800	302,400
SO- 2b	2	149.00	1,417.50	105,604	211,208
SO - 3b	<u>3</u>	<u>288.00</u>	1,417.50	136,080	<u>408,240</u>
<b>Totals</b>	<b>69</b>	<b>6,834.50</b>			<b>13,517,123</b>

**NET REALISATION****13,517,123****OUTLAY****ACQUISITION COSTS**

Residualised Price (2.91 Ha 166,420.14 pHect)	484,283	
		484,283
Stamp Duty	13,714	
Legal Fee	2,421	
		16,135

**CONSTRUCTION COSTS**

Construction	m <sup>2</sup>	Rate m <sup>2</sup>	Cost
2 bed	596.00 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	609,112
3 bed	2,112.00 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	2,158,464
4 bed	3,178.00 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	3,247,916
AR - 2b	223.50 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	228,417
AR - 3b	288.00 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	294,336
SO- 2b	149.00 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	152,278

**APPRAISAL SUMMARY****CP VIABILITY LTD****Former Coal Yard, Northumberland Rd, Berwick on Tweed****SHLAA Ref 1116**

SO - 3b	288.00 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	294,336	
<b>Totals</b>	<b>6,834.50 m<sup>2</sup></b>		<b>6,984,859</b>	<b>6,984,859</b>
Contingency		5.00%	401,629	
General S106	69.00 un	1,500.00 /un	103,500	
M4 (2)			60,000	
M4(3)a			30,000	
CIL	6,834.50 m <sup>2</sup>	10.00 pm <sup>2</sup>	68,345	
Abnormal drainage	2.91 ha	250,000.00 /ha	727,500	
Externals		15.00%	1,047,729	
				2,438,703
<b>PROFESSIONAL FEES</b>				
Professional fees		6.00%	481,955	
				481,955
<b>DISPOSAL FEES</b>				
Marketing		3.00%	370,818	
Sales Legal Fee	58.00 un	600.00 /un	34,800	
Affordable Legal Fee	11.00 un	300.00 /un	3,300	
				408,918
<b>FINANCE</b>				
Debit Rate 6.500%, Credit Rate 3.000% (Nominal)				
Land			82,054	
Construction			90,768	
Other			(11,772)	
Total Finance Cost				161,050
<b>TOTAL COSTS</b>				<b>10,975,904</b>
<b>PROFIT</b>				<b>2,541,219</b>
<b>Performance Measures</b>				
Profit on Cost%		23.15%		

**APPRAISAL SUMMARY****CP VIABILITY LTD****Former Coal Yard, Northumberland Rd, Berwick on Tweed****SHLAA Ref 1116**

Profit on GDV%	18.80%
Profit on NDV%	18.80%
IRR	53.50%
Profit Erosion (finance rate 6.500%)	3 yrs 3 mths
Land Cost pHect	166,420

Land east of Broad Rd, Seahouses  
SHLAA Ref 6751  
DN-0139

Development Appraisal  
Prepared by David Newham MRICS Director  
CP Viability Ltd  
16 November 2018

**APPRAISAL SUMMARY****CP VIABILITY LTD**

Land east of Broad Rd, Seahouses  
SHLAA Ref 6751

**Summary Appraisal for Phase 1**

Currency in £

**REVENUE**

Sales Valuation	Units	m <sup>2</sup>	Rate m <sup>2</sup>	Unit Price	Gross Sales
2 bed	8	596.00	2,400.00	178,800	1,430,400
3 bed	27	2,592.00	2,400.00	230,400	6,220,800
4 bed	40	4,540.00	2,400.00	272,400	10,896,000
AR - 2b	7	521.50	960.00	71,520	500,640
AR - 3b	6	576.00	960.00	92,160	552,960
SO- 2b	5	372.50	1,560.00	116,220	581,100
SO - 3b	<u>7</u>	<u>672.00</u>	1,560.00	149,760	<u>1,048,320</u>
<b>Totals</b>	<b>100</b>	<b>9,870.00</b>			<b>21,230,220</b>

**NET REALISATION****21,230,220****OUTLAY****ACQUISITION COSTS**

Residualised Price (11.18 Ha 206,708.49 pHect)	2,311,001	
		2,311,001
Stamp Duty	105,050	
Legal Fee	11,555	
		116,605

**CONSTRUCTION COSTS**

Construction	m <sup>2</sup>	Rate m <sup>2</sup>	Cost
2 bed	596.00 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	609,112
3 bed	2,592.00 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	2,649,024
4 bed	4,540.00 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	4,639,880
AR - 2b	521.50 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	532,973
AR - 3b	576.00 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	588,672
SO- 2b	372.50 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	380,695

**APPRAISAL SUMMARY****CP VIABILITY LTD**

Land east of Broad Rd, Seahouses

SHLAA Ref 6751

SO - 3b	672.00 m <sup>2</sup>	1,022.00 pm <sup>2</sup>	686,784	
<b>Totals</b>	<b>9,870.00 m<sup>2</sup></b>		<b>10,087,140</b>	<b>10,087,140</b>

Contingency		3.00%	348,006	
General S106	100.00 un	1,500.00 /un	150,000	
M4 (2)			136,000	
M4(3)a			50,000	
CIL	9,870.00 m <sup>2</sup>	30.00 pm <sup>2</sup>	296,100	
Abnormals	11.18 ha	50,000.00 /ha	559,000	
Externals		15.00%	1,513,071	
				3,052,177

**PROFESSIONAL FEES**

Professional fees		6.00%	696,013	
				696,013

**DISPOSAL FEES**

Marketing		3.00%	556,416	
Sales Legal Fee	75.00 un	600.00 /un	45,000	
Affordable Legal Fee	25.00 un	300.00 /un	7,500	
				608,916

**FINANCE**

Debit Rate 6.500%, Credit Rate 3.000% (Nominal)				
Land			517,088	
Construction			(2,239)	
Other			(26,761)	
Total Finance Cost				488,089

**TOTAL COSTS****17,359,941****PROFIT****3,870,279****Performance Measures**

Profit on Cost%	22.29%
-----------------	--------

**APPRAISAL SUMMARY****CP VIABILITY LTD****Land east of Broad Rd, Seahouses****SHLAA Ref 6751**

Profit on GDV% 18.23%

Profit on NDV% 18.23%

IRR 31.41%

Profit Erosion (finance rate 6.500%) 3 yrs 1 mth

Land Cost pHect 206,708

## **APPENDIX J**

**J1 Industrial Rental Evidence**

**J2 Office Rental Evidence**

**J3 Retail Rental Evidence**

**J4 Lease Comps Details**

**INDUSTRIAL RENTAL EVIDENCE**

Address	City	Total sq m	Rent psm	Rent Type	Use	Start Date	Term
Rivermead	Hexham	110	£	22	Effective	Industrial	08/08/2016 3 yrs
Nelson Way	Cramlington	6,680	£	22	Effective	Industrial	01/05/2016 10 yrs
Ennerdale Rd	Blyth	1,771	£	23	Achieved	Industrial	01/03/2016 mtm
Grasmere Way	Blyth	326	£	23	Effective	Industrial	30/08/2016 3 yrs
Ennerdale Rd	Blyth	2,381	£	23	Effective	Industrial	15/04/2016 10 yrs
Station Rd	Prudhoe	2,561	£	23	Effective	Industrial	01/04/2016 15 yrs
A698	Berwick Upon Tweed	385	£	24	Asking	Industrial	01/07/2016
Rotary Pky	Ashington	162	£	24	Effective	Industrial	21/03/2016 5 yrs
Stanners Complex	Morpeth	512	£	26	Effective	Industrial	31/12/2015 10 yrs
Bassington Ln	Cramlington	304	£	26	Effective	Industrial	24/02/2017 3 yrs
Fourstones	Hexham	375	£	27	Achieved	Industrial	15/03/2016
Atley Way	Cramlington	2,656	£	27	Effective	Industrial	01/12/2016 10 yrs
Rivermead	Hexham	110	£	28	Effective	Industrial	13/10/2017 3 yrs
Bassington Ln	Cramlington	200	£	29	Effective	Industrial	27/04/2016 3 yrs
Bowes Ct	Bedlington	339	£	29	Achieved	Industrial	14/10/2016
Fourstones	Hexham	675	£	30	Effective	Industrial	03/11/2017 3 yrs
4 Coniston Ct	Blyth	1,857	£	30	Asking	Industrial	10/07/2017
South Nelson Rd	Cramlington	503	£	30	Effective	Industrial	12/05/2016 3 yrs
89 Plessey Rd	Blyth	487	£	31	Asking	Industrial	01/03/2016
Bassington Ln	Cramlington	201	£	31	Effective	Industrial	04/08/2016 5 yrs
Bassington Ln	Cramlington	200	£	31	Effective	Industrial	04/01/2016 5 yrs
Green Ln	Ashington	66	£	31	Effective	Industrial	17/03/2017 2 yrs
Bassington Ln	Cramlington	200	£	32	Effective	Industrial	01/02/2016 3 yrs
Fourstones	Hexham	375	£	32	Effective	Industrial	01/08/2017 3 yrs
Grasmere Way	Blyth	123	£	32	Effective	Industrial	20/08/2016 3 yrs
Bassington Ln	Cramlington	152	£	32	Effective	Industrial	09/02/2016 3 yrs
Bassington Ln	Cramlington	200	£	35	Effective	Industrial	26/04/2017 3 yrs
Longridge Ct	Bedlington	200	£	35	Effective	Industrial	25/04/2017 3 yrs
Fourstones	Hexham	121	£	35	Achieved	Industrial	15/06/2016
21 Wansbeck Business Park	Ashington	718	£	35	Effective	Industrial	01/03/2016 10 yrs
Colbourne Cres	Cramlington	957	£	35	Asking	Industrial	01/05/2017
Colbourne Cres	Cramlington	319	£	35	Asking	Industrial	01/04/2017
Bowes Ct	Bedlington	341	£	35	Asking	Industrial	14/10/2016
Bassington Ln	Cramlington	194	£	36	Effective	Industrial	30/06/2017 5 yrs
Grasmere Way	Blyth	123	£	36	Effective	Industrial	22/08/2016 3 yrs
West Sleekburn	Bedlington	683	£	37	Asking	Industrial	01/05/2017
Stephenson Ct	Bedlington	230	£	37	Effective	Industrial	13/01/2017 3 yrs
Coquet Enterprise Park	Morpeth	245	£	37	Effective	Industrial	07/12/2016 2 yrs
Bowes Ct	Bedlington	202	£	37	Effective	Industrial	15/07/2016 1 yr
1 Errington St	Blyth	324	£	37	Asking	Industrial	15/03/2016
Nelson Way	Cramlington	548	£	38	Asking	Industrial	04/01/2017
Grasmere Way	Blyth	123	£	38	Effective	Industrial	11/03/2016 3 yrs
Nelson Way	Cramlington	1,338	£	38	Asking	Industrial	04/01/2017
Station Rd	Belford	251	£	38	Asking	Industrial	22/10/2016
Stephenson Ct	Bedlington	234	£	38	Effective	Industrial	30/12/2016 3 yrs
3 Rotary Way	Ashington	1,330	£	39	Asking	Industrial	01/06/2017
Grasmere Way	Blyth	123	£	42	Effective	Industrial	31/03/2017 3 yrs
1-5 Burt St	Blyth	220	£	42	Effective	Industrial	01/06/2017 3 yrs
1-5 Burt St	Blyth	220	£	43	Effective	Industrial	01/06/2017 5 yrs
Bentley Ct	Blyth	88	£	43	Effective	Industrial	17/03/2016 5 yrs
Grasmere Way	Blyth	215	£	43	Asking	Industrial	01/09/2017
Grasmere Way	Blyth	123	£	43	Effective	Industrial	01/08/2017 3 yrs
Spencer Rd	Blyth	90	£	43	Effective	Industrial	12/12/2016 3 yrs
Grasmere Way	Blyth	113	£	43	Effective	Industrial	20/10/2016 3 yrs
Coquet Vw	Morpeth	149	£	44	Asking	Industrial	03/01/2017
Coquet Vw	Morpeth	253	£	44	Asking	Industrial	01/01/2016 3 yrs
Rotary Pky	Ashington	162	£	44	Effective	Industrial	23/03/2016 3 yrs
3 Burt St	Blyth	441	£	44	Effective	Industrial	20/05/2017 3 yrs
Rotary Parkway	Ashington	2,605	£	44	Asking	Industrial	01/11/2016 10 yrs
Rotary Pky	Ashington	162	£	46	Effective	Industrial	01/05/2017 3 yrs
Rotary Pky	Ashington	245	£	46	Asking	Industrial	10/08/2016 1 yr
Bentley Ct	Blyth	103	£	46	Effective	Industrial	24/08/2017 3 yrs
Nelson Way	Cramlington	557	£	47	Effective	Industrial	10/06/2016 5 yrs
Longridge Ct	Bedlington	99	£	47	Effective	Industrial	05/09/2016 3 yrs
Jubilee Industrial Estate	Ashington	56	£	48	Effective	Industrial	22/11/2017 1 yr
South Road Industrial Estate	Alnwick	309	£	48	Asking	Industrial	01/11/2016

