Richmondshire DC
Economic Viability Study
Final Report

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Three Dragons

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1   INTRODUCTION

Background to the Study

1.1   Richmondshire DC appointed Three Dragons to undertake an Economic Viability Study covering a range of housing market circumstances across the Borough. The work was overseen by the Council's own Steering Group.

1.2   The broad aim of the study was to assist the Council in preparing an economic viability assessment by examining the impact of development viability on a range of policy options for differing percentages of affordable housing on a range of sites across the LDF area.

1.3   In particular, to consider an appropriate target or targets for the authority, as well as to advise on an appropriate threshold or thresholds in the light of the varying local market and land supply conditions.

Policy context – national

1.4   The study focuses on the percentage of affordable housing sought on mixed tenure sites and the size of site from above which affordable housing is sought (the site size threshold).   National planning policy, set out in PPS3 makes clear that local authorities, in setting policies for site size thresholds and the percentage of affordable housing sought, must consider development economics and should not promote policies which would make development unviable.

PPS3: Housing (November 2006, Updated June 2011) states that:

'In Local Development Documents, Local Planning Authorities should:

Set out the range of circumstances in which affordable housing will be required. The national indicative minimum site size threshold is 15 dwellings. However, Local Planning Authorities can set lower minimum thresholds, where viable and practicable, including in rural areas. This could include setting different proportions of affordable housing to be sought for a series of site-size thresholds over the plan area. Local Planning Authorities will need to undertake an informed assessment of the economic viability of any thresholds and proportions of affordable housing proposed, including their likely impact upon overall levels of housing delivery and creating mixed communities'. (Para 29)

1.5   The companion guide to PPS3[1] provides a further indication of the approach which Government believes local planning authorities should take in planning for affordable housing. Paragraph 10 of the document states:

*"Effective use of planning obligations to deliver affordable housing requires good negotiation skills, **ambitious but realistic affordable housing targets and thresholds** given site viability, funding 'cascade' agreements in case grant is not provided, and use of an agreement that secures standards." (*our emphasis)

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[1] CLG, Delivering Affordable Housing, November 2006

Policy context – Yorkshire and Humberside

1.6   The Yorkshire and Humberside Plan, Regional Spatial Strategy (May 2008) is due to be under the Localism Bill.revoked. It states that the Region needs to increase its provision of affordable housing. It states that:

'LDFs should set targets for the amount of affordable housing to be provided. Provisional estimates of the proportion of new housing that may need to be affordable are as follows:

- Over 40% in North Yorkshire districts and the East Riding of Yorkshire;

- 30% to 40% in Kirklees, Leeds, Wakefield and Sheffield

- Up to 30% in other parts of South and West Yorkshire, Hull, North Lincolnshire and North East Lincolnshire.

Policy context – Richmondshire

1.7   The current policy position in Richmondshire is set out in the Council's Preferred Core Strategy document, which was published in June 2010. The Housing Market Assessment underpinning the document, suggests an annual shortfall of 61 dwellings across the LDF area for the period 2008 to 2013. This is a significant housing needs shortfall.

1.8   Core Policy CP5A (Providing Affordable Housing) states that:

'Developments of four or more dwellings (or sites of 0.15 hectares or more) across the plan area must make provision for an element of affordable housing. The LDF seeks to achieve the following proportions of affordable housing specific to each sub-area:

Central Area	40%
North Richmondshire	50%
Lower Wensleydale	50%

The Council will work with the private sector and registered social landlords to achieve the required level of affordable housing subject to economic viability tests'.

1.9   The threshold at which affordable homes have to be provided is 4 as set out in CP5A. There is no requirement to consider viability if a different threshold were to apply. Much of the development in Richmondshire tends to be of small scale and a threshold has to be set at an appropriate level to capture an affordable homes contribution.

Research undertaken

1.10   There were four main strands to the research undertaken to complete this study:

- Discussions with a project group of officers from the commissioning authority which informed the structure of the research approach;

- Analysis of information held by the authority, including that which described the profile of land supply;

- Use of the Three Dragons Toolkit to analyse scheme viability (and described in detail in subsequent chapters of this report);

- A workshop held with Council's SHLAA Working Group which includes developers and Providers active in the district. A full note of the workshop is shown in Appendix 1.

Structure of the report

1.11 The report adopts the following structure:

- Chapter 2 explains the methodology we have followed in, first, identifying sub markets and, second, undertaking the analysis of development economics. We explain that this is based on residual value principles;

- Chapter 3 provides a statement of the overall approach and methodology. It also sets out the main sources of data used for the analysis.

- Chapter 4 shows the analysis of the nine case study sites across the three main sub market areas. This chapter sets out the residual values that are generated at the full range of affordable housing targets: 0% to 50%.

- Chapter 5 is a key chapter in the report. It reviews the results of the analysis in Chapter 4, and looks also in more detail at the issue of threshold. It provides analysis of small sites in support of a viable position on site thresholds.

- Chapter 6 provides the overall conclusions and recommendations to the study. It provides also a commentary on the analysis in the light of the longer terms housing market trend.

2   VIABILITY - PRINCIPLES

Introduction

2.1   In this chapter we explain the methodology we have followed in, first, identifying sub markets (which are based on areas with strong similarities in terms of house prices) and, second, undertaking the analysis of development economics. The chapter explains the concept of a residual value approach and the relationship between residual values and existing/alternative use values.

Viability – starting points

2.2   We use a residual development appraisal model to assess development viability. This mimics the approach of virtually all developers when purchasing land. This model assumes that the value of the site will be the difference between what the scheme generates and what it costs to develop. The model can take into account the impact on scheme residual value of affordable housing and other s106 contributions.

2.3   Figure 2.1 below shows diagrammatically the underlying principles of the approach. Scheme costs are deducted from scheme revenue to arrive at a gross residual value. Scheme costs assume a profit margin to the developer and the 'build costs' as shown in the diagram include such items as professional fees, finance costs, marketing fees and any overheads borne by the development company.

2.4   The gross residual value is the starting point for negotiations about the level and scope of s106 contribution. The contribution will normally be greatest in the form of affordable housing but other s106 items will also reduce the gross residual value of the site. Once the s106 contributions have been deducted, this leaves a net residual value.

Figure 2.1   Theory of the Section 106 Process
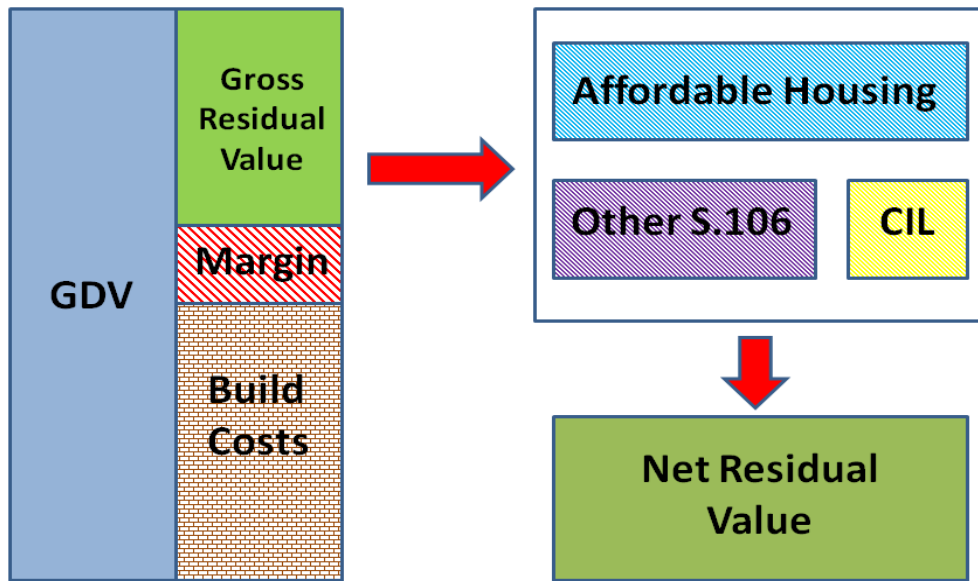
2.5   Calculating what is likely to be the value of a site given a specific planning permission, is only one factor in deciding what is viable. Also highly important is the financial relationship between residual value and Existing Use or Alternative Use values.

2.6   The diagram (Figure 2.2) below shows how this operates in theory. Residual value (RV) falls as the proportion of affordable housing increases. At point (a), RV is greater than the Existing Use Value (EUV) and provided that this margin is sufficient for the land owner to bring the site forward, then it will be viable.

**Figure 2.2   Site supply and affordable housing impacts**
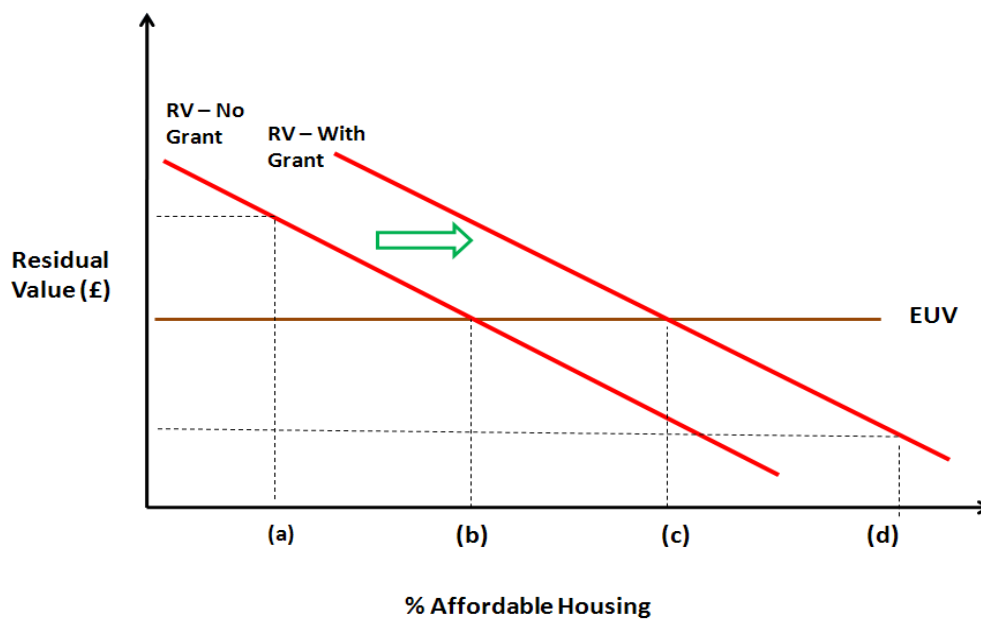
2.7   At point (b) the RV is equal to the EUV and there is relatively little incentive in theory to bring the site forward.

2.8   Beyond points (a) and (b), the scheme will not come forward as the developer will not be able to pay the land owner enough relative to the land owner's EUV.

2.9   Where grant is available (points (c) and (d)), viability for affordable housing is enhanced. Up to point (c) RV is greater than EUV and there is a land owner incentive. At point (c) RV is equal to EUV and so, whilst a higher affordable housing contribution is likely than say at point (b), in principle the land owner is in exactly the same position as at (b).

2.10   At point (d), the scheme will not be viable even with grant.

2.11   Under all circumstances, the Council will need to consider whether a realistic and justifiable AUV (Alternative Use Value) applies. Where the AUV is higher than the EUV, and can be justified, then the AUV becomes the appropriate threshold value against which RV is judged.

