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**Ashfield District Council
Whole Plan
Viability Assessment
March 2023**



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Appendix 1 - Heb Surveyors Valuation Report December 2022
(Separate Report)

Appendix 2 – Gleeds Construction Cost Study Report October 2022
(Separate Report)

1 Executive Summary

Purpose of the Study

1.1 The purpose of the Viability Study is to assess the impact of proposed policies in the Ashfield Local Plan to determine the appropriate balance between Affordable Housing delivery targets, S106 contribution requirements and other Planning Policy impacts, to ensure the overall viability of the Plan and deliverability of new development over the plan period. The study considers policies that might affect the cost and value of development (e.g. Affordable Housing and Design and Construction Standards) in addition to the potential to accommodate Community Infrastructure Levy Charges if considered appropriate in the future. The area covered by the study is the Ashfield District Council administrative area.

1.2 Para 34 of the National Planning Policy Framework 2021 requires that plans should set out Affordable Housing and Infrastructure contributions expected from development but ensure that the level of these contributions does not undermine deliverability of development. An assessment of the costs and values of each category of development is therefore required to consider whether they will yield competitive returns to a willing land owner and willing developer thus enabling the identified development to proceed.

1.3 The study includes specific assessment of the ability of different categories of development within the Local Plan area to make Affordable Housing and infrastructure contributions, having taken account of the cost impacts of relevant planning policies. If there is any additional return beyond these reasonable allowances then this is the margin available to make CIL or other additional developer contributions. This information is provided to enable the Council to make informed decisions on the scope for review of its existing Affordable Housing and S106 contribution policies.

Methodology

1.4 The viability assessment comprises a number of key stages as outlined below:

EVIDENCE BASE – LAND & PROPERTY VALUATION STUDY

1.5 Collation of an area-wide evidence base of land and property values for both residential and commercial property.

EVIDENCE BASE – CONSTRUCTION COST STUDY

1.6 Collation of an area-wide evidence base of construction costs for both residential and commercial property.

1 Executive Summary

IDENTIFICATION OF SUB-MARKETS

1.7 Sub market identification informed by the valuation evidence gathered at stage one above, Large differences in values across a study area indicate the need to define independent sub areas for viability testing purposes and in turn these could inform potential charging zones for Community Infrastructure Levy Purposes.

POLICY IMPACT ASSESSMENT

1.8 Identification of the policies within the plan, which will have a direct impact on the costs of development and hence the viability of development. Typical policy impacts include affordable housing requirements and sustainable construction requirements.

VIABILITY APPRAISAL

1.9 Viability assessment for both residential and commercial development scenarios based on a series of typologies which reflect the development likely to emerge over the plan period. The assessments are conducted for both greenfield and brownfield development as it is recognised this can result in significant difference in viability.

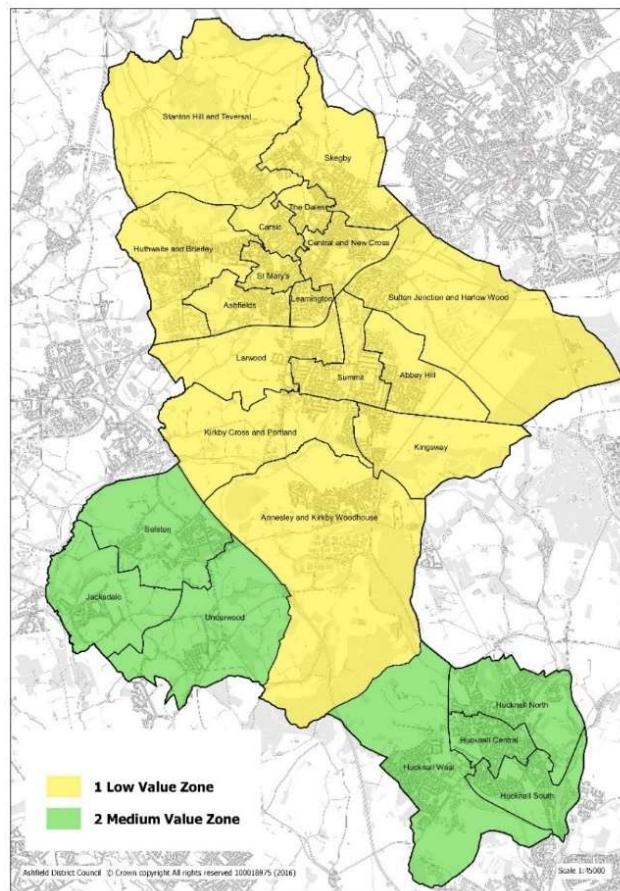
RESULTS

1.10 The viability results for both residential and commercial development typologies have been summarised below. The figures represent the margin of viability per square metre taking account of all development values and costs, plan policy impact costs and having made allowance for a competitive return to the landowner and developer. In essence a positive margin confirms whole plan viability, the level of margin indicates the potential for additional CIL charges or additional developer contributions.