Jubilee Industrial Estate	Ashington	74	£	48	Effective	Industrial	08/04/2016	3 yrs
Tyne View Rd	Haltwhistle	102	£	49	Asking	Industrial	01/05/2016	3 yrs
Tyne View Rd	Haltwhistle	102	£	49	Asking	Industrial	01/05/2016	3 yrs
Baker Rd	Cramlington	1,520	£	49	Asking	Industrial	11/08/2016	
East Ord Industrial Estate	Berwick Upon Tweed	406	£	49	Asking	Industrial	01/03/2016	3 yrs
Tyne View Rd	Haltwhistle	204	£	50	Asking	Industrial	20/01/2017	
2 Princess Ct	Prudhoe	464	£	50	Asking	Industrial	01/05/2017	3 yrs
Butchers Ln	Morpeth	184	£	50	Asking	Industrial	01/03/2016	3 yrs
Chareway Ln	Hexham	237	£	51	Asking	Industrial	01/02/2017	
Tyne View Rd	Haltwhistle	100	£	51	Asking	Industrial	01/09/2017	
Glendale Ct	Morpeth	37	£	51	Achieved	Industrial	01/03/2016	3 yrs
Coniston Rd	Blyth	294	£	51	Achieved	Industrial	15/07/2016	
Grasmere Way	Blyth	123	£	51	Effective	Industrial	22/01/2016	3 yrs
Glendale Ct	Morpeth	23	£	52	Effective	Industrial	01/02/2017	3 yrs
Rotary Pky	Ashington	929	£	52	Effective	Industrial	01/06/2016	10 yrs
Nelson Way	Cramlington	557	£	53	Effective	Industrial	08/05/2016	5 yrs
Green Ln	Ashington	32	£	53	Effective	Industrial	08/01/2016	3 yrs
4A-4B Atley Way	Cramlington	341	£	53	Asking	Industrial	01/09/2017	
Altey Way	Cramlington	281	£	53	Asking	Industrial	01/04/2017	
Longridge Ct	Bedlington	93	£	54	Effective	Industrial	13/01/2017	3 yrs
Station Rd	Belford	95	£	54	Asking	Industrial	01/03/2016	3 yrs
41B Colbourne Cres	Cramlington	602	£	54	Asking	Industrial	23/02/2016	
Colbourne Ave	Cramlington	1,493	£	55	Asking	Industrial	01/01/2016	
Armstrong Ct	Ashington	259	£	55	Asking	Industrial	01/04/2016	3 yrs
South Rd	Alnwick	450	£	56	Asking	Industrial	31/10/2016	
Coopies Ln	Morpeth	376	£	56	Asking	Industrial	01/04/2016	3 yrs
Coniston Rd	Blyth	147	£	57	Effective	Industrial	21/06/2017	3 yrs
Armstrong Ct	Ashington	129	£	57	Asking	Industrial	01/05/2016	3 yrs
Green Ln	Ashington	66	£	57	Effective	Industrial	17/06/2016	3 yrs
Armstrong Ct	Ashington	252	£	58	Asking	Industrial	06/05/2016	3 yrs
Colbourne Ave	Cramlington	180	£	59	Effective	Industrial	30/09/2017	3 yrs
Coquet Vw	Morpeth	91	£	60	Asking	Industrial	01/07/2017	3 yrs
Armstrong Ct	Ashington	129	£	60	Asking	Industrial	15/09/2016	
Tyne View Rd	Haltwhistle	54	£	61	Asking	Industrial	01/02/2016	3 yrs
Green Lane	Ashington	64	£	61	Effective	Industrial	09/01/2017	3 yrs
Tyne View Rd	Haltwhistle	57	£	62	Asking	Industrial	01/10/2017	3 yrs
Spencer Ct	Blyth	110	£	62	Asking	Industrial	01/01/2016	3 yrs
Atley Way	Cramlington	124	£	62	Asking	Industrial	01/05/2017	
Haugh Ln	Hexham	93	£	62	Effective	Industrial	01/06/2016	3 yrs
Atley Way	Cramlington	139	£	62	Asking	Industrial	01/04/2017	
Spencer Ct	Blyth	52	£	62	Asking	Industrial	01/01/2016	3 yrs
Coopies Ln	Morpeth	250	£	62	Asking	Industrial	07/12/2016	
Armstrong Ct	Ashington	127	£	62	Asking	Industrial	09/09/2017	3 yrs
Armstrong Ct	Ashington	124	£	62	Asking	Industrial	01/07/2017	3 yrs
East Ord Industrial Estate	Berwick Upon Tweed	275	£	62	Asking	Industrial	01/02/2017	
Green Lane	Ashington	64	£	62	Effective	Industrial	14/12/2016	3 yrs
Princess Ct	Prudhoe	227	£	63	Asking	Industrial	03/01/2017	
Princess Ct	Prudhoe	228	£	63	Asking	Industrial	15/09/2016	
Armstrong Ct	Ashington	124	£	63	Asking	Industrial	01/05/2017	
Ashington Ct	Ashington	46	£	63	Effective	Industrial	17/08/2017	3 yrs
Haugh Ln	Hexham	96	£	64	Effective	Industrial	01/11/2016	5 yrs
Atley Way	Cramlington	140	£	64	Asking	Industrial	07/10/2016	
Spencer Ct	Blyth	210	£	64	Asking	Industrial	01/05/2016	3 yrs
Princess Ct	Prudhoe	176	£	64	Asking	Industrial	03/01/2017	
Lintonville Pike	Ashington	70	£	65	Effective	Industrial	01/10/2017	3 yrs
Butchers Ln	Morpeth	92	£	65	Asking	Industrial	01/03/2017	
Moorland Way	Cramlington	253	£	65	Asking	Industrial	01/03/2017	3 yrs
Lintonville Pky	Ashington	70	£	65	Effective	Industrial	17/02/2017	3 yrs
Pegswood Industrial Estate	Morpeth	139	£	65	Asking	Industrial	01/09/2016	
Pegswood Industrial Estate	Morpeth	93	£	65	Asking	Industrial	15/02/2016	1 yr
Pegswood Industrial Estate	Morpeth	139	£	65	Asking	Industrial	15/02/2016	
Lintonville Pky	Ashington	70	£	65	Effective	Industrial	29/01/2016	3 yrs
Lintonville Pky	Ashington	70	£	65	Achieved	Industrial	29/01/2016	3 yrs
East Ord Industrial Estate	Berwick Upon Tweed	109	£	65	Asking	Industrial	20/10/2016	
Station Rd	Belford	44	£	65	Asking	Industrial	01/04/2016	3 yrs
Spencer Ct	Blyth	210	£	65	Asking	Industrial	01/03/2017	3 yrs
Spencer Rd	Blyth	214	£	65	Asking	Industrial	01/03/2017	3 yrs
Poplar Ct	Cramlington	350	£	66	Asking	Industrial	01/11/2016	
Pegswood Industrial Estate	Morpeth	93	£	66	Asking	Industrial	15/04/2016	