3   APPROACH AND ASSUMPTIONS

General approach

3.1   The approach is based on assessing a number of sites from across the Plan area. The sample of has been selected on the basis of schemes either recently given permission or completed. The sample of schemes was identified by discussion with the local authority Steering Group.

3.2   In total nine sites were selected for assessment. These represented a range of schemes covering three sub areas within the Richmondshire LDF area. These are the Central Area, North Richmondshire and Lower Wensleydale.

3.3   Figure 3.1 sets out the overall approach to the project. The approach reflects the need to take into account a range of housing market circumstances and different types of site.

Figure 3.1   Overall methodology
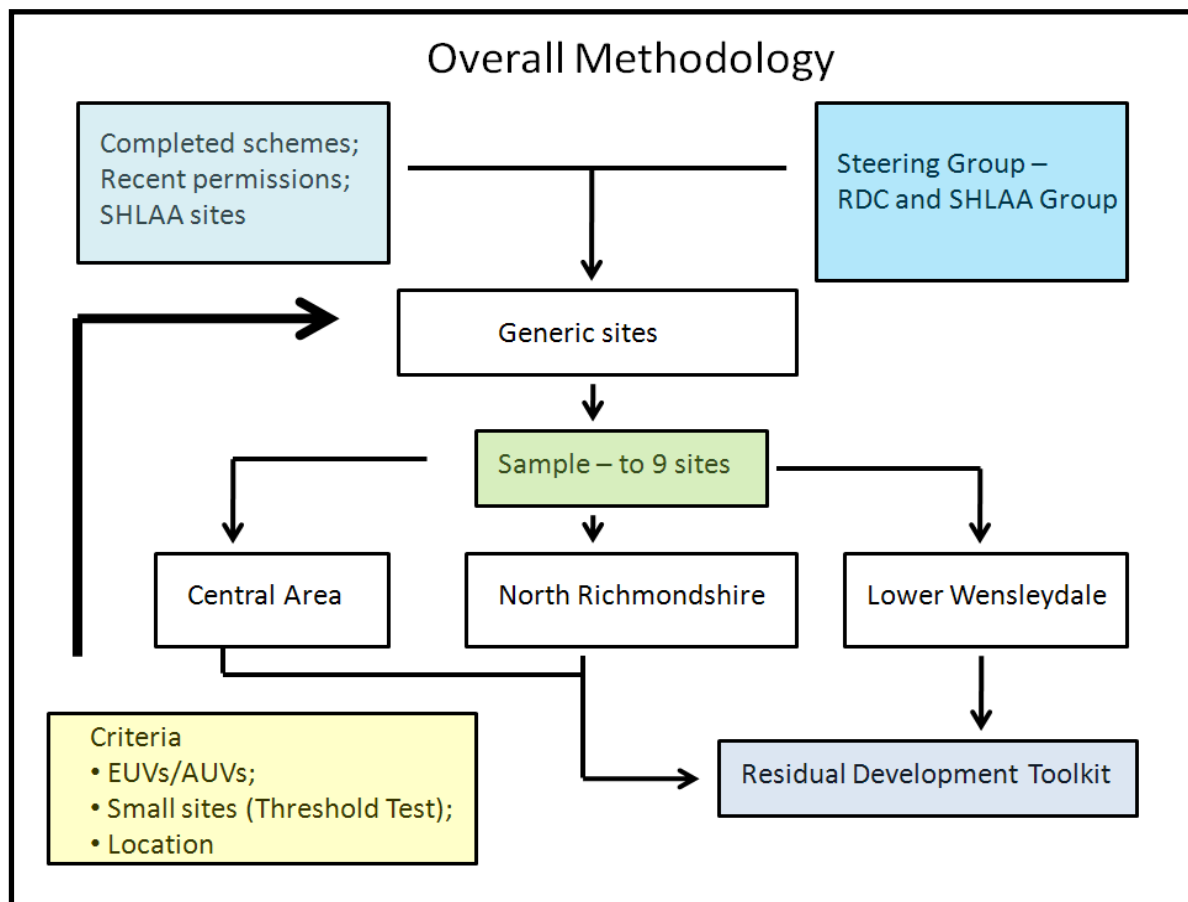
3.4   The range of locations tested is particularly important in reflecting viability since the deliverability of sites is highly sensitive to the relationship between house prices (which vary significantly) and build costs (which do not to the same extent).

3.5   The sample chosen includes a range of typical sites. These include urban fringe greenfield, village infill development, previously used land and a conversion scheme.

3.6   The sites also cover a range of scheme scales from development on sites of 0.3 hectares to 1.7 hectares, providing evidence for the Council on the viability of smaller sites. Each site has been implemented with the exception of Cowper House Farm.

3.7   The analysis is set out in nine bespoke viability appraisals which have been made available to the Council.

Data sources and assumptions

3.8   The best available primary and secondary data sources have been utilized to support the assessments. These are the sources that have proven robust to developer challenge in numerous Core Strategy and DPD Examinations.

3.9   The diagram below (Figure 3.2) sets out our approach to sourcing the data and testing.

Figure 3.2   Data sources and approach to testing

Data sourcing and approach to testing
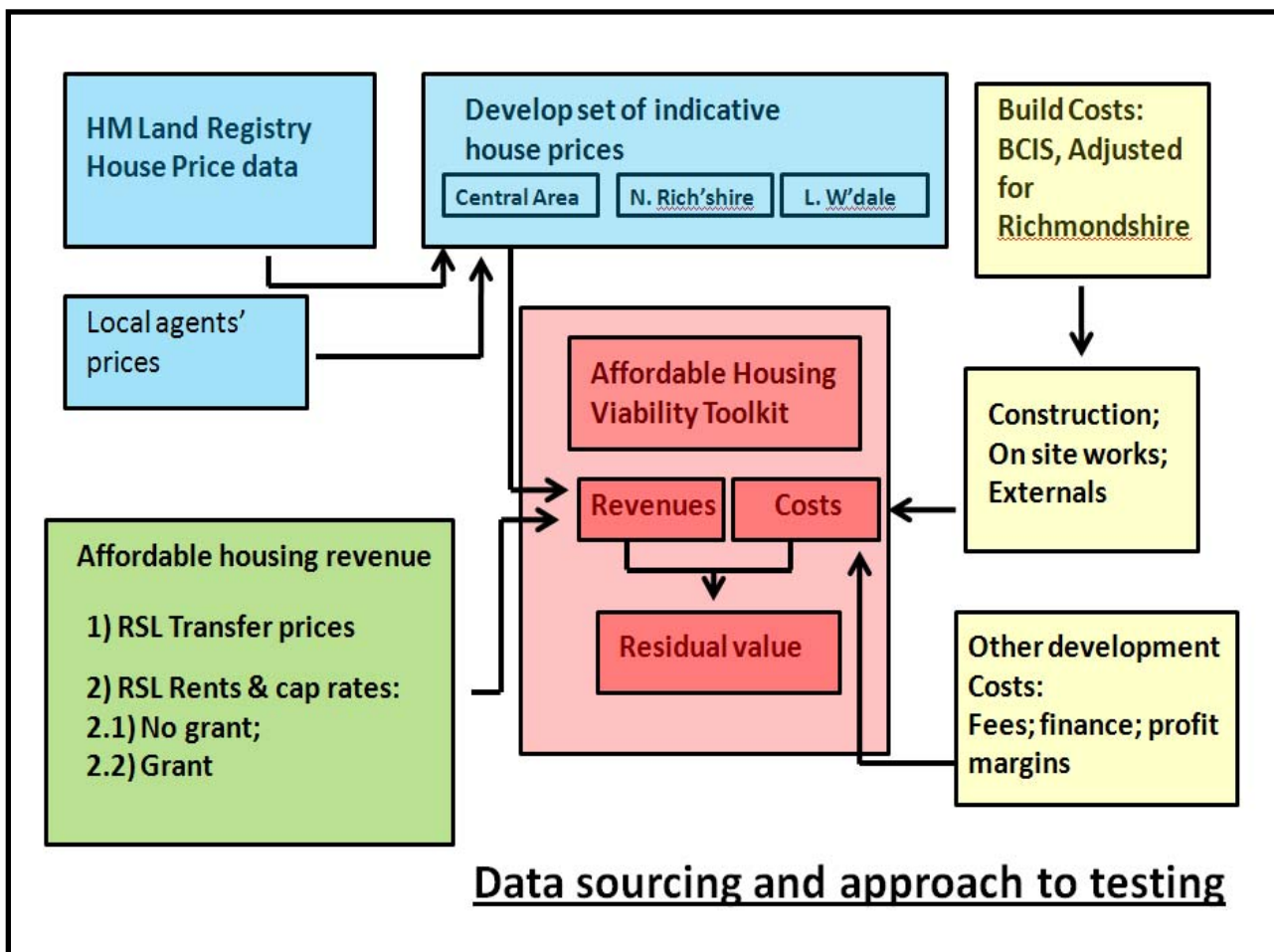
3.10   The key data sources adopted are HM Land Registry house price data, and the RICS (Royal Institution of Chartered Surveyors) BCIS (Building Cost Information Service).

3.11   These data sources have been cross checked by using local data. For example, an indicative set of new build house prices for all house types broken down by sub market was produced. The indicative new build prices have been 'reality checked' however in the Workshop held.

3.12   BCIS data source for build costs have been adopted. This source of information is the industry standard and is the accepted benchmark at appeal and Core Strategy Examination. These provide costs per square metre for construction and site works. The cost of external works can also be derived.   The costs are bespoke to Richmondshire as the BCIS includes local authority location adjustment factors. These costs were audited via the Workshop

3.13   The build costs per scheme are set out in Figure 3.3 below. The base build costs (BCIS) are £800 per square metre. To this is added a cost of external works and an adjustment where the development includes stone construction.

Figure 3.3   Build costs per scheme (£ per square metre)

Site	Base	External Works	Location Factor	Stone adjustment	Total Cost
Belton Park Catterick	£800	15%	0.92	0%	£846
Gilesgate Walkerville	£800	15%	0.92	0%	£846
Swalegate Richmond	£800	15%	0.92	10%	£931
Constable Burton	£800	20%	0.92	10%	£971
Dale Grove Leyburn	£800	15%	0.92	0%	£846
Glebe Court Melsonby	£800	10%	0.92	10%	£890
The Springs Middleham	£800	20%	0.92	10%	£971
Cowper House Farm, D-on-T	£1,260	15%	0.92	10%	£1,466
Tofta Farm Ravensworth	£800	25%	0.92	10%	£1,012

3.13   In addition to the base (BCIS) costs, fees, finance costs, marketing costs and profit margins need to be added. The menu of these costs are shown in the screenshot below (Figure 3.4) which is taken from the appraisals:

Figure 3.4   Other development costs

3.14   These costs are based on (Three Dragons) experience in developing policy for LDFs elsewhere and also on feedback from the Workshop held.

3.15   The revenue assumptions for affordable housing were provided by the Council on the basis of transfer prices. These are set out in Figure 3.5 below:

Figure 3.5   Transfer prices

Richmondshire Transfer Prices

Based on 2011/12 Rents

Type	Current Transfer Price	Social rent New Transfer Price	Int rent
1 bed 2 person flat	£44,000	£47,000	£52,000
2 bed 3 person flat	£49,000	£54,000	£59,000
2 bed 4 person house	£54,000	£60,000	£65,000
3 bed 4 person house	£56,000	£63,000	£68,000
3 bed 5 person house	£59,000	£66,000	£71,000
4 bed 6 person house	£69,000	£76,000	£81,000

3.16   The transfer prices are calculated assuming the affordable element is split 80% Social Rent and 20% Intermediate Rent at each overall percentage of affordable housing.