Residential Viability

1.11 The Heb valuation study considered evidence of residential land and property values across Ashfield District and concluded that there are two distinct sub-market areas for residential development which warrant differential value assumptions being made in the Whole Plan Viability Assessment. The lower value areas are around Sutton and Kirkby with a higher value sub-market around Hucknall and the rural areas.

1 Executive Summary



1.12 A series of policy combination tests was undertaken at differing Affordable Housing delivery levels of 10%-30% with alternative levels of S106 contribution from £6,000 - £10,000 per dwelling. From these results (set out at Section 5) an optimum combination of policy based contributions was assessed as follows :-

Affordable Housing 10% on Brownfield Land and 25% on Greenfield Land

S106 Contribution per dwelling £8,000 (including Biodiversity Net Gain £600 per dwelling)

The following table illustrate the viability margin for the different residential typologies for greenfield and brownfield development based on the above developer contribution combination A positive margin indicates the combination of Affordable Housing and S106 contribution are viable and deliverable, The level of positive margin provides a guide to the potential for additional contributions, for instance through a Community Infrastructure Levy.


1 Executive Summary

Maximum Viability Margin per Sqm					
Sutton and Kirkby Zone	Urban Edge Large Scale	Urban Edge Medium Scale	Suburban/Rural Large Scale	Suburban/Rural Medium Scale	Infill Housing
10% Affordable Housing					
Brownfield	£19	£19	£18	£16	£103
25% Affordable Housing					
Greenfield	£37	£37	£31	£27	£236
Hucknall & Rural Zone	Urban Edge Large Scale	Urban Edge Medium Scale	Suburban/Rural Large Scale	Suburban/Rural Medium Scale	Infill Housing
10% Affordable Housing					
Brownfield	£54	£54	£53	£52	£136
25 % Affordable Housing					
Greenfield	£75	£75	£70	£66	£270

1.13 The testing showed that Ashfield District Local Plan Policies are viable for most forms of housing development. The testing demonstrated significant differences between the viability of brownfield and greenfield sites with opportunity to operate differential affordable housing and infrastructure contributions policies based on the existing greenfield or brownfield use of land.

Commercial Viability

1.14 The initial assessment of commercial land and property values indicate that there are no significant differences in values to justify differential sub-markets based on assumptions or differential CIL charging zones. The employment category viability results are set out below demonstrating that only greenfield distribution warehouse uses have a significant positive viability margin.

	Maximum Commercial CIL Rates per sq m	
	General Zone	
Charging Zone/Base Land Value	Greenfield	Brownfield
Industrial	-£295	-£375
Distribution Warehouse	£80	-£2

1 Executive Summary

1.15 It is envisaged that distribution uses will make up a significant proportion of employment development over the plan period with new greenfield sites accounting for the majority of new development in this category. As such the assessment demonstrates that this type of employment use will be viable and deliverable.

1.16 It should be stressed that whilst the generic appraisals showed that general industrial use is not viable based on the test assumptions, this does not mean that this type of development is not deliverable. For consistency, a full developer's profit allowance was included in all the commercial appraisals. In reality many employment developments are undertaken direct by the operators. If the development profit allowance is removed from the calculations, then much employment development would be viable and deliverable. In addition, it is common practice in mixed use schemes for the viable residential element of a development to be used to cross subsidise the delivery of the commercial component of a scheme.

Conclusions

1.17 The study demonstrates that most of the development proposed by the Local Plan is viable and deliverable taking account of the cost impacts of the policies proposed by the plan and the requirements for viability assessment set out in the NPPF.

1.18 The Council has a primarily greenfield residential delivery strategy and this type of development demonstrated strong positive viability across the entire District taking account of all policy impacts.

1.19 Brownfield residential development will also be deliverable subject to a lower level of Affordable Housing contribution. Greenfield residential development demonstrated strong positive viability with higher Affordable Housing delivery potential. Whilst the higher value sub-market area around Hucknall and surrounding rural areas indicated that 30% delivery may be possible, in order to maintain a significant viability 'buffer' a 25% target is recommended.