Church Ln	Hexham	285	£	66	Asking	Industrial	30/06/2017	
Amble Industrial Estate	Morpeth	75	£	67	Asking	Industrial	01/07/2016	3 yrs
Spencer Ct	Blyth	70	£	67	Asking	Industrial	01/05/2016	3 yrs
South Nelson Rd	Cramlington	156	£	67	Asking	Industrial	29/02/2016	
Pegswood Industrial Estate	Morpeth	139	£	67	Effective	Industrial	01/01/2017	1 yr
Spencer Ct	Blyth	104	£	67	Asking	Industrial	01/03/2016	3 yrs
Earls Ct	Prudhoe	131	£	67	Asking	Industrial	01/05/2016	3 yrs
Pegswood Industrial Estate	Morpeth	139	£	67	Asking	Industrial	15/02/2016	
Ashington Ct	Ashington	46	£	67	Effective	Industrial	11/10/2017	3 yrs
Ashington Ct	Ashington	70	£	67	Effective	Industrial	29/09/2017	3 yrs
Ashington Ct	Ashington	46	£	67	Effective	Industrial	15/08/2017	3 yrs
Hotspur Ct	Alnwick	139	£	67	Effective	Industrial	05/01/2016	1 yr
Poplar Ct	Cramlington	350	£	67	Asking	Industrial	01/03/2017	3 yrs
Spencer Ct	Blyth	138	£	67	Asking	Industrial	01/07/2017	3 yrs
Spencer Ct	Blyth	110	£	68	Asking	Industrial	01/06/2017	
South Nelson Rd	Cramlington	154	£	68	Asking	Industrial	29/02/2016	
Princess Ct	Prudhoe	139	£	68	Asking	Industrial	01/07/2016	1 yr
Moorland Way	Cramlington	93	£	68	Asking	Industrial	01/12/2016	
Princess Ct	Prudhoe	139	£	69	Asking	Industrial	01/07/2017	3 yrs
Atley Way	Cramlington	139	£	70	Asking	Industrial	09/09/2017	3 yrs
Pegswood Industrial Estate	Morpeth	93	£	70	Effective	Industrial	15/01/2017	1 yr
South Nelson Rd	Cramlington	154	£	70	Achieved	Industrial	25/07/2016	
Moorland Way	Cramlington	93	£	70	Asking	Industrial	01/07/2016	3 yrs
Spencer Ct	Blyth	70	£	70	Asking	Industrial	01/07/2016	3 yrs
Moorland Way	Cramlington	141	£	71	Asking	Industrial	01/08/2017	3 yrs
Pegswood Industrial Estate	Morpeth	93	£	71	Asking	Industrial	15/04/2016	
Moorland Way	Cramlington	335	£	71	Asking	Industrial	01/06/2017	
Colbourne Cres	Cramlington	319	£	71	Asking	Industrial	14/04/2016	
Spencer Ct	Blyth	70	£	72	Asking	Industrial	01/03/2017	3 yrs
Spencer Ct	Blyth	70	£	72	Asking	Industrial	01/02/2017	
Spencer Ct	Blyth	70	£	72	Asking	Industrial	15/09/2016	
Butchers Ln	Morpeth	46	£	72	Asking	Industrial	01/06/2017	
Butchers Ln	Morpeth	46	£	72	Asking	Industrial	07/09/2016	
Bridge End Industrial Estate	Hexham	210	£	74	Asking	Industrial	30/06/2017	3 yrs
Spencer Ct	Blyth	68	£	74	Asking	Industrial	01/03/2017	3 yrs
Pegswood Industrial Estate	Morpeth	46	£	75	Asking	Industrial	01/05/2017	
Pegswood Industrial Estate	Morpeth	46	£	75	Effective	Industrial	31/12/2016	1 yr
Poplar Ct	Cramlington	158	£	75	Asking	Industrial	01/02/2017	
Amble Industrial Estate	Morpeth	51	£	75	Asking	Industrial	01/07/2017	3 yrs
Windmill Way	Berwick Upon Tweed	68	£	75	Asking	Industrial	01/06/2017	
Spencer Ct	Blyth	53	£	76	Asking	Industrial	01/05/2016	3 yrs
Spencer Ct	Blyth	53	£	76	Asking	Industrial	01/04/2016	3 yrs
Pegswood Industrial Estate	Morpeth	46	£	76	Effective	Industrial	01/08/2017	1 yr
Amble Industrial Estate	Morpeth	50	£	77	Asking	Industrial	01/07/2016	3 yrs
Spencer Ct	Blyth	53	£	77	Asking	Industrial	01/05/2017	3 yrs
Spencer Ct	Blyth	53	£	77	Asking	Industrial	01/09/2017	3 yrs
Willowtree Industrial Estate	Alnwick	78	£	77	Asking	Industrial	07/07/2016	3 yrs
Willowtree Industrial Estate	Alnwick	70	£	78	Asking	Industrial	01/06/2016	3 yrs
Willowtree Industrial Estate	Alnwick	124	£	78	Asking	Industrial	12/11/2017	3 yrs
Willowtree Industrial Estate	Alnwick	78	£	79	Asking	Industrial	01/07/2017	3 yrs
Moorland Way	Cramlington	56	£	79	Effective	Industrial	01/09/2017	3 yrs
16 Dukes Ct	Prudhoe	50	£	80	Effective	Industrial	27/07/2017	3 yrs
Dukes Ct	Prudhoe	50	£	80	Effective	Industrial	16/01/2017	3 yrs
Dukes Ct	Prudhoe	20	£	80	Effective	Industrial	02/11/2017	3 yrs
Dukes Ct	Prudhoe	20	£	80	Effective	Industrial	27/03/2017	3 yrs
Grasmere Way	Blyth	215	£	81	Effective	Industrial	30/09/2016	5 mos
South Nelson Rd	Cramlington	103	£	82	Asking	Industrial	29/02/2016	
Marquis Ct	Prudhoe	112	£	83	Effective	Industrial	14/09/2017	3 yrs
Moorland Way	Cramlington	56	£	84	Asking	Industrial	01/02/2017	
Moorland Way	Cramlington	56	£	84	Asking	Industrial	15/09/2016	
Moorland Way	Cramlington	56	£	84	Asking	Industrial	01/12/2016	
Moorland Way	Cramlington	55	£	85	Asking	Industrial	10/09/2017	3 yrs
Dukes Ct	Prudhoe	20	£	85	Effective	Industrial	13/01/2017	3 yrs
Dukes Ct	Prudhoe	20	£	85	Effective	Industrial	10/10/2016	3 yrs
Moorland Way	Cramlington	64	£	86	Asking	Industrial	01/07/2017	3 yrs
South Nelson Rd	Cramlington	53	£	91	Asking	Industrial	01/02/2017	3 yrs

## OFFICE RENTAL EVIDENCE

Address	City	Sq m	Rent £psm	Rent Type	Start Date	Use	Term
Crosland Park	Cramlington	232	£	33 Effective	19/10/2015	Office	5 yrs
17 High Market	Ashington	278	£	36 Asking	19/06/2015	Office	
Burt St	Blyth	2,154	£	37 Effective	01/06/2017	Office	10 yrs
Broad Law	Cramlington	133	£	38 Achieved	22/01/2015	Office	5 yrs
64A Front St W	Bedlington	72	£	41 Effective	04/02/2016	Office	2 yrs
38-42 Hide HI	Berwick Upon Tweed	256	£	42 Achieved	21/10/2015	Office	1 yr
10 Market Pl	Hexham	73	£	43 Effective	09/01/2017	Office	3 yrs
Crosland Park	Cramlington	232	£	45 Effective	26/07/2017	Office	3 yrs
Fourstones	Hexham	124	£	48 Achieved	15/03/2016	Office	
Coniston Rd	Blyth	57	£	51 Achieved	15/07/2016	Office	
32-34 Bondgate Within	Alnwick	102	£	54 Effective	15/07/2016	Office	3 yrs
Bridge St	Blyth	180	£	54 Effective	08/04/2015	Office	5 yrs
St Marys Chare	Hexham	525	£	54 Asking	01/09/2017	Office	
Crosland Park	Cramlington	139	£	54 Effective	24/06/2016	Office	5 yrs
Crosland Park	Cramlington	139	£	55 Effective	23/06/2016	Office	5 yrs
8-9 Market Pl	Hexham	78	£	56 Asking	14/09/2017	Office	
Burn Ln	Hexham	179	£	56 Effective	15/05/2016	Office	6 yrs
Warden	Hexham	89	£	56 Asking	01/10/2016	Office	
Crosland Park	Cramlington	149	£	57 Effective	11/08/2015	Office	3 yrs
Ochrelands	Hexham	64	£	59 Asking	01/09/2016	Office	
24 Bondgate Within	Alnwick	124	£	59 Effective	01/12/2014	Office	6 yrs
Crosland Park	Cramlington	149	£	59 Effective	20/05/2016	Office	3 yrs
Bridge St	Blyth	117	£	60 Effective	18/01/2016	Office	1 yr 3 mos
Crosland Park	Cramlington	223	£	61 Effective	01/09/2016	Office	5 yrs 7 mos
Freehold St	Blyth	92	£	61 Effective	08/09/2015	Office	12 yrs
18A Bridge St	Morpeth	64	£	62 Effective	15/07/2015	Office	2 yrs
Freehold St	Blyth	88	£	65 Effective	08/09/2015	Office	12 yrs
5 Cattle Market	Hexham	146	£	65 Asking	01/04/2015	Office	
Butchers Ln	Morpeth	92	£	66 Asking	03/01/2017	Office	
Butchers Ln	Morpeth	92	£	66 Asking	09/09/2016	Office	
45 Croft Rd	Blyth	150	£	67 Effective	31/03/2014	Office	3 yrs
Crosland Park	Cramlington	82	£	67 Effective	22/02/2017	Office	3 yrs
56-60A Front St W	Bedlington	129	£	68 Effective	06/01/2017	Office	5 yrs
Esther Ct	Ashington	190	£	68 Effective	26/07/2016	Office	5 yrs 2 mos
8 Bondgate Within	Alnwick	51	£	68 Effective	10/07/2017	Office	3 yrs
Butchers Ln	Morpeth	46	£	72 Asking	07/09/2016	Office	
Esther Ct	Ashington	224	£	73 Effective	01/03/2017	Office	5 yrs
Freehold St	Blyth	91	£	73 Asking	01/04/2015	Office	
Bridge St	Blyth	158	£	75 Effective	04/11/2015	Office	9 yrs 6 mos
Freehold St	Blyth	75	£	75 Asking	01/04/2015	Office	
36 Rear of Bridge St	Morpeth	45	£	78 Effective	01/03/2017	Office	3 yrs
Apex Business Vlg	Cramlington	114	£	78 Asking	01/04/2017	Office	
Esther Ct	Ashington	240	£	81 Effective	22/09/2017	Office	5 yrs
Esther Ct	Ashington	92	£	81 Effective	01/06/2017	Office	3 yrs
Atley Way	Cramlington	91	£	82 Achieved	31/03/2015	Office	3 yrs
Vine Ter	Hexham	98	£	86 Asking	02/11/2014	Office	
Apex Business Park	Cramlington	171	£	88 Effective	01/04/2017	Office	3 yrs
17 Market Pl	Morpeth	181	£	89 Asking	01/08/2014	Office	
Apex Business Park	Cramlington	66	£	91 Effective	01/03/2017	Office	3 yrs
6A Manchester St	Morpeth	60	£	92 Effective	15/03/2017	Office	5 yrs
Apex Business Vlg	Cramlington	115	£	92 Effective	01/04/2016	Office	5 yrs
Atley Way	Cramlington	91	£	92 Achieved	01/02/2017	Office	
Atley Way	Cramlington	91	£	92 Effective	01/01/2017	Office	3 yrs
82 Beatrice St	Ashington	56	£	92 Asking	24/06/2015	Office	
Quayside	Berwick Upon Tweed	54	£	95 Asking	01/08/2014	Office	
Quayside	Berwick Upon Tweed	113	£	96 Effective	24/02/2016	Office	9 yrs 6 mos
Burn Ln	Hexham	374	£	96 Achieved	25/03/2014	Office	10 yrs
26 Apex Business Vlg	Cramlington	115	£	97 Effective	15/07/2016	Office	5 yrs
Quayside	Berwick Tweed	36	£	97 Asking	01/08/2014	Office	
34A Bridge St	Morpeth	29	£	98 Effective	04/12/2016	Office	5 yrs
Apex Business Vlg	Cramlington	60	£	101 Effective	01/07/2017	Office	3 yrs
2 Clayport St	Alnwick	47	£	101 Achieved	17/07/2014	Office	3 yrs