Testing process

3.17   Residual values have been generated for all of the case study schemes in the sample. The schemes have been tested over a range of affordable housing percentages (5% up to 50%).

3.18   Potential targets have been tested in a range of market circumstances reflecting higher (and lower) selling prices and higher (and lower) development costs.

4   SCHEME ASSESSMENTS

Overview

4.1   This chapter sets out the details of the assessments showing scheme examples and the residual values generated taking affordable housing and other Section 106 contributions into account.

4.2   The results are expressed in terms of actual residual value and residual value per hectare.   As previously stated the schemes represent a range of market circumstances covering the Central Richmondshire area, North Richmondshire and Lower Wensleydale.

Site 1   Belton Park, Catterick

4.3   This is a new build scheme of 10 units located on a small site 0.33 hectares providing a density of 30 dph. The scheme comprises entirely houses and includes 4 no. three-bedroom houses and 6 no. four-bedroom houses. Selling prices range from £130,000 per unit to £215,000.

4.4   The scheme represents the economics of smaller development in a relatively low value area of Richmondshire where build costs are not excessive.   This type of scheme will be likely to be developed by a small local builder. Figure 4.1 shows the impact of affordable housing on residual value.

Figure 4.1   Belton Park Catterick
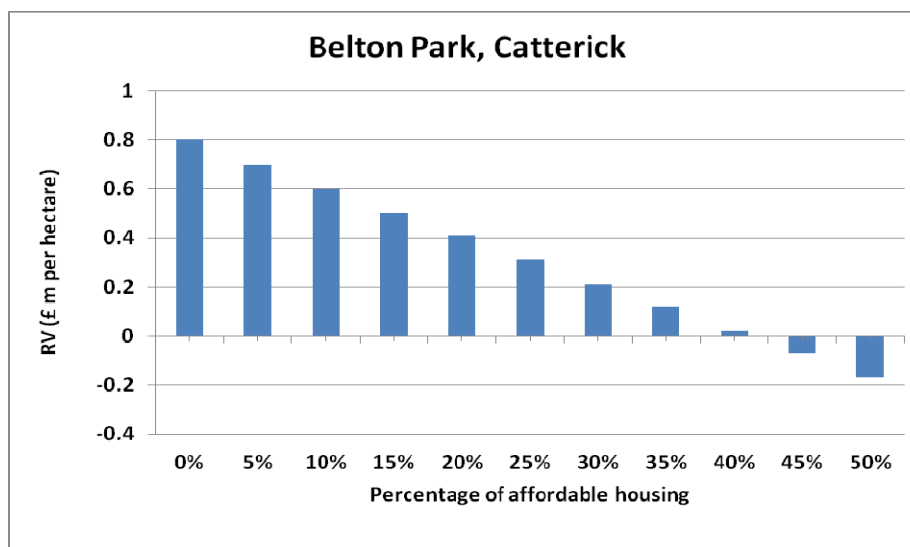
4.5   The chart shows the full range of residual values generated. At 10% affordable housing, residual value is £600,000 per hectare. At 20% affordable housing, residual value is just over £400,000 per hectare.

**Site 2   Gilesgate, Walkerville**

4.6   This is a new build scheme of 69 units located on a site of 1.65 hectares providing a density of 42 dph. The scheme comprises entirely houses and includes 9 no. two-bedroom houses, 47 no. three-bedroom houses and 13 no. four-bedroom houses. Estimate selling prices range from £105,000 per unit to £162,000.

4.7   The scheme represents an expansion of a development area being built by mainly larger developers. The scheme itself comprises a significant proportion of three storey housing.

4.8   As with the previous scheme at Belton Park, this is a relatively low value area of Richmondshire. Figure 4.2 shows the impact of affordable housing on residual value on a £ million per hectare basis.

Figure 4.2   Gilesgate, Walkerville
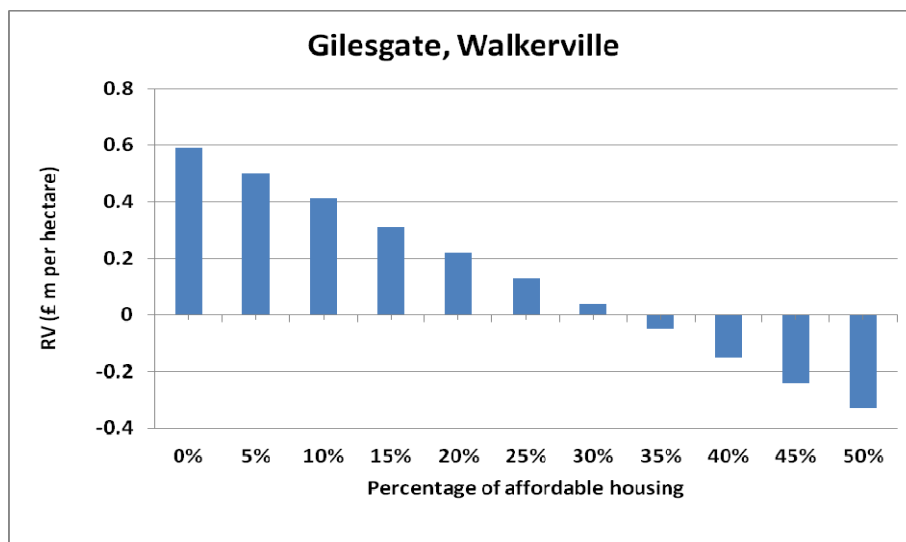
4.9   The chart shows the range of residual values generated. At 10% affordable housing, residual value is just over £400,000 per hectare. At 20% affordable housing, residual value is just over £200,000 per hectare.

4.10 These are not substantial residual scheme values. Above 30% affordable housing, residual values are negative.   In part, this reflects larger three storey units and two storey development of this nature and in this type of location could produce significantly higher residual values.

4.11 In addition, it should be stated that this development is built on greenfield land where the existing use value is likely to be very low; perhaps as low as £10,000 per hectare. The analysis suggests that at 20% affordable housing the uplift to the land owner is likely to be in the region of 20 fold. This is a substantial increase.

Site 3   Swalegate, Richmond

4.12   This is a new build scheme of 36 units located on a site of 1.62 hectares providing a density of 22 dph. The scheme comprises houses and bungalows and includes 1 no. two-bedroom bungalow, 10 no. three-bedroom bungalows, 10 no. three-bedroom houses, and 15 no. four-bedroom houses. Estimate prices range from £179,000 per unit to £336,000.

4.13   The scheme represents a minor expansion of the town in a desirable area. This quality of development is generous, warranting significant selling prices at the higher value end of the development. This type of development is likely to be built by smaller to medium sized local house builders.

4.14   Figure 4.3 shows the impact of affordable housing on residual value on a £ million per hectare basis.
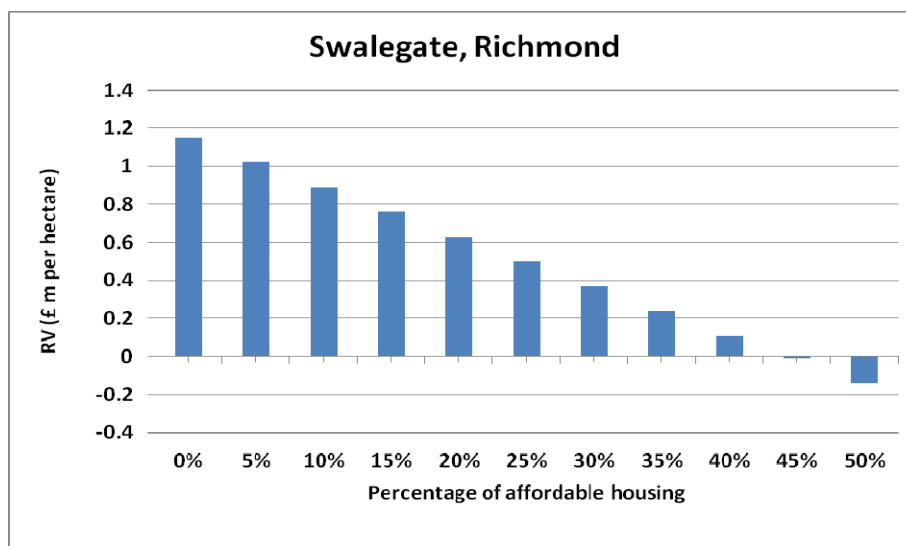
Figure 4.3   Swalegate, Richmond

4.15   The chart shows the range of residual values generated. At 20% affordable housing, residual value is £630,000 per hectare. At 30% affordable housing, residual value is just under £400,000 per hectare and at 40% affordable housing residual value is £110,000 per hectare.

4.16   This scheme shows greater viability than the previous two.   This type of development, on a well situated greenfield site will be likely to generate significant uplifts in value from existing use to scheme residual, sufficient to encourage schemes to come forward at higher proportions of affordable housing.

4.17   As with the previous scheme, floor areas are possibly more generous than they might otherwise be, and as a result, residual values could be higher. The Council will need to monitor viability with particular care in respect to the relationship between gross development value and size of units.

Site 4   Constable Burton, Lower Wensleydale

4.18   This is a new build scheme of 9 units located on a small site of 0.38 hectares providing a density of 24 dph. The scheme comprises 7 no. three-bedroom houses, 1 no. three-bedroom bungalow and 1 no. six-bedroom house. Estimate selling prices range from £229,000 per unit to £359,000.

4.19   The scheme represents an edge of village development in a relatively high value location in Richmondshire. The demand for homes, particularly new homes of this nature, is likely to be very strong. This type of development is likely to be built by smaller to medium sized local house builders.

4.20   The scheme is stone built and the housing is generously proportioned.

4.21   Figure 4.4 shows the impact of affordable housing on residual value on a £ million per hectare basis.

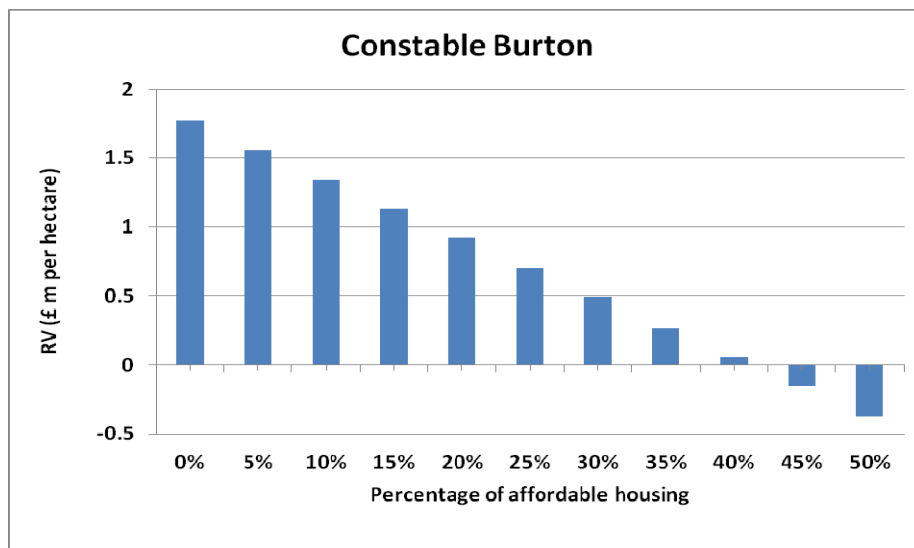**Figure 4.4   Scheme at Constable Burton, Lower Wensleydale**

4.22   The chart shows the range of residual values generated. At 20% affordable housing, residual value is £920,000 per hectare. At 30% affordable housing, residual value is just under £490,000 per hectare and at 40% affordable housing residual value is £60,000 per hectare.

