Marton Moss Housing Site Viability Study

March 2022

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Quality information

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Revision History

Revision	Revision date	Details	Authorized	Name	Position
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V5	19 November 2021	Final Report	Stephanie Brewer Associate Planner	Stephanie Brewer	Associate Planner
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Glossary

Affordable housing: housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions:
a) Affordable housing for 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.

Alternative use value (AUV) Where an alternative use can be readily identified as generating a higher value for a site, the value for that alternative use would take the existing use value (determined by the market) and apply an assumption that has regard to current development plan policies and all other material planning considerations and disregards that which is contrary to the development plan.

Benchmark A comparator for the outputs or inputs into the appraisal, i.e. site value or developer's return, etc.

Building Cost Information Service (BCIS) A subscriber service set up in 1962 under the aegis of RICS to facilitate the exchange of detailed building construction costs. The service is available from an independent body to those of any discipline who are willing and able to contribute and receive data on a reciprocal basis.

Building costs indices A series of indices published by BCIS relating to the cost of building work. They are based on cost models of 'average building', which measure the changes in costs of labour, materials and plant which collectively cover the basic cost to a contractor.

Build to Rent: Purpose built housing that is typically 100% rented out. It can form part of a wider multi-tenure development comprising either flats or houses, but should be on the same site and/or contiguous with the main development. Schemes will usually offer longer tenancy agreements of three years or more, and will typically be professionally managed stock in single ownership and management control.

Cash flow The movement of money by way of income, expenditure and capital receipts and payments during the course of the development. The impact of cash flow assumptions on viability assessments is an important consideration. While most viability appraisals include an interest rate on capital employed, such costs are frequently applied solely to building costs pending sale. Cash flow considerations should also take into account the costs of capital employed in relation to infrastructure costs, Section 106 and CIL requirements and land purchase costs, and should incorporate realistic assumptions on build and sales rates based upon local market conditions.

Comparable evidence A property used in the valuation process as evidence to support the valuation of another property. It may be necessary to analyse and adjust in order to put it in a suitable form to be used as evidence for comparison purposes.

Contingency – Contingencies are allowances that may sometimes be put within a development appraisal to cater for unexpected costs where it is considered likely that the site poses risks which cannot easily be quantified. For example, poor ground conditions may affect the foundations, the discovery of archaeological remains and/or contamination may only be confirmed once digging commences. Normally a contingency will be expressed as an estimated percentage of costs. They should only be used to reflect those aspects of a scheme where costs cannot be accurately estimated in advance of work starting on site. They are dependent upon the nature of the development, the procurement method and the perceived accuracy of the information obtained. A contingency should not to be used to cover the possibility of contract price increases which can be quantified at the time that the appraisal is carried out. Similarly, they should not be used to cover errors made in the construction phase – the latter is accounted for in the developer's margin that reflects risk.

Current use value Market value for the continuing existing use of the site or property assuming all hope value is excluded, including value arising from any planning permission or alternative use. This also differs from the existing use value. It is hypothetical in a market context as property generally does not transact on a CUV basis.

Deliverable: Deliverable: To be considered deliverable, sites for housing should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years. In particular:

a) sites which do not involve major development and have planning permission, and all sites with detailed planning permission, should be considered deliverable until permission expires, unless there is clear evidence that homes will not be delivered within five years (for example because they are no longer viable, there is no longer a demand for the type of units or sites have long term phasing plans).
b) where a site has outline planning permission for major development, has been allocated in a development plan, has a grant of permission in principle, or is identified on a brownfield register, it should only be considered deliverable where there is clear evidence that housing completions will begin on site within five years.

Developable: To be considered developable, sites should be in a suitable location for housing development with a reasonable prospect that they will be available and could be viably developed at the point envisaged.

Development appraisal A financial appraisal of a development to calculate either:

- the residual site value (deducting all development costs, including an allowance for the developer's profit/return from the scheme's total capital value); or
- the residual development profit/return (deducting all development costs, including the site value/cost from the scheme's total capital value).

Developer's return The developer's reasonable expectation of profit reflecting development risk, having regard to the margin requirements of any investors (where relevant). It will be determined by each developer in accordance with their own business model typically in relation to either profit on value (Gross Development Value) or profit on cost (total development costs). Whilst in practice it is assessed in a variety of ways, for development viability assessment calculations, it is normally taken in relation to a percentage of GDV.

Development risk The risk associated with the implementation and completion of a development including post-construction letting and sales.

Entry-level exception site: A site that provides entry-level homes suitable for first time buyers (or equivalent, for those looking to rent), in line with paragraph 71 of this Framework.

Existing use value The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after properly marketing and where the parties had each acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause market value to differ from that needed to replace the remaining service potential at least cost. It is an accounting definition of value for business use and as such, hypothetical in a market context, as property generally does not transact on an EUV basis.

Existing use value 'plus' a premium (EUV+) The benchmark land value for the purposes of assessing the viability of development for planning purposes. The value above the EUV at which a typical willing landowner is likely to release land for development. EUV+ should be informed by comparable evidence of transactions where possible. Where transacted prices are significantly above the market norm for transactions that fully reflect planning policy conditions and constraints, they should be regarded as outliers and not used as part of EUV+. This is likely to be highest in high value urban settings but low in rural low value areas. EUV+ is not price paid and must disregard Hope Value.

Gross development value (GDV) The aggregate market value of the proposed development, assessed on the special assumption that the development is complete as at the date of valuation in the market conditions prevailing at that date. The total of likely sales proceeds from a completed development scheme, gross of any costs of sale but taken at today's values and not inflated by the prospect of changes in market prices.

Gross development cost (GDC) The cost of undertaking a development, which normally includes the following:

- land acquisition costs
- site-specific related costs
- build costs
- fees and expenses
- interest or financing costs; and
- holding costs during the development period.

Gross external area (GEA) The aggregate superficial area of a building, taking each floor into account. As per the RICS Code of Measuring Practice this includes: external walls and projections, columns, piers, chimney breasts, stairwells and lift wells, tank and plant rooms, fuel stores whether or not above main roof level (except for Scotland, where for rating purposes these are excluded), and open-side covered areas and enclosed car parking areas, but excludes: open balconies; open fire escapes, open covered ways or minor canopies; open vehicle parking areas, terraces, etc.; domestic outside WCs and coalhouses. In calculating GEA, party walls are measured to their centre line, while areas with a headroom of less than 1.5m are excluded and quoted separately.

Gross internal area (GIA) Measurement of a building on the same basis as gross external area, but excluding external wall thicknesses.

Hope value - according to the RICS (The Valuation of Development Land 1st Edition p17 (2008)) '*Hope Value is the popular term for the element of the difference between the value of the land with the benefit of the current planning consent and the value with an enhanced, assumed, consent that is reflected in the Market Value of the land'*. It is entirely speculative and, whilst recognised in the market, is not part of the EUV+ approach or Benchmark Land Value and should not be used to define land value or the return to the landowner.

Interest rate The rate of finance applied in a development appraisal. As most appraisals assume 100 per cent financing, it is usual for the interest rate to reflect the total cost of finance and funding of a project, i.e. the combination of both equity and debt in applying a single rate.

Land Value Central to the consideration of viability is the assessment of land or site value. Land or site value will be an important input into the assessment. The most appropriate way to assess land or site value will vary from case to case but it is recommended that the starting point is an understanding of the Current Use Value (CUV) and Existing Use Value (EUV) of the land or site. The Landowner's return should normally utilise Existing Use Value 'Plus' (EUV+) in a planning context.

Landowner's Return - in all cases the landowner's return should reflect extant and emerging policy requirements and planning obligations and, where applicable, any Community Infrastructure Levy charge and any other planning conditions for extant planning consents. Practitioners should normally utilise Existing Use Value Plus (EUV+) as an approach for determining the landowners' return in the planning context.

Market risk adjusted return The discount rate as varied so as to reflect the perceived risk of the development in the market.

Market value (MV) The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Net developable area versus gross site area Many viability studies that model housing schemes assume a housing and plotting density per unit area. Such an analysis is a legitimate starting point and, provided the assumptions in relation to sales revenue and build cost are correct, produces a fully serviced land value per net developable area. However, the assumption is then made that the net developable area (i.e. income generating land) equates to the area of land that is to be acquired following the grant of planning permission. In all but the smallest redevelopment schemes, the net developable area is significantly smaller than the gross area that is required to support the development, given the need to provide open space, play areas, community facility sites, public realm, land for sustainable urban drainage schemes etc. The net area can account for less than 50%, and sometimes as little as 30% on larger sites, of the site to be acquired. Failure to take account of this difference can result in flawed assumptions and inaccurate viability studies. The HCA Development Appraisal Tool used for this study produces a residual value for the gross site area.

Net/gross ratio Refers to the percentage of usable space or land. A typical net/gross ratio on an office is 85%, whereas on a large greenfield site it is around 60% as not all land can be developed (i.e. some is used as open space, for distributor roads, community uses, infrastructure etc.)

Net internal area (NIA) The usable space within a building measured to the internal finish of structural, external or party walls, but excluding toilets, lift and plant rooms, stairs and lift wells, common entrance halls, lobbies and corridors, internal structural walls and columns and car parking areas.

Non-strategic policies: Policies contained in a neighbourhood plan, or those policies in a local plan that are not strategic policies.

Previously developed land: Land which is or was occupied by a permanent structure, including the curtilage of the developed land (although it should not be assumed that the whole of the curtilage should be developed) and any associated fixed surface infrastructure. This excludes: land that is or was last occupied by agricultural or forestry buildings; land that has been developed for minerals extraction or waste disposal by landfill, where provision for restoration has been made through development management procedures; land in built-up areas such as residential gardens, parks, recreation grounds and allotments; and land that was previously developed but where the remains of the permanent structure or fixed surface structure have blended into the landscape.

Planning obligation Provided for under section 106 of the Town and Country Planning Act 1990, usually in connection with the grant of planning permission for a private development project. A benefit to the community, either generally or in a particular locality, to offset the impact of development, e.g. the provision of open space, a transport improvement or affordable housing. The term is usually applied when a developer agrees to incur some expenditure, surrender some right or grant some concession which could not be embodied in a valid planning condition.

Policy Compliant Development that meets the full requirements of all national and local planning policies. Those policy requirements should be tested at the plan-making stage to ensure that the total cumulative cost of meeting them does not render development in the area unviable.

Price Paid The amount paid for land by a developer. It should not be used as an element to assess viability in the planning process. Price paid should reflect the cost of being policy compliant, but this is often not the case. Price paid may include overpayment due to considerations of Hope Value or expectation of market increases to Gross Development Value or the assumed possibility of negotiating down developer contributions. For the purposes of viability assessment, the amount paid for any parcel of land by the developer is therefore irrelevant.

Red Book The RICS Valuation – Professional Standards 2012 (Formerly RICS Valuation Standards). The 'Red Book' contains mandatory rules, best practice guidance and related commentary for all RICS members undertaking asset valuations.

Residual Site Value or residual land value The amount remaining once the GDC of a scheme is deducted from its GDV and an appropriate return has been deducted.

Residual valuation A valuation/appraisal of land using a development appraisal.

Return (on capital) The ratio of annual net income to capital derived from analysis of a transaction and expressed as a percentage.

Rural exception sites: Small sites used for affordable housing in perpetuity where sites would not normally be used for housing. Rural exception sites seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection. A proportion of market homes may be allowed on the site at the local planning authority's discretion, for example where essential to enable the delivery of affordable units without grant funding.

Sales rates The rate at which residential units are sold (either by month, quarter or year).

Self-build and custom-build housing: Housing built by an individual, a group of individuals, or persons working with or for them, to be occupied by that individual. Such housing can be either market or affordable housing. A legal definition, for the purpose of applying the Self-build and Custom Housebuilding Act 2015 (as amended), is contained in section 1(A1) and (A2) of that Act.

Serviced land Land where the necessary infrastructure is in place. No off-site works are required and the developer simply has to connect the development with existing infrastructure

Site Value (for financial viability assessments for scheme specific planning applications) Market value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan.

Site Value (for area wide financial viability assessments) Site Value (as defined above) may need to be further adjusted to reflect the emerging policy/ CIL charging level. The level of the adjustment assumes that site delivery would not be prejudiced. Where an adjustment is made, the practitioner should set out their professional opinion underlying the assumptions adopted.
These include, as a minimum, comments on the state of the market and delivery targets as at the date of assessment.

Strategic infrastructure and utility costs Many models use construction cost information provided by BCIS or other sources. While this is regarded as a legitimate starting point, care is needed in understanding what is both included and excluded from such cost indices. Cost indices rarely provide data on the costs associated with providing serviced housing parcels, i.e. Strategic infrastructure costs.

Strategic policies: Policies and site allocations which address strategic priorities in line with the requirements of Section 19 (1B-E) of the Planning and Compulsory Purchase Act 2004.

Threshold land value A term developed by the Homes and Communities Agency (HCA) being essentially a land value at or above that which it is assumed a landowner would be prepared to sell. Used by some practitioners for establishing site value. The basis is as with EUV but then adds a premium (usually 10% to 40%) as an incentive for the landowner to sell.

Viability assessments/financial viability A report including a financial appraisal to establish the profit or loss arising from a proposed development. It will usually provide an analysis of both the figures inputted and output results, together with other matters of relevance. An assessment will normally provide a judgment as to the profitability (or loss) of a development.

Yield As applied to different commercial elements of a scheme, i.e. office, retail, etc. Yield is usually calculated as a year's rental income as a percentage of the value of the property. The "yield" is the rent as a proportion of the purchase price. In determining development value, there is an inverse relationship i.e. as the yield goes up, the value goes down. To calculate development value multiply the rent by 1 divided by the yield e.g. £100,000 x 1/10% (i.e. 0.1) = £1m gross value.

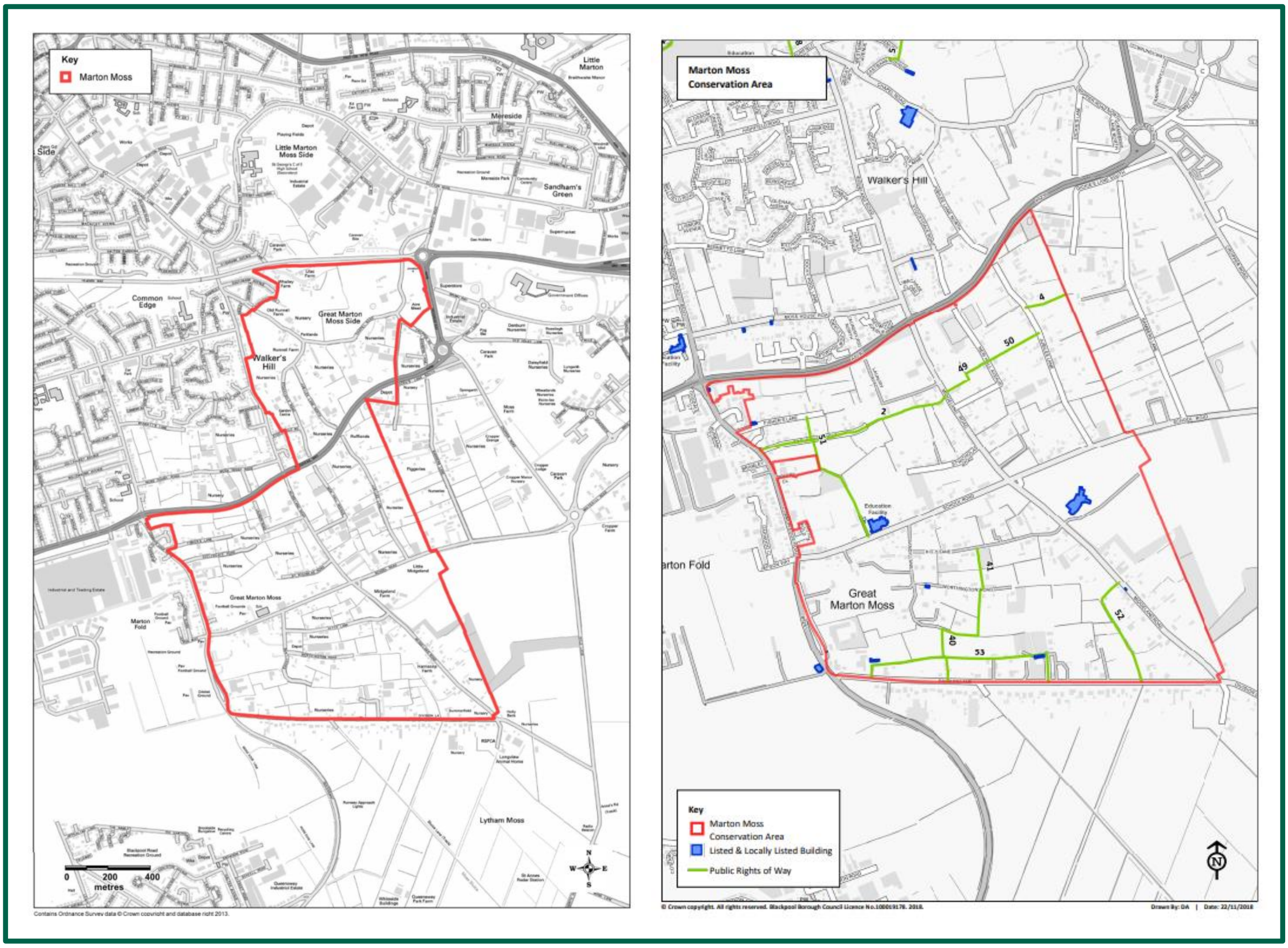
Sources: MHCLG, AECOM, RICS (Financial viability in planning), LHDG (Viability testing Local Plans)

1 Introduction

1.1 Context

1.1.1 This report is a high-level viability assessment to support the Neighbourhood Development Plan of Marton Moss, an area located within Blackpool, England. The Neighbourhood Development Plan (NDP) preparation is being led by the Marton Moss Neighbourhood Forum. The Neighbourhood Plan Area (NA) represents the full extent of Marton Moss that exists within Blackpool Borough. This is shown below, together with the extents of Marton Moss conservation area (Figure 1.1).

Figure 1-1: Marton Moss Neighbourhood Plan Area as designated by Blackpool Council in 2019 and conservation area



Source: Blackpool Council[1]

1.1.2 The emerging NDP seeks to allocate 21 housing sites, with some as small as one dwelling. A key issue for the Forum and the local planning authority is the requirement to establish the viability of potential housing sites within the NA. The Neighbourhood Forum wish to establish whether the proposed sites would be viable. AECOM's high-level housing site viability study will provide evidence to support the NDP preparation.

1.1.3 The study tests a sample of 6 sites, selected on the basis of their size, location, envisaged layout and dwelling capacity. The sites are well spread across the NA, with some located in a Conservation Area, representing different density ranges sought through the Marton Moss Design Code and a variety of

[1] Available at [Marton Moss forum and area decision notice (blackpool.gov.uk)]

house types and numbers, ranging from 1 to 15 houses. These six sample sites, as agreed with Marton Moss Neighbourhood Forum and Blackpool Council are as follows (note that site H has two scenarios):

- **MM29** - Adj. to Fern Bank, Division Lane - gross site area of 1.03 ha and a net residential site area of 0.82 ha (4 residential units);
- **MM21** - The Bungalow Nurseries, Worthington Road - gross site area of 0.33 ha and a net residential site area of 0.30 ha (1 residential unit);
- **MM13 (scenario 1)** - Caradaw Farm, School Road - gross site area of 0.41 ha and a net residential site area of 0.37 ha (3 residential units);
- **MM13 (scenario 2)** - Caradaw Farm, School Road - gross site area of 0.41 ha and a net residential site area of 0.37 ha (6 residential units);
- **MM24** - Adj. to 9 Fishers Lane - gross site area of 0.57 ha and a net residential site area of 0.46 ha (2 residential units);
- **MM14b** - Dean Nurseries, Chapel Road - gross site area of 0.37 ha and a net residential site area of 0.33 ha (6 residential units); and
- **MM5** - Off Magnolia Way - gross site area of 0.88 ha and a net residential site area of 0.70 ha (15 residential units).