60 Front St	Bedlington	48	£	103	Achieved	01/09/2015	Office	3 yrs
2 Clayport St	Alnwick	47	£	105	Effective	01/12/2016	Office	3 yrs
Apex Business Vlg	Cramlington	56	£	107	Asking	01/07/2014	Office	1 yr 5 mos
Pegswood Vlg	Morpeth	46	£	110	Asking	15/05/2014	Office	
Sanderson Arcade	Morpeth	87	£	111	Asking	01/12/2014	Office	
The Riding	Hexham	43	£	116	Effective	01/11/2017	Office	1 yr
30 Apex Business Vlg	Cramlington	60	£	116	Effective	15/01/2014	Office	3 yrs
Burn Ln	Hexham	104	£	120	Asking	09/03/2017	Office	
9-16 Telford Ct	Morpeth	261	£	124	Effective	05/09/2014	Office	10 yrs
Manor Walks	Cramlington	41	£	125	Effective	09/11/2016	Office	3 yrs
63 Bridge St	Morpeth	368	£	133	Asking	01/04/2017	Office	
Linnet Ct	Alnwick	224	£	135	Effective	13/03/2017	Office	10 yrs
6A Greensfield Ct	Alnwick	150	£	135	Effective	13/05/2016	Office	7 yrs
Sanderson Arcade	Morpeth	16	£	135	Effective	15/01/2016	Office	1 yr
Hawthorn Close	Alnwick	172	£	135	Asking	01/09/2015	Office	5 yrs
Linnet Ct	Alnwick	224	£	135	Asking	15/04/2015	Office	
Berrymoor Ct	Cramlington	113	£	139	Achieved	30/07/2016	Office	
Telford Ct	Morpeth	247	£	140	Effective	06/07/2015	Office	5 yrs
9-16 Telford Ct	Morpeth	87	£	145	Asking	01/07/2017	Office	3 yrs
Telford Ct	Morpeth	87	£	145	Asking	01/05/2017	Office	3 yrs
Berrymoor Ct	Cramlington	567	£	145	Asking	01/03/2017	Office	
Berrymoor Ct	Cramlington	209	£	145	Effective	01/06/2016	Office	10 yrs
Berrymoor Ct	Cramlington	209	£	145	Asking	15/08/2015	Office	
Berrymoor Ct	Cramlington	209	£	145	Asking	15/08/2015	Office	
Berrymoor Ct	Cramlington	488	£	145	Asking	15/08/2015	Office	
Silverton Ct	Cramlington	488	£	145	Asking	21/05/2015	Office	
Berrymoor Ct	Cramlington	567	£	151	Asking	01/03/2017	Office	
South Park	Hexham	192	£	161	Asking	09/04/2014	Office	
South Park	Hexham	59	£	161	Asking	10/03/2014	Office	
Atley Way	Cramlington	91	£	164	Asking	01/06/2014	Office	
Atley Way	Cramlington	24	£	165	Asking	14/04/2017	Office	
Telford Ct	Morpeth	87	£	167	Asking	05/05/2015	Office	

**RETAIL RENTAL EVIDENCE**

Address	City	Rent PA	Total sq m	Rent £		Start Date	Use	Term
				psm				
Powburn	Alnwick	£ 2,400	97	£ 25		05/06/2015	Retail	5 yrs
Shields Rd	Morpeth	£ 4,965	139	£ 36		15/03/2016	Retail	7 yrs
Nelson Way	Cramlington	£ 13,321	354	£ 38		22/05/2017	Retail	5 yrs
77 Station Rd	Ashington	£ 4,673	122	£ 38		21/12/2015	Retail	6 yrs
6 Narrowgate	Alnwick	£ 7,500	184	£ 41		10/04/2017	Retail	4 yrs
1-3 Delaval Ter	Blyth	£ 7,164	163	£ 44		30/08/2017	Retail	5 yrs
24 Fenkle St	Alnwick	£ 10,000	224	£ 45		18/06/2014	Retail	5 yrs
12 Narrowgate	Alnwick	£ 7,000	153	£ 46		01/05/2014	Retail	5 yrs
10 Gilesgate	Hexham	£ 12,000	259	£ 46		01/04/2014	Retail	6 yrs
14 Newgate St	Morpeth	£ 6,000	127	£ 47		01/03/2014	Retail	5 yrs
1-3 Foul Ford	Berwick Upon Tweed	£ 9,000	190	£ 47		30/06/2017	Retail	
5-9 Church St	Blyth	£ 15,000	309	£ 49		11/04/2014	Retail	10 yrs
11-13 Marygate	Berwick Upon Tweed	£ 21,533	434	£ 50		01/11/2015	Retail	10 yrs
20C Hide HI	Berwick Upon Tweed	£ 2,500	50	£ 50		01/04/2014	Retail	
59 North Seaton Rd	Ashington	£ 4,500	87	£ 51		01/08/2014	Retail	3 yrs
7 Bowes St	Blyth	£ 7,000	136	£ 52		15/07/2016	Retail	
Station Rd	Ashington	£ 8,376	157	£ 53		03/05/2016	Retail	6 mos
Main Rd	Wylam	£ 25,000	466	£ 54		27/08/2017	Retail	20 yrs
15-17 Oldgate	Morpeth	£ 30,000	551	£ 54		02/03/2016	Retail	15 yrs
17 Front St	Prudhoe	£ 9,000	162	£ 56		17/03/2014	Retail	4 yrs 5 mos
16-18 Front St	Bedlington	£ 9,000	157	£ 57		20/10/2014	Retail	
20 Hide HI	Berwick Upon Tweed	£ 7,500	129	£ 58		01/01/2015	Retail	10 yrs
1-3 Woolmarket	Berwick Upon Tweed	£ 10,000	171	£ 58		02/06/2017	Retail	
9 Park Ave	Bedlington	£ 1,850	31	£ 59		08/06/2015	Retail	5 yrs
7-9 Marygate	Berwick Upon Tweed	£ 15,000	252	£ 60		01/12/2014	Retail	
16-18 Front St	Bedlington	£ 9,000	149	£ 61		20/10/2014	Retail	
16-18 Front St	Bedlington	£ 8,000	130	£ 62		31/03/2016	Retail	
2 Whitley Ter	Bedlington	£ 8,000	127	£ 63		15/08/2017	Retail	
Priestpopple	Hexham	£ 18,500	275	£ 67		09/04/2014	Retail	
6-6A Newgate St	Morpeth	£ 12,751	188	£ 68		04/01/2016	Retail	5 yrs
Bowes St	Blyth	£ 37,000	543	£ 68		16/03/2017	Retail	10 yrs
Bowes St	Blyth	£ 8,000	117	£ 69		16/03/2017	Retail	10 yrs
137-139 Ashington Dr	Choppington	£ 5,426	79	£ 69		01/05/2017	Retail	5 yrs
11 The Oval	Bedlington	£ 2,500	36	£ 70		01/02/2016	Retail	5 yrs
8 Hencotes	Hexham	£ 4,800	69	£ 70		15/05/2014	Retail	3 yrs
122 Milburn	Ashington	£ 3,870	55	£ 70		01/08/2017	Retail	10 yrs
19 Newcastle Rd	Blyth	£ 5,300	73	£ 72		20/09/2016	Retail	3 yrs
45 Hallstile Bank	Hexham	£ 19,534	266	£ 74		01/11/2015	Retail	6 yrs
51 Front St	Newbiggin By The Sea	£ 8,000	109	£ 74		08/09/2017	Retail	5 yrs
24A Newgate St	Morpeth	£ 4,440	60	£ 74		02/09/2017	Retail	5 yrs
25-27 Gibson St	Newbiggin By The Sea	£ 6,240	80	£ 78		23/06/2017	Retail	7 yrs
12-14 Bondgate Within	Alnwick	£ 24,000	305	£ 79		15/07/2016	Retail	
2 Parsons St	Blyth	£ 3,420	43	£ 79		01/02/2015	Retail	2 yrs
Grangemoor Rd	Morpeth	£ 3,500	44	£ 79		01/04/2017	Retail	5 yrs
23 Hide HI	Berwick Upon Tweed	£ 8,656	109	£ 80		01/04/2016	Retail	5 yrs
40 Front St W	Bedlington	£ 5,804	72	£ 80		15/10/2015	Retail	10 yrs
154 Milburn Rd	Ashington	£ 5,401	65	£ 83		01/03/2017	Retail	5 yrs
22 Battle HI	Hexham	£ 9,000	109	£ 83		01/02/2015	Retail	
100 Marygate	Berwick Upon Tweed	£ 14,148	164	£ 86		01/09/2017	Retail	5 yrs
23 North Seaton Rd	Ashington	£ 6,591	76	£ 87		01/04/2017	Retail	5 yrs
37 Waterloo Rd	Blyth	£ 20,773	238	£ 87		18/07/2016	Retail	10 yrs
47 Bondgate Within	Alnwick	£ 23,374	262	£ 89		24/02/2017	Retail	10 yrs
42 Bridge St	Morpeth	£ 32,887	368	£ 89		17/11/2017	Retail	10 yrs
76A Front St	Bedlington	£ 7,000	77	£ 91		01/09/2015	Retail	5 yrs
Front St	Cramlington	£ 11,500	125	£ 92		01/05/2014	Retail	15 yrs
13 Hide HI	Berwick Upon Tweed	£ 8,000	87	£ 92		01/11/2014	Retail	
Greys Yard	Morpeth	£ 18,500	202	£ 92		30/11/2014	Retail	
31 Station Rd	Ashington	£ 20,000	217	£ 92		10/07/2015	Retail	10 yrs
9 Battle HI	Hexham	£ 10,698	116	£ 93		18/04/2017	Retail	3 yrs
8 Hencotes	Hexham	£ 4,800	52	£ 93		01/05/2016	Retail	5 yrs
110-110A Front St E	Bedlington	£ 6,000	64	£ 94		01/04/2015	Retail	5 yrs
Keel Row	Blyth	£ 42,500	449	£ 95		01/11/2015	Retail	
32-34 Marygate	Berwick Upon Tweed	£ 37,500	394	£ 95		15/06/2015	Retail	