4.23   Like the previous scheme (Swalegate, Richmond), this scheme shows strong viability even at higher percentages of affordable housing. As with the previous scheme, this type of village development will in many instances be developed on agricultural land offering the land owner very significant windfall uplift where planning permission is granted.

Site 5 Dale Grove Leyburn

4.24 This is a new build scheme of 30 units located on a site of 1.04 hectares providing a density of 29 dph. The scheme comprises 18 no. two-bedroom houses and 12 no. three-bedroom houses. Estimate selling prices of £144,000 for the two beds and £172,000 for the three beds are assumed.

4.25 The scheme represents an edge of town development in a relatively high value location in Richmondshire. We understand that this particular development was undertaken by a housing association. The housing is built to standard as is not so generously proportioned as that analysed in the previous schemes.

4.26 Figure 4.5 shows the impact of affordable housing on residual value on a £ million per hectare basis.
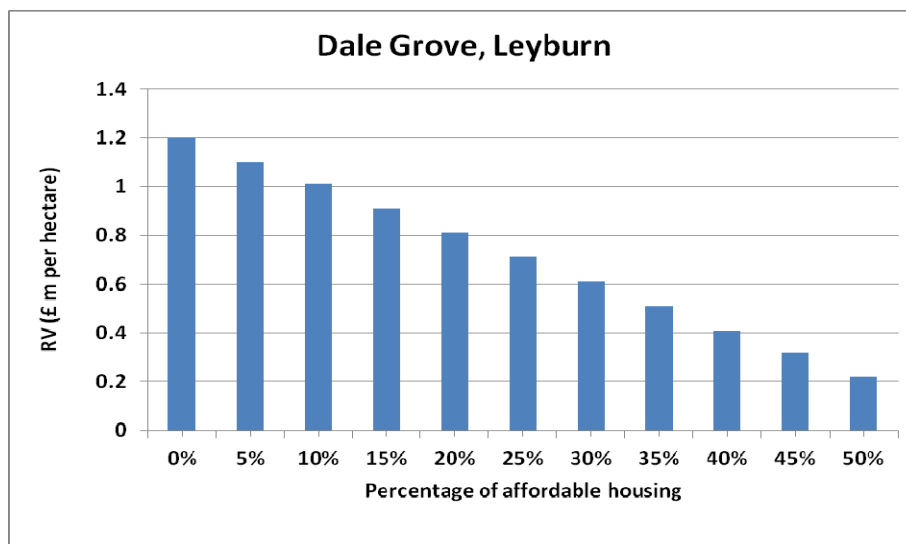
Figure 4.5   Scheme at Dale Grove, Leyburn

4.27 The chart shows the range of residual values generated. At 20% affordable housing, residual value is £810,000 per hectare. At 30% affordable housing, residual value is just under £610,000 per hectare and at 40% affordable housing residual value is £410,000 per hectare.

4.28 These are strong residual values, and they reflect a combination of assumed selling prices which cover build costs by some considerable margin.

4.29 This site is greenfield and hence, as with previous schemes, provides very substantial uplift from existing use value.

4.30 If this scheme were to be developed by a volume house builder, rather than a housing association, we would anticipate improved viability still, as development costs may be some way below the industry standard BCIS.

Site 6   The Springs Middleham

4.31   This is a new build scheme of 26 units located on a site of 0.9 hectares providing a density of 29 dph. The scheme comprises 8 no. two-bedroom houses, 6 no. two-bedroom bungalows, 4 no. three-bedroom bungalows and 8 no. four-bedroom houses. Estimate selling prices range from £144,000 to £398,000.

4.32   The scheme represents an edge of village development in a higher value location. The scheme is developed on a sloping site. Dwellings are constructed with stone. The larger, four bed, dwellings are generously proportioned.

4.33   Figure 4.6 shows the impact of affordable housing on residual value on a £ million per hectare basis.

Figure 4.6   The Springs, Middleham
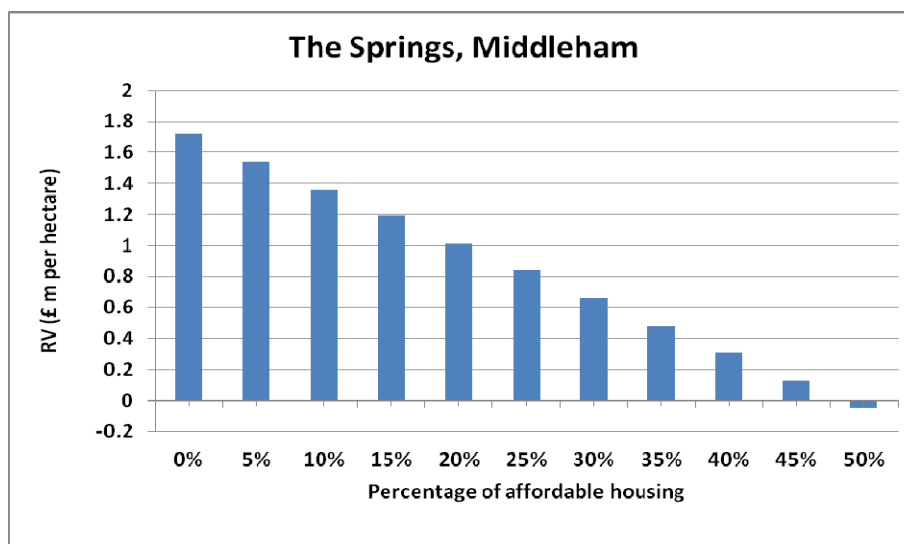
4.34   The chart shows the range of residual values generated. At 20% affordable housing, residual value is just over £1 million per hectare. At 30% affordable housing, residual value is £660,000 per hectare and at 40% affordable housing residual value is £310,000 per hectare.

4.35   As with the other Lower Wensleydale sites, these are strong residual values and should yield a significant element of affordable housing from new schemes.

4.36   This site is greenfield and hence, as with previous schemes, provides a very substantial uplift from existing use value.

4.37   Viability is marginal above 40% affordable housing with a 50% affordable housing target producing a negative residual value.

Site 7   Cowper House Farm, Dalton-on-Tees

4.38   This is a small former agricultural building conversion scheme of four units to the north east of the District. It is an exclusive high value development with estimated prices ranging from £326,000 to £577,000.

4.39   The scheme represents an edge of village development. There are 3 no. four-bedroom houses and 1 no. three-bedroom house. All dwellings are generously proportioned.

4.40   Figure 4.7 shows the impact of affordable housing on residual value on a £ million per hectare basis.

Figure 4.7   Cowper House Farm


Cooper House Farm, Dalton-on-Tees

4.41   The chart shows the range of residual values generated. The scheme values are negative, reflecting projected costs higher than revenue.   At 5% affordable housing, residual value is minus £410,000 per hectare. At 10% affordable housing, residual value is minus £530,000 per hectare and at 15% affordable housing residual value is minus £660,000 per hectare.

4.42   The viability of this scheme reflects a particular set of circumstances; i.e. very large units with values which do not cover the costs of development.

4.43   The economics of this type of scheme do not indicate that every particular development of this generic type will not come forward; there will be instances where selling prices cover costs, and instances where developers are prepared to build at lower profit margins.

4.44   In some instances this type of scheme could be built on a self build basis.

Site 8   Tofta Farm Ravensworth

4.45   This is a new build scheme of 7 units located on a site of 1.14 hectares providing a density of 6 dph. The scheme comprises 5 no. four-bedroom houses, and 2 no. three-bedroom houses. Selling prices are estimated in the range from £300,000 to £530,000.

4.46   The scheme represents a farmyard development scheme. Housing is of an exclusive nature. The housing is generously proportioned as with other rural schemes analysed here.

4.47   Figure 4.8 shows the impact of affordable housing on residual value on a £ million per hectare basis.

Figure 4.8   Tofta Farm Ravensworth
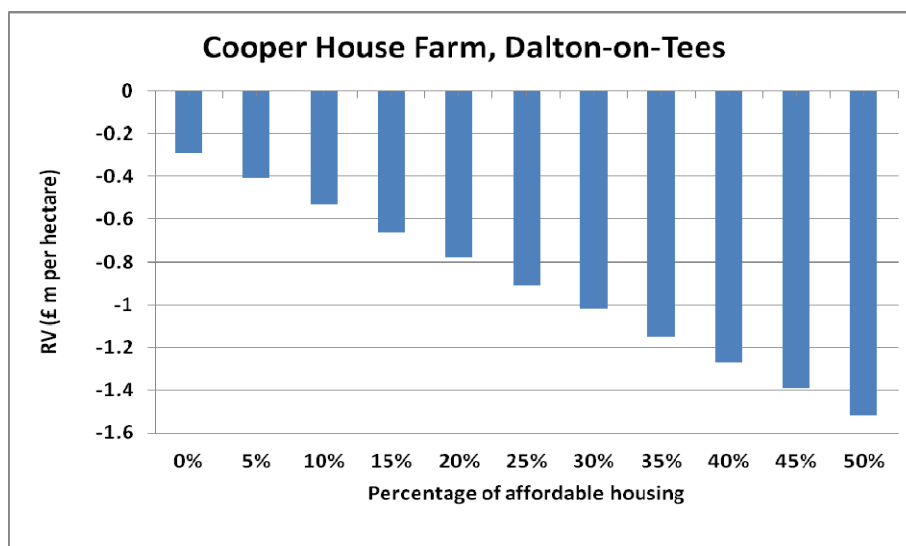

4.48   The chart shows the range of residual values generated. At 10% affordable housing, residual value is £290,000 per hectare. At 20% affordable housing, residual value is £140,000 per hectare.

4.49   Whilst residual values are positive up to 25% affordable housing, they become negative at higher proportions.   This reflects the larger size of units to a significant extent.

4.50   The site, as we understand it, was formerly a farmyard. As such, the land can be regarded as ancillary agricultural, having a relatively low existing use value.

Site 9   Glebe Court, Melsonby

4.51   This is a new build scheme of 17 units located on a site of 0.64 hectares providing a density of 27 dph. The scheme comprises 5 no. three-bedroom houses, 9 no. four-bedroom houses and 3 no. five-bedroom houses. Estimate selling prices range from £212,000 to £365,000.

4.52   The scheme represents an infill village development in a medium value location. The scheme is developed on a relatively missing word site. Dwellings are constructed with stone and relatively generously proportioned.