1.20 Based on the residential viability assessment results, the following differential Affordable Housing targets are recommended for standard residential and sheltered housing.

1 Executive Summary

	
Affordable Housing Targets	
Sub Market Area	
Sutton and Kirkby Zone	
Greenfield	25%
Brownfield	10%
Hucknall and Rural Zone	
Greenfield	25%
Brownfield	10%

1.21 The study is a strategic assessment of whole plan viability and as such is not intended to represent a detailed viability assessment of every individual site. The study applies the general assumptions in terms of affordable housing, planning policy costs impacts and identified site mitigation factors based on generic allowances. It is anticipated that more detailed mitigation cost and viability information may be required at planning application stage to determine the appropriate level of affordable housing and planning obligation contributions where viability issues are evidenced. The purpose of the study is to determine whether the development strategy proposed by the Plan is deliverable given the policy cost impacts of the Plan.

1.23 In conclusion, the assessment of all proposed residential sites in Ashfield District has been undertaken with due regard to the requirements of the NPPF and the best practice advice contained in National Planning Practice Guidance. It is considered that all sites are broadly viable across the entire plan period, taking account of all policy impacts of the Local Plan with additional potential to introduce CIL charges at some stage in the future.

1.24 It should be noted that this study should be seen as a strategic overview of plan level viability rather than as any specific interpretation of Ashfield District Council policy on the viability of any individual site or application of planning policy to affordable housing, CIL or developer contributions. Similarly, the conclusions and recommendations in the report do not necessarily reflect the views of Ashfield District Council.

2 Introduction

2.1 The purpose of the study is to assess the overall viability of the Ashfield District Local Plan and to review the viability of CIL charges by assessing the economic viability of development being promoted by the Plan.

2.2 In order to provide a robust assessment, the study uses generic development typologies to consider the cost and value impacts of the proposed plan policies and determine whether any additional viability margin exists to accommodate a Community Infrastructure Levy. The development viability assessments take account of policies in the plan, affordable housing requirements, mandatory requirements to be introduced during the Plan period such as the National Housing Standards and Sustainable Construction requirements to determine whether the proposed plan policies including CIL are viable and will not hinder the delivery of development in the plan period.

The NPPF and Relevant Guidance

2.3 The National Planning Policy Framework 2021 maintains the importance of viability assessment in considering appropriate Development Plan policy. Para 34 states :-

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

2.4 In tandem with the launch of the revised NPPF, the Government published new Planning Practice Guidance on Viability in July 2018. With respect to ‘Viability and Plan Making’, the guidance states :-

How should plan makers set policy requirements for contributions from development?

“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).

2 Introduction

These policy requirements should be informed by evidence of infrastructure and affordable housing need, and a proportionate assessment of viability that takes into account all relevant policies, and local and national standards, including the cost implications of the Community Infrastructure Levy (CIL) and section 106. Policy requirements should be clear so that they can be accurately accounted for in the price paid for land. To provide this certainty, affordable housing requirements should be expressed as a single figure rather than a range. Different requirements may be set for different types of site or types of development.

How should plan makers and site promoters ensure that policy requirements for contributions from development are deliverable?

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. The price paid for land is not a relevant justification for failing to accord with relevant policies in the plan.”

Should every site be assessed for viability in plan making?

Assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable. Plan makers can use site typologies to determine viability at the plan making stage. Assessment of samples of sites may be helpful to support evidence. In some circumstances more detailed assessment may be necessary for particular areas or key sites on which the delivery of the plan relies.

What is meant by a typology approach to viability?

A typology approach is where sites are grouped by shared characteristics such as location, whether brownfield or greenfield, size of site and current and proposed use or type of development.

2 Introduction

The characteristics used to group sites should reflect the nature of sites and type of development proposed for allocation in the plan.

Average costs and values can be used to make assumptions about how the viability of each type of site would be affected by all relevant policies. Comparing data from existing case study sites will help ensure assumptions of costs and values are realistic and broadly accurate. In using market evidence it is important to disregard outliers. Information from other evidence informing the plan (such as Strategic Housing Land Availability Assessments) can help inform viability assessment.

Why should strategic sites be assessed for viability in plan making?