13 Castlegate	Berwick Upon Tweed	£ 6,500	68	£ 96	16/07/2014	Retail	
25-27 Gibson St	Newbiggin By The Sea	£ 7,800	81	£ 96	03/08/2015	Retail	10 yrs
8 Regent St	Blyth	£ 7,800	80	£ 98	01/04/2016	Retail	5 yrs
76 Station Rd	Ashington	£ 5,200	51	£ 101	10/03/2014	Retail	10 yrs
60 Bridge St	Berwick Upon Tweed	£ 7,000	67	£ 104	14/05/2015	Retail	5 yrs
4 Front St	Prudhoe	£ 8,631	83	£ 104	02/02/2017	Retail	3 yrs
6-6A Manchester St	Morpeth	£ 8,500	80	£ 106	01/11/2016	Retail	5 yrs
Grangemoor Rd	Morpeth	£ 3,500	33	£ 108	10/05/2017	Retail	5 yrs
87 Marygate	Berwick Upon Tweed	£ 21,000	193	£ 109	15/08/2015	Retail	5 yrs
22 Front St E	Bedlington	£ 4,000	37	£ 109	03/05/2016	Retail	3 yrs
15 North Seaton Rd	Ashington	£ 8,000	73	£ 109	23/02/2017	Retail	10 yrs
60 Bridge St	Berwick Upon Tweed	£ 6,000	55	£ 110	01/04/2014	Retail	1 yr
Quayside	Berwick Tweed	£ 5,200	47	£ 110	01/07/2014	Retail	
10 Battle HI	Hexham	£ 15,852	143	£ 111	15/10/2015	Retail	10 yrs
14 Woodhorn Rd	Ashington	£ 11,000	99	£ 111	07/10/2016	Retail	
3 St Marys Chare	Hexham	£ 10,500	94	£ 112	27/10/2017	Retail	5 yrs
Bowes St	Blyth	£ 26,500	236	£ 112	02/06/2015	Retail	10 yrs
3 Cattle Market	Hexham	£ 17,500	154	£ 114	10/03/2014	Retail	
22 Battle HI	Hexham	£ 12,000	105	£ 114	10/03/2014	Retail	6 yrs
Keel Row	Blyth	£ 16,830	146	£ 115	01/09/2016	Retail	10 yrs
10 Front St	Prudhoe	£ 6,320	55	£ 116	23/12/2015	Retail	6 yrs
16-20 Fore St	Hexham	£ 63,000	543	£ 116	14/09/2015	Retail	10 yrs
8 Bridge St	Blyth	£ 12,000	103	£ 116	01/10/2014	Retail	4 mos
26-28 Newgate St	Morpeth	£ 1,920	16	£ 117	10/09/2014	Retail	
46 Priestpopple	Hexham	£ 18,000	153	£ 117	01/11/2015	Retail	10 yrs
1 Woodhorn Rd	Ashington	£ 5,500	47	£ 117	20/03/2014	Retail	6 yrs
Woodhorn Rd	Ashington	£ 8,000	67	£ 119	31/01/2014	Retail	5 yrs
29 Station Rd	Ashington	£ 23,500	194	£ 121	01/05/2015	Retail	5 yrs
2 Battle HI	Hexham	£ 11,887	97	£ 123	21/09/2016	Retail	6 yrs
131B Pont St	Ashington	£ 2,340	19	£ 123	15/01/2017	Retail	3 yrs
South Rd	Alnwick	£ 39,426	316	£ 125	21/08/2015	Retail	15 yrs 5 mos
12 Station Rd	Ashington	£ 15,000	120	£ 125	27/07/2016	Retail	9 yrs
Market St	Cramlington	£ 7,000	56	£ 126	16/04/2014	Retail	3 yrs
11 Cattle Market	Hexham	£ 27,750	220	£ 126	07/05/2014	Retail	10 yrs
Townfoot	Morpeth	£ 12,000	95	£ 127	01/03/2017	Retail	
1A Market Pl	Alnwick	£ 12,000	94	£ 127	01/01/2015	Retail	3 yrs
38 Station Rd	Ashington	£ 8,656	68	£ 127	15/03/2017	Retail	5 yrs
41a Station Rd	Ashington	£ 12,000	93	£ 129	24/11/2014	Retail	5 yrs
2 Meadowfield	Ashington	£ 8,500	66	£ 130	01/07/2015	Retail	10 yrs
17 Clayton St	Bedlington	£ 4,800	37	£ 131	01/03/2017	Retail	1 yr
18a Manchester St	Morpeth	£ 4,500	34	£ 132	02/03/2015	Retail	3 yrs 8 mos
South Rd	Alnwick	£ 201,218	1,517	£ 133	15/10/2015	Retail	15 yrs
Station Rd	Hexham	£ 250,000	1,879	£ 133	03/03/2014	Retail	15 yrs
4 Regent St	Blyth	£ 10,400	78	£ 133	15/08/2015	Retail	3 yrs
68 Front St	Prudhoe	£ 5,600	42	£ 133	15/10/2016	Retail	5 yrs
7D Newgate St	Morpeth	£ 3,900	29	£ 134	06/06/2017	Retail	1 yr
13a Narrowgate	Alnwick	£ 6,200	46	£ 134	15/06/2014	Retail	
83 Station Rd	Ashington	£ 8,500	63	£ 134	02/10/2014	Retail	5 yrs
106 Marygate	Berwick Upon Tweed	£ 12,000	89	£ 135	29/12/2016	Retail	
8 Narrowgate	Alnwick	£ 8,000	59	£ 136	01/05/2014	Retail	5 yrs
Dewley	Cramlington	£ 14,000	102	£ 138	01/09/2016	Retail	
10 Market Pl	Wooler	£ 58,800	404	£ 145	05/11/2014	Retail	20 yrs
Regent St	Blyth	£ 18,202	124	£ 146	20/12/2016	Retail	5 yrs
129-131 Marygate	Berwick Upon Tweed	£ 9,000	61	£ 146	16/07/2014	Retail	
10 Wanley St	Blyth	£ 8,000	55	£ 146	01/06/2014	Retail	
58 Front W	Bedlington	£ 4,900	33	£ 147	24/10/2016	Retail	1 yr
23 Newgate St	Morpeth	£ 16,000	109	£ 147	01/11/2014	Retail	10 yrs
Newman @ Battle Hill	Hexham	£ 11,716	78	£ 150	15/03/2016	Retail	9 yrs
Station Rd	Hexham	£ 44,520	295	£ 151	14/04/2014	Retail	15 yrs 9 mos
4-4A Battle HI	Hexham	£ 12,500	82	£ 152	20/10/2014	Retail	10 yrs
127 Ashington Dr	Choppington	£ 4,500	30	£ 152	01/10/2015	Retail	5 yrs
14 Narrowgate	Alnwick	£ 8,175	53	£ 154	07/05/2014	Retail	5 yrs
71-73 Front St	Newbiggin By The Sea	£ 15,000	97	£ 155	02/11/2015	Retail	7 yrs
25 Main St	Seahouses	£ 7,250	46	£ 156	25/02/2015	Retail	6 yrs
34 Fore St	Hexham	£ 52,500	334	£ 157	29/09/2014	Retail	10 yrs
46 Bondgate Within	Alnwick	£ 29,000	184	£ 158	14/12/2014	Retail	10 yrs

8 Market St	Blyth	£ 12,000	76	£ 159	30/04/2017	Retail	
14 Narrowgate	Alnwick	£ 8,500	53	£ 160	23/05/2015	Retail	
Willowburn Ave	Alnwick	£ 90,000	557	£ 161	01/08/2016	Retail	25 yrs
Station Rd	Hexham	£ 108,500	657	£ 165	24/03/2014	Retail	15 yrs
Station Rd	Hexham	£ 118,125	708	£ 167	01/02/2016	Retail	15 yrs
94-94B Marygate	Berwick Upon Tweed	£ 9,000	54	£ 168	09/02/2017	Retail	3 yrs
33 Gibson St	Newbiggin By The Sea	£ 4,160	24	£ 173	13/05/2015	Retail	10 yrs
4a Market Pl	Morpeth	£ 50,000	288	£ 174	01/08/2014	Retail	
20 Market Pl	Bedlington	£ 10,001	56	£ 179	24/10/2014	Retail	10 yrs
2 Manchester St	Morpeth	£ 54,955	305	£ 180	25/05/2016	Retail	2 yrs 3 mos
58A & B Station Rd	Ashington	£ 6,000	33	£ 180	28/01/2015	Retail	5 yrs
Castle Sq	Morpeth	£ 7,500	41	£ 181	01/10/2014	Retail	5 yrs
14 Priestpopple	Hexham	£ 10,000	55	£ 182	01/09/2017	Retail	
25-28 Market St	Blyth	£ 40,000	220	£ 182	01/08/2015	Retail	
13 Battle Hl	Hexham	£ 14,000	77	£ 183	01/08/2014	Retail	10 yrs
12 Battle Hl	Hexham	£ 15,000	81	£ 184	28/07/2017	Retail	
16 Oldgate	Morpeth	£ 12,000	65	£ 185	10/11/2017	Retail	5 yrs
14 Bridge St	Blyth	£ 10,400	56	£ 185	11/02/2014	Retail	
8 Regent St	Blyth	£ 15,000	81	£ 185	01/10/2014	Retail	
7A Regent St	Blyth	£ 10,000	54	£ 187	15/04/2014	Retail	
73 Queen St	Morpeth	£ 12,720	66	£ 192	15/03/2016	Retail	3 yrs
40 Station Rd	Ashington	£ 12,500	65	£ 192	15/06/2014	Retail	3 yrs
10 Narrowgate	Alnwick	£ 8,000	40	£ 198	01/04/2014	Retail	5 yrs
14 Fore St	Hexham	£ 14,000	70	£ 199	20/10/2017	Retail	3 yrs
108 Marygate	Berwick Upon Tweed	£ 12,000	59	£ 202	05/11/2014	Retail	
18 Market St	Cramlington	£ 6,000	30	£ 202	13/10/2014	Retail	3 yrs
7-9 Bridge St	Blyth	£ 64,498	312	£ 207	15/11/2015	Retail	3 yrs
32 Newgate St	Morpeth	£ 16,000	76	£ 210	01/10/2014	Retail	
5 Woodhorn Rd	Ashington	£ 5,950	28	£ 211	05/02/2014	Retail	3 yrs
Morpeth Rd	Ashington	£ 30,000	139	£ 215	01/06/2014	Retail	
35 Station Rd	Ashington	£ 9,750	45	£ 216	28/05/2014	Retail	
40 Marygate	Berwick Upon Tweed	£ 22,000	100	£ 219	12/06/2017	Retail	
1 Battle Hl	Hexham	£ 8,400	37	£ 226	15/04/2016	Retail	6 yrs
83-85 Plessey Rd	Blyth	£ 7,500	33	£ 227	01/09/2015	Retail	4 yrs
Keel Row	Blyth	£ 10,002	44	£ 229	29/10/2015	Retail	7 yrs
33 Gibson St	Newbiggin By The Sea	£ 5,720	25	£ 232	19/09/2014	Retail	10 yrs
25 St Marys Chare	Hexham	£ 9,500	40	£ 235	01/11/2014	Retail	6 yrs
55 Bridge St	Morpeth	£ 19,200	81	£ 236	20/03/2017	Retail	
17 Newgate St	Morpeth	£ 6,500	27	£ 238	01/11/2016	Retail	
21 Bridge St	Morpeth	£ 34,000	142	£ 240	01/04/2014	Retail	10 yrs
Manor Walks	Cramlington	£ 65,000	271	£ 240	01/07/2014	Retail	10 yrs
2 Regent St	Blyth	£ 4,420	18	£ 250	17/03/2014	Retail	3 yrs
12 Hallstile Bank	Hexham	£ 6,000	24	£ 255	01/12/2015	Retail	2 yrs
42-44 Woodhorn Rd	Ashington	£ 23,000	85	£ 269	31/01/2014	Retail	
33 Gibson St	Newbiggin By The Sea	£ 6,480	24	£ 269	24/05/2017	Retail	3 yrs
82 Marygate	Berwick Upon Tweed	£ 15,000	54	£ 279	01/12/2014	Retail	
Sanderson Arcade	Morpeth	£ 72,500	256	£ 284	16/07/2015	Retail	
Hill St	Corbridge	£ 11,000	37	£ 294	01/05/2017	Retail	3 yrs
16 St Marys Chare	Hexham	£ 6,000	20	£ 299	02/12/2014	Retail	5 yrs
17 Newgate St	Morpeth	£ 6,500	21	£ 304	01/11/2016	Retail	
3 Newmarket	Morpeth	£ 9,500	31	£ 305	01/03/2017	Retail	
28 Bridge St	Morpeth	£ 14,509	47	£ 309	01/10/2016	Retail	6 yrs
26 Fore St	Hexham	£ 14,000	45	£ 314	01/09/2015	Retail	3 yrs
5-5A Oldgate	Morpeth	£ 17,500	56	£ 314	01/01/2015	Retail	25 yrs
72 Bondgate Within	Alnwick	£ 22,498	69	£ 324	24/05/2017	Retail	1 yr
5 Regent St	Blyth	£ 43,000	132	£ 326	09/06/2015	Retail	10 yrs
16B St Marys Chare	Hexham	£ 5,250	16	£ 332	27/01/2017	Retail	1 yr
17 Newgate St	Morpeth	£ 6,500	19	£ 335	01/11/2016	Retail	
Sanderson Arc	Morpeth	£ 55,617	164	£ 338	01/12/2015	Retail	10 yrs
16 St Marys Chare	Hexham	£ 5,500	16	£ 344	10/09/2014	Retail	5 yrs
17 Newgate St	Morpeth	£ 6,500	18	£ 359	01/11/2016	Retail	
5-7 Bridge St	Morpeth	£ 42,500	116	£ 367	15/06/2015	Retail	10 yrs
19-19A St Marys Chare	Hexham	£ 12,180	29	£ 415	19/05/2014	Retail	10 yrs
19 Watling St	Corbridge	£ 8,000	18	£ 442	30/09/2017	Retail	3 yrs
20A Watling St	Corbridge	£ 15,500	24	£ 644	23/05/2014	Retail	
36A Fore St	Hexham	£ 11,000	14	£ 795	15/02/2015	Retail	5 yrs