4.53   Figure 4.9 shows the impact of affordable housing on residual value on a £ million per hectare basis.

Figure 4.9   Glebe Court, Melsonby
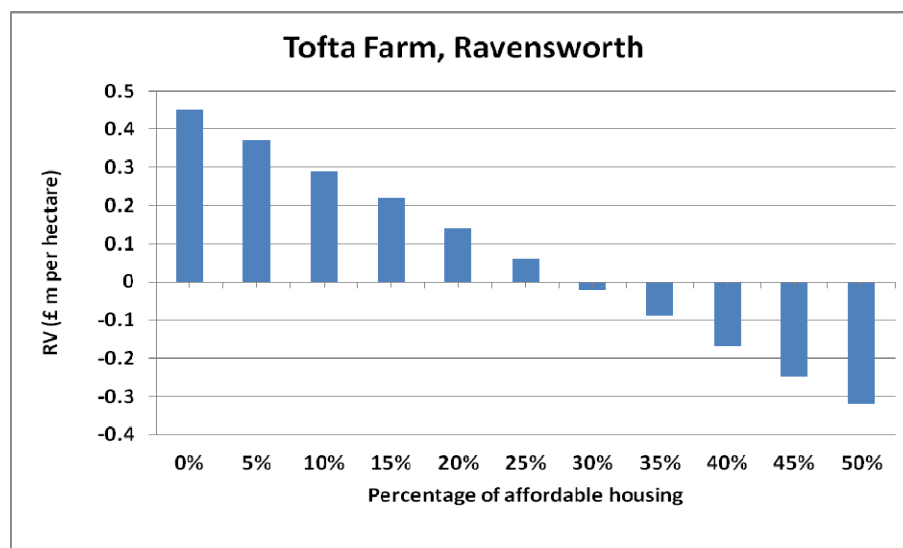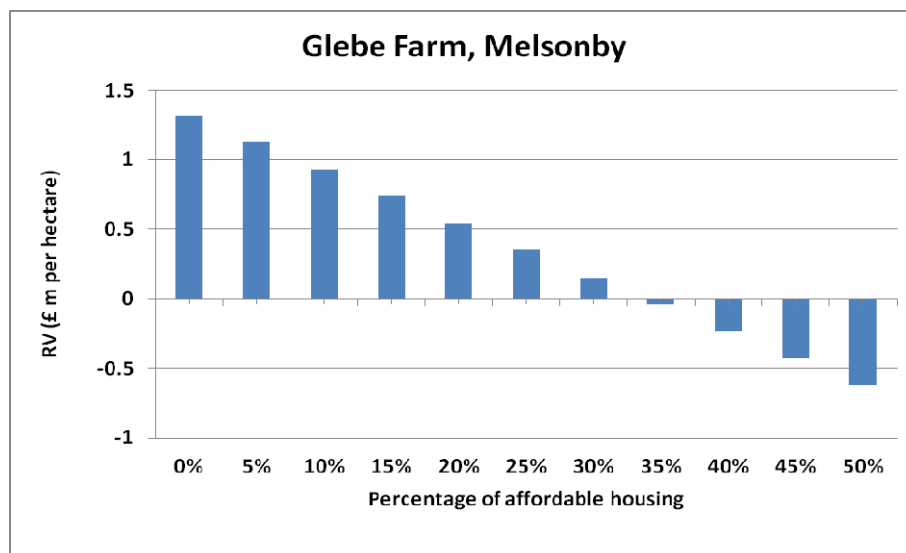

4.54   The chart shows the range of residual values generated. At 20% affordable housing, residual value is just over £0.5 million per hectare and at 30% affordable housing, residual value is £150,000 per hectare.

4.55   This type of scheme should yield affordable housing in reasonable measures, although much will depend on the nature of the existing use of the site. This site has, we understand a value as storage land. Green field land will clearly have a lower EUV that this type of use.

5   POLICY STEER

Targets

5.1   There is no detailed government guidance setting out how targets should be assessed, based on an assessment of viability. An assessment of viability for policy setting purposes might have reference to a range of factors including: past and recent delivery of affordable housing, residual values, the relationship between residual values and existing use values, what has been found to be robust targets in similar authorities through the Core Strategy process, the land supply equation and its relationship to be policy weight given to affordable housing delivery in the wider context of housing supply generally. To some extent land owner expectations are also significant. The experience of the consultant, working in conjunction with the local authority and through developer workshops helps to arrive at a robust policy stance.

5.2   There are a range of housing market circumstances across Richmondshire which lead in turn to a range of viability outcomes. We have tested viability across three sub markets: the Central Area, Lower Wensleydale and North Richmondshire. The range of schemes tested are broadly representative of the types of schemes coming forward across the District.

5.3   Table 5.1 below shows the results of the analysis for the nine sites.

Table 5.1   Results: analysis of nine sites

Site		0%	5%	10%	15%	20%	25%	30%	35%	40%	45%	50%
Belton Park Catterick	Residual Value (RV)	£264,000	£231,000	£199,000	£167,000	£135,000	£103,000	£71,000	£39,000	£6,000	-£25,000	-£58,000
	RV per Hectare (£ Million)	£0.80	£0.70	£0.60	£0.50	£0.41	£0.31	£0.21	£0.12	£0.02	-£0.07	-£0.17
Gilesgate Walkerville	Residual Value (RV)	£979,200	£827,000	£673,000	£520,000	£367,000	£215,000	£61,000	-£91,000	-£245,000	-£397,000	-£550,000
	RV per Hectare (£ Million)	£0.59	£0.50	£0.41	£0.31	£0.22	£0.13	£0.04	-£0.05	-£0.15	-£0.24	-£0.33
Swalegate Richmond	Residual Value (RV)	£1,862,000	£1,652,000	£1,443,000	£1,233,000	£1,024,000	£815,000	£605,000	£395,000	£186,000	-£23,000	-£233,000
	RV per Hectare (£ Million)	£1.15	£1.02	£0.89	£0.76	£0.63	£0.50	£0.37	£0.24	£0.11	-£0.01	-£0.14
Constable Burton	Residual Value (RV)	£674,000	£594,000	£511,000	£430,000	£349,000	£267,000	£186,000	£104,000	£22,000	-£58,000	-£139,000
	RV per Hectare (£ Million)	£1.77	£1.56	£1.34	£1.13	£0.92	£0.70	£0.49	£0.27	£0.06	-£0.15	-£0.37
Dale Grove Leyburn	Residual Value (RV)	£1,253,000	£1,149,000	£1,047,000	£945,000	£841,000	£739,000	£635,000	£533,000	£431,000	£328,000	£225,000
	RV per Hectare (£ Million)	£1.20	£1.10	£1.01	£0.91	£0.81	£0.71	£0.61	£0.51	£0.41	£0.32	£0.22
The Springs Middleham	Residual Value (RV)	£1,545,000	£1,386,000	£1,227,000	£1,068,000	£909,000	£835,000	£592,000	£433,000	£275,000	£116,000	-£42,000
	RV per Hectare (£ Million)	1.72	1.54	1.36	1.19	1.01	0.93	0.66	0.48	0.31	0.13	-0.05
Cowper House Farm, D-on-T	Residual Value (RV)	-£147,000	-£207,000	-£267,000	-£329,000	-£391,000	-£453,000	-£512,000	-£573,000	-£635,000	-£697,000	-£758,000
	RV per Hectare (£ Million)	-£0.29	-£0.41	-£0.53	-£0.66	-£0.78	-£0.91	-£1.02	-£1.15	-£1.27	-£1.39	-£1.52
Tofta Farm Ravensworth	Residual Value (RV)	£510,000	£422,000	£334,000	£246,000	£158,000	£69,000	-£18,000	-£105,000	-£195,000	-£282,000	-£370,000
	RV per Hectare (£ Million)	0.45	0.37	0.29	0.22	0.14	0.06	-0.02	-0.09	-0.17	-0.25	-0.32
Glebe Court Melsonby	Residual Value (RV)	£845,000	£721,000	£596,000	£472,000	£347,000	£224,000	£99,000	-£24,000	-£149,000	-£274,000	-£398,000
	RV per Hectare (£ Million)	£1.32	£1.13	£0.93	£0.74	£0.54	£0.35	£0.15	-£0.04	-£0.23	-£0.43	-£0.62
CENTRAL AREA												
LOWER WENSLEYDALE												
NORTH RICHMONDSHIRE		FIGURES IN RED - NEGATIVE RVs										

5.4   The current affordable housing targets are 40% in the Central Area and North Richmondshire and 50% in Wensleydale.

5.5   We think that it is sensible to split targets in this way. In this respect, the evidence of the viability analysis supports a split target. Because of the sensitivity of residual values to house prices, we think it eminently sensible to adopt a split target approach.

5.6   The level of target however needs to be looked at again. The scheme examples suggest that a 40% target will be difficult to achieve on a routine basis in North Richmondshire and the Central Area and a 50% target difficult to achieve on a routine basis in Lower Wensleydale.

5.7   The precise target level can be referenced to the relationship between scheme residual value and existing use value as well as to benchmarks provided by participants at the Workshop. Since the majority of the sites tested are greenfield a quite robust approach can be taken towards target setting. At the higher value end of the market (Lower Wensleydale) residual values between 10 and 40 fold of agricultural value are achieved at 40% affordable housing. A similar quantum of uplift is achieved in North Richmondshire and the Central Area at 25% affordable housing.

5.8   In setting targets, land owner expectations may also be taken into account. These are assessed at around £400,000 per hectare for serviced land (comparable with the results in Table 5.3). If these are considered as a benchmark, then there is difficulty in justifying the current policy position.

5.9   On this basis, we suggest three policy options with respect to affordable housing targets:

- A single target of 30% across the District. This will have the advantage of uniformity but will understate the potential of higher value sites to deliver Section 106 contributions as well as overstate the potential of lower value sites to deliver;

- A (two way) split target: 30% affordable housing in North Richmondshire and the Central Area and 40% in Lower Wensleydale.

- A (three way) split target: 20% affordable housing in Catterick Garrison; a 40% target in Lower Wensleydale and a 30% target elsewhere.

5.10   A fourth policy option is also realistic. This involves looking at Richmond as a separate sub market within the Central area. If this is done, the fourth option becomes:

- 20% affordable housing in Catterick Garrison; a 40% target in Lower Wensleydale and Richmond; and a 30% target elsewhere.

5.11   Choosing between these options is largely a decision for the Council. Our recommendation is that a split target is adopted but we recognise that implementing such an approach is not practical without clearly defined boundaries.

Thresholds

5.12 National policy sets out a 15 dwelling (0.5 Ha) affordable housing threshold. We do not believe that there is evidence to suggest that this level of development provides a trigger or tipping point for viability.

5.13 Analysis of the relationship between size of scheme and residual value (Figure 5.2) proves inconclusive. At first analysis, it might appear that residual values (measured here at 20% affordable housing) increase with size of site. However, a second look will show that (if the Cowper House Farm) observation is excluded the relationship works in the opposite direction with smaller sites providing the higher residual values (per hectare basis).