1.1.4 It is worth noting that AECOM's modelling across all sites is based on relatively low densities, based on the existing very low densities of 8-15 dwellings per hectare and character of the NA, as explored in the Marton Moss Neighbourhood Plan Design Code 2020[2].

1.1.5 Importantly, due to the unique nature of Marton Moss, being a small geographical area containing a conservation area and pre-dominantly very low density housing, there was a limited amount of data on new homes built and current homes for sale within the NA itself, as well as on residential land. Accordingly, to gather more data, a wider search area, including areas adjacent to the NA, were analysed to help gather more intelligence on the local housing market. These geographies used for different data sources are clearly set out in section 3 of our report.

1.1.6 AECOM's high-level housing site viability study aims to support the Neighbourhood Forum in considering how to address the viability of the sites to be allocated in the draft NDP; and, if they are not viable, how they could be made viable.

1.1.7 This section sets out the methodology used, and the key assumptions adopted as part of this study. It also contains an assessment of the effect of the extant policies in relation to the potential development sites in Marton Moss. The results of the study will allow Marton Moss Neighbourhood Forum to further engage with stakeholders, to ensure that proposals for the sites considered for designation in the NDP are feasible and based on an understanding of the policy context and economic viability of the emerging proposals.

1.2 Approach & Local Policy Context

1.2.1 To inform the viability study process, an analysis of prices paid (via the Land Registry records[3] for Blackpool Borough as of September 2021) for new build developments as at September 2021, is supplemented by a market survey of all new build and newer second hand residential property being marketed at the time of the project, using estate agent websites including Rightmove[4] and Zoopla[5] (again as at September 2021, for the geography of Marton Moss).

1.2.2 The **adopted development plan** for Marton Moss includes:

- The Blackpool Local Plan Part 1: Core Strategy 2012-2027 (adopted in January 2016)[6]; and
- Saved Policies from the Blackpool Local Plan 2006[7].

1.2.3 Blackpool Council also have an **emerging development plan document**: Local Plan Part 2: Site Allocations and Development Management Policies, which was recently submitted for Examination in Public. Once 'made', the Marton Moss Neighbourhood Plan will also form part of the adopted development plan, together with the Core Strategy, and with the Site Allocations and Development

[2] Available at Marton-Moss-Design-Code-Final-Report-for-Publication.pdf (martonmossforum.org)
[3] Available at https://landregistry.data.gov.uk/app/ppd/
[4] Available at House Prices in my Area - Market Trends Report (rightmove.co.uk)
[5] Available at Sold House Prices - Get historic data only on Zoopla
[6] Available at Blackpool Council planning policy | Local plan | Core strategy
[7] Available at Blackpool Council planning policy | Saved policies

Management Policies document, once the latter is adopted to replace previously saved 2006/2009 Local Plan policies.

1.2.4 This report primarily makes assumptions based on the requirements as set out in the draft Marton Moss Neighbourhood Plan[8] and the adopted Core Strategy: Blackpool **Core Strategy Policy CS26** promotes a neighbourhood planning approach for Marton Moss, to develop neighbourhood planning policy, which supports the retention and enhancement of the distinctive character of the Moss, whilst identifying in what circumstances development may be acceptable. Policy CS26 also defines the boundary for the neighbourhood area. **Core Strategy Policy CS2: Housing Provision** - sets out an overall housing requirement figure for the whole of Blackpool for the 2012-2027 Plan period of 4,200 homes. This is re-stated within the draft Marton Moss Neighbourhood plan. **Core Strategy Policy CS11 Planning Obligations** states that development will only be permitted where existing infrastructure, services and amenities are already sufficient, or where the developer enters into a legal undertaking or agreement to meet the additional needs arising from the development. Finally, **Core Strategy Policy CS14 Affordable Housing** states that all market and specialist housing developments, including conversions, creating a net increase of three dwellings or more will be required to provide affordable housing (either on-site or off-site) or make a financial contribution towards affordable housing provision[9]. Developments within the defined inner area are exempt from this requirement.

1.2.5 We have reflected the requirements of relevant policy and guidance in our appraisal.

1.2.6 Lambert Smith Hampton ('**LSH**') prepared a **Local Plan Viability Assessment** ('LPVA') in **2020**[10] to underpin and inform the emerging Blackpool Local Plan Part 2: Site Allocations and Development Management Policies (LP Part 2); and the draft requirements set out in the emerging Affordable Housing Supplementary Planning Document (SPD) and Greening Blackpool SPD; in conjunction with adopted policy set out in the Blackpool Local Plan Part 1: Core Strategy and guidance set out in adopted SPDs. Blackpool's 2020 Viability Assessment will be explored in further detail in section 4 of this report.

1.2.7 A previous **2014 Viability Assessment** associated with the Core Strategy, undertaken by **URS and HDH**, led to the decision by Blackpool Council, not to introduce a Community Infrastructure Levy (CIL) at that time[11].

1.2.8 Indicative construction costs are drawn from a number of sources including the RICS Building Cost Information System (BCIS) service[12]; Spon's Price Books; and inputs supplied by AECOM's cost consultants and technical specialists (where required).

1.2.9 Other key inputs and assumptions, including Benchmark Land Values and developers return, have been crosschecked with appropriate available national and local evidence, including the 2020 LSH viability assessment. The professional judgements of the AECOM team have been applied in synthesising the various data sources and evidence.

1.2.10 The residual valuation method has been utilised to conduct AECOM's high level housing site viability study. For this project, the Homes England Development Appraisal Tool (DAT) has been used, with the output being the residual land value (the theoretical maximum that could be paid to the landowner). The results are presented in the context of the National Planning Policy Framework ('NPPF') 2021[13] – see overleaf. The Existing Use Value 'Plus' (EUV+) approach is used to determine whether the residual land value represents a sufficient incentive to the landowner(s) to release their land for redevelopment. This high level viability work does not constitute valuation advice and is not a valuation of the site's market value (see **Glossary**).

1.2.11 This project is being completed during the coronavirus pandemic in 2021. It is still not entirely certain what the longer-term impact of the pandemic will be on the economy and the housing market, beyond the effects on housing prices that have already been possible to observe to date.

1.2.12 Our assessment is therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global[14]. Consequently, less certainty – and a higher degree of caution – should be attached to our report than would normally be the case. Given the unknown future impact

[8] Available at: https://www.blackpool.gov.uk/Residents/Planning-environment-and-community/Documents/Marton-Moss-Neighbourhood-Area-and-Forum-Designation.pdf
[9] However, note that the more recent Paragraph 64 of the 2021 National Planning Policy Framework states that the provision of affordable housing should not be sought for residential developments that are not major developments i.e. 10 or more homes.
[10] Available at Evidence base (blackpool.gov.uk)
[11] See www.blackpool.gov.uk/Residents/Planning-environment-and-community/Planning/Planning-policy/Community-infrastructure-levy.aspx
[12] Available at https://service.bcis.co.uk/BCISOnline/Account/LogOn?ReturnUrl=%2fBCISOnline
[13] Available at National Planning Policy Framework (publishing.service.gov.uk)
[14] Available at Red Book Global (rics.org)

that COVID-19 might have on the real estate market, we recommend that the Neighbourhood Forum keep the assessment of viability under review.

1.3 National Planning Policy Framework

1.3.1 The most recent version of the NPPF at the time of writing was published in July 2021. Paragraph 34 of the 2021 NPPF says that "*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*".

1.3.2 As in the 2021 NPPF (and in previous versions), viability remains an important part of the plan-making process. The 2021 NPPF stressing the importance of viability. One of the key emphases remains on the importance of viability testing at plan-making stage.

> *"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."*

2021 NPPF Paragraph 58

1.3.3 The local plan Viability Assessment should be the reference point for any viability assessments submitted through the Development Management process.

1.3.4 Deliverability is defined in the NPPF glossary as follows:

*"**Deliverable**: To be considered deliverable, sites for housing should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years. In particular:*

a) sites which do not involve major development and have planning permission, and all sites with detailed planning permission, should be considered deliverable until permission expires, unless there is clear evidence that homes will not be delivered within five years (for example because they are no longer viable, there is no longer a demand for the type of units or sites have long term phasing plans).

b) where a site has outline planning permission for major development, has been allocated in a development plan, has a grant of permission in principle, or is identified on a brownfield register, it should only be considered deliverable where there is clear evidence that housing completions will begin on site within five years".

2021 NPPF Glossary

1.3.5 Under the heading Identifying land for homes, the importance of viability is highlighted:

> *"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."*

2021 NPPF Paragraph 68

1.3.6 Under the heading Making effective use of land, viability forms part of ensuring land is suitable for development:

> *"Local planning authorities, and other plan-making bodies, should take a proactive role in identifying and helping to bring forward land that may be suitable for meeting development needs, including suitable sites on brownfield registers or held in public ownership, using the full range of powers available to them. This should include identifying opportunities to facilitate land*

assembly, supported where necessary by compulsory purchase powers, where this can help to bring more land forward for meeting development needs and/or secure better development outcomes."

2021 NPPF Paragraph 121

1.3.7 The 2021 NPPF does not include technical guidance on undertaking viability work. This is included within the government's Planning Practice Guidance (PPG) on Viability, as last updated in 2019[15].

1.4 Objective

1.4.1 Only an NDP that meets each of the basic conditions[16] can progress to a referendum. Plans should have regard to national policies and guidance; and be in general conformity with the strategic policies contained in the development plan of local planning authorities. The NPPF and PPG require plan makers to consider viability and deliverability. Neighbourhood plans also need to be in general conformity with the strategic policies in the corresponding Local Plan, such as affordable housing targets (unless the NDP evidence and strategy points to a different approach). Neighbourhood groups introducing new policy requirements (that may carry costs to development over and above national and local requirements); allocating sites in an NDP; and/or bringing forward Neighbourhood Development Orders ('NDO') should consider viability. The Qualifying Body should: consider whether sites are deliverable or developable[17] during the plan period (or the timeframe stipulated for the NDO); be satisfied that their approach does not put implementation of the Development Plan at risk; and helps to facilitate development during the plan period.

1.4.2 The PPG is clear that viability must be considered when preparing statutory plans:

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

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 developers, landowners, and infrastructure and affordable housing providers.

Policy requirements, particularly for affordable housing, should be set at a level that takes account of affordable housing and infrastructure needs and allows for the planned types of sites and development to be deliverable, without the need for further viability assessment at the decision 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. Policy compliant means development which fully complies with up to date plan policies. A decision maker can give appropriate weight to emerging policies. The price paid for land is not a relevant justification for failing to accord with relevant policies in the plan. Landowners and site purchasers should consider this when agreeing land transactions.[18]

1.4.3 This report is concerned with development viability of the potential development sites under consideration as part of the development of the emerging Marton Moss Neighbourhood Plan. This document sets out the methodology used; the key assumptions made; and a high-level assessment of the proposed sites. The NPPF emphasises that a proportionate evidence base should inform plans. In

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[15] Available at Viability - GOV.UK (www.gov.uk)

[16] The basic conditions are set out in paragraph 8(2) of Schedule 4B to the Town and Country Planning Act 1990 as applied to neighbourhood plans by section 38A of the Planning and Compulsory Purchase Act 2004.

[17] See Glossary for NPPF definitions

[18] How should plan makers and site promoters ensure that policy requirements for contributions from development are deliverable? Paragraph: 002 Reference ID: 10-002-20190509 Revision date: 09 05 2019 Accessed at: https://www.gov.uk/guidance/viability

addition, the PPG emphasises that viability evidence should be based on a 'proportionate assessment of viability'.

1.4.1 Viability testing is an assessment of the financial viability of development. The study is purely concerned with whether or not the masterplanning proposals for the sites (and any relevant policy requirements within an emerging NDP) would render development unviable. Viability assessment outputs can be used (if necessary) to amend proposals or policies to help facilitate development and to ensure the cumulative impact of proposals and policies do not threaten the delivery of the NDP and Local Plan's vision, objectives, and strategic policies.

1.4.2 The NPPF includes requirements to assess the viability and the impact on development of policies contained within plans, which '*should not undermine the deliverability of the plan'* (paragraph 34). It is not a requirement of the NPPF that every site should be able to bear all of the Local Plan and neighbourhood plan requirements. However, it is necessary for a site to bear the NDP policy considerations if it has been appraised, and policy drafted, to reflect site specific requirements.

1.4.3 There are some types of development where viability will not be at the forefront of the developer's mind and they will proceed even if a development is 'unviable' in a conventional real estate sense. For example, an end user of an industrial or logistics building may build a new factory or depot that will help it to grow its business or improve its operational efficiency. Similarly, some development sites will simply not be viable even without any additional requirements imposed upon them due to the prevailing market conditions and/or site constraints. The typical site should be able to bear whatever target or requirement is set and plan makers should be able to show, with a reasonable degree of confidence, that the plan is deliverable and facilitates development. Only sites with good prospects for development should be subject to viability testing (i.e. potentially deliverable or developable[19] sites usually identified through an earlier site assessment process).

1.5 Metric or imperial

1.5.1 The property industry uses both imperial and metric data - often working out costings in metric (£/m2) and values in imperial (£/acre and £/sqft). This is confusing so, on the whole, we have used metric measurements throughout this report. The following conversion rates may assist readers. A useful broad rule of thumb to convert m2 to sqft is simply to add a final zero.

Table 1-1: Conversion rates

Conversion rates	
1 m	3.28 ft (3' and 3.37")
1 ft	0.30 m
1 m^2	10.76 ft^2
1 ft^2	0.093 m^2

1.6 Site concept plans

1.6.1 **PLEASE NOTE:** All site plans and/or details associated with this report are for illustrative purposes only and are informed by the AECOM scheme mix and density analysis. They do not represent schemes that would either be endorsed by the Neighbourhood Forum or promoted by local landowners or developers. Their primary purpose for this study is to help inform realistic assumptions for the high level viability modelling exercise. Future planning applications will have to accord to with the draft NDP policies and extant Local Plan strategic policies. As such, future schemes shall be informed by more detailed site investigations and a detailed design stage, including community engagement.

[19] See Glossary

2 Viability Testing

2.1.1 For plan making, the assessment of viability is a largely high-level, quantitative process based on professional judgements and development appraisals at a snapshot in time. It is not the same level of detail used for viability appraisals accompanying a planning application nor does it constitute a market valuation of a site on the basis of the rules and practice guidance set out in the RICS ‘Red Book’ (see Glossary).

2.1.2 Whilst viability testing in the plan making context has limitations, it can help to de-risk the planning and development process by providing an indication on whether a plan (including its policies and/or site allocations) is deliverable. ‘Viability Testing in Local Plans – Advice for planning practitioners’ (2012)[20] prepared by the Local Housing Delivery Group[21] (sometimes referred to as the ‘Harman Guidance’) defines viability as follows (p6):

> ***“An individual development can be said to be viable if, after taking account of all costs, including central and local government policy and regulatory costs and the cost and availability of development finance, the scheme provides a competitive return to the developer to ensure that development takes place and generates a land value sufficient to persuade the land owner to sell the land for the development proposed. If these conditions are not met, a scheme will not be delivered.”***

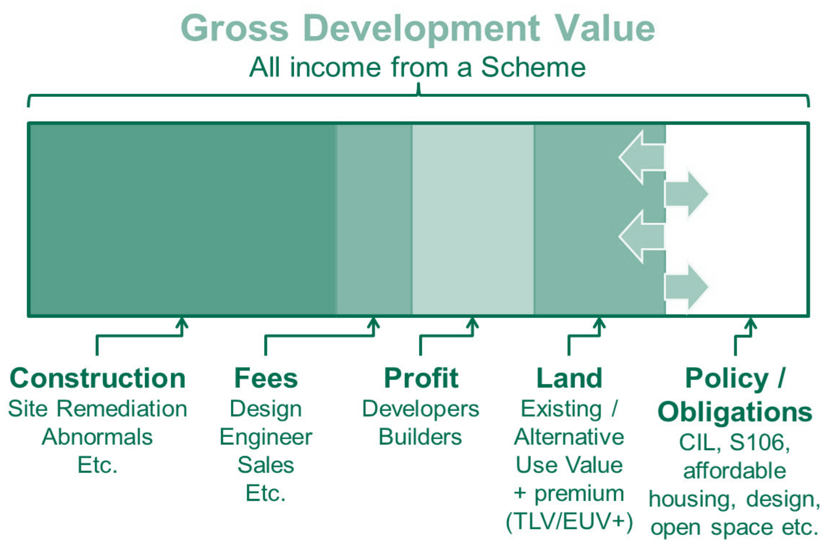
2.1.3 Put simply, the process of the appraisal involves adding up all the potential income from a scheme (total sales and/or capitalised rental income from housing and/or commercial developments – including subsidy) and then subtracting all the costs associated with the creation of the product (i.e. building the houses and/or commercial property plus any associated infrastructure and external works, fees, finance costs etc.) The Residual Valuation Method (see Glossary) employed for this also incorporates a cash flow to account for the movement of money by way of income, expenditure and capital receipts and payments during the course of the development. The residual valuation method is the typical valuation method widely used by developers and is the recommended for use when testing viability at the plan making stage due to its relative simplicity (see illustration below).

Residual Valuation Method
Gross Development Value (The combined value of the complete development) **LESS** Cost of creating the asset, including a profit margin for the developer (Construction + fees + finance charges etc.) **=** **RESIDUAL VALUE** The Residual Value is compared to the Existing Use Value (‘EUV’) of the land to determine if the premium (uplift) above the EUV would induce the landowner to sell. This is known as the Threshold Land Value (‘TLV’) or Benchmark Land Value

[20] Accessed at: http://www.nhbc.co.uk/NewsandComment/Documents/filedownload,47339,en.pdf
[21] Viability Testing in Local Plans has been endorsed by the Local Government Association and forms the basis of advice given by the, MHCLG funded, Planning Advisory Service (PAS).

2.1.4 The Residual Value is the output and the theoretical top limit of what a developer could offer to pay a landowner for their site and still make a satisfactory profit margin (where the developer's return is included as a cost in the calculation). The availability and cost of land are matters at the core of viability for any development. The Residual Valuation requires the inputting of many variables and is often regarded as subjective. However, it does attempt to represent a realistic 'market' perspective (based on today's costs and values) and takes no account of the individual circumstances of any particular developer. Whilst a developer may have regard to a Residual Valuation, when assessing an offer price, they will typically undertake a more complex and detailed Development Appraisal using a Discounted Cash Flow (DCF) / Internal Rate of Return (IRR) model, either bespoke to them or an industry model (e.g. Argus).

Figure 2-1: The residual valuation method



Source: HDH

2.1.5 The bar (**Figure 2-1**) above represents all the income from a scheme – the Gross Development Value ('**GDV**'). This is set by the market (rather than by the developer or local authority) and so is, largely, fixed. The developer has relatively little control over the costs of development (construction costs, fees etc.) and whilst there is scope to build to different standards and with different levels of efficiency, the costs are largely out of the developer's direct control – they are what they are, depending on the development proposed (costs of labour and materials). The developer's profit is included as a cost as developers need to be rewarded for taking on the risk of development. The level of profit is typically between 15-25% of GDV or of total costs (in all cases it should reflect the risk of the development). The more policy requirements and planning obligations loaded onto a scheme, the higher the likelihood that the land value of the site will be suppressed (as shown by the arrows below).