### 1 Willowburn Ave - Detached Unit

Alnwick, NE66 2JH - Northumberland Submarket



#### TENANT

Tenant Name:	<b>Pets at Home Ltd</b>
Industry:	<b>Retailers/Wholesalers</b>
SIC:	<b>Misc Retail Stores</b>

#### LEASE

SF Leased:	<b>6,000 SF</b>
Sign Date:	<b>Apr 2016</b>
Space Use:	<b>Retail</b>
Lease Type:	<b>Direct</b>
Floor:	<b>GRND Floor</b>
Suite:	<b>Stand Alone Unit</b>

#### RENTS

Asking Rent:	<b>£90,000/Yr</b>
--------------	-------------------

#### CONCESSIONS AND BUILDOUT

Buildout Status:	<b>Shell Space</b>
------------------	--------------------

#### PROPERTY EXPENSES

Service:	<b>Fully Repairing &amp; In...</b>
Service Charge:	<b>None</b>

#### LEASE TERM

Start Date:	<b>Aug 2016</b>
Expiry Date:	<b>Jul 2041</b>
Lease Term:	<b>25 Years</b>

#### TIME ON MARKET

Date On Market:	<b>Jun 2010</b>
Date Off Market:	<b>Apr 2016</b>
Months on Market:	<b>71 Months</b>

#### TIME VACANT

Date Vacated:	<b>Aug 2016</b>
Date Occupied:	<b>Aug 2016</b>
Months Vacant:	<b>1 Day</b>

#### MARKET AT LEASE

Vacancy Rates	2016 Q2	YOY
Current Building	95.1%	-
Submarket 2-4 Star	3.6%	▼ 1.0%
Market Overall	3.1%	▲ 0.3%

Same Store Asking Rent/SF	2016 Q2	YOY
Current Building	£15.00	-
Submarket 2-4 Star	£19.70	▼ 0.7%
Market Overall	£25.25	▼ 2.0%

Submarket Leasing Activity	2016 Q2	YOY
12 Mo. Leased SF	82,348	▼ 20.5%
Months On Market	9.4	▼ 2.0

#### LEASING AGENTS

**Sykes Property Consultants**  
Clavering PI  
Newcastle Upon Tyne, NE1 3NG  
Jonathan Sykes 0191 466 1076

#### PROPERTY

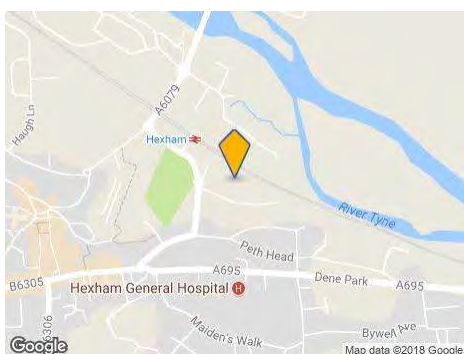
Property Type:	<b>Retail</b>	NIA:	<b>6,308 SF</b>
Status:	<b>Built Jun 2016</b>	Floors:	<b>1</b>
Tenancy:	<b>Single</b>	Floor Size:	<b>6,308 SF</b>
Construction:	<b>Steel</b>	Vacancy at Lease:	<b>95.1%</b>

#### LEASE NOTES

Pets At Home has taken 6,000 sq ft (557.4 sq m) of ground-floor retail space from Northumberland Estates Ltd on confidential terms. Sykes Property Consultants acted on behalf of Northumberland Estates Ltd. The quoting rent was £90,000 pa. Deal confirmed by Jonathan Sykes at Sykes Property Consultants.

### 2 Station Rd

Hexham, NE46 1AJ - Northumberland Submarket



#### TENANT

Tenant Name:	<b>Poundstretcher Ltd</b>
Industry:	<b>Retailers/Wholesalers</b>
SIC:	<b>Misc Retail Stores</b>

#### LEASE

SF Leased:	<b>7,621 SF</b>
Sign Date:	<b>Feb 2016</b>
Space Use:	<b>Retail</b>
Lease Type:	<b>Direct</b>
Floor:	<b>GRND Floor</b>
Suite:	<b>3</b>

#### LEASE TERM

Start Date:	<b>Feb 2016</b>
Expiry Date:	<b>Jan 2031</b>
Lease Term:	<b>15 Years</b>
Breaks:	<b>Tenant - Feb 2026</b>
Reviews:	<b>Feb 2021, Feb 2026</b>

#### RENTS

Asking Rent:	<b>£121,936/Yr</b>
Achieved Rent:	<b>£118,125/Yr</b>
Net Effective Rent:	<b>£118,125/Yr</b>

#### CONCESSIONS AND BUILDOUT

Asking Discount:	<b>3.13%</b>
Buildout Status:	<b>Full Build-Out</b>

#### PROPERTY EXPENSES

Service:	<b>Fully Repairing &amp; In...</b>
Service Charge:	<b>Withheld</b>
Business Rates:	<b>£42,372/Yr</b>

#### MARKET AT LEASE

Vacancy Rates	2016 Q1	YOY
Current Building	0.0%	▼ 21.5%
Submarket 2-4 Star	4.1%	▲ 0.2%
Market Overall	2.8%	▲ 0.2%

Same Store Asking Rent/SF	2016 Q1	YOY
Current Building	£16.00	↔ 0.0%
Submarket 2-4 Star	£19.63	▼ 0.6%
Market Overall	£25.25	▼ 1.7%

Submarket Leasing Activity	2016 Q1	YOY
12 Mo. Leased SF	96,046	▲ 36.3%
Months On Market	10.9	▲ 1.0

#### TIME ON MARKET

Date On Market:	<b>Mar 2014</b>
Date Off Market:	<b>Feb 2016</b>
Months on Market:	<b>23 Months</b>

#### LEASING AGENTS

**Knight Frank LLP**  
55 Baker St  
London, W1U 8AN  
Alex Munro 020 7861 1116

**Sykes Property Consultants**  
Clavering PI  
Newcastle Upon Tyne, NE1 3NG  
Jonathan Sykes 0191 466 1076

#### TIME VACANT

Date Vacated:	<b>Mar 2014</b>
Date Occupied:	<b>Feb 2016</b>
Months Vacant:	<b>23 Months</b>

#### PROPERTY

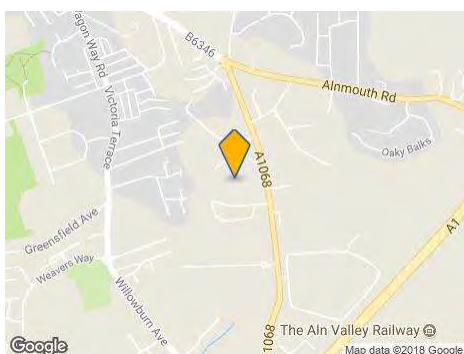
Property Type:	<b>Retail</b>	NIA:	<b>34,923 SF</b>
Status:	<b>Built Feb 2014</b>	Floors:	<b>1</b>
Tenancy:	<b>Multi</b>	Floor Size:	<b>34,923 SF</b>
Construction:	<b>Steel</b>	Vacancy at Lease:	<b>0.0%</b>
Parking:	<b>147 Surface Spaces...</b>		

### LEASE NOTES

Poundstretcher Ltd has taken 7,621 sq ft (708 sq m) of ground-floor retail space within Unit 3 from Network Rail Ltd on a 15-year lease at £118,125 pa, subject to five-yearly rent reviews and an option to break in year 10. Knight Frank LLP & Sykes Property Consultants acted on behalf of Network Rail Ltd. Achieved rent confirmed by Jonathan Sykes at Sykes Property Consultants. EPC Rating confirmed as: F.

### 3 South Rd - Aldi

Alnwick, NE66 2PA - Northumberland Submarket



#### TENANT

Tenant Name:	Aldi
Industry:	Retailers/Wholesalers
SIC:	Grocery Stores

#### LEASE

SF Leased:	16,332 SF
Sign Date:	Oct 2015
Space Use:	Retail
Lease Type:	Direct
Floor:	GRND Floor

#### RENTS

Achieved Rent:	£201,218/Yr
----------------	-------------

#### PROPERTY EXPENSES

Service:	Fully Repairing & In...
----------	-------------------------

#### LEASE TERM

Start Date:	Oct 2015
Expiry Date:	Oct 2030
Lease Term:	15 Years
Reviews:	Oct 2020, Oct 2025

#### TIME VACANT

Date Occupied:	Oct 2015
----------------	----------

#### MARKET AT LEASE

Vacancy Rates	2015 Q4	YOY
Current Building	3.7%	-
Submarket 2-4 Star	4.4%	▼ 1.5%
Market Overall	2.7%	▼ 0.1%

Same Store Asking Rent/SF	2015 Q4	YOY
Current Building	£13.73	-
Submarket 2-4 Star	£19.50	▼ 1.5%
Market Overall	£25.12	▼ 2.8%

Submarket Leasing Activity	2015 Q4	YOY
12 Mo. Leased SF	105,520	▲ 55.1%
Months On Market	9.3	▼ 2.0

#### PROPERTY

Property Type:	Retail
Status:	Built 2015
Tenancy:	-
Construction:	Reinforced Concrete
Parking:	80 Surface Spaces a...