Figure 5.2   Residual value versus scheme size
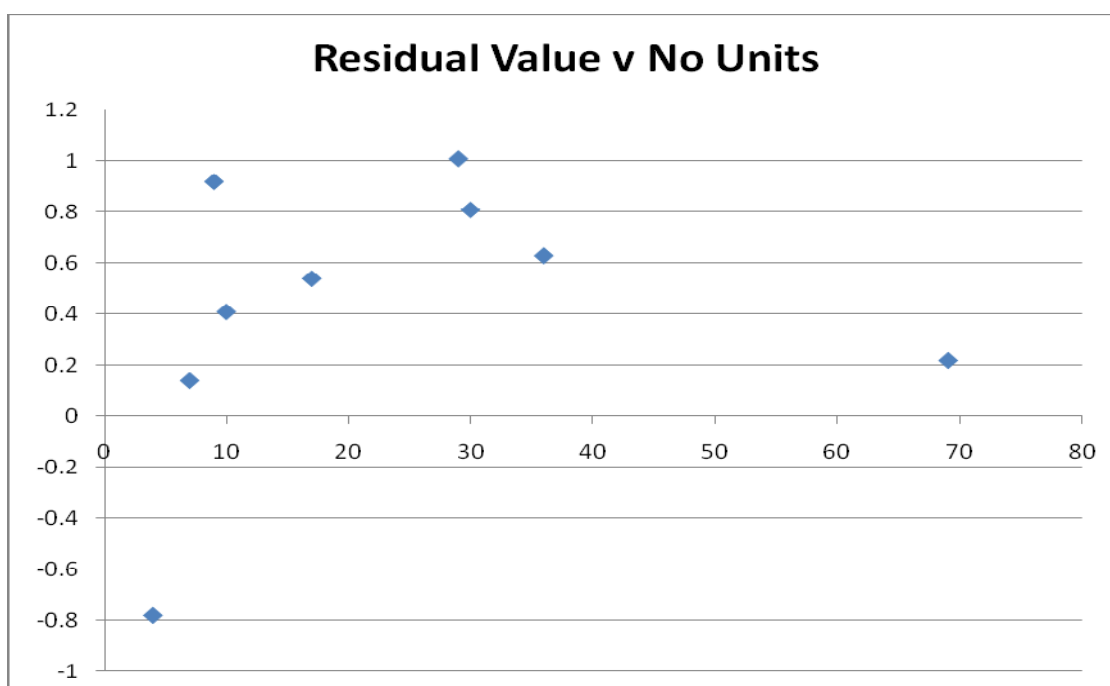
5.14 We have tested two small schemes: a single dwelling, and two dwellings. In the case of the single dwelling, this is assumed to be a four bed detached house. In the case of the two dwelling scheme, we have assumed a three and a four bed dwelling.

5.15 The results of the single dwelling scheme are shown in Table 5.4 below. The results are shown for a range of locations across the District.

Table 5.4   Residual values for a single dwelling

0ne, 4 Bed Detached	0.03 Ha Site			
	0% AH	20% AH	30% AH	40% AH
Lower Wensleydale	£184,000	£136,000	£112,900	£89,200
Richmond	£133,000	£95,600	£76,900	£58,200

North Richmondshire	**£124,000**	**£88,600**	**£71,900**	**£53,200**
Catterick Garrison	**£47,000**	**£26,600**	**£15,900**	**£6,200**

5.16 The results in Table 5.4 are in effect, plot values. These are very high in the case of Lower Wensleydale, and high in the case of Richmond. We anticipate that these values will be well in excess of existing use values in most instances, particular where this is residential amenity land (e.g. gardens and/or back land).

5.17 Residual values are robust in North Richmondshire, although plot values in Catterick Garrison are relatively low, and especially so at higher proportions of affordable housing.

5.18 Table 5.5 shows residual values generated for a small scheme of two dwellings: one three bed detached and one four bed detached.

Table 5.5   Residual values for a single dwelling

One, 4 Bed Detached; One 3 Bed Detached	0.05 Ha Site			
	0% AH	**20% AH**	**30% AH**	**40% AH**
Lower Wensleydale	**£344,000**	**£267,200**	**£213,000**	**£169,400**
Per plot	**£172,000**	**£133,600**	**£106,500**	**£84,700**
Richmond	**£248,000**	**£180,200**	**£146,300**	**£112,400**
Per plot	**£124,000**	**£90,100**	**£73,150**	**£56,200**
North Richmondshire	**£233,000**	**£168,200**	**£135,300**	**£103,400**
Per plot	**£116,500**	**£84,100**	**£67,650**	**£51,700**
Catterick Garrison	**£89,000**	**£52,200**	**£34,300**	**£16,400**
Per plot	**£44,500**	**£26,100**	**£17,150**	**£8,200**

5.19 The table shows average plot values for the scenarios. As with the previous example (one dwelling), residual values are very robust at the higher end of the market, and indeed in North Richmondshire (residual value at 40% affordable housing: £52,000). As previously (one dwelling) viability looks difficult at higher affordable housing targets in Catterick Garrison.

5.20 In large measure, these results emulate and support the findings of the case study analysis in Chapter 4. That is to say, they show the importance of location on viability. With respect to site size, the results show generally improved viability.

5.21 Thus, we do not see a case against a low threshold on viability grounds. On this basis, the appropriate way to set thresholds is then on the basis of the profile of site supply. The Council have provided us with data on the current Housing Land Supply (2011). We have analysed this data for the whole of the District and this is set out in Table 5.6 below:

Table 5.6   Profile of future potential site supply by site size in Plan area

	Richmondshire	
Dwelling range	**Dwelling Yield**	**%**
1 to 4	5	0.2
5 to 9	15	0.5
10 to 14	22	0.8
15 to 24	111	4.0
25 to 49	426	15.4
50 to 99	295	10.7
100+	1892	68.4
	2766	100.0

Source: SHLAA June 2010

5.22   Table 5.6 suggests that a significant proportion of supply will come from larger sites. The analysis suggests around 70% of dwellings will come from sites with a capacity of more than 100 dwellings.

5.23   Table 5.7 shows the same framework, but with the data broken down by location. This shows a differing picture according to location.   Most of the supply in Catterick Garrison will come from larger sites. This is also the case in Leyburn.

Table 5.7   Profile of site supply by site size and by location across the District

	Catterick Garrison		Leyburn		Richmond		Other settlements	
	Dwelling Yield	%	Dwelling Yield	%	Dwelling Yield	%	Dwelling Yield	%
1 to 4	0	0.0	2	0.3	0	0.0	3	0.7
5 to 9	8	0.5	0	0.0	0	0.0	7	1.6
10 to 14	22	1.4	0	0.0	0	0.0	0	0.0
15 to 24	22	1.4	0	0.0	46	34.1	43	9.8
25 to 49	120	7.5	119	19.8	89	65.9	98	22.3
50 to 99	147	9.2	60	10.0	0	0.0	88	20.0
100+	1271	79.9	421	69.9	0	0.0	200	45.6
	1590	100.0	602	100.0	135	100.0	439	100.0

5.24   In Richmond however (Table 5.7), supply will come from smaller sites, albeit in the capacity range 15 to 50 dwellings.

5.25   This analysis relates to estimates of potential supply, from sites allocated to sites under construction. The figures suggest a relatively high reliance on larger sites.

5.26   However, the database does not include windfall sites, which we anticipate will, in the main, be small and very small sites. Indeed, the Preferred Core Strategy (June 2010) states that an 'examination of planning permissions granted over the period 2004 – 2007 suggested that 98% of sites were for fewer than 15 dwellings and 60% of sites were for one dwelling'.

5.27   Because windfall supply is likely to constitute a significant proportion of future housing supply, we would suggest that the Council press for low affordable housing thresholds.

5.28   In doing so, this recognises that small sites are viable to deliver affordable housing, and that a very significant volume of housing will be developed on small sites.

6 MAIN FINDINGS AND CONCLUSIONS

Principles of policy setting

6.1 In undertaking this viability study we have provided a detailed analysis of nine exemplar or case study sites and supporting analysis in relation to smaller sites. We believe that this range and depth of analysis provides a very robust basis for the Council to establish policies for both affordable housing targets and thresholds in its future plans.

6.2 There is no detailed government guidance setting out how targets should be assessed, based on an assessment of viability. An assessment of viability for policy setting purposes might have reference to a range of factors including: past and recent delivery of affordable housing, residual values, the relationship between residual values and existing use values, what has been found to be robust targets in similar authorities through the Core Strategy process, the land supply equation and its relationship to be policy weight given to affordable housing delivery in the wider context of housing supply generally. To some extent land owner expectations are also significant. The experience of the consultant, working in conjunction with the local authority and through developer workshops helps to arrive at a robust policy stance.

Key findings

6.3 Our analysis worked within the current framework for Richmondshire, namely three sub markets encompassing the Central Area, Lower Wensleydale and North Richmondshire. The examples tested are by no means exhaustive of the types of the schemes coming forward in those locations, although the analysis provides robust findings for the purposes of plan making.

6.4 There is a significant division in residual values between Lower Wensleydale and the Central Area along with North Richmondshire. This inhibits the ability of policy makers to require the same Section 106 contributions across the District. In this sense, we fully support a policy option which has a differential affordable housing target.

6.5 However, our findings suggest that although a split target is advisable and logical, based on the evidence, it should not be as high as is promoted in the Core Strategy, namely 50% in Lower Wensleydale and 40% elsewhere. In Chapter 5, we set out three policy options. The most focused of these is the third option setting out a 20% target for Catterick Garrison, a 40% target for Lower Wensleydale and a 30% target elsewhere.

6.6 The conclusions are based on the range of schemes tested. Some schemes included dwellings of significant size, reflecting perhaps local building norms and, in some cases, local builders rather than volume house builders. In these respects, schemes developed by larger builders may generate higher residuals, not necessarily because of economies of scale, but because of the likely greater proliferation of smaller units.

6.7 Schemes were tested assuming nil grant for affordable housing and at a tenure split of 80% Social Rent and 20% Affordable Rent. This was seen as being an appropriate policy test, although it will no doubt be the case that a higher proportion of

Intermediate Affordable housing will be included in schemes going forward, dependent on locality and needs.

6.8   The schemes tested would, in line with the Core Strategy threshold of 4 units, attract an affordable housing contribution. The analysis (see Figure 5.2) found no relationship between site size and viability. This is consistent with our findings in studies elsewhere. There is evidence to suggest, if one 'outlier' is set aside, that residual value is actually higher with smaller sites. Our ancillary analysis of schemes for one and two dwellings supports this position.

6.9   This with respect to thresholds, we would urge the Council to set these as low as is practicable. We would suggest a lower threshold than four units given the proliferation of schemes coming forward for one, two and three units, particularly those in higher value areas.   We have found no evidence either in this study, or elsewhere, to suggest that a threshold of say one unit will hold sites back.

6.10   That being stated, care is needed when thinking through how policy might work when taking affordable housing contributions on very small schemes.

6.11   Clearly very small sites will require a commuted sum approach where the mathematics won't require whole units.   Under all circumstances we would emphasise that a fair and equivalent approach should be adopted.

6.12   Where commuted sums are collected, a possible approach to calculating the appropriate sum sought is to base this on the equivalent amount which would be contributed by the developer/landowner were the affordable housing to be provided on site. This is expressed as follows:

RV 100% M   = Residual value with 100% market housing
RV AH = Residual value with X% affordable housing (say 40%)
Equivalent commuted sum = RV 100% MV minus RV AH

6.13   Further, where commuted sums are collected, the Council will need to have in place a strategy to ensure the money is spent effectively and in a timely manner. Options for spending will be a matter for the council to consider but could include supporting schemes which would otherwise not be viable, increasing the amount of social rented housing in a scheme, increasing the proportion of family units in a scheme, and/or seeking higher quality affordable housing.

6.14   This is a relatively easy calculation to make. The Council will have at its disposal the Three Dragons Viability Toolkit to assess the viability of individual schemes. The model calculates commuted sum contribution in a very straightforward and precise manner in line with the above formula.

Viability over the longer term in Richmondshire

6.15   The analysis in the study looks at viability under current housing market conditions. It is difficult to do otherwise and indeed would not seem sensible to base policy on an assumed improved (or weaker) housing market circumstance.

6.16   Whilst viability will ultimately depend on the relationship between revenues and costs, the trend in house prices has tended to be more volatile than that for costs.