2.1.6 Therefore, the essential balance in viability testing is whether the land value is sufficient to induce a landowner to release their land for development. The more policy requirements and planning obligations the plan asks for the less the developer can afford to pay for the land. Similarly, site specific abnormal costs may impact the viability of development. These are not included in our model. The landowner will only agree to sell their land to the developer if they receive a return sufficient to release their land.

2.1.7 The return for the landowner and developer, are controversial matters and it is clear that different landowners and developers will have different views depending on their personal and corporate priorities. The Residual Value generated by the development appraisals must be compared to the Existing Use Value ('**EUV**') or an Alternative Use Value ('**AUV**') of the site. The size of the uplift or premium above the EUV/AUV must be enough to incentivise a landowner to sell. The amount of the uplift/premium over and above the EUV is central to the assessment of viability. It must be at a level to a sufficient return to the landowner so that land comes forward. This concept is known as the Existing Use Value 'Plus' a premium ('**EUV+**'), also referred to as the Threshold Land Value ('**TLV**'). Other terms to describe the landowner's return include: Benchmark Land Value ('**BLV**') or Viability Threshold. The EUV+ approach is accepted by PINS and propounded in the PPG[22].

2.1.8 The EUV+, or TLV, is the point at which a 'reasonable' landowner will be induced to sell their land. This concept is difficult since a landowner is unlikely to be entirely frank about the price that would be acceptable to them. This is one of the areas where an informed assumption has to be made. If a landowner owns a field in agricultural use, they will expect a large premium above the EUV to release it for residential development as agricultural land is typically worth tens of thousands of pounds per hectare whereas as residential land it is worth hundreds of thousands of pounds per hectare.

2.1.9 The PPG makes it clear that when considering land value, it should be in the context of current and emerging policies and based on today's costs and values disregarding any hope value or the price paid for the land. In other words, land value should be reduced to reflect policy requirements. Historical transactions recorded under a different policy framework or less favourable market conditions (such as a recessionary period) will be less useful as comparable market data for informing assumptions for the EUV+/landowners return.

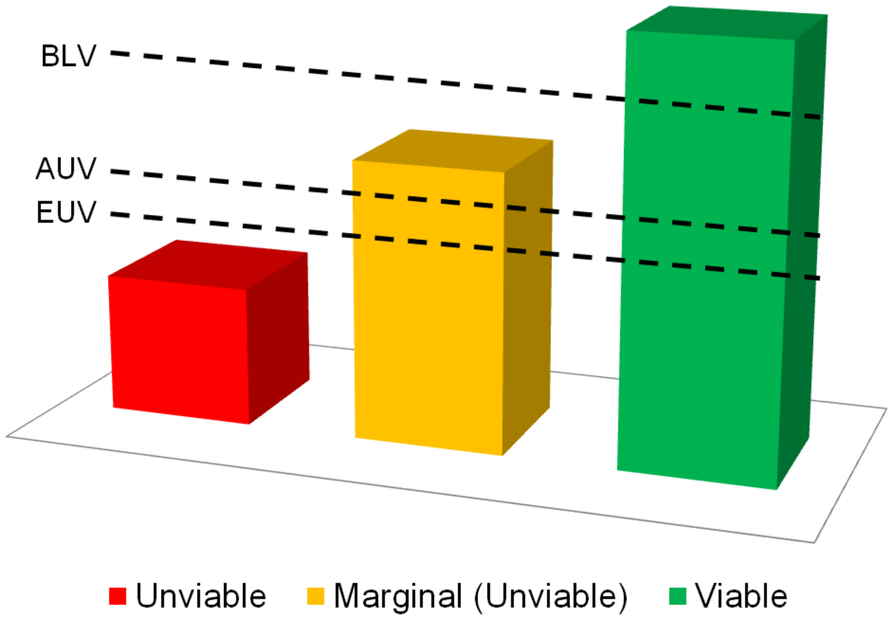
2.1.10 The value of land relates closely to the use to which it can be put and will range considerably from site to site; however, high level studies will typically look at three main uses, being: agricultural/greenfield, residential, and industrial/commercial uses. Consideration of what constitutes the EUV+ locally incorporates, wherever available, a review of pre-existing Local Authority research. If the Residual Value does not exceed the EUV, then the development is not viable. If it exceeds the EUV but does not exceed the EUV+ then it is still not viable as it would not induce the landowner to sell. However, it may be closer to being a viable scheme with amendments to policy or the development scheme itself if it is producing a positive Residual Value above the EUV. Only a Residual Value equal to or in excess of the EUV+ would represent a viable scheme (see illustration below).

Benchmark Land Value (BLV) = Existing Use Value Plus (EUV+)	*The Benchmark Land Value for the purposes of assessing the viability of development for planning purposes. The value above the EUV at which a reasonable and willing landowner is likely to release land for development (the 'landowner's return').*
Existing Use Value (EUV) / Alternative Use Value (AUV)	*The value of the land in its existing use together with the right to carry out any development for which there are extant planning consents, including realistic deemed consents, but without regard to other possible uses that require planning consent, technical consent or unrealistic permitted development.*
Current Use Value (CUV)	*The value of land in the use to which it is currently being put. It excludes any consented use including deemed consents and any element of Hope Value.*

2.1.11 In practice, a wide range of considerations could influence the precise EUV and EUV+ that should apply in each case, and at the end of extensive analysis the outcome might still be contentious. One type of approach is outlined below:

- For sites previously in agricultural use, then agricultural land represents the existing use value.
- For paddock and garden land on the edge of or in a smaller settlement you should adopt a 'paddock' value.
- Where the development is on brownfield land you assume an industrial value.
- Where the site is currently in residential use you assume a residential value.

Figure 2-2: Viable or unviable: does the Residual Value exceed the Benchmark Land Value?



[22] Paragraphs 7 To 9 of Report On The Examination of the Draft Mayoral Community Infrastructure Levy Charging Schedule By Keith Holland Ba (Hons) DIPTP MRTPI ARICS The Examiner Appointed By The Mayor Date: 27th January 2012

2.1.12 For greenfield sites it is incredibly difficult to get agreement from the development industry on what the premium or uplift (EUV+) above greenfield values should be. Whatever the EUV+, it will always be a simplification of the market; however, in a high-level study of this type general assumptions need to be made. Landowners selling a greenfield site, in the event of the granting of planning consent for a residential use, usually receive over 10-20 times the value compared with before consent was granted.

2.1.13 The high level and broad-brush viability testing that is appropriate to be used to assess Local Plans and Neighbourhood Plans does have limitations. It should be noted that this study is about the economics of development. Viability brings in a wider range than just financial factors.

2.1.14 The PPG and Harman Guidance both emphasise the importance of the non-financial factors, viability is an important factor in the plan making process, but it is one of many planning considerations set down in national policy that needs to be considered as part of plan making. It is not viability at any cost.

3 Market Research

3.1.1 This study is concerned with the viability of new build residential property. Key inputs for the appraisals are the price assumptions for new development (see **Appendices A-D**). We have reviewed new build market house prices paid, as recorded by the Land Registry from 2017 to 2021, and have conducted a survey of property being marketed in September 2021 (to highlight properties where prices paid have not yet been recorded with the Land Registry). It has also been necessary to investigate the second-hand market locally to triangulate the data to form judgements for the modelling.

3.1.2 Although development schemes have similarities, every scheme is unique, even schemes on neighbouring sites. Market conditions broadly reflect a combination of national economic circumstances and local supply and demand factors, although even within Marton Moss there will be particular localities, and ultimately site-specific factors, that generate different values and costs. For the purposes of this study we have used up to date market evidence to inform the price assumptions.

3.1.3 Importantly, due to the unique nature of Marton Moss, being a small geographical area containing a conservation area and pre-dominantly very low density housing, there was a limited amount of data on new homes built and current homes for sale within the NA itself, as well as on residential land. Accordingly, to gather more data areas adjacent to the NA were reviewed to better understand the local housing market.

3.1.4 **For Land Registry data**, data was collected by examining postcodes within the FY4 postcode region, before then filtering relevant postcodes that were specific to the area of Marton Moss and then mapping these postcodes to ensure that they are in the Marton Moss Neighbourhood area (e.g. FY4 5QB) and thus, relevant. Some data was also included for nearby St Anne's, to provide a more reliably sized data sample, to improve data integrity. This is the smallest geography used in this report, and is the most representative of the NA.

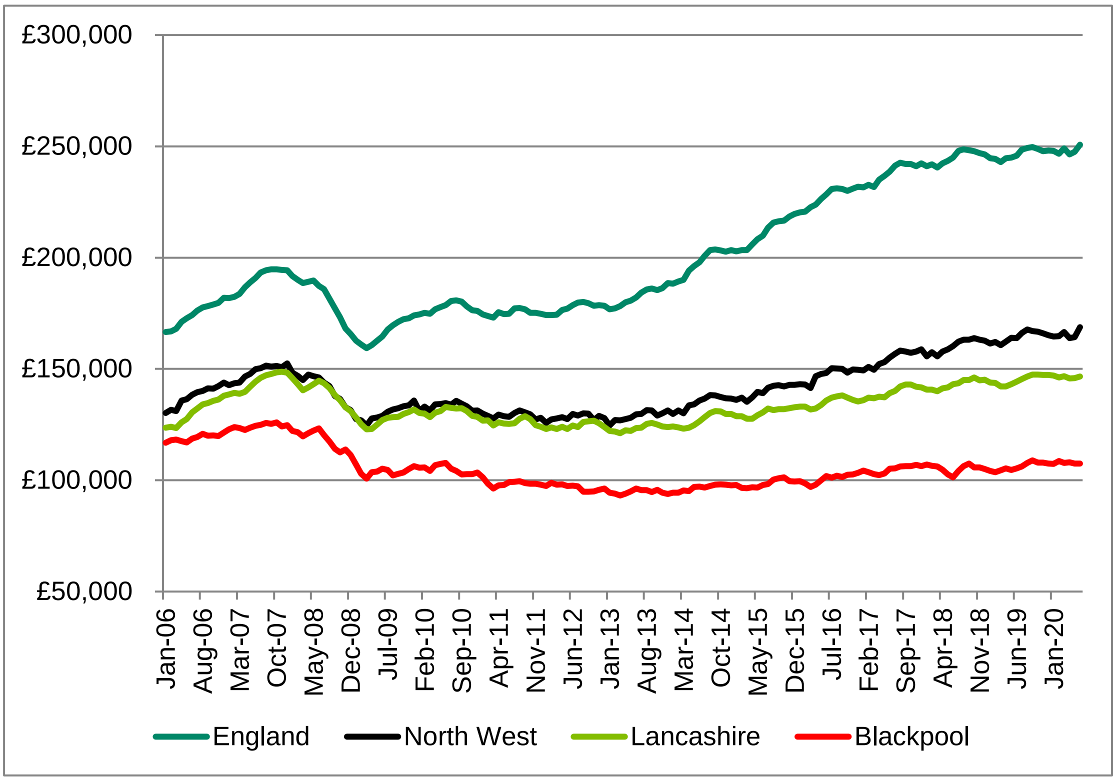
3.1.5 **For Rightmove data,** the geography used extends to a 5km radius around the NA, including Marton Moss, Fylde and areas south of Marton Moss. This ensures that the data is reasonably representative of the NA, but the resulting data sample is limited in size. Marketing particulars and sales/rental data from estate agent websites helped to build up a picture of the areas market values. However, aggregated data of this nature will inevitably include some properties that are not representative of the NA and so this information is treated cautiously in this study and is not the sole determinant of the house value assumptions applied in the modelling.

3.1.6 **For Zoopla data**, the entire FY4 postcode was used. This covers areas of Marton Moss, Peel, South Shore, Squires Gate and Starr Gate, and is the smallest geographical area that Zoopla data covers. However, due to the larger size of this area, compared to the Rightmove and Land Registry geographies, including lower value surrounding areas, FY4 is not ideally representative of the specific NA. However, it provides a larger, and thus more robust data sample, which again was used with relevant caution.

3.1.7 A combination of these three sets of data is used to give as complete a picture as possible, despite the limited data available.

3.1.8 Across the country, the housing market peaked late in 2007 (see the following graph) and then fell considerably in the 2007/2008 recession, during what became known as the 'Credit Crunch'. Average house prices across England have, since 2014, recovered to well beyond their pre-recession peak. This is strongly influenced by the London and South East markets. However, average prices in Blackpool are below the national and regional average, and have recovered less strongly, never reaching pre-recession levels.

Figure 3-1: House prices nationally, regionally and locally



Source: UK House Price Index

New Build Prices Paid

3.1.9 The Land Registry publishes data of all homes sold. These transactions are summarised as follows (and included in full in **Appendix A**, including details of addresses and postcodes, and caveats on this data as stated above). Due to the nature of the area with predominantly low-density houses and based on the scheme mix options of the six sample sites, the figures for semi-detached and detached developments are of most relevance. There was no price data collected for terrace developments or flats.

New build Sales 2017-21 £			
	Detached	Semi-detached	All
Count	129	20	149
Max	574,995	229,995	402,495
Min	184,995	42,755	167,000
Mean ^	272,567	189,346	249,437
Median *	264,995	188,998	234,995

Table 3-1: Land Registry New Build Prices Paid (July 2017- September 2021)

^ The mean is the total of the numbers divided by how many numbers there are

** The median is the middle value of a set of numbers (e.g. 1 2 3 4 5)*

Source: Land Registry (2017-2021)

3.1.10 We have calculated the values on a pounds per square metre basis (£/m2) for each property by comparing prices paid with the total unit size (Gross Internal Area) of each unit sold, acquired from the Government's Domestic Energy Performance Certificate Register. The mean and median £/m2 prices for each house type are summarised below and overleaf (

3.1.11 New build Sales 2019-20 £/m2		
	Mean £/m2	**Median £/m2**
Detached	2,192	2,032
Semi-detached	2,268	2,162
All	£2,204	£2,052

3.1.12 and

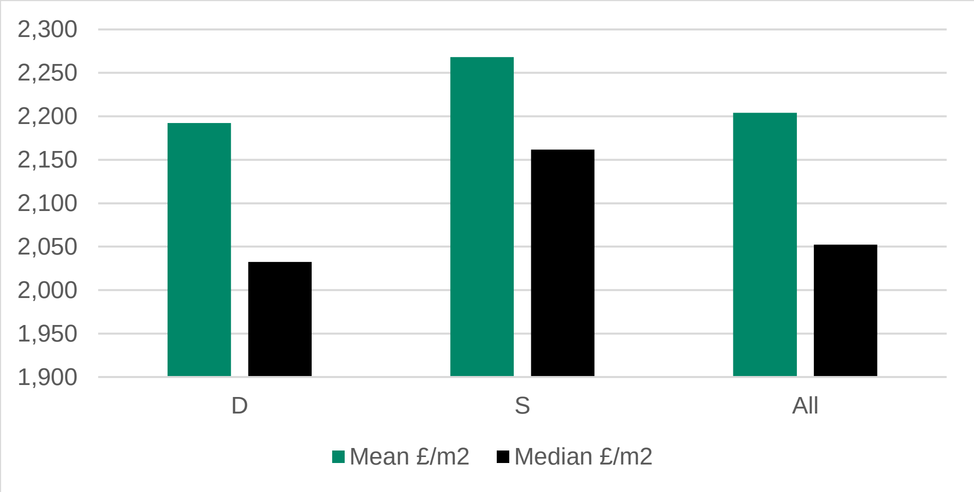
3.1.13).

Table 3-2: Prices paid (median and mean) by type (July 2017- September 2021)

New build Sales 2019-20 £/m2		
	Mean £/m2	**Median £/m2**
Detached	2,192	2,032
Semi-detached	2,268	2,162
All	£2,204	£2,052

Source: Land Registry (July 2017- September 2021)

Figure 3-2: Prices Paid (median and mean) Comparison (July 2019- September 2021)



Source: Land Registry (2021)

3.2 New build properties for sale

3.2.1 In addition to collecting price paid data, we have collected information on 9 new build properties that were being marketed in September 2021 on Rightmove, within a 5km radius of the NA (see **Appendix B**, including addresses and postcodes, and caveats on this data as stated above). Where available, floor plans were analysed to provide accurate total floor areas. Where this information was not readily available, average size assumptions were used. Whilst outside of the NA, the properties are representative of the type and quality of new build housing being delivered in the locality. Properties within the built-up area of Blackpool were excluded owing to their location and setting being distinct from the NA.

3.2.2 Asking prices varied very considerably across the wider housing market area, averaging at 274,289, or £2,777 per square metre.

Table 3-3: For Sale Prices £ by type (September 2021)

New build For Sale 2021 £			
	Detached	Semi-detached	All
Count	7	2	9
Max	364,750	239,750	364,750
Min	240,950	227,750	227,750
Mean	285,871	233,750	274,289
Median	269,750	233,750	269,750

Source: Rightmove (2021)

Table 3-4: For Sale Prices £/m2 by type (September 2021)

New build For Sales 2021 £/m2		
	Mean £/m2	Median £/m2
Detached	2,748	2,562
Semi-detached	2,879	2,879
All	£2,777	£2,789

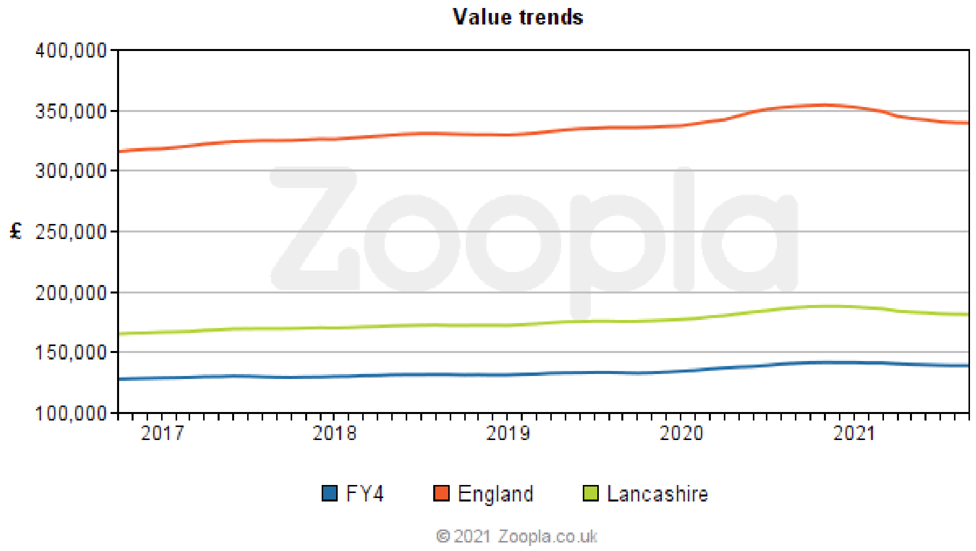
Source: Rightmove (2021)

3.3 Second-hand market

3.3.1 In addition to Land Registry price paid data and a survey of 'for sale' prices, we have reviewed the second-hand market using Zoopla and Rightmove data (as at September 2021 – see **Appendix C**, again with addresses and postcodes, and see caveats on this data as stated above). This provides a useful benchmark and enables the collection of local marketing/sold data for different geographies representing Marton Moss, to help inform the price assumptions. In recent years, the average price paid for property in the FY4 postcode has been £158,196 (Source: Zoopla house prices tool).

3.3.2 Figure 3-3 shows value trends for the past 5 years for England, Lancashire and the postcode FY4, to reveal broad local, regional, and national trends.

Figure 3-3: Value trends England, Lancashire and the postcode FY4 (2021)



Source: Zoopla

3.3.3 Values in the FY4 postcode have consistently been lower and more stable than across the region and across England as a whole.