NIA:	16,332 SF
Floors:	1
Floor Size:	16,332 SF
Vacancy at Lease:	3.7%
Land Acres:	2.92

## **APPENDIX K**

**K1 Rental Yield Evidence**

**K2 Office Yield Evidence**

**K3 Industrial Yield Evidence**

RENTAL YIELD EVIDENCE											
No.	Name	Address	Town	Pcode	Built	Sq m	Yield	Price Per SF	PropertyType	Sale Date	Sale Price
16		16-20 Fore St	Hexham	NE46 1LZ	1900	547	5.81	174.2	Retail	01/03/2016	£ 1,025,000
	Barclays Bank	Westgate	Haltwhistle	NE49 9AG	1910	135	6	116.84	Retail	21/03/2016	£ 170,000
22		22 Bridge St	Blyth	NE24 2BW	1920	280	6.45	104.51	Retail	11/02/2016	£ 315,000
37		37 Waterloo Rd	Blyth	NE24 1BW	1876	238	6.5	109.33	Retail	01/10/2016	£ 280,000
10		10 Market Pl	Wooler	NE71 6LH		404	6.62	192.97	Retail	21/09/2015	£ 840,000
27		27-27A Grange Rd	Alnwick	NE66 2XN	1960	87	6.67	140.96	Retail	28/02/2014	£ 132,500
	Booker Cash And Carry	Coopies Ln	Morpeth	NE61 6JS	1975	3,232	6.74	51.4	Retail	18/08/2017	£ 1,788,000
	Manor Walks Shopping Centre	Manor Walks	Cramlington	NE23 6RT	1992	37,377	7.1	194.39	Shopping Centre	15/08/2016	£ 78,210,000
32		32-34 Bondgate Within	Alnwick	NE66 1TD	1980	1,239	7.21	101.25	Retail	29/01/2016	£ 1,350,000
	The Toll House	Castle Sq	Morpeth	NE61 1YB	1850	41	7.54	219.53	Retail	25/09/2014	£ 97,690
4		4 Bridge St	Morpeth	NE61 1NG	1859	395	7.65	125.97	Retail	08/07/2014	£ 535,000
23		23 Market Place	Hexham	NE46 3NX	1850	75	7.85	177.46	Retail	30/03/2015	£ 142,500
2		2 Narrowgate	Alnwick	NE66 1JG	1920	254	7.97	124.22	Retail	23/09/2015	£ 340,000
15		15-17 Bondgate Within	Alnwick	NE66 1SX	1880	119	8.14	412.77	Retail	26/04/2017	£ 530,000
119	Scotgate House	119-125 Marygate	Berwick	TD15 1BH	1900	713	8.19	148.53	Retail	07/04/2014	£ 1,140,000
10	Retail Unit	10-12 Battle HI, Basement	Hexham	NE46 1BB	1920	179	8.34	127.21	Retail	01/04/2016	£ 245,000
60	Retail Unit	60-66B Queen St, 66/Ground	Morpeth	NE65 0DD	1910	42	8.69	122.81	Retail	15/05/2016	£ 56,000
6		6-8 Newgate St	Morpeth	NE61 1BA	1921	254	9	97	Retail	20/07/2015	£ 265,000
26		26-28 Newgate St	Morpeth	NE61 1BA	1934	203	9.21	123.74	Retail	20/05/2014	£ 270,000
70		70-74 Marygate	Berwick	TD15 1BN	1789	371	9.65	200.3	Retail	22/05/2014	£ 800,000
23		23 Station Rd	Ashington	NE63 9UZ	1930	315	10.42	81.74	Retail	06/07/2016	£ 277,000
23		23 Station Rd	Ashington	NE63 9UZ	1930	315	10.57	67.87	Retail	04/03/2016	£ 230,000
45		45-47 High St	Wooler	NE71 6BH	1920	531	11.07	25.38	Retail	01/02/2015	£ 145,000
3	The Phoenix	3 Chisholm Pl	Hexham	NE46 1QL	1900	297	12.1	62.54	Retail	01/11/2015	£ 200,000
110		110-110A Front St E	Bedlington	NE22 5AE	1880	64	12.6	128.28	Retail	28/01/2016	£ 88,000
25		25 Waterloo Rd	Blyth	NE24 1BW	1900	324	14	71.59	Retail	18/05/2015	£ 250,000
	Mecca Bingo	Rink St	Blyth	NE24 1AL	1979	2,554	14.82	34.56	Retail	13/02/2014	£ 950,000
25A		25A Bowes St	Blyth	NE24 1BD	1920	45		92.78	Retail	04/07/2016	£ 45,000
167		167 Woodhorn Rd	Ashington	NE63 9EU	1955	52		80.36	Retail	03/08/2015	£ 45,000
138		138 Milburn Rd	Ashington	NE63 0PQ	1928	52		87.19	Retail	22/02/2017	£ 49,000
73		73 Queen St	Morpeth	NE65 0DA	1920	66		112.13	Retail	29/09/2014	£ 79,950
8		8-8a Bridge St	Blyth	NE24 1BL		103		71.94	Retail	09/02/2015	£ 80,000
6		6 Battle HI	Hexham	NE46 1BB	1920	93		84.66	Retail	15/02/2016	£ 85,000
1		1-3 Hide HI	Berwick	TD15 1EQ	1894	46		212.12	Retail	24/01/2014	£ 105,000
151		151-153 Hawthorn Rd	Ashington	NE63 0SP	1910	144		93.49	Retail	01/04/2016	£ 145,000
21		21-22 Market St	Blyth	NE24 1BQ	1920	208		64.76	Retail	15/10/2016	£ 145,000
1		1-1a Battle Hill	Hexham	NE46 1BB	1908	172		82.3	Retail	16/01/2015	£ 152,500
81		81 Front St	Prudhoe	NE42 5PU	1902	199		82.59	Retail	25/04/2017	£ 177,000
5		5-5A Oldgate	Morpeth	NE61 1PY	1895	56		383.33	Retail	07/06/2017	£ 230,000
60		60 Newgate St	Morpeth	NE61 1BE	1935	284		89.96	Retail	02/06/2017	£ 275,000
4		4 Bridge St	Morpeth	NE61 1NG	1859	395		144.81	Retail	10/01/2015	£ 615,000

OFFICE YIELD EVIDENCE											
No.	Name	Address	Town	Pcode	Built	Sq m	Yield	Price Per SF	PropertyType	Sale Date	Sale Price
5		5 Battle HI	Hexham	NE46 1NL	1910	335	5.5	152.35	Office	08/07/2014	£ 550,000
	Ramparts Business Park	Windmill Way	Berwick	TD15 1TA	2008	836	8.2	67.78	Office	30/09/2016	£ 610,000
45	The Point	45-49 Bowes St	Blyth	NE24 1EB	1889	251		39.61	Office	11/08/2017	£ 107,000
	Prudhoe Health Centre	West Wylam Dr	Prudhoe	NE42 5JE	1967	567		20.5	Office	28/02/2014	£ 125,000
1	The Old Post Office	1 Clayport St	Alnwick	NE66 1LA	1815	473		55.95	Office	29/02/2016	£ 285,000
	Prospect House	Hallgate	Hexham	NE46 1XD	1884	956		44.72	Office	31/07/2016	£ 460,000
	Hepscott Park	Stannington	Morpeth	NE61 6NF	1920	4,338		177.02	Office	30/03/2017	£ 8,265,540

INDUSTRIAL YIELD EVIDENCE											
No.	Name	Address	Town	Pcode	Built	Sq m	Yield	Price Per SF	PropertyType	Sale Date	Sale Price
	Wansbeck Business Park	Rotary Pky	Ashington	NE63 8QW	1999	2,053	7.36	45.03	Industrial	30/06/2015	£ 995,000
	Howdens	Coopies Ln	Morpeth	NE61 6JN	1980	744	8.48	56.19	Industrial	22/10/2014	£ 450,000
	Industrial Unit	Spencer Rd, A - F/Ground	Blyth	NE24 5TG	1975	5,571	10.62	25.01	Industrial	17/07/2017	£ 1,500,000
	Atley Business Park	Atley Way	Cramlington	NE23 1WP	1980	2,656	11.6	16.61	Industrial	10/06/2014	£ 475,000
	Bentley Court	Coniston Rd	Blyth	NE24 4RL	2000	819		29.22	Industrial	04/03/2014	£ 257,500
	Factory/Warehouse	Coniston Rd	Blyth	NE24 4RF	2000	9,415		10.85	Industrial	14/07/2016	£ 1,100,000
	Industrial Unit	Coniston Ct, 2/Ground	Blyth	NE24 4RP	2005	831		607.04	Industrial	01/07/2014	£ 5,430,000
	Industrial Unit	Coniston Ct, 3/Ground	Blyth	NE24 4RF	2005	1,042		484.13	Industrial	01/07/2014	£ 5,430,000
1		1 Atley Way N	Cramlington	NE23 1WW	2018	6,885		149.6	Industrial	11/04/2017	£ 11,087,000

## **APPENDIX L**

**LA Commercial Site Specific Report**

**LB Land at Eltringham, Prudhoe Development Appraisal**

---

## **Appendix La: Commercial Site Specific Viability Testing –Northumberland Local Plan and CIL Viability Testing**

---

**Completed on behalf of Northumberland County Council**



**Land at Eltringham, Prudhoe**

**November 2018**

**CP Viability Ltd**

## **1. Introduction**

- 1.1. In March 2018 CP Viability Ltd ('CPV') was instructed by Northumberland County Council ('the Council') to undertake a Local Plan and CIL viability assessment.
- 1.2. Since this time the revised National Planning Policy Framework ('NPPF') has been published (July 2018), as well as the Planning Practice Guidance ('PPG') on viability (also July 2018). The new national guidance sets out clearly that when assessing viability it is not a requirement to test every individual site which is likely to come forward during the plan period, as this is not practical or economical. Instead, the guidance advocates the use of site typologies as a means of testing general plan policy viability, an approach which has been adopted in our wider assessment.
- 1.3. However, the guidance recognises that some limited site-specific testing may be useful as supporting evidence when reaching conclusions on plan viability. Within this context, the Council has instructed CPV to undertake viability testing of a proposed commercial development site. The site to be tested is known as the Land at Eltringham, Prudhoe.
- 1.4. The Council requires a detailed viability assessment, taking into account the specific circumstances of the site. That said, it is recognised that full scheme information may not be known at this stage and where this is the case we have looked to form assumptions based on our own experience. However, these assessments are also to be consistent with the methodology and the broad assumptions of the previous Local Plan and CIL viability assessment, which we have taken into account when forming judgments.