Prices have tended to be much more sensitive to macro economic circumstances (and the availability of credit in particular), costs have broadly tacked inflation.

6.17   In these respect it is fair to say that when the housing market has improved, viability has improved disproportionately to costs. The delivery of Section 106 contributions if made easier, subject to land owners taking account of policy in their expectations. It is also the case however, that when prices have fallen, it has been difficult to deliver Section 106, a function of land owner expectation and a lag in the cost trend.

6.18   The focus should therefore arguably be on the longer term price trend. This is shown in Figure 6.1. The Figure shows short term volatility in house prices against the long term straight line trend.

Figure 6.1   Long and short term house price trends
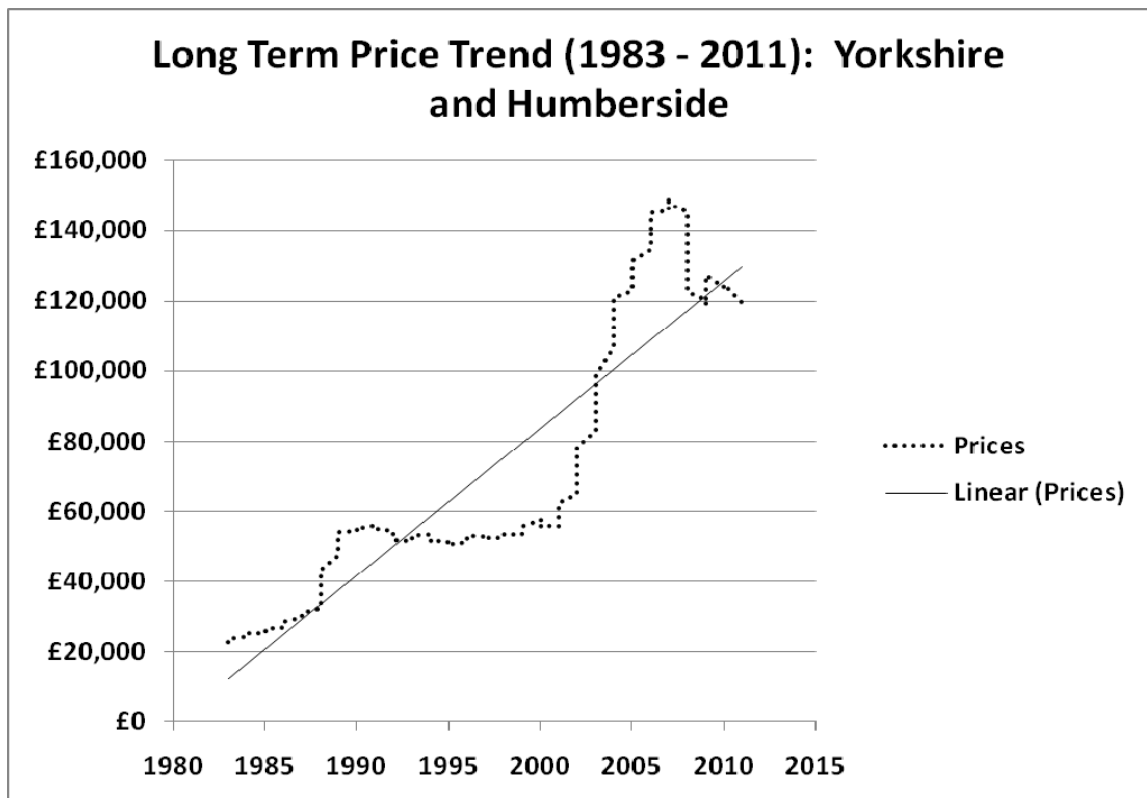
Source: Halifax House Price Index

6.19   Figure 6.1 relates to house prices in Yorkshire and Humberside. It shows that house prices, in common with other regions of England and Wales, have moved steadily upwards over the past three decades. The short term trend has been volatile with prices virtually static between 1990 and 2000 and then with sharp rises to a peak in 2008.

6.20   The important point to make about the analysis carried out here is that it should not produce an unrealistic or overly optimistic policy. The chart suggests that prices are currently just below the long term trend. As such the policy recommendations of this report are set conservatively, and not over ambitiously.

6.21   Going forward there will be instances where individual sub markets or locations out-perform the general trend. In these situations higher affordable housing delivery may be more viable even than policy suggests. Where this happens in a few instances, we would suggest that the need to hold to a consistent policy position is paramount even though higher delivery may be possible. Where a significant housing market improvement is evidenced, we suggest an updating of the study.

6.22   However, we cannot currently forsee any particular economic drivers which would be likely to significantly raise house price in the short to medium term. Thus the policy recommendations made here should hold robust.

Appendix 1

RICHMONDSHIRE DC AFFORDABLE HOUSING VIABILITY STUDY – WORKSHOP NOTES

1   Introduction

A workshop was held on the afternoon of the 19th May 2011 in Richmond. Representatives of the development industry and Council officers were present. An attendance list is given below.

Name	Organisation	E-mail
Andi Mcloughlin	Broadacres	Andi.mcloughlin@broadacres.org.uk
Philip Lee	DVO	philip.lee@voa.gsi.gov.uk
Graeme Newton	NewROC	newrocgraeme@btconnect.com
Iain Pay	Taylor Wimpy/HBF	Iain.Pay@taylorwimpey.com
Rodger Till	Fabrick Group	Rodger.Till@fabrickgroup.co.uk
Martin Foster	Castlevale Properties	martin@castlevale.com
Peter Featherstone	Richmondshire DC	Peter.featherstone@richmondshire.gov.uk
Brian Hodges	Richmondshire DC	Brian.hodges@richmondshire.gov.uk
Helen Heward	Hambleton DC	Helen.Heward@hambleton.gov.uk
John Hiles	Hambleton DC	John.hiles@richmondshire.gov.uk
Mark Robson	Richmondshire DC	Mark.robson@richmondshire.gov.uk

Three Dragons and Richmondshire DC would like to thank all those in attendance for their inputs to the study.

The comments also incorporate the findings of a meeting on the same day with the District Valuer. Three Dragons are grateful for his inputs to the study.

At the workshop Three Dragons gave a presentation summarising the methodology and outlining the process of site testing across a range of (three) sub markets.

It was agreed that the Powerpoint presentation (attached) would be made available to all Workshop participants in conjunction with these feedback notes.

2 Study overview

Three Dragons have been commissioned to carry out an Affordable Housing Viability Appraisal in accordance with the requirements of PPS3 in order to establish a robust evidence base to support emerging policy requirements as set out in the LDF.   There are two parts to the commission:

i) An Affordable Housing Viability Study to guide the setting of new affordable housing targets and thresholds for the Local Development Framework;

ii) A Financial Appraisal Toolkit to assist negotiations on specific sites.

The Affordable Housing Viability Study is to be used to justify and demonstrate the viability of the Council's affordable housing policies. The Financial Appraisal Toolkit will be used to assess the circumstances of individual sites where viability, and therefore the ability to provide the required level of affordable housing, is in question.

3 Key issues

3.1 Basis for interpreting viability

There was no objection in principle to the over-riding method for assessing viability proposed by Three Dragons. This measures viability by reference to residual scheme value less the existing or alternative use value of a site.

The challenge in assessing a reasonable land owner return was recognised.   Three Dragons' experience is that a 20% to 30% land owner return on brown field sites is reasonable. But, this measure cannot be so easily applied to green field where existing use values are very low.

It was emphasised by Three Dragons that the study will need to be robust for the Plan period. In this respect it will be important to look at the viability of sites in the current market – against the context of the longer run.

3.2 Overall methodology

Three Dragons explained that the approach to the study will be to assess the viability of a range of nine sites. These nine sites are located in three sub markets: Central; North Richmondshire and Lower Wensleydale.

For each of these sites a Toolkit appraisal will be prepared, which will provide a steer on viability for similar sites coming forward.

Data sources (e.g. HMLR for house prices and BCIS for build costs) were explained to participants. The need for best primary data sources based on a large sample was understood and agreed.

Participants are invited to supply viability information in relation to any of the schemes should they so desire.

3.3 Land values

It was agreed that land values will vary according to the type and scale of development.

Around £250,000 per acre (£617,000 per hectare) was stated to be a minimum land owner expectation for those with potential residential sites. Another figure suggested was £262,000 (£647,000 per hectare).

These values relate to unserviced sites, typically green field.

3.4 Density and development mix

The range of schemes reflects recent development in Richmondshire. A template of some schemes was presented as examples.

One question is whether past schemes are a reasonable representation of schemes going forward. It was thought that the schemes will be fairly representative over the Plan period.

3.5 Thresholds and the viability of smaller sites

The study looks at thresholds as well as affordable housing targets.

There was support for the idea of reducing thresholds on the basis that small sites can be as viable as large ones.

It was stated that large sites often carry economies of scale. Three Dragons agreed that can be the case but suggested that it is equally the case that small sites generate higher selling prices due to the exclusivity.

It was agreed that the study will look at a notional one dwelling site; for example a detached house on former garden land.

3.6 Development costs

Three Dragons presented the proposed page that will be used for the testing framework. It was explained that the base build costs per square metre will be calculated from the BCIS data source.

The (BCIS) base build costs were considered a reasonable starting point. Developers are currently receiving tenders at around £90 per sq foot (£969 per sq m).

For stone construction 10% should be added to base build costs.

There were a number of comments on the assumptions relating to other development costs. These can be summarised:

A profit margin of 15% (on Gross Development Value) is correct for Richmondshire. Developers generally work to this figure on a net basis, or to 25% on a gross (before finance and other costs) basis; participants thought developers in and around Richmondshire are bringing schemes foward at around 13% to 14% net.

Professional fees are currently around 6% of build costs;

It is questionable whether an allowance of 5% should be included.

The schemes should be tested with a scenario assuming Code for Sustainable Homes level 4. It was doubted that a higher level of Code would be likely to be implemented over the Plan period. It was stated that to achieve Code 4 (versus Code 3) adds 1% to construction costs.

£1,600 per square metre is a reasonable assumption for barn conversions.

3.7   Affordable housing issues

The likely revenue from affordable housing can be gauged from the Council's own Transfer Prices.

Affordable housing revenue is estimated at £78.79 per square foot. Alternatively £89,549 per unit.

In terms of the scenario testing, Three Dragons should work with an 80% (Social Rent) 20% Affordable Rent split.

It was stated that Intermediate Affordable housing is proving difficult to dispose of at the current time.

Policy should be set on a 'no grant' basis, reflecting the significant cuts in funding for affordable housing.

3.8   Other Section 106 contributions

There was a divergence of opinion on the correct baseline figure for other (than Affordable Housing) contributions. Several people stated that £2,000 to £3,000 per unit was sufficient based. However one person thought that £5,000 per unit (Three Dragons' suggested figure) was not enough.

4   Selling prices on specific schemes

Three Dragons presented selling prices for a sample of schemes.

The following feedback was given

Richmond – selling prices £180 to £210 per sq foot;

Leyburn – selling prices – circa £200 per sq foot;

Barn conversion scheme – price range £350,000 to £480,000 ('good values not there for barns at the moment');

Belton Park – price range £125,000 to £215,000.

Gilesgate – price shown OK except for 2 bed unit.