3.3.4 Properties marketed as for sale on the open market within Marton Moss on Rightmove (as explained above, this is for the 5km radius around Marton Moss to achieve a reasonably sized data set) in September 2021 are summarised below. In the data collected, 41 homes were advertised for sale. Table 3-5 below shows the price ranges for these homes, which are very varied. Of these 41 homes, 39 were detached, 1 was semi-detached, and one was a terraced house, showing the homogeneity of the local house market. The average value was £403,047, thus considerably higher than the averages for the larger geographies. Marton Moss is a higher value area than those immediately surrounding it.

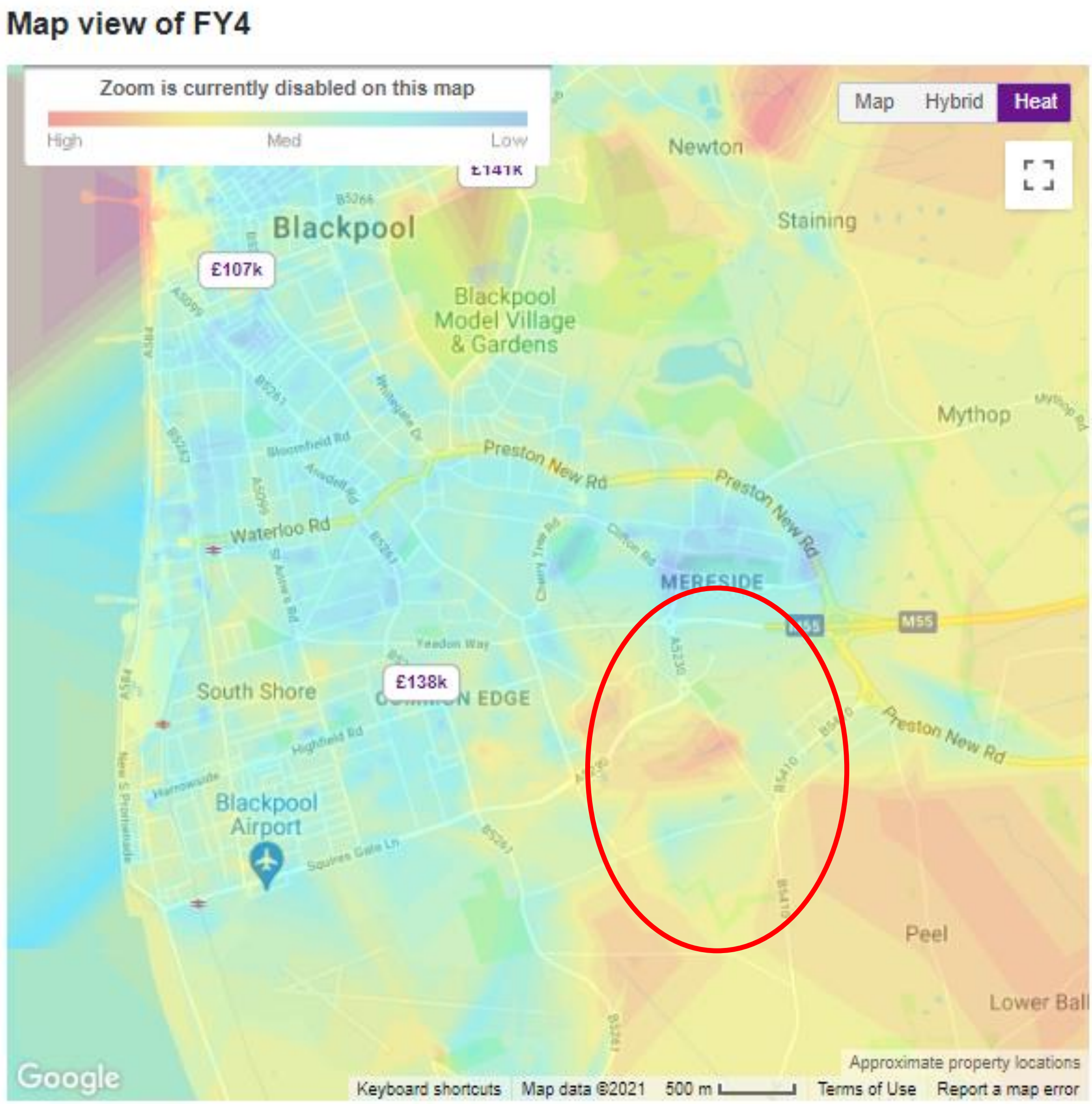
Table 3-5: Second-hand market

	Second-hand market
Count	41
Max	799,950
Min	175,000
Mean	403,047
Median	350,000

Source: Rightmove (2021)

3.3.5 The Zoopla heat mapping tool[23] shows this. Marton Moss' house values are above those of surrounding areas, except to the south-east and areas such as Lytham St Annes to the south west.

Figure 3-4: Zoopla Marton Moss Values Heat Map (September 2021)



Source: Zoopla (2021)

[23] Zoopla use their current value estimates to generate a colour gradient overlay. Higher value areas tend towards red, and lower value areas tend towards blue. The value scale is dynamic and relative: Red in one locality may not have the same value as red in another locality, but on any given map, red is always higher value than blue.

4 Modelling Assumptions

4.1.1 This chapter considers the main assumptions required to produce financial appraisals for the site. The PPG states that viability evidence must be based upon the best available evidence, including the benchmark land values from other viability assessments. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance or differences in the quality of land, site scale, market performance of different building types and reasonable expectations of local landowners. There are a number of past studies containing viability information held locally. The key document is the 2020 Viability Assessment carried out for Blackpool Council by LSH.

4.1.2 Key assumptions and inputs are summarised below to help inform the assumptions in this report:

Table 4-1: LSH Blackpool 2020 Viability Assessment Assumptions

<table>
<tr><th></th><th>Blackpool Council Local Plan Viability Assessment July 2020 (LSH)[24]</th></tr>
<tr><td>Residential Benchmark Land Values

(See 2020 LSH Viability Assessment Section 7.22)</td><td>

- Blackpool urban edge greenfield - £200,000 per hectare
- Blackpool urban edge brownfield - £150,000 per hectare
- Blackpool urban infill brownfield - £50,000 per hectare

</td></tr>
<tr><td>Non-Residential Benchmark Land Values

(Section 7.23)</td><td>

- Employment allocation (B1) - £85,000 per hectare
- Employment allocation (B2/B8) - £85,000 per hectare

</td></tr>
<tr><td>Market Housing Prices (GDVs (Price / £/sq ft), Floor Area, Net to Gross)

(Section 7.13)</td><td>
<table>
<tr><th>House Type</th><th>1 bed Apartment</th><th>2 Bed Apartment</th><th>2 Bed Bungalow</th><th>2 bed House</th><th>3 bed House</th><th>4+ bed House</th></tr>
<tr><td>Blackpool Urban Edge Price (£/sq ft)</td><td>£100,000 (£185.87)</td><td>£120,000 (185.76)</td><td>£160,000 (£228.57)</td><td>£145,000 (£192.56)</td><td>£175,000 (£191.26)</td><td>£235,000 (£189.98)</td></tr>
<tr><td>Blackpool Urban Infill Price (£/sq ft)</td><td>£80,000 (£148.70)</td><td>£95,000 (£147.06)</td><td>£125,000 (£178.57)</td><td>£120,000 (£159.36)</td><td>£145,000 (£158.47)</td><td>£190,000 (£153.60)</td></tr>
<tr><td>Area
Net
Gross</td><td>538
633</td><td>646
760</td><td>700
700</td><td>753
753</td><td>915
915</td><td>1,237
1,237</td></tr>
<tr><td>Net / Gross Ratio</td><td>85%</td><td>85%</td><td>100%</td><td>100%</td><td>100%</td><td>100%</td></tr>
</table>
</td></tr>
<tr><td>Affordable Housing

(Section 7.14)</td><td>30% affordable housing target as per Core Strategy policy; However, variable rates of affordable housing contributions are tested by LSH as part of sensitivity testing, ranging from 0-30% affordable housing. In practice, where schemes can bear planning obligations, Blackpool Council typically request a commuted sum to fund affordable housing provision across the Borough.
<table>
<tr><th>Type</th><th>Split</th><th>Discount from Market Value</th></tr>
<tr><td>Affordable Rent</td><td>70%</td><td>35%</td></tr>
<tr><td>Intermediate</td><td>30%</td><td>24%</td></tr>
</table>
</td></tr>
</table>

[24] Accessed at: https://www.blackpool.gov.uk/Residents/Planning-environment-and-community/Documents/Local-plan-2021/Blackpool-LPVA-FINAL-JULY-2020-FOR-PUBLICATION.pdf

<table>
<tr><td>Residential Build Costs

Base Build Cost Assumptions – By development scenario and property type (residential build costs are used for all house types)

(Section 7.28)</td><td>
<table>
<tr><th>Dev. Scenario
Property Type</th><th>Large Site (100 units)</th><th>Medium Sites (50 units)</th><th>Small Sites (15 units)</th><th>Extra Small Sites (5 units)</th><th>Small Guesthouse Conversion (4 units)</th><th>Large Guesthouse Conversion (14 units)</th></tr>
<tr><td>House (£ psf)</td><td>78</td><td>82</td><td>92</td><td>100</td><td></td><td></td></tr>
<tr><td>Bungalow (£ psf)</td><td>113.62</td><td>113.62</td><td></td><td></td><td></td><td></td></tr>
<tr><td>Apartment (£ psf)</td><td>113.81</td><td>113.81</td><td></td><td></td><td>70</td><td>65</td></tr>
</table>

<table>
<tr><th>Dev. Scenario
Property Type</th><th>Town Centre Office</th><th>Employment allocation (B1)</th><th>Employment Allocation (B2/B8)</th><th>Hotel</th><th>Town Centre Retail</th><th>Local Centre Retail</th><th>Foostore</th><th>Sea Fromt Mixed Use</th></tr>
<tr><td>Mixed Use (£ psf)</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>120</td></tr>
<tr><td>Office (£ psf)</td><td>120</td><td>98</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Industrial (£ psf)</td><td></td><td></td><td>60</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Retail (£ psf)</td><td></td><td></td><td></td><td></td><td>85</td><td>85</td><td>50</td><td></td></tr>
<tr><td>Hotel</td><td></td><td></td><td></td><td>90</td><td></td><td></td><td></td><td></td></tr>
</table>
</td></tr>
<tr><td>Section 106 (S106)

(Section 7.38)</td><td>Typical developer cost contributions provided through S106 agreements relate to education, off-site public open and community space provision and off-site highways. However, for the purposes of the Blackpool LPVA, LSH have assumed no S106 costs in order to assess the baseline viability position for development across the Borough. The viability modelling identifies the surplus for planning contributions (S106 / CIL) once development costs (including land acquisition costs, constructions costs, fees, developers profit) and affordable housing are discounted from the Gross Development Value.</td></tr>
<tr><td>Brownfield site (abnormal) costs

(Section 7.19 and 7.34)</td><td>The benchmarking of land value for brownfield sites is much more subjective, depending on such factors as the existing and previous use of the property or site in question, the extent of abnormal or remediation costs required to facilitate an alternative use for the site and lost income from the termination of existing investments on the site and the perceived historic investment in the site or building by the landowner.
Abnormal costs should be specific to the site and are thus are not assumed as part of the model.</td></tr>
<tr><td>Infrastructure and External Costs

(Section 7.31)</td><td>Typically, LSH expect to see external costs comprising from around 10% of basic build costs for smaller sites (up to 0.5 hectares) and increasing to 20% of basic build costs for larger Greenfield schemes (of 1.5 hectares and above). This includes demolition.</td></tr>
<tr><td>Professional Fees

(Section 7.37)</td><td>Professional fees for schemes within the local area (including statutory fees) will typically fall into the range of 5% to 10% of construction costs, dependent upon scale and nature of scheme. Sites requiring input from wider range of professionals (e.g. Brownfield, flood affected and more complicated sites) are likely to be at the higher end of this range</td></tr>
<tr><td>Marketing and disposal costs

(Section 7.39)</td><td>Marketing and disposal costs include sales legal fees, sales promotion and agency, marketing budget and sales incentives (where necessary). Typically, these cumulative costs are expected to fall within the range of 1.5% and 3% of GDV. For the purposes of the Blackpool LPVA, LSH have assumed a flat rate of 2.5% of GDV for all residential development scenarios and 3% for commercial development scenarios.</td></tr>
<tr><td>Site acquisition

(Section 7.40)</td><td>Site acquisition costs will typically be covered within a budget of 1.5% of site value and will incorporate acquisition agents and legal fees. In addition to this allowance SDLT (Stamp Duty Land Tax) is accounted for at the prevailing rate for the development scenario in question.</td></tr>
<tr><td>Development Finance Costs</td><td>At present most mainstream developers can obtain finance in the range of 5.5 to 6.5% per annum with a credit facility or up to around 60% loan to value. When</td></tr>
</table>

(Section 7.41)	the arrangement costs of obtaining finance are taken into account the total cost of finance will typically fall within the range of 6.5% to 7.5% per annum.
Contingency (Section 7.36)	A contingency allowance will typically range between 2% and 5% of total build costs for new build schemes. For previously undeveloped and otherwise straightforward sites LSH would normally allow a contingency of around 2-3% with a higher figure of 5% on more risky types of development and previously developed land
Developer Profit (Section 7.45)	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.
Timescale assumptions (Section 7.44)	Timescale assumptions for development appraisals relate to three key elements: Pre-construction • 3 months lead-in for pre-construction enabling and mobilisation Construction • 6 months construction per residential and commercial unit Sale • 6 months average between construction start and first sale for all residential sites • 2 sales per month on all small and medium residential sites • 4 sales per month on all large residential sites (assuming two sales outlets)
Density (taken from appendices)	34 – 38 dwellings per hectare (range of typologies)

4.1 Residential Unit Size Assumptions

4.1.1 The Homes England Development Appraisal Tool (used for the purposes of this study) requires unit size inputs. The Government's optional nationally described space standard (NDSS)[25] (see Table 4-3 overleaf) requires viability testing in order to justify its adoption. This document provides sizes based upon the number of bedrooms, bed spaces and storey heights.

4.1.2 Therefore, for the purposes of the modelling, we have assumed the following unit sizes for the 6 schemes:

Table 4-2: Modelling units

Site	Type	Number of units	Size (m2)
MM29	3 bedroom house	2	93
	4 bedroom house	2	124
MM21	4 bedroom house	1	124
MM13 (scenario 1)	3 bedroom house	2	93
	4 bedroom house	1	124
MM13 (scenario 2)	2 bedroom house	5	79
	3 bedroom house	1	93
MM24	4 bedroom house	2	124
MM14b	3 bedroom house	2[26]	93
MM5	2 bedroom house	5	79
	3 bedroom house	5	93
	4 bedroom house	5	124

[25] Available at:
https://www.gov.uk/guidance/housing-optional-technical-standards f

[26] Please note that sites are listed as per information supplied to AECOM at the time of the study and the unit numbers in the draft plan entitled 'Marton Moss Neighbourhood Plan Regulation 14 Consultation Draft' (January, 2021). It is acknowledged that some site yields may change as the plan evolves in advance of submission.

Table 4-3: Minimum gross internal floor areas and storage (m2)

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)[2]			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	

Source: National space standard (NDSS)

4.2 Market Housing Price Assumptions

4.2.1 The preceding analysis does not reveal simple clear patterns with sharp boundaries for particular areas found in and around the NA.

4.2.2 We have used the current asking prices from active new build developments, the general pattern of all house prices across the study area (including analysis of prices paid and the second-hand market) and existing research from Blackpool's 2020 Viability Assessment by LSH to form a view on the price assumptions to be used in the appraisal to calculate a Gross Development Value. The prices are reflective of today's values for Marton Moss and comparable surrounding areas and have been informed by market values to reality check the assumptions.

4.2.3 It is important to note at this stage, these professional judgements are broad brush for the purposes of a high-level study to test the sites/schemes being considered by the Qualifying Body, as required by the NPPF, and to inform the emerging NDP. The values between new developments and within new developments will vary considerably in reality, based on location, situation, unit type and the state of the market at the point of marketing the properties.

4.2.4 The Harman Guidance and PPG advise that viability testing should use current prices; we have used the following price assumptions for this study:

Table 4-4: Market housing price assumptions*

Type	Price £/m2	m^2	Price £/unit
2 bedroom house (Detached)	£2,450	79	£193,550
3 bedroom house (Detached)	£2,450	93	£227,850
4 bedroom house (Detached)	£2,450	124	£303,800

**The floorspace sizes reflect the NDSS and align with the overall figures in the masterplan.*

4.2.5 This data was synthesised with the second-hand market data to arrive at the final assumptions. The above prices broadly reflect the trends in the local area, which has seen a relatively stable housing market over the past five years, with a slight price rise in the final year since the 2020 Viability Assessment.

4.2.6 Marton Moss has higher values than some of the surrounding areas.

4.3 Policy Costs and S106 Planning Obligations

4.3.1 The 2020 Blackpool LSH Viability Assessment states that typical developer cost contributions provided through S106 agreements relate to education, off-site public open and community space provision and off-site highways. However, for the purposes of the Blackpool LPVA, LSH have "assumed no S106 costs in order to assess the baseline viability position for development across the Borough. The viability modelling identifies the surplus for planning contributions (s106 / CIL) once development costs (including land acquisition costs, constructions costs, fees, developers profit) and affordable housing are discounted from the Gross Development Value".

4.3.2 In terms of affordable housing, variable rates were assumed in the sensitivity testing, which diverged from the Core Strategy requirement of 30%, ranging from 0-30%, based on the different characteristics of the sites assessed. As a result, the AECOM assessment takes a starting point assumption of zero affordable housing and S106 costs, to establish a baseline of viability for the NA, and only tested higher affordable housing contribution assumptions in sensitivity testing for those sites which were viable at 0%.

4.3.3 This is also consistent with the practice of Blackpool Council, that where schemes can bear planning obligations, the Council typically request a commuted sum to fund affordable housing provision across the Borough.

4.4 Construction Costs

4.4.1 The figures for our assumptions are drawn from the Building Cost Information Service (BCIS) median costs for new build rebased to Blackpool (see **Appendix D**). The table below shows the lower quartile and median costs. Our assessment uses a rounded figure of £1,250 per square metre gross area, based on the median of a two-storey house.

Table 4-5: BCIS median build costs summary (2021)

Building function	Lower Quartile BCIS New Build £/m2	Median BCIS New Build £/m2
Flats (apartments) 3-5 storey	£1,281/m^2	£1,458/m^2
Single storey	£1,246/m^2	£1,424/m^2
Housing 2 storey	£1,106/m^2	£1,237/m^2
Housing 3 storey	£1,092/m^2	£1,299/m^2

4.5 External Costs

4.5.1 In addition to the BCIS £/m^2 build cost figures (which cover the costs of the foundations up to the roof), allowance needs to be made for a range of site costs (footpaths, roads, car parking, landscaping and other external costs). Many of these external items will depend on individual site circumstances and can only be accurately estimated following a more detailed scheme design and assessment of each site (including further ground investigations for the western portion of the site). This is not practical within this study unless estimates are readily available for site specific issues. The modelling assumes 10% of construction costs for external works.

4.5.2 Additionally, a range of "over-extra" costs of 0-8% of base build costs were assumed for items such as garages for the larger detached units only.

4.5.3 The LSH assumption range on infrastructure and external costs was 10-20%, with 10% generally assumed for small brownfield sites.

4.5.4 Both the LSH and the AECOM assessment assume no site-specific abnormal costs as part of the model as standard.

4.6 Contingency

4.6.1 The 2020 LSH Viability Assessment assumes a generic average of 5% contingency (see Glossary) and we have adopted the same assumption. This is to account for risk relating to a specific scheme and will vary from site to site.