- 1.5. In accordance with the RICS, prior to accepting this instruction we can confirm that we undertook a conflict of interest check. Having undertaken this review we are unaware of any conflict of interest that prevents CP Viability from undertaking this instruction. If, at a later date, a conflict is identified we will notify all parties to discuss how this should be managed.
- 1.6. We have assessed the viability of each scheme as at November 2018.
- 1.7. The site was inspected on the 5<sup>th</sup> November 2018.
- 1.8. In accordance with the RICS Guidance on Viability (Guidance Note 1, 2012), our appraisal assumes a hypothetical landowner and a hypothetical developer. The intention of a viability assessment is therefore to identify the approach a 'typical' or 'average' developer / landowner would take to delivering the site for development. A viability assessment does not therefore seek to reflect the specific circumstances of any particular body (whether landowner or developer).
- 1.9. For the site, the Council has provided an employment land site option appraisal, which provides information on site size, proposed development mix and potential scheme constraints.
- 1.10. The appraisal has been completed using the ARGUS Developer toolkit, an industry leader for modelling development cash flows. The appraisals are appended to this report (see appendix Lb).
- 1.11. This report reflects the independent views of CP Viability, based on the research undertaken, the evidence identified and the experience of the analysing surveyor. For ease of reference, we have commented on each site individually.

## **2. Property description**

- 2.1. Prudhoe is a town located circa 10 miles west of the Newcastle and 14 miles east of Hexham, situated on the south side of the River Tyne. The main vehicle access through and around the town is via the A695 Princess Way and the B6395, with the former providing a direct route to the A1(M) to the east.
- 2.2. The site itself is located to the western edge of the Prudhoe, positioned immediately to the west of the A695 Princes Way bypass. The south and west face onto undeveloped land (comprising a mix of agricultural land and woodland). To the north there is a car park and a small row of terraced housing and some industrial accommodation. To the east, beyond the A695, which runs along the site's boundary, there is a variety of established residential dwellings.
- 2.3. The land itself comprises undeveloped, Grade 3 pasture land. This is broadly triangular in shape and is understood to extend to 2.51 Ha (6.20 acres), on a gross basis.

## **3. General scheme assumptions**

- 3.1. The Council's employment land site option appraisal allows for 40% of the gross site area to form commercial accommodation (1 Ha or 2.48 acres). This is broadly consistent with the Local Plan and CIL testing, and as such we have adopted the same in our assessment.
- 3.2. The option appraisal sets out the following likely scheme mix and density:

B1c industrial accommodation: net site area coverage 60%, floorspace 5,950 sq m

B2 industrial accommodation: net site area coverage 30%, floorspace 2,976 sq m

B8 industrial accommodation: net site area coverage 10%, floorspace 992 sq m

- 3.3. The above mix and density is considered to be reasonable given the nature of the site and as such we have adopted the same in our appraisal.
- 3.4. We have not been provided with, or are aware of, any detailed scheme in relation to the site. We have therefore made assumptions regarding the scheme for the purposes of the viability testing.
- 3.5. In terms of site constraints, the Council's options appraisal discusses the following:
- 3.5.1. **Local Road Access** – County Highways have confirmed that access onto the site would need to be from the north east, opposite the existing commercial accommodation. There may be a requirement to upgrade this access given the quantum of development.
  - 3.5.2. **Ground conditions** – the site slopes throughout, which will impact on scheme design. The site also has a probable history of shallow coal mining and is identified by the Coal Authority as a high risk development area.
  - 3.5.3. **Biodiversity** – the southern corner of the site abuts an area of Ancient semi-natural woodland. A buffer zone therefore needs to be created next to this. A range of protected species have been identified locally, which will need further investigation.
  - 3.5.4. **Services** – as this is an undeveloped greenfield site there are now existing services in terms of utilities and internal roads. Bringing services onto site will increase the development cost.
- 3.6. The option appraisal concludes that there are no issues which would prevent the development of the site, although some of the identified issues above may result in increased construction costs.

#### 4. Gross Development Value (Revenue)

- 4.1. For the purposes of assessing commercial accommodation it is appropriate to adopt a 'rent and yield' approach. This involves identifying the likely Market Rent for the accommodation and capitalising this using an appropriate yield.
- 4.2. In the Local Plan and CIL viability testing, for B1, B2 and B8 industrial accommodation a rental range of £70 to £80 per sq m was applied, capitalised at an 8% yield.
- 4.3. In terms of rental values, we have identified the following second-hand lease transactions in Prudhoe during the last 2 years (all located from the main industrial area located to the north side of the town, off Princess Way).

Start Date	Address	Town	GIA Sq m	Rent psm	Use	Term
01/05/2017	2 Princess Ct	Prudhoe	464	£ 50	Industrial	3 yrs
03/01/2017	Princess Ct	Prudhoe	227	£ 63	Industrial	
03/01/2017	Princess Ct	Prudhoe	176	£ 64	Industrial	
01/07/2017	Princess Ct	Prudhoe	139	£ 69	Industrial	3 yrs
01/03/2018	Earls Ct	Prudhoe	148	£ 74	Industrial	
14/09/2017	Marquis Ct	Prudhoe	112	£ 83	Industrial	3 yrs
01/03/2018	Earls Ct	Prudhoe	92	£ 85	Industrial	

- 4.4. The larger units tend to generate lower rates per sq m, for reasons of quantum.
- 4.5. It is anticipated that a newly constructed facility is likely to attract a premium above second-hand lettings, reflecting the quality of accommodation being provided. However, this will be tempered by the size of units being provided.
- 4.6. Having considered the above, we have applied an average rental of £70 per sq m.
- 4.7. As for the yield, we have adopted 8% in line with the Local Plan and CIL viability testing. It is assumed any incentives (such as rent free periods) and also purchaser's costs are included within this yield allowance.

4.8. Overall we arrive at a gross development value of £8,678,250.

## **5. Gross Development Cost (outgoings to implement the development)**

- 5.1. We consider the Build Cost Information Service (“BCIS”) of the RICS to be an appropriate database for benchmarking build costs. The BCIS rate includes the unit construction, including a contractor’s overhead. However, it excludes external costs, contingency allowance and abnormal works.
- 5.2. In this case the appropriate rate is £549 per sq m.
- 5.3. To cover externals, we have adopted an additional 10% of the basic build cost. For contingency we have allowed a further 3% (based on the BCIS cost plus the external works). Both are considered to be in line with our experience in the market place for a scheme of this nature and also the Local Plan Viability Testing.
- 5.4. At this stage the full extent of any abnormal costs are unknown. However, in light of the potential site constraints identified we have allowed an additional £250,000 to cover abnormal costs.
- 5.5. However, it is stressed that the PPG (July 2018) on viability states that abnormals should be reflected in the benchmark land value (‘BLV’), therefore if abnormals increase the BLV should be broadly decreased at a proportional rate and vice versa. The impact of identifying abnormals at a later date may not therefore change the viability outcome of the scheme.
- 5.6. For professional fees we have allowed 10% of the build costs / external works, which is again considered to be appropriate for the size and nature of the scheme, in line with Local Plan Viability testing.

- 5.7. For marketing / disposal costs, this expressed as a percentage of revenue. Sales agent fees at 1% of capital value, plus 0.25% to cover legal costs. Letting agents fees at 10% of first years rent, plus 5% to cover legal costs.
- 5.8. For finance we have assumed a 6.5% debit rate in line with the Local Plan and CIL viability testing.
- 5.9. As for profit, we have allowed 15% on cost, again in line with the Local Plan and CIL viability testing.
- 5.10. In terms of the benchmark land value, the PPG July 2018 publication on viability is clear that this should be calculated based on Existing Use Value ('EUUV') plus a premium. It is also clear that the calculation should exclude hope value.
- 5.11. As grade 3 pasture land the subject site is considered to have an existing use value of say £15,000 per gross Ha. In this case, given the abnormal costs assumed and gross to net ratio, we consider a 10 multiple to be reasonable. This gives an overall benchmark land value of £376,500.

## **6. Appraisal**

- 6.1. Our appraisal (attached as appendix Lb) generates a residual land value of £52,873. This is below the benchmark land value and as such can be regarded as being unviable.
- 6.2. Please note, if the abnormal costs are found to be too high and removed, this would generate a land value above the benchmark land value, in which case the scheme would become viable. In this regard, the level of abnormal costs are likely to be crucial in determining whether this particular scheme is viable or unviable.

- 6.3. Furthermore, in the event that the mix and type of accommodation is adjusted it is conceivable that this could alter the viability outcome of the scheme.

David Newham MRICS RICS Registered Valuer

A handwritten signature in blue ink, appearing to read 'D. Newham', is positioned below the name.

CP Viability Ltd

November 2018

Land at Eltringham, Prudhoe  
DN-0139

Development Appraisal  
Prepared by David Newham MRICS Director  
CP Viability Ltd  
16 November 2018

**APPRAISAL SUMMARY****CP VIABILITY LTD**

Land at Eltringham, Prudhoe

Summary Appraisal for Phase 1

Currency in £

**REVENUE****Rental Area Summary**

	Units	m <sup>2</sup>	Rate m <sup>2</sup>	Initial MRV/Unit	Net Rent at Sale	Initial MRV
Industrial	1	9,918.00	70.00	694,260	694,260	694,260

**Investment Valuation**

<b>Industrial</b>						
Current Rent	694,260	YP @	8.0000%	12.5000	8,678,250	

**NET REALISATION****8,678,250****OUTLAY****ACQUISITION COSTS**

Residualised Price (2.51 Ha 21,064.94 pHect)			52,873			
				52,873		
Legal Fee		0.50%	264			
				264		

**CONSTRUCTION COSTS**

<b>Construction</b>	<b>m<sup>2</sup></b>	<b>Rate m<sup>2</sup></b>	<b>Cost</b>			
Industrial	9,918.00 m <sup>2</sup>	549.00 pm <sup>2</sup>	5,444,982	<b>5,444,982</b>		
Contingency		3.00%	179,684			
Abnormals			250,000			
Externals		10.00%	544,498			
					974,183	

**PROFESSIONAL FEES**

Professional fees		10.00%	598,948			
-------------------	--	--------	---------	--	--	--

**APPRAISAL SUMMARY****CP VIABILITY LTD****Land at Eltringham, Prudhoe**

598,948

**MARKETING & LETTING**

Letting Agent Fee	10.00%	69,426	
Letting Legal Fee	5.00%	34,713	
			104,139

**DISPOSAL FEES**

Sales Agent Fee	1.00%	86,783	
Sales Legal Fee	0.25%	21,696	
			108,478

**FINANCE**

Debit Rate 6.500%, Credit Rate 3.000% (Nominal)			
Land		6,030	
Construction		256,408	
Total Finance Cost			262,438

**TOTAL COSTS****7,546,305****PROFIT****1,131,945****Performance Measures**

Profit on Cost%	15.00%
Profit on GDV%	13.04%
Profit on NDV%	13.04%
Development Yield% (on Rent)	9.20%
Equivalent Yield% (Nominal)	8.00%
Equivalent Yield% (True)	8.42%

IRR 31.43%

Rent Cover 1 yr 8 mths  
Profit Erosion (finance rate 6.500%) 2 yrs 2 mths

Land Cost pHect 21,065