5   Feedback

THANK YOU AGAIN FOR ATTENDING AND WE LOOK FORWARD TO YOUR FEEDBACK

Comments please to:

Andrew Golland   drajg@btopenworld.com

Illustrative scheme – Swalegate at 30% Affordable Housing

1 - SITE IDENTIFICATION

Site Details

Site Address | Swalegate Richmond

Site Reference

Application Number

Scheme Description | New Build development - 36 Dwellings

Next Page

☑ I have read, and accepted, the terms and conditions set out in the license agreement

3 - BASIC SITE INFORMATION

Site Area

| Total Size of Site In Hectares | 1.62 | (You must enter a value in here) |

Density / Number of Dwellings

Enter a number of dwellings   36   (You must enter a value in here)

Percentage Increase/Decrease in Density:
You may test the effect of a percentage increase/decrease in the site density by using the cell below

0 ▲ % Reset

| Resulting Number of Dwellings | 36 |
| Resulting Density | 22 dph |

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4 - CHARACTERISTICS OF DEVELOPMENT

ALWAYS DEPRESS THE CLEAR TABLE BUTTON FIRST
You then have 2 options for entering information about the scheme
EITHER, enter information for up to 20 dwelling types – each row must be either fully complete or left blank
(enter 1 if information not relevant e.g. size of affordable unit but is a market unit)
OR select the Toolkit default mix by depressing the button called Use Default Unit Types

Clear Table		Use Default Unit Types						View Default Mix ->
Ref.	Description of Dwelling	No of Bed-Rooms	Dwelling Type	No of Units	Size in sq.m Affordable	Size in sq.m Market	Parking (flats only)	No. of Storeys (1-99)
1	Oxford Bungalow	3	Bungalow	9.0	85	85	n/a	n/a
2	Marlow + Single Garage	3	House	7.0	92	92	n/a	n/a
3	Malden + Double Garage	4	House	3.0	142	142	n/a	n/a
4	Victoria	4	House	2.0	145	145	n/a	n/a
5	Fulford + Double Garage	4	House	5.0	146	146	n/a	n/a
6	Stratford Integ Double Garage	4	House	5.0	177	177	n/a	n/a
7	Carron Bungalow	3	Bungalow	1.0	138	138	n/a	n/a
8	Melbourne Bung Integ Sg	2	Bungalow	1.0	88	88	n/a	n/a
9	Rowan + Integ Single Garage	3	House	3.0	108	108	n/a	n/a
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
	Total Number of units			36				

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5 - MARKET VALUES

This is a custom scheme, default values are not available.

ALWAYS DEPRESS THE CLEAR TABLE BUTTON FIRST   [Clear Table]

You can enter your own values for each
dwelling type or select the Toolkit
default market values by depressing the
button called Default Market Values   [View Default Values ->]

You can adjust the market
values by using the %
increase/decrease arrows   [100] %   [Reset]

Depress the Reset
button to return to
base market value

Ref.	Unit Type	No of Bed-Rooms	Market Value	Adjusted Market Value
1	Oxford Bungalow	3	£179,000	£179,000
2	Marlow + Single Garage	3	£193,200	£193,000
3	Malden + Double Garage	4	£270,000	£270,000
4	Victoria	4	£275,000	£275,000
5	Fulford + Double Garage	4	£278,000	£278,000
6	Stratford Integ Double Garage	4	£336,000	£336,000
7	Carron Bungalow	3	£289,000	£289,000
8	Melbourne Bung Integ Sg	2	£202,000	£202,000
9	Rowan + Integ Single Garage	3	£226,000	£226,000
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				

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6 - TENURE MIX

If you are using a default mix then you can distribute units across the tenures by percentage; enter the percentage of units to assign to each tenure in the top row. The percentages are applied equally across all unit types

If you are not using a default mix then you may either enter units by percentage or by the exact number of units of each type for each tenure; in the table enter the exact number of units of each type for each tenure in the table

Whichever method is selected, ensure that relevant information is entered in the boxes at the bottom of the table.

◉ Input by Percentages   ◉ Input by Quantity | Clear Table |

		SALE	AFFORDABLE					Required No. of Units
			Social rent	New Build HomeBuy	Intermediate rent	Discount Market	Local Sale	
Ref.	Description	70%	24%		6%			
1	Oxford Bungalow	6.3	2.2		0.5			9.0
2	Marlow + Single Garage	4.9	1.7		0.4			7.0
3	Malden + Double Garage	2.1	0.7		0.2			3.0
4	Victoria	1.4	0.5		0.1			2.0
5	Fulford + Double Garage	3.5	1.2		0.3			5.0
6	Stratford Integ Double Garage	3.5	1.2		0.3			5.0
7	Carron Bungalow	0.7	0.2		0.1			1.0
8	Melbourne Bung Integ Sg	0.7	0.2		0.1			1.0
9	Rowan + Integ Single Garage	2.1	0.7		0.2			3.0
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
	Total	25.2	8.6		2.2			36.0

| New Build HomeBuy | Percentage Purchased | 40% |
| | Rental limit on unbought share | 100% |

| Percentage purchased by purchaser for Discount Market | | |

| Local Sale | Average Income | |
| | Income Multiplier | |

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10 - DEVELOPMENT COSTS

ALWAYS DEPRESS THE CLEAR TABLES BUTTON FIRST   [Clear Tables]

Build Costs per sq m

You can enter your own values in the white cells below.
Where cells are left blank, the Toolkit value for that row will be used

	Toolkit Values	User Values
Bungalows	£955	
Flats (6+ storeys)	£1,500	
Flats (5 & less storeys)	£1,080	
Houses <= 75m2	£910	£931
Houses > 75m2	£870	£931

Other Development Costs

You can enter your own values in the white cells below. Enter 0% for non-applicable items.
Where cells are left blank, the Toolkit value for that row will be used.

	Toolkit Values	User Values	
Professional Fees %	12.00%	6.00%	of build costs
Internal Overheads	5.00%		of build costs (Market and Discount Market units)
Interest Rate (Market)	7.00%		of build Costs (Market, Discount Market and Low Cost Sale units)
Interest Rate (Affordable Housing)	7.00%		of build costs (SR, HB, IR units)
Marketing Fees	3.00%		of market value (Market and Discount Market units)
Developers Return	15.00%		of market value (Market and Discount Market units)
Contractors Return	6.00%		of development costs (SR, HB, IR and LCS units)
Land financing costs	£ -		*Please see the Guidance Notes for use of this value*

Exceptional Development Costs

You may enter SCHEME totals for exceptional costs. The first row is for Sustainable Homes costs. The other three rows are for user defined costs. You can enter the name of the cost in the left hand cells and SCHEME value in the right hand cell.

Sustainable Homes Standard	
Market Housing	Affordable Housing
None	None

Costs incurred for Sustainable Homes Levels None and None	£	-
<Enter Costs Description>	£	-
<Enter Costs Description>	£	-
<Enter Costs Description>	£	-

Scheme Total	£0
per dwelling	£0
per hectare	£0

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11 - PLANNING OBLIGATIONS

ALWAYS DEPRESS THE CLEAR TABLE BUTTON FIRST [Clear Table]

For each type of contribution you may either enter a total figure (for that row) or you may enter values per unit (for each tenure). If you choose the second option, the Toolkit will calculate the total obligation 'cost' for the scheme.

To enter one total value for a row, tick the corresponding box in the "Enter Total?" column and enter a value in the "User Total" column : To enter the values by tenure leave the box un-ticked	Input by Total		Input by Unit						Calculated Total
	Enter Total?	User Total	Sale	Affordable					(Affordable and Sale)
				Social rent	New Build HomeBuy	Intermediate rent	Discount Market	Local Sale	
Education Contribution	☐		£3,500	£3,500	£3,500				£118,440
Highway Works	☐		£333	£333	£333				£11,269
Contribution to public transport	☐								
Contribution to community facilities	☐								
Provision for open space	☐		£2,000	£2,000	£2,000				£67,680
Contribution to public realm	☐								
Contribution to public art	☐								
Environmental improvements	☐								
Town centre improvements	☐								
Waterfront Improvements	☐								
Support for employment development	☐								
Employment related training	☐								
<Enter Planning Obligation Description here>	☐								
<Enter Planning Obligation Description here>	☐								
<Enter Planning Obligation Description here>	☐								

Obligations package per unit	
Contribution from Commercial	

Total for Scheme	£197,389
Total for Scheme per hectare	£121,845
Total for Scheme divided by total number of units	£5,483
Total for Scheme divided by number of sale units	£7,833

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13 - SCHEME REVENUE FROM AFFORDABLE HOUSING

Please choose the method by which the payment is made by the affordable housing provider to the developer

○ Payment by affordable housing provider to developer is calculated by the Toolkit

◉ Payment by affordable housing provider to developer is fixed and is a known amount

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14 - KNOWN PAYMENT FOR AFFORDABLE HOUSING

ALWAYS DEPRESS THE CLEAR PAGE BUTTON FIRST | Clear Page |

Enter a known payment from the affordable housing provider either by unit, as a total sum for each tenure or as a total across the three affordable tenures shown on this page.

	Affordable Housing Tenures			Total
	Social rent	New Build HomeBuy	Intermediate rent	Affordable Units
Number of units	8.6		2.2	11
Payment By Unit	£ 65,000		£ 70,000	
Or Payment By Tenure				
Or Scheme Total	Enter a lump sum payment for Affordable Housing			
Tenure Total	£ 561,600	£ -	£ 151,200	
Method by which Affordable Housing Revenue is calculated	By Unit	N/A	By Unit	
Total Known Payment for Affordable Housing	£ 712,800			

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19 - Scheme Results

Site Reference Details	
Site Reference Number	
Application Number	
Site Location	Barnsley
Scheme Description	New Build development - 36 D

Site Details	
Site Address	Swalegate Richmond
Site Details	

TOTAL NUMBER OF UNITS	
Dwellings	36
% Wheelchair Units	

DENSITY (per hectare)	
Dwellings	22.2

AFFORDABLE UNITS	Quantity	% of All Units
Total	10.8	30%
Social rent	8.6	24%
Intermediate	2.2	6%

REVENUE AND COSTS		
Total scheme revenue	£	6,705,800
Total scheme costs	£	6,033,000

RESIDUAL VALUE		
Whole scheme	£	672,800
Per hectare	£	415,000
Per dwelling	£	19,000
Per market dwelling	£	27,000

Contribution to revenue from:		
Market housing	£	5,993,000
Affordable Housing	£	712,800
- Social rent	£	562,000
- New Build HomeBuy	£	-
- Intermediate Rent	£	151,000
- Discount Market	£	-
- Local Sale	£	-
Capital Contribution	£	-
Commercial Elements	£	-

PUBLIC SUBSIDY (GRANT)		
Whole Scheme	£	-
Per Social Rental dwelling	£	-
Per New Build HomeBuy dwelling	£	-
Per Intermediate Rent dwelling	£	-

Contribution to costs from:		
Market housing	£	4,397,000
Affordable Housing	£	1,439,000
- Social rent	£	1,151,000
- New Build HomeBuy	£	-
- Intermediate Rent	£	288,000
- Discount Market	£	-
- Local Sale	£	-
Land Finance	£	-
Planning Obligations	£	197,000
Total Exceptional Costs	£	-
Commercial Elements	£	-

Alternative Site Values			Against residual	
Exisiting Use Value	£	-	£	-
Acquisition Cost	£	-	£	-
Alternative Use Value 1	£	-	£	-
Alternative Use Value 2	£	-	£	-
Alternative Use Value 3	£	-	£	-

Save Results

View Results

Cost Components

View DCF Page

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