4.7 Design and Professional Fees

4.7.1 The LSH 2020 Viability Assessment assumed professional fees of 10% of costs and this has been adopted in our modelling.

4.8 VAT

4.8.1 For simplicity it has been assumed throughout, that either Value Added Tax (VAT) does not arise, or that it can be recovered in full. Costs in this report are deemed net of VAT as all VAT on new build is recoverable including for site clearance and demolition if let as part of the development contract.

4.9 Interest Rate

4.9.1 Our appraisals assume 5.5% interest rate and 5.5% on credit balance reinvestment. This may seem high given the very low base rate figure, but this reflects the banks' view of risk for housing developers. The Development Appraisal Tool utilises a simple cash flow to calculate interest. We accept that is a simplification however, due to the high level and broad-brush nature of this analysis, we believe that it is appropriate. LSH assumes 6.5% to 7.5% finance costs.

4.10 Voids

4.10.1 On a scheme comprising mainly of individual houses one would normally assume only a nominal void period (the time that elapses before income is accrued by the developer) as the housing would not be progressed if there was no demand. In the case of apartments in blocks this flexibility is reduced. However, in Marton Moss, all housing is provided as houses, not flats. For the purpose of the present study, a three-month void period is assumed for all residential.

4.11 Phasing and Timetable

4.11.1 Each dwelling is assumed to be built over a 12-month period. The phasing programme for an individual site will reflect market take-up and would, in practice, be carefully estimated taking into account the site characteristics and, in particular, the size and the expected level of market demand. The modelled assumptions reflect site size and development type.

4.11.2 The average sales rate for the 6 sites modelled varies between 0.09 and 1.36 per month, depending on the size of the development and location, with a sales period of around 10 months.

4.11.3 We believe that these are conservative assumptions and do, properly, reflect current practice. This is the appropriate assumption to be in line with the PPG and Harman Guidance.

4.11.4 The LSH 2020 Viability Assessment assumes a 9 month pre-construction and construction period and 2 sales per month on small and medium residential sites.

4.12 Site Holding Costs and Receipts

4.12.1 Each site is assumed to proceed immediately and so, other than interest on the site cost during construction, there is no allowance for holding costs, or indeed income, arising from ownership of the site.

4.13 Site Purchase Costs

4.13.1 Site purchase costs are set at 1.5% for surveyor's fees and legal fees (1% for agents' fees and 0.5% for legal fees). Stamp Duty Land Tax is calculated at the prevailing rates. The same assumption is made by LSH in their 2020 assessment.

4.14 Sales and Marketing Costs

4.14.1 Agents' fees and marketing fees are assumed to be a rate of 4.5%. Disposal costs of affordable housing can be reduced significantly in the real world depending on the type of product so in fact the marketing and disposal of the affordable element is probably less expensive than in reality. This is not represented in the modelling as the schemes are assumed to be primarily market housing. The LSH 2020 assessment assumes a blended rate of 2.5. However, as we are assuming a baseline of 0% affordable housing for this study, and only one site in the sensitivity testing is shown as able to provide any proportion of affordable housing provision, the higher rate appears justified.

4.15 Developer's Profit

4.15.1 An allowance needs to be made for developers' profit / return and to reflect the risk of development. We have considered the RICS's 'Financial Viability in Planning' (August 2012)[27], the Harman Guidance Viability Testing Local Plans, Advice for planning practitioners (June 2012), and referred to the HCA's Economic Appraisal Tool. None of these documents are prescriptive, but they do set out some different approaches.

4.15.2 The Harman Guidance says:

Return on development and overhead
The viability assessment will require assumptions to be made about the average level of developer overhead and profit (before interest and tax).
The level of overhead will differ according to the size of developer and the nature and scale of the development. A 'normal' level of developer's profit margin, adjusted for development risk, can be determined from market evidence and having regard to the profit requirements of the providers of development finance. The return on capital employed (ROCE) is a measure of the level of profit relative to level of capital required to deliver a project, including build costs, land purchase, infrastructure, etc.
Appraisal methodologies frequently apply a standard assumed developer margin based upon either a percentage of Gross Development Value (GDV) or a percentage of development cost. The great majority of housing developers base their business models on a return expressed as a percentage of anticipated gross development value, together with an assessment of anticipated return on capital employed. Schemes with high upfront capital costs generally require a higher gross margin in order to improve the return on capital employed. Conversely, small scale schemes with low infrastructure and servicing costs provide a better return on capital employed and are generally lower risk investments. Accordingly, lower gross margins may be acceptable.
This sort of modelling – with residential developer margin expressed as a percentage of GDV – should be the default methodology, with alternative modelling techniques used as the exception. Such an exception might be, for example, a complex mixed use development with only small scale specialist housing such as affordable rent, sheltered housing or student accommodation.

4.15.3 At the Shinfield appeal[28] (January 2013) the inspector considered this specifically saying:

Developer's profit
43. The parties were agreed that costs [i.e. developer profit] should be assessed at 25% of costs or 20% of gross development value (GDV). The parties disagreed in respect of the profit required in respect of the affordable housing element of the development with the Council suggesting that the figure for this should be reduced to 6%. This does not greatly affect the appellants' costs, as the affordable housing element is 2%, but it does impact rather more upon the Council's calculations.

44. The appellants supported their calculations by providing letters and emails from six national housebuilders who set out their net profit margin targets for residential developments. The figures ranged from a minimum of 17% to 28%, with the usual target being in the range 20-25%. Those that differentiated between market and affordable housing in their correspondence did not set different profit margins. Due to the level and nature of the supporting evidence, I give great weight [to] it. I conclude that the national housebuilders' figures are to be preferred and that a figure of 20% of GDV, which is at the lower end of the range, is reasonable.

[27] Accessed at: http://www.rics.org/Documents/Financial%20viability%20in%20planning.pdf
[28] APP/X0360/A/12/2179141 (Land at The Manor, Shinfield, Reading RG2 9BX)

4.15.4 Broadly there are four different approaches that could be taken:

- To set a different rate of return on each site to reflect the risk associated with the development of that site. This would result in a lower rate on the smaller and simpler sites – such as the greenfield sites, and a higher rate on larger or more complex brownfield sites.
- To set a rate for the different types of unit produced – say 20% for market housing and 6% for affordable housing, as suggested by the HCA.
- To set the rate relative to costs and thus reflect risks of development.
- To set the rate relative to the development's Gross Development Value (as normally preferred by developers).

4.15.5 In deciding which option to adopt, it is important to note that we are not trying to re-create any particular developer's business model. Different developers will always adopt different models and have different approaches to risk.

4.15.6 LSH, in their 2020 assessment have assumed a range of 15-20% and our AECOM study assumes the middle value of 18%.

4.16 Landowner's Return (EUV+)

4.16.1 In order to assess development viability, it is necessary to analyse Existing Use Values (EUV) i.e. the value of the land in its current use before planning consent is granted, for example, as agricultural land. Alternative Use Values (AUV) refers to any other potential use for the site that doesn't require planning permission. For example, a greenfield site may have an alternative use as a pony paddock.

4.16.2 For the purpose of the high level study, it is necessary to take a comparatively simplistic approach to determining the EUV/AUV. In practice, a wide range of considerations could influence the precise value that should apply in each case, and at the end of extensive analysis the outcome might still be contentious. For sites previously in agricultural use, then agricultural land represents the existing use value. Note that a mix of sites was included, with some greenfield sites and some sites which were currently or formerly used as commercial land and thus are counted as brownfield in planning terms.

4.16.3 The results from appraisals are compared with the EUV set out above in order to form a view about the sites' viability. This is a controversial part of the viability process and the area of conflicting guidance between the Harman Guidance and the RICS Guidance. In the context of this report it is important to note that it does not automatically follow that, if the Residual Value produces a surplus over the EUV, the site is viable. The land market is more complex than this, the landowner and developer must receive a sufficient return in reward for taking on risk. The PPG includes a definition of land value as follows:

Land Value

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. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements. This approach is often called 'existing use value plus' (EUV+).

In order to establish benchmark land value, plan makers, landowners, developers, infrastructure and affordable housing providers should engage and provide evidence to inform this iterative and collaborative process.

Paragraph: 013 Reference ID: 10-013-20180724 Revision date: 24 07 2018

4.16.1 It is clear that for land to be released for development, the plus/uplift/premium over the EUV needs to be sufficiently large to provide an incentive to the landowner(s) to release the site and cover any other appropriate costs required to bring the site forward for development. It is therefore appropriate and an important part of this assessment to have regard to the market value of land.

4.16.2 The reality of the market is that each and every landowner has different requirements and different needs and will judge whether or not to sell by their own criteria. We therefore have to consider how large such an 'uplift' or 'premium' (above EUV) should be to broadly provide a return to incentivise the landowner to release their land for development. The assumptions must be a generalisation as in practice the size of the uplift will vary from case to case depending on how many landowners are involved, each landowner's attitude and their degree of involvement in the current property market, the location of the site and so on. Nationally it is typical that a 20-30% increase about the EUV for industrial/residential land would be sufficient to induce a landowner to sell their site. For greenfield sites the difference between agricultural land values and residential land values can be 10 to 20 times higher.

4.16.3 The approach adopted aligns with the Harman Guidance and Planning Advisory Service (PAS) advice and has been subject to scrutiny at examination hearings. The EUV+ approach was endorsed by the Planning Inspector who approved the London Mayoral CIL Charging Schedule in January 2012[29] and continues to be accepted by the Inspectorate for the purposes of plan making.

4.16.4 National published data for land value assumptions[30] includes relatively high values for Blackpool in comparison with Blackpool Council's most recent viability study (LSH, 2020). The national data is a simplified Borough-wide and Local Enterprise Partnership based value (see Table 4-6 below).

Table 4-6: MHCLG[31] Land value estimates for policy appraisal 2019 - Blackpool[32]

Residential Land	£1,120,000 £453,249	Ha Acre
Industrial Land	£425,000 £171,991.66	Ha Acre
Commercial Land: Office Edge of City Centre	£865,000 £350,053.62	Ha Acre
Commercial Land: Office Out of Town – Business Park	£400,000 £161,874.51	Ha Acre

4.16.5 The 2020 LSH Viability Study assumed a Benchmark Land Value of **£50,000-200,000/Ha** for residential land. However, we recognise that the landowners in Marton Moss may only be incentivised to release their land at the higher end of this range in the NA. At the time of writing the report, there were only three development plots for sale in and around the NA which ranged from £500,000-£1m+/hectare (albeit the higher end of the range was for a smaller plot with planning permission for only one dwelling)[33].

4.16.6 For the purposes of this viability report we have assumed a **Benchmark Land Value / EUV+ range of 200,000 – 400,000 per hectare**. This represents the higher end of the range from the LSH Viability Study (2020) for the Borough but it is lower than the Industrial Land Values for Blackpool highlighted in the Land value estimates for policy appraisal publication (2019). As a comparison, the Fylde Local Plan Economic Viability Assessment (2016) assumed a greenfield

[29] Paragraphs 7 to 9 of Report On The Examination Of The Draft Mayoral Community Infrastructure Levy Charging Schedule by Keith Holland BA (Hons) DipTP MRTPI ARICS an Examiner appointed by the Mayor Date: 27th January 2012

[30] Available at Land value estimates for policy appraisal 2019 - GOV.UK (www.gov.uk)

[31] Note that since this publication, Ministry of Housing, Communities and Local Government (MHCLG) has been renamed the Department for Levelling Up, Housing and Communities (DLUHC)

[32] Land Value Areas = Blackpool, LEP - Lancashire / Towns – Blackburn, Blackpool

[33] Particulars recorded in August 2021 for the following sites: Land Cherry Tree Road, Blackpool, Lancashire, FY4; South Of Worthington Road, Sandy Lane, Blackpool, FY4; and Moss House Road, Blackpool, FY4 5JE.

benchmark land value of £494,000 per hectare (£200,000 per acre) for the lower value areas in Fylde (including areas adjacent to the NA).

4.16.7 Taking all the evidence into account, we believe a BLV range is appropriate for Marton Moss, as the sites subject to appraisal in this study ranged from commercial sites, paddocks and residential land (including large residential plots that could be utilised for additional housing).

4.16.8 Note that the residual values produced by the HCA Development Appraisal Toolkit (deployed for the modelling in this study) are on the basis of the gross site. The model assumes that the developer is required to purchase all of the land including land that would be required for public open space, SUDs, social infrastructure etc. The appraisal results display the residual values on a gross site basis and per gross hectare basis.

5 Site assumptions

5.1 Scheme mix

5.1.1 The scheme mix for the six sites reflects all of the options considered as part of the site analysis of the report.

Assumptions summary

5.1.2 Based upon the preceding analysis, the below table is a summary of the main assumptions that have been fed into the viability modelling.

Table 5-1: AECOM Modelling and site assumptions summary sheet

Input	Value / Cost
Schemes subject to testing	Site MM29 (0% affordable – 4 houses) Site MM21 (0% affordable – 1 house) Site MM13 1 (0% affordable – 3 houses) Site MM13 2 (0% affordable – 6 houses) Site MM24 (0% affordable – 2 houses) Site MM14b (0% affordable for base scenario; and a monetary contribution assumption for additional scenario – 6 houses) Site MM5 (0% affordable for base scenario; and a monetary contribution and 27% affordable housing for additional scenario – 15 houses)
Sales values per square metre	£2,450m^2
Unit sizes	2 bedroom house: 79m^2 3 bedroom house: 93m^2 4 bedroom house: 124 m^2
Build costs	£ 1,250m^2
External Costs	10% of build costs (except on site MM14b, where we assumed 4%) No abnormal costs assumed
Professional fees	10% of build costs
Contingency	5% of build costs
Site purchase costs (based on residual value)	Agents and legal fees 1.5%
Marketing/Sales fees	4.5%
Developer's profit	18.0% Market 6.0% Affordable
Finance costs	5.5% interest rate and 5.5% on credit balance reinvestment
Phasing and timetable	12 months construction
S106/CIL	The Blackpool Local Plan Viability Study (July, 2020) states at paragraph 9.5 that: *"This LPVA provides a mixed picture on viability with a number of scenarios providing a surplus for affordable housing, elevated planning policy requirements and s106 contributions. However, the LPVA demonstrates that the surplus for elevated planning policy requirements and s106 contributions only exists where the flexibility within Policy CS14: Affordable Housing is adopted. The LPVA identifies that delivery of 30% affordable housing, elevated policy requirements and s106 contributions is likely unviable. Flexibility to site specific viability will therefore be critical to ensure the cumulative impact of policy requirements doesn't result in development becoming unviable."*

<table>
<tr><td></td><td>For the base appraisal we have assumed £0. An additional scenario was tested for sites MM14b and MM5, where the base scenario suggested the potential capacity for some planning obligations.
For the additional sensitivity tests we have tested £1,200/unit s106 planning obligations and ~27% affordable housing for site MM5[34]. For Site MM14b we have tested £3,000/unit s106. The s106 assumptions are notional figures based on what may be viable; they are not reflective of typical s106 costs charged locally.

For MM5, the additional appraisal assumes four out of the 15 homes are affordable homes (~27% affordable homes), of which one dwelling would be a First Home[35] (70% OMV or capped at £250k) and the remaining three affordable units would be two affordable rented units (65% OMV) and one intermediate (shared ownership) unit (76% OMV). This broadly aligns with the LPVA (July, 2020) approach and affordable values assumptions from the July 2020 LPVA (paragraph 7.14 - below):

<table>
<tr><th>Type</th><th>Split</th><th>Discount from Market Value</th></tr>
<tr><td>Affordable Rent</td><td>70%</td><td>35%</td></tr>
<tr><td>Intermediate</td><td>30%</td><td>24%</td></tr>
</table>
</td></tr>
<tr><td>Affordable housing</td><td>For the base appraisal we have assumed 0%, and for site MM5, which is the only site larger than 10 units, an additional appraisal assumes 27% affordable homes. For site MM14b, a monetary contribution, based on an indication of what may be viable, was assumed in additional appraisal scenario (see above). N.B. where a scheme is shown as viable, Blackpool Council may require up to 30% affordable housing or a monetary contribution, depending on a viability appraisal at the application stage.</td></tr>
<tr><td>EUV+</td><td>£200,000 – 400,000 per hectare (£80,937 – £161,874 per acre)</td></tr>
</table>

[34]Paragraph 64 of the National Planning Policy Framework states that the provision of affordable housing should not be sought for residential developments that are not major developments i.e. 10 or more homes.

[35] First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations. First Homes must be discounted by a minimum of 30% against the market value; are sold to a person or persons meeting the First Homes eligibility criteria (including first time buyers); and the first sale should be no more than £250,000 for areas beyond London. Further information - https://www.gov.uk/guidance/first-homes

6 Conclusion

6.1.1 This chapter presents the results of our residual appraisal (the detailed appraisal summary sheets are provided in **Appendix E** to this report). Development appraisals for the modelled sites have utilised the HCA's Development Appraisal Tool, a spreadsheet-based financial analysis package publicly available online[36]. The HCA Development Appraisal Tool generates a gross residual value for the whole site and also a gross per hectare residual value. It does not automatically generate a residual value on the basis of the net developable area on a per hectare basis.

6.1.2 The appraisals use the residual valuation approach – that is, they are designed to assess the value of the land after taking into account the costs of development, the likely income from sales and/or rents and an appropriate amount of developers' profit. The payment would represent the sum paid in a single tranche on the acquisition of a site. In order for the proposed development to be described as viable, it is necessary for this value to exceed the EUV+.

Appraisal results

6.1.3 The development appraisal model incorporates build costs, external costs (as applicable), and infrastructure costs and financial assumptions for the scheme. The results are summarised in this section deploying Red, Amber, Green scoring:

- **Green Viable** – where the Residual Value per net hectare exceeds the indicative EUV+ (Threshold /Benchmark) per hectare for Industrial/Car Park land (i.e. a sufficient uplift or premium to provide a competitive return for the landowner to incentivise them to release their land).
- **Amber Marginal/Unviable** – where the appraisal produces a positive Residual Value above the EUV but not above the EUV+ per net hectare. These sites should still be considered unviable when measured against the benchmark/threshold – however depending on the nature of the site and the owner it may come forward with some amendments to the scheme if it is close to the EUV+.
- **Red Unviable** – where the Residual Value does not exceed the EUV or EUV+. These sites should not be considered deliverable and the Qualifying Body should consider carefully if the site can be considered developable during the entire plan period.

6.1.4 The residual valuation method is suitable for the objectives of this study and is in accordance with the National Planning Policy Framework, Planning Practice Guidance and non-statutory guidance published by the RICS and Local Housing Delivery Group. The process is based on high level modelling and assumptions for development costs and values. The process adopted by many developers is similar, hence the use of contingency sums, external site cost allowances, the developers profit assumptions (18%) and the generally cautious approach e.g. 5% contingency.

6.1.5 Whilst a scheme may be shown as viable, a change in construction costs or drop in prices could make the scheme unviable. Tenure changes, densification and/or lower policy requirements could potentially be used to provide an additional viability cushion. However, in the case of Marton Moss, apart from densification, these avenues are limited, as affordable housing and S106 requirements were already assumed to be zero in the baseline scenario, and only two sites looked likely to be able to accommodate some affordable housing or other s106 in the sensitivity testing.

6.1.6 It is our view that the NDP policies can be adjusted to be effective and the allocations developable in the plan making context on the basis of the results, with one exception of site MM21. The results are shown on the basis of the gross site residual value (the maximum that could theoretically be paid to the landowner); gross hectare basis (a figure generated by the HCA tool); and a per net hectare basis (for the purposes of testing it against the EUV+ and comparison between sites).

[36] Accessed at: https://www.gov.uk/government/publications/development-appraisal-tool

Table 6-1: Modelling results - £400,000/Ha EUV+/Hectare

Site / Option	EUV Per Ha	Benchmark Land Value / EUV+ Per Ha	Existing Use Value (EUV)	Site EUV+ (based on site size)	Residual Land Value	RLV Per Ha Residual Value
Site MM29 (0% affordable – 4 houses)	£22,000 (Agricultural) - £300,000 (Industrial)	£400,000	£22,650	£ 412,000	£113,624	£110,315
Site MM21 (0% affordable – 1 house)	£22,000 (Agricultural) - £300,000 (Industrial)	£400,000	£98,400	£ 132,000	£25,916	£79,011
Site MM13 1 (0% affordable – 3 houses)	£22,000 (Agricultural) - £300,000 (Industrial)	£400,000	£9,000 - £123,000*	£ 164,000	£85,800	£209,267
Site MM13 2 (0% affordable – 6 houses)	£22,000 (Agricultural) - £300,000 (Industrial)	£400,000	£9,000 - £123,000*	£ 164,000	£152,617	£372,237
Site MM24 (0% affordable – 2 houses)	£22,000 (Agricultural) - £300,000 (Industrial)	£400,000	£12,606	£ 228,000	£53,741	£93,788
Site MM14b (0% affordable – 6 houses)	£22,000 (Agricultural) - £300,000 (Industrial)	£400,000	£129,500	£ 148,000	£167,701	£453,245
Site MM5 (0% affordable – 15 houses)	£22,000 (Agricultural) - £300,000 (Industrial)	£400,000	£19,206	£ 352,000	£403,011	£460,058

*Site H is part commercial and part Paddock. The EUV is therefore provided as a range.

Table 6-2: Modelling results - £300,000/Ha EUV+/Hectare

Site / Option	EUV Per Ha	Benchmark Land Value / EUV+ Per Ha	Existing Use Value (EUV)	Site EUV+ (based on site size)	Residual Land Value	RLV Per Ha Residual Value
Site MM29 (0% affordable – 4 houses)	£22,000 (Agricultural) - £300,000 (Industrial)	£300,000	£22,650	£ 309,000	£113,624	£110,315
Site MM21 (0% affordable – 1 house)	£22,000 (Agricultural) - £300,000 (Industrial)	£300,000	£98,400	£ 99,000	£25,916	£79,011
Site MM13 1 (0% affordable – 3 houses)	£22,000 (Agricultural) - £300,000 (Industrial)	£300,000	£9,000 - £123,000*	£ 123,000	£85,800	£209,267
Site MM13 2 (0% affordable – 6 houses)	£22,000 (Agricultural) - £300,000 (Industrial)	£300,000	£9,000 - £123,000*	£ 123,000	£152,617	£372,237

Site MM24 (0% affordable – 2 houses)	£22,000 (Agricultural) - £300,000 (Industrial)	£300,000	£12,606	£ 171,000	£53,741	£93,788
Site MM14b (0% affordable – 6 houses)	£22,000 (Agricultural) - £300,000 (Industrial)	£300,000	£129,500	£ 111,000	£167,701	£453,245
Site MM5 (0% affordable – 15 houses)	£22,000 (Agricultural) - £300,000 (Industrial)	£300,000	£19,206	£ 264,000	£403,011	£460,058

*Site H is part commercial and part Paddock. The EUV is therefore provided as a range.

Table 6-3: Modelling results - £200,000/Ha EUV+/Hectare

Site / Option	EUV Per Ha	Benchmark Land Value / EUV+ Per Ha	Existing Use Value (EUV)	Site EUV+ (based on site size)	Residual Land Value	RLV Per Ha Residual Value
Site MM29 (0% affordable – 4 houses)	£22,000 (Agricultural) - £300,000 (Industrial)	£200,000	£22,650	£ 206,000	£113,624	£110,315
Site MM21 (0% affordable – 1 house)	£22,000 (Agricultural) - £300,000 (Industrial)	£200,000	£98,400	£ 66,000	£25,916	£79,011
Site MM13 1 (0% affordable – 3 houses)	£22,000 (Agricultural) - £300,000 (Industrial)	£200,000	£9,000 - £123,000*	£ 82,000	£85,800	£209,267
Site MM13 2 (0% affordable – 6 houses)	£22,000 (Agricultural) - £300,000 (Industrial)	£200,000	£9,000 - £123,000*	£ 82,000	£152,617	£372,237
Site MM24 (0% affordable – 2 houses)	£22,000 (Agricultural) - £300,000 (Industrial)	£200,000	£12,606	£ 114,000	£53,741	£93,788
Site MM14b (0% affordable – 6 houses)	£22,000 (Agricultural) - £300,000 (Industrial)	£200,000	£129,500	£ 74,000	£167,701	£453,245
Site MM5 (0% affordable – 15 houses)	£22,000 (Agricultural) - £300,000 (Industrial)	£200,000	£19,206	£ 264,000	£403,011	£460,058

*Site H is part commercial and part Paddock. The EUV is therefore provided as a range.

Table 6-4: Additional sensitivity testing of viable sites at the £400,000/Ha EUV+

Site / Option	EUV Per Ha	Benchmark Land Value / EUV+ Per Ha	Existing Use Value (EUV)	Site EUV+ (based on site size)	Residual Land Value	RLV Per Ha Residual Value
Site MM14b (0% affordable /	£22,000 (Agricultural) -	£400,000	£129,500	£ 148,000	£150,842	£407,680

£3,000/unit s106 – 6 houses)	£300,000 (Industrial)					
Site MM5 (27% affordable / £1,200 s106 – 15 houses)	£22,000 (Agricultural) - £300,000 (Industrial)	£400,000	£19,206	£ 352,000	£328,407	£374,894

Summary and recommendations

6.1.7 The modelling adopts a conservative approach to the assumptions, for example, in some cases the external costs and over extras may be cheaper following detailed design and further investigations attached to future planning applications. Importantly, the Marton Moss Design Code, published in 2020, should be used to guide development within the area, ensuring that the character and unique nature of the area is upheld. In relation to this piece of work, the Design Code states that new housing should not be constructed at higher densities than 8 dph within the Conservation Area (South of Progress Way) and 15 dph elsewhere. Nevertheless, although new development should aim towards these densities, the Design Code is a non-statutory document and not statutory policy at the time of writing. Thus, it should only be used to guide development at this point in time.

6.1.8 Accordingly, based on the results of our high-level housing site viability assessment, there may be instances where a higher density has been proposed than the densities generally recommended within the Design Code. The Design Code acknowledges that there are some local vernacular building forms, such as short terraces, which achieve higher densities. In practice, each site will need to be considered based upon its distinct setting and site features. Where a higher site yield is suggested (below), this is done on the basis that it may help tip a site into viability where it is marginally unviable. The group are not bound by these suggested density increases and they are used for commentary purposes only (related to the high-level modelling). A range of planning considerations should feed into the final version of the Neighbourhood Plan and at the detailed design stage. A different number of homes may be feasible on sites, subject to Local Plan and Neighbourhood Plan policies at the time and having regard to the Design Code.

6.1.9 **Site MM29** adjacent to Fern Bank, Division Lane is a greenfield site, well connected to the highway network. There may be scope to deliver closer to 7-8 homes on the site based on the prevailing 8-15dph densities found in the NA and this would help to provide a more deliverable scheme.

6.1.10 **Site MM21** at The Bungalow Nurseries, Worthington Road, in part, is a former commercial site proposed for a single large dwelling. An additional 2-3 homes could be appropriate based on 8-15dph, which would help to improve viability. It is currently showing as not viable and may remain challenging based on the appraisal results.

6.1.11 **Site MM13** at Caradaw Farm, School Road would be a single dwelling with adjoining paddock, site layouts envisage development of the paddock in both scenarios. The lower density scenario (3 dwellings) is not viable in the base appraisal when applying the higher end of the 'EUV Plus' range (£400,000/Ha) but it is shown to be viable using the lower end of the 'EUV Plus' range (£200,000/Ha). The second scenario (6 dwellings) generates a larger residual land value and is closer to the target densities for the neighbourhood area. The second scenario would be viable if the lower end of the 'EUV Plus' range is assumed (£200,000 - £300,000/Ha).

6.1.12 **Site MM24** adjacent to 9 Fishers Lane includes a dwelling and agricultural site adjacent. The proposals for this site are not viable in their current form. There is scope for additional dwellings on the site based on the 8-15dph densities found in the neighbourhood area which may improve viability and generate a sufficient residual land value to tip it into becoming a viable scheme.

6.1.13 **Site MM14b** at Dean Nurseries, Chapel Road is, in part, a former nursery site. The proposals are shown as being viable at the higher end of the 'EUV Plus' range. The site is likely to be developed alongside site Q which will offer additional opportunities (e.g. shared access) to make efficiencies. There would be potential for the site to bear affordable housing and/or planning obligations, subject to a more detailed appraisal. The additional sensitivity test (s106 £3,000/unit – Table 6-4), on the basis of 6 homes, was shown to be viable (albeit at the very limit of the viability threshold). This shows that development on this site could provide some form of s106 planning obligations, but it is unlikely the site could bear more than £3,000/unit.

6.1.14 **Site MM5**, off Magnolia Way, is a former agricultural site with agricultural sheds still on-site. The site provides opportunities for a higher density, although not as high as the adjacent new housing estate to the south that is a higher density than the 15dph suggested in the Design Code. The new estate, developed adjacent to MM5, is misaligned with the objectives of the emerging Neighbourhood Plan. The proposals are shown as being viable at the higher end of the 'EUV Plus' range. The additional sensitivity test (27% affordable housing / s106 £1,200/unit), on the basis of 15 homes, was shown to be marginal/unviable. Site MM5 could therefore take some form of planning obligations/affordable housing but this is likely to be less than 27% affordable homes/£1,200 s106. However, the results indicate that a blend of affordable housing and section 106 could be viable with an affordable housing level slightly lower than 27%. A higher density scheme, in accordance with the Design Code, could enable the site to bear more affordable housing and/or planning obligations, with amounts subject to a more detailed appraisal at the application stage.

6.1.15 To conclude, sites MM5 and MM14b were the only viable options based on the site yields modelled based upon the highest ‘EUV Plus’ of £400,000/Ha. It is evident that the modelling across all sites is based on fairy low densities, reflecting the recommendations of the Design Code. Sites MM13, MM24 and MM29 could potentially tip into viability with sympathetic increases to the number of homes on each site (although they are still probably unlikely to be able to bear much or any affordable housing). Sites MM5 and MM14b could provide some planning obligations, subject to further detailed scheme design and further viability testing at the application stage.

6.1.16 Despite the local viability challenges identified in this report, housing is still being delivered in the Marton Moss NA and surrounding areas (despite the viability modelling showing this to be challenging). This suggests that house builders are achieving construction cost efficiencies and/or are able to achieve an acceptable developer’s profit, whilst also securing the land to deliver development. It is worth noting that small scale housebuilding in Marton Moss is characteristically delivered by local builders, akin to self- build/custom-build model, which will not be based on a typical approach that is subject to the testing in this report. The financial modelling of this is likely to vary from the standardised approach set out in the Planning Practice Guidance. For example, plot holders in many circumstances will already control the land and seek to deliver an additional home for family members or for private sale. The economics of this approach will be very different to the typical housebuilder model, which typically whole or part finances developments via loans from a bank, depending on their business model.

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Appendix A Land Registry Prices Paid 2017 – 2021

Town	EPC NIA m2	£/m2	Number	Address	Postcode
BLACKPOOL	134	1977.575	1	REDWOOD AVENUE	FY4 5GR
BLACKPOOL	144	2013.854	2	REDWOOD AVENUE	FY4 5GR
BLACKPOOL	113	1991.106	3	REDWOOD AVENUE	FY4 5GR
BLACKPOOL	134	1910.41	4	REDWOOD AVENUE	FY4 5GR
BLACKPOOL	134	1977.575	5	REDWOOD AVENUE	FY4 5GR
BLACKPOOL	144	1972.188	6	REDWOOD AVENUE	FY4 5GR
BLACKPOOL	113	1991.106	7	REDWOOD AVENUE	FY4 5GR
BLACKPOOL	191	2041.859	8	REDWOOD AVENUE	FY4 5GR
BLACKPOOL	134	1940.261	9	REDWOOD AVENUE	FY4 5GR
BLACKPOOL	171	2192.982	10	REDWOOD AVENUE	FY4 5GR
BLACKPOOL	90	2055.5	11	REDWOOD AVENUE	FY4 5GR
BLACKPOOL	144	1993.021	12	REDWOOD AVENUE	FY4 5GR

BLACKPOOL	123	2032.48	15	REDWOOD AVENUE	FY4 5GR
BLACKPOOL	134	1977.575	17	REDWOOD AVENUE	FY4 5GR
BLACKPOOL	134	2156.679	1	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	171	2134.503	2	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	90	2188.833	3	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	134	1902.948	4	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	90	2188.833	5	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	171	2140.322	6	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	113	2061.903	7	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	271	2121.753	8	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	144	2069.41	9	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	171	2339.152	10	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	90	2055.5	11	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	134	2388.022	12	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	162	2361.08	14	REDWOOD BOULEVARD	FY4 5GS

BLACKPOOL	90	1999.944	15	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	144	2048.576	16	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	162	2129.599	17	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	134	2052.201	18	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	90	2111.056	19	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	144	1840.243	20	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	123	2357.683	21	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	144	1562.465	22	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	123	2081.26	24	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	162	1635.772	25	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	171	1660.789	26	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	171	1315.76	27	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	118	3305.042	28	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	90	2888.833	29	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	118	3177.966	30	REDWOOD BOULEVARD	FY4 5GS

BLACKPOOL	123	1504.024	31	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	123	2333.293	32	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	134	1865.634	33	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	134	1977.575	34	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	118	2449.11	35	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	144	2534.722	36	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	123	1601.585	37	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	134	1902.948	38	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	134	1470.112	40	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	90	4066.611	42	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	118	1974.534	44	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	90	6388.833	46	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	90	3311.056	48	REDWOOD BOULEVARD	FY4 5GS
BLACKPOOL	90	4444.389	1	HAZELTREE AVENUE	FY4 5GT
BLACKPOOL	113	1637.124	2	HAZELTREE AVENUE	FY4 5GT

BLACKPOOL	113	2831.814	3	HAZELTREE AVENUE	FY4 5GT
BLACKPOOL	118	3241.483	4	HAZELTREE AVENUE	FY4 5GT
BLACKPOOL	118	1525.381	5	HAZELTREE AVENUE	FY4 5GT
BLACKPOOL	134	2201.455	6	HAZELTREE AVENUE	FY4 5GT
BLACKPOOL	90	3833.278	1	HOLLYTREE AVENUE	FY4 5GW
BLACKPOOL	90	3055.5	2	HOLLYTREE AVENUE	FY4 5GW
BLACKPOOL	90	2111.056	3	HOLLYTREE AVENUE	FY4 5GW
BLACKPOOL	90	3122.167	4	HOLLYTREE AVENUE	FY4 5GW
BLACKPOOL	90	2777.722	5	HOLLYTREE AVENUE	FY4 5GW
BLACKPOOL	90	3277.722	1	CANDLEWOOD AVENUE	FY4 5GX
BLACKPOOL	134	1902.948	2	CANDLEWOOD AVENUE	FY4 5GX
BLACKPOOL	90	3944.389	3	CANDLEWOOD AVENUE	FY4 5GX
BLACKPOOL	118	3135.551	4	CANDLEWOOD AVENUE	FY4 5GX
BLACKPOOL	118	3177.924	5	CANDLEWOOD AVENUE	FY4 5GX
BLACKPOOL	144	1659.688	6	CANDLEWOOD AVENUE	FY4 5GX

BLACKPOOL	90	2166.611	1	WALNUT AVENUE	FY4 5GZ
BLACKPOOL	123	1926.789	2	WALNUT AVENUE	FY4 5GZ
BLACKPOOL	90	2900	3	WALNUT AVENUE	FY4 5GZ
BLACKPOOL	90	2899.944	4	WALNUT AVENUE	FY4 5GZ
BLACKPOOL	90	3177.722	5	WALNUT AVENUE	FY4 5GZ
BLACKPOOL	144	1965.243	6	WALNUT AVENUE	FY4 5GZ
BLACKPOOL	118	2025.381	7	WALNUT AVENUE	FY4 5GZ
BLACKPOOL	162	1839.475	8	WALNUT AVENUE	FY4 5GZ
BLACKPOOL	134	1947.724	18A	MOSS HOUSE ROAD	FY4 5JE
BLACKPOOL	123	2268.252	50A	MOSS HOUSE ROAD	FY4 5JE
BLACKPOOL	90	3144.389	54	MOSS HOUSE ROAD	FY4 5JE
BLACKPOOL	113	1707.92	56	MOSS HOUSE ROAD	FY4 5JE
BLACKPOOL	90	2655.5	58	MOSS HOUSE ROAD	FY4 5JE
BLACKPOOL	90	2166.611	60	MOSS HOUSE ROAD	FY4 5JE
BLACKPOOL	123	1585.325	62	MOSS HOUSE ROAD	FY4 5JE

BLACKPOOL	90	2111.056	64	MOSS HOUSE ROAD	FY4 5JE
BLACKPOOL	134	2111.903	66	MOSS HOUSE ROAD	FY4 5JE
BLACKPOOL	132	1742.386	3	MAGNOLIA WAY	FY4 5QA
BLACKPOOL	118	1991.483	7	MAGNOLIA WAY	FY4 5QA
BLACKPOOL	124	1927.379	34	MAGNOLIA WAY	FY4 5QA
BLACKPOOL	124	2217.702	1	ORCHID WAY	FY4 5QB
BLACKPOOL	118	1610.127	9	ORCHID WAY	FY4 5QB
BLACKPOOL	118	1483.008	15	ORCHID WAY	FY4 5QB
BLACKPOOL	118	1610.127	16	ORCHID WAY	FY4 5QB
BLACKPOOL	113	1548.628	17	ORCHID WAY	FY4 5QB
BLACKPOOL	113	1681.372	18	ORCHID WAY	FY4 5QB
BLACKPOOL	113	1681.372	19	ORCHID WAY	FY4 5QB
BLACKPOOL	113	2433.584	20	ORCHID WAY	FY4 5QB
BLACKPOOL	132	1439.356	22	ORCHID WAY	FY4 5QB
BLACKPOOL	90	2611.056	24	ORCHID WAY	FY4 5QB
BLACKPOOL	90	2333.333	26	ORCHID WAY	FY4 5QB
BLACKPOOL	118	2499.958	28	ORCHID WAY	FY4 5QB
BLACKPOOL	90	2111.056	29	ORCHID WAY	FY4 5QB
BLACKPOOL	90	2811.056	31	ORCHID WAY	FY4 5QB
BLACKPOOL	113	1681.372	33	ORCHID WAY	FY4 5QB
BLACKPOOL	113	1681.372	35	ORCHID WAY	FY4 5QB
BLACKPOOL	132	2196.932	37	ORCHID WAY	FY4 5QB
BLACKPOOL	113	2079.602	39	ORCHID WAY	FY4 5QB
BLACKPOOL	113	3141.549	41	ORCHID WAY	FY4 5QB
BLACKPOOL	132	2166.629	43	ORCHID WAY	FY4 5QB
BLACKPOOL	128	1953.086	45	ORCHID WAY	FY4 5QB

BLACKPOOL	132	1507.538	47	ORCHID WAY	FY4 5QB
BLACKPOOL	90	2499.944	49	ORCHID WAY	FY4 5QB
BLACKPOOL	90	2033.278	51	ORCHID WAY	FY4 5QB
BLACKPOOL	118	1567.754	1	JASMINE CLOSE	FY4 5QE
BLACKPOOL	113	2212.345	8	JASMINE CLOSE	FY4 5QE
BLACKPOOL	113	1637.124	10	JASMINE CLOSE	FY4 5QE
BLACKPOOL	113	2300.841	11	JASMINE CLOSE	FY4 5QE
BLACKPOOL	171	1315.76	1	ROSEWOOD AVENUE	FY4 5QG
BLACKPOOL	191	1141.335	2	ROSEWOOD AVENUE	FY4 5QG
BLACKPOOL	162	1493.827	3	ROSEWOOD AVENUE	FY4 5QG
BLACKPOOL	144	1527.743	6	ROSEWOOD AVENUE	FY4 5QG
BLACKPOOL	171	1345	1	REDWOOD PLACE	FY4 5QH
BLACKPOOL	118	1822.034	3	REDWOOD PLACE	FY4 5QH
BLACKPOOL	118	1864.364	5	REDWOOD PLACE	FY4 5QH
BLACKPOOL	118	1694.915	7	REDWOOD PLACE	FY4 5QH
BLACKPOOL	144	1527.743	9	REDWOOD PLACE	FY4 5QH

Appendix B New Build For Sale Market Survey (September 2021)

Source	Developer	Scheme/address	Type of development	Town	Post code	Beds	m2*	Price £	£/m2
Rightmove	N/A	The Stephenson, Marton Meadows, Cropper Road	D	Marton Moss	FY4	4	*120.2*	307950	2562.0
Rightmove	N/A	The Haversham, Marton Meadows, Cropper Road	D	Marton Moss	FY4	4	*110.5*	282950	2560.6
Rightmove	N/A	Lea Green Drive, Blackpool	D	Marton Moss	FY4	4	*78.5*	265000	3375.8
Rightmove	N/A	The Wren, Marton Meadow, Cropper Road, Blackpool	D	Marton Moss	FY4	4	*86.4*	240950	2788.8
Rightmove	N/A	St. Annes, Lytham St. Annes	S	St. Annes	FY8	3	*81.1973*	227750	2804.9
Rightmove	N/A	Shepherd Road, St. Annes, Lytham St. Annes	S	St. Annes	FY8	3	*81.1973*	239750	2952.7
Rightmove	N/A	St. Annes, Lytham St. Annes	D	St. Annes	FY8	3	*108.5108*	269750	2485.9
Rightmove	N/A	St. Annes, Lytham St. Annes	D	St. Annes	FY8	4	*120.4*	364750	3029.5
Rightmove	N/A	St. Annes, Lytham St. Annes	D	St. Annes	FY8	3	*110.8*	269750	2434.6

Sources: https://www.newhomesforsale.co.uk / Rightmove etc.

*Italics = proxy floor area

Appendix C Second-hand Market Survey (September 2021)

Source	Developer	Type of development	Address	Town	Town / Post code	Beds	m2*	Price £	£/m2
Rightmove	n/a	SD	Orchid Way	Blackpool	FY4	3	*311.7*	235,000	754
Rightmove	n/a	D	Magnolia Way	Blackpool	FY4	4	*150.2*	379,950	2530
Rightmove	n/a	D	Magnolia Way	Blackpool	FY4	3	*180*	260,000	1444
Rightmove	n/a	D	School Road	Blackpool	FY4	3	*200.5*	570,000	2843
Rightmove	n/a	D	School Road	Blackpool	FY4	5	*279.4*	799,950	2863
Rightmove	n/a	D	Midgeland Road	Blackpool	FY4	6	*247*	625,000	2530
Rightmove	n/a	D	Midgeland Road	Blackpool	FY4	4	*186*	350,000	1882
Rightmove	n/a	D	Division Lane	Blackpool	FY4	4	*165*	725,000	4394
Rightmove	n/a	D	Division Lane	Blackpool	FY4	5	*335.7*	750,000	2234
Rightmove	n/a	D	Division Lane	Blackpool	FY4	2	*73.19*	395,000	5397
Rightmove	n/a	D	Oakwood Close	Blackpool	FY4	2	*95.9*	234,950	2450
Rightmove	n/a	D	Common Edge Road	Blackpool	FY4	2	*95.19*	260,000	2731
Rightmove	n/a	Terrace	Bramley Close	Blackpool	FY4	3	*74.9*	175,000	2336
Rightmove	n/a	D	Harris Close	Blackpool	FY4	3	*64.5*	175,000	2713
Rightmove	n/a	D	Redwood Drive	Blackpool	FY4	4	*150.2*	375,000	2497
Rightmove	n/a	D	Redwood Drive	Blackpool	FY4	4	*149.8*	270,000	1802
Rightmove	n/a	D	Holly Wood Way	Blackpool	FY4	4	*104.4*	325,000	3113
Rightmove	n/a	D	Holly Wood Way	Blackpool	FY4	4	*119.96*	350,000	2918

Appendix D BCIS Construction Costs

BCIS®

RICS®

£/m2 study

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

Last updated: 11-Sep-2021 00:42

› Rebased to Blackpool (101; sample 25)

Maximum age of results: Default period

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest	
New build							
810.1 Estate housing							
Generally (15)	1,312	640	1,121	1,265	1,435	4,536	1524
Single storey (15)	1,475	836	1,246	1,424	1,645	4,536	251
2-storey (15)	1,268	640	1,106	1,237	1,384	2,744	1172
3-storey (15)	1,353	816	1,092	1,299	1,513	2,710	96
4-storey or above (15)	2,755	1,348	2,212	2,470	3,676	4,070	5
810.11 Estate housing detached (15)	1,695	983	1,265	1,443	1,704	4,536	21
810.12 Estate housing semi detached							
Generally (15)	1,307	774	1,134	1,277	1,434	2,415	360
Single storey (15)	1,458	966	1,254	1,441	1,598	2,415	74
2-storey (15)	1,269	774	1,124	1,249	1,389	2,205	273
3-storey (15)	1,246	928	990	1,216	1,344	1,895	13
810.13 Estate housing terraced							
Generally (15)	1,353	816	1,115	1,278	1,493	4,070	291
Single storey (15)	1,513	995	1,290	1,415	1,763	2,145	29
2-storey (15)	1,304	823	1,102	1,250	1,436	2,744	215
3-storey (15)	1,370	816	1,088	1,291	1,504	2,710	45
4-storey or above (10)	3,873	3,676	-	-	-	4,070	2
816. Flats (apartments)							
Generally (15)	1,545	762	1,289	1,466	1,738	5,289	871
1-2 storey (15)	1,463	900	1,247	1,401	1,632	2,623	203
3-5 storey (15)	1,523	762	1,281	1,458	1,721	3,255	569
6 storey or above (15)	1,850	1,130	1,495	1,737	1,984	5,289	96

Appendix E Modelling Summary Sheets

Residual Land valuation				£0	
HCA DEVELOPMENT APPRAISAL TOOL		SUMMARY		DETAIL	
	Press for Single Page Summary			Press for 4 page detail	
SCHEME					
Site Address	Adj. to Fern Bank, Division Lane	Date of appraisal	20/09/2021		
Site Reference	Site MM29	Net Residential Site Area	0.82		
File Source		Author & Organisation	AECOM		
Scheme Description	1.03 Ha site for residential development of 4 dwgs	Registered Provider (whe	0		

CAPITAL VALUE OF OPEN MARKET HOUSING			**£1,063,300**	£ 2,450 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency	**£569,625**	£ 1,313 psqm		
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING				**£493,675**
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)			**£0**	
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING			**£0**	
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)			**£0**	
BUILD COST OF AFFORDABLE HOUSING inc Contingency	**£0**	#DIV/0!		
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING				**£0**
Value of Residential Car Parking			**£0**	
Car Parking Build Costs	£0			
Capitalised Annual Ground Rents			**£0**	
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME			**£1,063,300**	
TOTAL BUILD COST OF RESIDENTIAL SCHEME	**£569,625**			
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME				**£493,675**
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME			**£0**	
COSTS OF NON-RESIDENTIAL SCHEME	**£0**			
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL				**£0**
GROSS DEVELOPMENT VALUE OF SCHEME			**£1,063,300**	
TOTAL BUILD COSTS	**£569,625**			
TOTAL CONTRIBUTION TO SCHEME COSTS				**£493,675**

External Works & Infrastructure Costs (£)			Per unit	% of GDV	per Hectare
Site Preparation/Demolition		£0			
Roads and Sewers		£0			
Services (Power, Water, Gas, Telco and IT)		£0			
Strategic Landscaping		£0			
Off Site Works		£0			
Public Open Space		£0			
Site Specific Sustainability Initiatives		£0			
Plot specific external works		£0			
Other 1 - Externals		£55,000	13,750	5.2%	53,398
Over extra - double garage for all 4 bed properties @ 13,000/unit		£26,000	6,500	2.4%	25,243
		£81,000		7.6%	78,641
Other site costs					
Fees and certification	10.0%	£54,250	13,563	5.1%	52,670
Other Acquisition Costs (£)		£0			
Site Abnormals (£)					
De-canting tenants		£0			
Decontamination		£0			
Other		£0			
Other 2		£0			
Other 3		£0			
Other 4		£0			
Other 5		£0			
		£0			
Total Site Costs inc Fees		**£135,250**	33,813		
Statutory 106 costs		**£0**			
Total Marketing Costs		**£47,849**			
Total Direct Costs			**£752,724**		

Finance and acquisition costs			
Land Payment	£113,624	28,406 per OM home	110,315 per hectare
Arrangement Fee	£0	0.0% of interest	
Misc Fees (Surveyors etc)	£0	0.00% of scheme value	
Agents Fees	£1,136		
Legal Fees	£568		
Stamp Duty	£0		
Total Interest Paid	£3,853		
Total Finance and Acquisition Costs		**£119,182**	
Total Operating Profit		**£191,394**	

(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)

TOTAL COST	**£1,063,300**	
Surplus/(Deficit) at completion 1/11/2022		**£0**
Present Value of Surplus (Deficit) at 20/9/2021		**£0**

Scheme Investment MIRR	**75.5%** (before Developer's returns and interest to avoid double counting returns)		
Site Value as a Percentage of Total Scheme Value	10.7%	Peak Cash Requirement	-£249,220
Site Value (PV) per hectare	£1 per hectare	£0 per acre	

Residual Land valuation				£0	
HCA DEVELOPMENT APPRAISAL TOOL		SUMMARY		DETAIL	
	Press for Single Page Summary				Press for 4 page detail

SCHEME

Site Address	The Bungalow Nurseries, Worthington Road	Date of appraisal	20/09/2021
Site Reference	Site MM21	Net Residential Site Area	0.3
File Source		Author & Organisation	AECOM
Scheme Description	0.32 Ha site for residential development of 1 dwg	Registered Provider (whe	0

CAPITAL VALUE OF OPEN MARKET HOUSING			**£303,800**	£ 2,450 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency	**£162,750**	£ 1,313 psqm		
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING				**£141,050**
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)			**£0**	
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING			**£0**	
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)			**£0**	
BUILD COST OF AFFORDABLE HOUSING inc Contingency	**£0**	#DIV/0!		
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING				**£0**
Value of Residential Car Parking			**£0**	
Car Parking Build Costs	£0			
Capitalised Annual Ground Rents			**£0**	
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME			**£303,800**	
TOTAL BUILD COST OF RESIDENTIAL SCHEME	**£162,750**			
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME				**£141,050**
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME			**£0**	
COSTS OF NON-RESIDENTIAL SCHEME	**£0**			
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL				**£0**
GROSS DEVELOPMENT VALUE OF SCHEME			**£303,800**	
TOTAL BUILD COSTS	**£162,750**			
TOTAL CONTRIBUTION TO SCHEME COSTS				**£141,050**

External Works & Infrastructure Costs (£)			Per unit	% of GDV	per Hectare
Site Preparation/Demolition		£0			
Roads and Sewers		£0			
Services (Power, Water, Gas, Telco and IT)		£0			
Strategic Landscaping		£0			
Off Site Works		£0			
Public Open Space		£0			
Site Specific Sustainability Initiatives		£0			
Plot specific external works		£0			
Other 1 - Externals		£17,000	17,000	5.6%	51,829
Over extra - double garage for all 4 bed properties @ 13,000/unit		£13,000	13,000	4.3%	39,634
		£30,000		9.9%	91,463
Other site costs					
Fees and certification	10.0%	£15,500	15,500	5.1%	47,256
Other Acquisition Costs (£)		£0			
Site Abnormals (£)					
De-canting tenants		£0			
Decontamination		£0			
Other		£0			
Other 2		£0			
Other 3		£0			
Other 4		£0			
Other 5		£0			
		£0			
Total Site Costs inc Fees		**£45,500**	45,500		
Statutory 106 costs		**£0**			
Total Marketing Costs		**£13,671**			
Total Direct Costs			**£221,921**		

Finance and acquisition costs

Land Payment	£25,916	25,916 per OM home	79,011 per hectare
Arrangement Fee	£0	0.0% of interest	
Misc Fees (Surveyors etc)	£0	0.00% of scheme value	
Agents Fees	£259		
Legal Fees	£130		
Stamp Duty	£0		
Total Interest Paid	£891		
Total Finance and Acquisition Costs		**£27,195**	
Total Operating Profit		**£54,684**	

(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)

TOTAL COST	**£303,800**	
Surplus/(Deficit) at completion 1/11/2022		**(£)**
Present Value of Surplus (Deficit) at 20/9/2021		**(£)**

Scheme Investment MIRR	**81.4%** (before Developer's returns and interest to avoid double counting returns)		
Site Value as a Percentage of Total Scheme Value	8.5%	Peak Cash Requirement	-£65,532
Site Value (PV) per hectare	-£2 per hectare	-£1 per acre	

Residual Land valuation				£0	
HCA DEVELOPMENT APPRAISAL TOOL	Press for Single Page Summary	SUMMARY		DETAIL	Press for 4 page detail

SCHEME

Site Address	Caradaw Farm, School Road	Date of appraisal	20/09/2021
Site Reference	Site MM13 scenario 1	Net Residential Site Area	0.37
File Source		Author & Organisation	AECOM
Scheme Description	0.41 Ha site for residential development of 3 dwg	Registered Provider (whe	0

CAPITAL VALUE OF OPEN MARKET HOUSING			**£759,500**	£ 2,450 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency	**£406,875**	£ 1,313 psqm		
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING				**£352,625**
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)			**£0**	
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING			**£0**	
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)			**£0**	
BUILD COST OF AFFORDABLE HOUSING inc Contingency	**£0**	#DIV/0!		
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING				**£0**
Value of Residential Car Parking			**£0**	
Car Parking Build Costs	£0			
Capitalised Annual Ground Rents			**£0**	
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME			**£759,500**	
TOTAL BUILD COST OF RESIDENTIAL SCHEME	**£406,875**			
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME				**£352,625**
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME			**£0**	
COSTS OF NON-RESIDENTIAL SCHEME	**£0**			
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL				**£0**
GROSS DEVELOPMENT VALUE OF SCHEME			**£759,500**	
TOTAL BUILD COSTS	**£406,875**			
TOTAL CONTRIBUTION TO SCHEME COSTS				**£352,625**

External Works & Infrastructure Costs (£)			Per unit	% of GDV	per Hectare
Site Preparation/Demolition		£0			
Roads and Sewers		£0			
Services (Power, Water, Gas, Telco and IT)		£0			
Strategic Landscaping		£0			
Off Site Works		£0			
Public Open Space		£0			
Site Specific Sustainability Initiatives		£0			
Plot specific external works		£0			
Other 1 - Externals		£40,000	13,333	5.3%	97,561
Over extra - double garage for all 4 bed properties @ 13,000/unit		£13,000	4,333	1.7%	31,707
		£53,000		7.0%	129,268
Other site costs					
Fees and certification	10.0%	£38,750	12,917	5.1%	94,512
Other Acquisition Costs (£)		£0			
Site Abnormals (£)					
De-canting tenants		£0			
Decontamination		£0			
Other		£0			
Other 2		£0			
Other 3		£0			
Other 4		£0			
Other 5		£0			
		£0			
Total Site Costs inc Fees		**£91,750**	30,583		
Statutory 106 costs		**£0**			
Total Marketing Costs		**£34,178**			
Total Direct Costs			**£532,803**		

Finance and acquisition costs			
Land Payment	£85,800	28,600 per OM home	209,267 per hectare
Arrangement Fee	£0	0.0% of interest	
Misc Fees (Surveyors etc)	£0	0.00% of scheme value	
Agents Fees	£858		
Legal Fees	£429		
Stamp Duty	£0		
Total Interest Paid	£2,901		
Total Finance and Acquisition Costs		**£89,988**	
Total Operating Profit		**£136,710**	

(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)

TOTAL COST	**£759,500**	
Surplus/(Deficit) at completion 1/11/2022		**(£)**
Present Value of Surplus (Deficit) at 20/9/2021		**(£)**

Scheme Investment MIRR	**74.0%**	(before Developer's returns and interest to avoid double counting returns)	
Site Value as a Percentage of Total Scheme Value	11.3%	Peak Cash Requirement	-£182,035
Site Value (PV) per hectare	-£1 per hectare	£0 per acre	

AECOM Imagine it. Delivered.

Residual Land valuation			£0	
HCA DEVELOPMENT APPRAISAL TOOL	Press for Single Page Summary	SUMMARY	DETAIL	Press for 4 page detail

SCHEME

Site Address	Caradaw Farm, School Road	Date of appraisal	20/09/2021
Site Reference	Site MM13 scenario 2	Net Residential Site Area	0.37
File Source		Author & Organisation	AECOM
Scheme Description	0.41 Ha site for residential development of 6 dwg	Registered Provider (whe	0

CAPITAL VALUE OF OPEN MARKET HOUSING			**£1,195,600**	£ 2,450 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency	**£640,500**	£ 1,313 psqm		
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING				**£555,100**
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)			**£0**	
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING			**£0**	
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)			**£0**	
BUILD COST OF AFFORDABLE HOUSING inc Contingency	**£0**	#DIV/0!		
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING				**£0**
Value of Residential Car Parking			**£0**	
Car Parking Build Costs	£0			
Capitalised Annual Ground Rents			**£0**	
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME			**£1,195,600**	
TOTAL BUILD COST OF RESIDENTIAL SCHEME	**£640,500**			
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME				**£555,100**
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME			**£0**	
COSTS OF NON-RESIDENTIAL SCHEME	**£0**			
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL				**£0**
GROSS DEVELOPMENT VALUE OF SCHEME			**£1,195,600**	
TOTAL BUILD COSTS	**£640,500**			
TOTAL CONTRIBUTION TO SCHEME COSTS				**£555,100**

External Works & Infrastructure Costs (£)			Per unit	% of GDV	per Hectare
Site Preparation/Demolition		£0			
Roads and Sewers		£0			
Services (Power, Water, Gas, Telco and IT)		£0			
Strategic Landscaping		£0			
Off Site Works		£0			
Public Open Space		£0			
Site Specific Sustainability Initiatives		£0			
Plot specific external works		£0			
Other 1 - Externals		£65,000	10,833	5.4%	158,537
Over extra - double garage for all 4 bed properties @ 13,000/unit		£0			
		£65,000		5.4%	158,537
Other site costs					
Fees and certification	10.0%	£61,000	10,167	5.1%	148,780
Other Acquisition Costs (£)		£0			
Site Abnormals (£)					
De-canting tenants		£0			
Decontamination		£0			
Other		£0			
Other 2		£0			
Other 3		£0			
Other 4		£0			
Other 5		£0			
		£0			

Total Site Costs inc Fees	**£126,000**	21,000	
Statutory 106 costs	**£0**		
Total Marketing Costs	**£53,802**		
Total Direct Costs		**£820,302**	

Finance and acquisition costs

Land Payment	£152,617	25,436 per OM home	372,237 per hectare
Arrangement Fee	£0	0.0% of interest	
Misc Fees (Surveyors etc)	£0	0.00% of scheme value	
Agents Fees	£1,526		
Legal Fees	£763		
Stamp Duty	£52		
Total Interest Paid	£5,131		

Total Finance and Acquisition Costs	**£160,090**	
Total Operating Profit	**£215,208**	
(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)		
TOTAL COST	**£1,195,600**	
Surplus/(Deficit) at completion 1/11/2022		**(£)**
Present Value of Surplus (Deficit) at 20/9/2021		**(£)**

Scheme Investment MIRR	**70.6%** (before Developer's returns and interest to avoid double counting returns)		
Site Value as a Percentage of Total Scheme Value	12.8%	Peak Cash Requirement	-£301,812
Site Value (PV) per hectare	£0 per hectare	£0 per acre	

Residual Land valuation	£0

HCA DEVELOPMENT APPRAISAL TOOL

Press for Single Page Summary | SUMMARY | DETAIL | Press for 4 page detail

SCHEME

Site Address	Adj. to 9 Fishers Lane	Date of appraisal	20/09/2021
Site Reference	Site MM24	Net Residential Site Area	0.46
File Source		Author & Organisation	AECOM
Scheme Description	0.57 Ha site for residential development of 2 dwg	Registered Provider (whe	0

CAPITAL VALUE OF OPEN MARKET HOUSING			**£607,600**	£ 2,450 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency	**£325,500**	£ 1,313 psqm		
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING				**£282,100**
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)			**£0**	
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING			**£0**	
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)			**£0**	
BUILD COST OF AFFORDABLE HOUSING inc Contingency	**£0**	#DIV/0!		
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING				**£0**
Value of Residential Car Parking			**£0**	
Car Parking Build Costs	£0			
Capitalised Annual Ground Rents			**£0**	
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME			**£607,600**	
TOTAL BUILD COST OF RESIDENTIAL SCHEME	**£325,500**			
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME				**£282,100**
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME			**£0**	
COSTS OF NON-RESIDENTIAL SCHEME	**£0**			
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL				**£0**
GROSS DEVELOPMENT VALUE OF SCHEME			**£607,600**	
TOTAL BUILD COSTS	**£325,500**			
TOTAL CONTRIBUTION TO SCHEME COSTS				**£282,100**

External Works & Infrastructure Costs (£)			Per unit	% of GDV	per Hectare
Site Preparation/Demolition		£0			
Roads and Sewers		£0			
Services (Power, Water, Gas, Telco and IT)		£0			
Strategic Landscaping		£0			
Off Site Works		£0			
Public Open Space		£0			
Site Specific Sustainability Initiatives		£0			
Plot specific external works		£0			
Other 1 - Externals		£32,000	16,000	5.3%	55,846
Over extra - double garage for all 4 bed properties @ 13,000/unit		£26,000	13,000	4.3%	45,375
		£58,000		9.5%	101,222
Other site costs					
Fees and certification	10.0%	£31,000	15,500	5.1%	54,101
Other Acquisition Costs (£)		£0			
Site Abnormals (£)					
De-canting tenants		£0			
Decontamination		£0			
Other		£0			
Other 2		£0			
Other 3		£0			
Other 4		£0			
Other 5		£0			
		£0			
Total Site Costs inc Fees		**£89,000**	44,500		
Statutory 106 costs		**£0**			
Total Marketing Costs		**£27,342**			
Total Direct Costs			**£441,842**		

Finance and acquisition costs				
Land Payment	£53,741	26,870	per OM home	93,788 per hectare
Arrangement Fee	£0	0.0%	of interest	
Misc Fees (Surveyors etc)	£0	0.00%	of scheme value	
Agents Fees	£537			
Legal Fees	£269			
Stamp Duty	£0			
Total Interest Paid	£1,843			
Total Finance and Acquisition Costs		**£56,390**		
Total Operating Profit		**£109,368**		

(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)

TOTAL COST	**£607,600**	
Surplus/(Deficit) at completion 1/11/2022		**(£)**
Present Value of Surplus (Deficit) at 20/9/2021		**(£)**

Scheme Investment MIRR **80.5%** (before Developer's returns and interest to avoid double counting returns)

Site Value as a Percentage of Total Scheme Value	8.8%	Peak Cash Requirement	-£132,718
Site Value (PV) per hectare	£0 per hectare	£0 per acre	

Residual Land valuation				£0	
HCA DEVELOPMENT APPRAISAL TOOL		SUMMARY		DETAIL	
	Press for Single Page Summary			Press for 4 page detail	
SCHEME					
Site Address	Dean Nurseries, Chapel Road	Date of appraisal	20/09/2021		
Site Reference	MM14b	Net Residential Site Area	0.33		
File Source		Author & Organisation	AECOM		
Scheme Description	0.57 Ha site for residential development of 6 dwg	Registered Provider (whe	0		

CAPITAL VALUE OF OPEN MARKET HOUSING				**£1,594,950**	£ 2,450 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency		**£854,438**	£ 1,313 psqm		
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING					**£740,513**
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)				**£0**	
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING				**£0**	
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)				**£0**	
BUILD COST OF AFFORDABLE HOUSING inc Contingency		**£0**	#DIV/0!		
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING					**£0**
Value of Residential Car Parking				**£0**	
Car Parking Build Costs		£0			
Capitalised Annual Ground Rents				**£0**	
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME				**£1,594,950**	
TOTAL BUILD COST OF RESIDENTIAL SCHEME		**£854,438**			
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME					**£740,513**
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME				**£0**	
COSTS OF NON-RESIDENTIAL SCHEME		**£0**			
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL					**£0**
GROSS DEVELOPMENT VALUE OF SCHEME				**£1,594,950**	
TOTAL BUILD COSTS		**£854,438**			
TOTAL CONTRIBUTION TO SCHEME COSTS					**£740,513**

External Works & Infrastructure Costs (£)			Per unit	% of GDV	per Hectare
Site Preparation/Demolition		£0			
Roads and Sewers		£0			
Services (Power, Water, Gas, Telco and IT)		£0			
Strategic Landscaping		£0			
Off Site Works		£0			
Public Open Space		£0			
Site Specific Sustainability Initiatives		£0			
Plot specific external works		£0			
Other 1 - Externals		£85,000	14,167	5.3%	229,730
Over extra - double garage for all 4 bed properties @ 13,000/unit		£39,000	6,500	2.4%	105,405
		£124,000		7.8%	335,135
Other site costs					
Fees and certification	10.0%	£81,375	13,563	5.1%	219,932
Other Acquisition Costs (£)		£0			
Site Abnormals (£)					
De-canting tenants		£0			
Decontamination		£0			
Other		£0			
Other 2		£0			
Other 3		£0			
Other 4		£0			
Other 5		£0			
		£0			
Total Site Costs inc Fees		**£205,375**	34,229		
Statutory 106 costs		**£0**			
Total Marketing Costs		**£71,773**			
Total Direct Costs			**£1,131,585**		

Finance and acquisition costs				
Land Payment	£167,701	27,950 per OM home		453,245 per hectare
Arrangement Fee	£0	0.0% of interest		
Misc Fees (Surveyors etc)	£0	0.00% of scheme value		
Agents Fees	£1,677			
Legal Fees	£839			
Stamp Duty	£354			
Total Interest Paid	£5,704			
Total Finance and Acquisition Costs		**£176,274**		
Total Operating Profit		**£287,091**		

(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)

TOTAL COST	**£1,594,950**		
Surplus/(Deficit) at completion 1/11/2022			**(£)**
Present Value of Surplus (Deficit) at 20/9/2021			**(£)**
Scheme Investment MIRR	**75.9%** (before Developer's returns and interest to avoid double counting returns)		
Site Value as a Percentage of Total Scheme Value	10.5%	Peak Cash Requirement	-£371,763
Site Value (PV) per hectare	-£1 per hectare	£0 per acre	

Residual Land valuation				£0	
HCA DEVELOPMENT APPRAISAL TOOL		SUMMARY		DETAIL	
	Press for Single Page Summary			Press for 4 page detail	
SCHEME					
Site Address	Off Magnolia Way	Date of appraisal	20/09/2021		
Site Reference	Site MM5	Net Residential Site Area	0.7		
File Source		Author & Organisation	AECOM		
Scheme Description	0.88 Ha site for residential 15 dwgs 0% affordable homes				
		Registered Provider (whe	0		

CAPITAL VALUE OF OPEN MARKET HOUSING			**£3,626,000**	£ 2,450 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency	**£1,942,500**	£ 1,313 psqm		
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING				**£1,683,500**
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)			**£0**	
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING			**£0**	
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)			**£0**	
BUILD COST OF AFFORDABLE HOUSING inc Contingency	**£0**	#DIV/0!		
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING				**£0**
Value of Residential Car Parking			**£0**	
Car Parking Build Costs	£0			
Capitalised Annual Ground Rents			**£0**	
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME			**£3,626,000**	
TOTAL BUILD COST OF RESIDENTIAL SCHEME	**£1,942,500**			
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME				**£1,683,500**
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME			**£0**	
COSTS OF NON-RESIDENTIAL SCHEME	**£0**			
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL				**£0**
GROSS DEVELOPMENT VALUE OF SCHEME			**£3,626,000**	
TOTAL BUILD COSTS	**£1,942,500**			
TOTAL CONTRIBUTION TO SCHEME COSTS				**£1,683,500**

External Works & Infrastructure Costs (£)			Per unit	% of GDV	per Hectare
Site Preparation/Demolition		£0			
Roads and Sewers		£0			
Services (Power, Water, Gas, Telco and IT)		£0			
Strategic Landscaping		£0			
Off Site Works		£0			
Public Open Space		£0			
Site Specific Sustainability Initiatives		£0			
Plot specific external works		£0			
Other 1 - Externals		£185,000	12,333	5.1%	211,187
Over extra - double garage for all 4 bed properties @ 13,000/unit		£65,000	4,333	1.8%	74,201
		£250,000		6.9%	285,388
Other site costs					
Fees and certification	10.0%	£185,000	12,333	5.1%	211,187
Other Acquisition Costs (£)		£0			
Site Abnormals (£)					
De-canting tenants		£0			
Decontamination		£0			
Other		£0			
Other 2		£0			
Other 3		£0			
Other 4		£0			
Other 5		£0			
		£0			
Total Site Costs inc Fees		**£435,000**	29,000		
Statutory 106 costs		**£0**			
Total Marketing Costs		**£163,170**			
Total Direct Costs			**£2,540,670**		

Finance and acquisition costs				
Land Payment	£403,011	26,867	per OM home	460,058 per hectare
Arrangement Fee	£0	0.0%	of interest	
Misc Fees (Surveyors etc)	£0	0.00%	of scheme value	
Agents Fees	£4,030			
Legal Fees	£2,015			
Stamp Duty	£9,651			
Total Interest Paid	£13,944			
Total Finance and Acquisition Costs		**£432,650**		
Total Operating Profit		**£652,680**		

(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)

TOTAL COST	**£3,626,000**		
Surplus/(Deficit) at completion 1/11/2022		**(£)**	
Present Value of Surplus (Deficit) at 20/9/2021		**(£)**	
Scheme Investment MIRR	**73.8%** (before Developer's returns and interest to avoid double counting returns)		
Site Value as a Percentage of Total Scheme Value	11.1%	Peak Cash Requirement	-£871,578
Site Value (PV) per hectare	£0 per hectare	£0 per acre	

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Residual Land valuation			£0	
HCA DEVELOPMENT APPRAISAL TOOL		SUMMARY	DETAIL	
	Press for Single Page Summary		Press for 4 page detail	
SCHEME				
Site Address	Dean Nurseries, Chapel Road	Date of appraisal	20/09/2021	
Site Reference	MM14b	Net Residential Site Area	0.33	
File Source		Author & Organisation	AECOM	
Scheme Description	0.57 Ha site for residential development of 6 dwg £3k/unit s106	Registered Provider (whe	0	

CAPITAL VALUE OF OPEN MARKET HOUSING			**£1,594,950**	£ 2,450 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency	**£854,438**	£ 1,313 psqm		
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING				**£740,513**
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)			**£0**	
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING			**£0**	
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)			**£0**	
BUILD COST OF AFFORDABLE HOUSING inc Contingency	**£0**	#DIV/0!		
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING				**£0**
Value of Residential Car Parking			**£0**	
Car Parking Build Costs	£0			
Capitalised Annual Ground Rents			**£0**	
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME			**£1,594,950**	
TOTAL BUILD COST OF RESIDENTIAL SCHEME	**£854,438**			
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME				**£740,513**
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME			**£0**	
COSTS OF NON-RESIDENTIAL SCHEME	**£0**			
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL				**£0**
GROSS DEVELOPMENT VALUE OF SCHEME			**£1,594,950**	
TOTAL BUILD COSTS	**£854,438**			
TOTAL CONTRIBUTION TO SCHEME COSTS				**£740,513**

			Per unit	% of GDV	per Hectare
External Works & Infrastructure Costs (£)					
Site Preparation/Demolition		£0			
Roads and Sewers		£0			
Services (Power, Water, Gas, Telco and IT)		£0			
Strategic Landscaping		£0			
Off Site Works		£0			
Public Open Space		£0			
Site Specific Sustainability Initiatives		£0			
Plot specific external works		£0			
Other 1 - Externals		£85,000	14,167	5.3%	229,730
Over extra - double garage for all 4 bed properties @ 13,000/unit		£39,000	6,500	2.4%	105,405
		£124,000		7.8%	335,135
Other site costs					
Fees and certification	10.0%	£81,375	13,563	5.1%	219,932
Other Acquisition Costs (£)		£0			
Site Abnormals (£)					
De-canting tenants		£0			
Decontamination		£0			
Other		£0			
Other 2		£0			
Other 3		£0			
Other 4		£0			
Other 5		£0			
		£0			
Total Site Costs inc Fees		**£205,375**	34,229		
Statutory 106 costs		**£18,000**	3,000		
Total Marketing Costs		**£71,773**			
Total Direct Costs			**£1,149,585**		

Finance and acquisition costs				
Land Payment	£150,842	25,140 per OM home		407,680 per hectare
Arrangement Fee	£0	0.0% of interest		
Misc Fees (Surveyors etc)	£0	0.00% of scheme value		
Agents Fees	£1,508			
Legal Fees	£754			
Stamp Duty	£17			
Total Interest Paid	£5,153			
Total Finance and Acquisition Costs		**£158,274**		
Total Operating Profit		**£287,091**		
(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)				
TOTAL COST		**£1,594,950**		
Surplus/(Deficit) at completion 1/11/2022			**£0**	
Present Value of Surplus (Deficit) at 20/9/2021			**£0**	
Scheme Investment MIRR	**78.8%**	(before Developer's returns and interest to avoid double counting returns)		
Site Value as a Percentage of Total Scheme Value	9.5%		Peak Cash Requirement	-£356,866
Site Value (PV) per hectare	£1 per hectare		£0 per acre	

Residual Land valuation				£0	
HCA DEVELOPMENT APPRAISAL TOOL		SUMMARY		DETAIL	
	Press for Single Page Summary			Press for 4 page detail	
SCHEME					
Site Address	Off Magnolia Way	Date of appraisal	20/09/2021		
Site Reference	Site MM5	Net Residential Site Area	0.7		
File Source		Author & Organisation	AECOM		
Scheme Description	0.88 Ha site for residential 15 dwgs £1.2k/unit s106 27% affordable homes	Registered Provider (whe	0		

CAPITAL VALUE OF OPEN MARKET HOUSING			**£2,957,250**	£ 2,406 psqm
BUILD COST OF OPEN MARKET HOUSING inc Contingency	**£1,613,063**	£ 1,313 psqm		
CONTRIBUTION TO SCHEME COSTS FROM OPEN MARKET HOUSING				**£1,344,188**
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (EXCLUDING OTHER FUNDING)			**£469,372**	
OTHER SOURCES OF AFFORDABLE HOUSING FUNDING			**£0**	
CAPITAL VALUE OF ALL AFFORDABLE HOUSING (INCLUDING OTHER FUNDING)			**£469,372**	
BUILD COST OF AFFORDABLE HOUSING inc Contingency	**£329,438**	£ 1,313 psqm		
CONTRIBUTION TO SCHEME COSTS FROM AFFORDABLE HOUSING				**£139,935**
Value of Residential Car Parking			**£0**	
Car Parking Build Costs	£0			
Capitalised Annual Ground Rents			**£0**	
TOTAL CAPITAL VALUE OF RESIDENTIAL SCHEME			**£3,426,622**	
TOTAL BUILD COST OF RESIDENTIAL SCHEME	**£1,942,500**			
TOTAL CONTRIBUTION OF RESIDENTIAL SCHEME				**£1,484,122**
CAPITAL VALUE OF NON-RESIDENTIAL SCHEME			**£0**	
COSTS OF NON-RESIDENTIAL SCHEME	**£0**			
CONTRIBUTION TO SCHEME COSTS FROM NON-RESIDENTIAL				**£0**
GROSS DEVELOPMENT VALUE OF SCHEME			**£3,426,622**	
TOTAL BUILD COSTS	**£1,942,500**			
TOTAL CONTRIBUTION TO SCHEME COSTS				**£1,484,122**

			Per unit	% of GDV	per Hectare
External Works & Infrastructure Costs (£)					
Site Preparation/Demolition		£0			
Roads and Sewers		£0			
Services (Power, Water, Gas, Telco and IT)		£0			
Strategic Landscaping		£0			
Off Site Works		£0			
Public Open Space		£0			
Site Specific Sustainability Initiatives		£0			
Plot specific external works		£0			
Other 1 - Externals		£185,000	12,333	5.4%	211,187
Over extra - double garage for all 4 bed properties @ 13,000/unit		£65,000	4,333	1.9%	74,201
		£250,000		7.3%	285,388
Other site costs					
Fees and certification	10.0%	£185,000	12,333	5.4%	211,187
Other Acquisition Costs (£)		£0			
Site Abnormals (£)					
De-canting tenants		£0			
Decontamination		£0			
Other		£0			
Other 2		£0			
Other 3		£0			
Other 4		£0			
Other 5		£0			
		£0			
Total Site Costs inc Fees		**£435,000**	29,000		
Statutory 106 costs		**£14,400**	960		
Total Marketing Costs		**£133,076**			
Total Direct Costs			**£2,524,976**		

Finance and acquisition costs				
Land Payment	£328,407	27,367	per OM home	374,894 per hectare
Arrangement Fee	£0	0.0%	of interest	
Misc Fees (Surveyors etc)	£0	0.00%	of scheme value	
Agents Fees	£3,284			
Legal Fees	£1,642			
Stamp Duty	£5,920			
Total Interest Paid	£11,262			
Total Finance and Acquisition Costs		**£350,515**		
Total Operating Profit		**£551,130**		

(i.e. profit after deducting sales and site specific finance costs but before deducting developer overheads and taxation)

TOTAL COST	**£3,426,621**		
Surplus/(Deficit) at completion 1/11/2022		**£1**	
Present Value of Surplus (Deficit) at 20/9/2021		**£0**	
Scheme Investment MIRR	**75.2%** (before Developer's returns and interest to avoid double counting returns)		
Site Value as a Percentage of Total Scheme Value	9.6%	Peak Cash Requirement	-£720,588
Site Value (PV) per hectare	£1 per hectare	£0 per acre	