It is important to consider the specific circumstances of strategic sites. Plan makers can undertake site specific viability assessment for sites that are critical to delivering the strategic priorities of the plan. This could include, for example, large sites, sites that provide a significant proportion of planned supply, sites that enable or unlock other development sites or sites within priority regeneration areas. Information from other evidence informing the plan (such as Strategic Housing Land Availability Assessments) can help inform viability assessment for strategic sites.

2.5 The NPPF remains the primary national planning policy advice on considering viability issues in planning supported by specific guidance in the National Planning Practice Guidance on Viability. However the RICS has produced guidance notes that still have some relevance - Assessing Viability in planning under the National Planning Policy Framework 2019 for England, March 2021.

2.6 The RICS guidance looks into the wider use of viability appraisal in planning beyond assisting in plan making and policy assessment (eg affordable housing contributions, planning obligation contributions and triggers, enabling development appraisal, heritage asset appraisal). The guiding principles of viability appraisal are the same as those outlined in the statutory government. In principle, both agree that a residual viability appraisal model is the most appropriate means of assessment. Whilst much of the guidance is more relevant to site specific appraisal it does include some relevant advice to Local Plan viability assessment.

3 Methodology

The Process

There are a number of key stages to Viability Assessment which may be set out as follows.

1) Evidence Base – Land & Property Valuation Study

3.1 Establish an area wide evidence base of land and property values for development in each sub-market area. The evidence base relies on the area wide valuation study undertaken by Heb Surveyors in 2022.

2) Evidence Base – Construction Cost Study

3.2 Establish an area wide evidence base of construction costs for each category of development relevant to the local area. The study will also indicate construction rates for professional fees, warranties, statutory fees and construction contingencies. The evidence base relies on the Construction Cost Study by Gleeds undertaken in 2022.

3) Identification of Sub Market Areas

3.3 The Heb Valuation Evidence considered the existence of potential sub-markets within the study area which might inform the application of differential value assumptions in the Whole Plan testing or inform the creation of differential Charging Zones as part of the progression of a Community Infrastructure Levy Charging Schedule.

4) Policy Impact Assessment

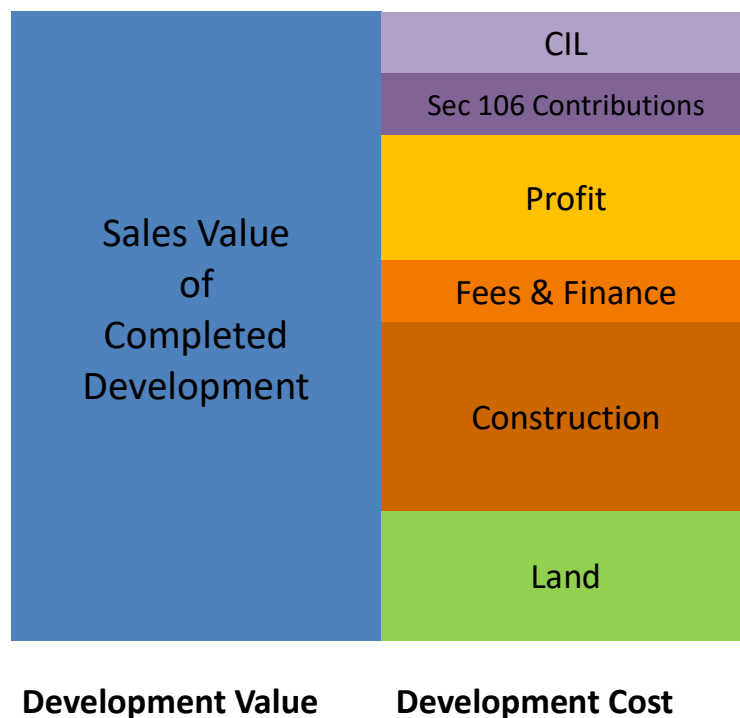
3.4 The study will establish the policies proposed by the plan that have a direct impact on the cost of development and apportion appropriate allowances based on advice from cost consultants, Gleeds, to be factored in the viability assessment. Typically cost impacts will include sustainable construction requirements based on National Housing Standards and BREEAM standards.

3 Methodology

5) Viability Appraisal – Whole Plan Assessment & Generic CIL Tests

3.5 The study employs a bespoke model to assess Local Plan viability in accordance with best practice guidance . The initial generic tests will be based on a series of development typologies to reflect the type of development likely to emerge over the plan period. The purpose of these tests is two-fold – it will firstly assess cumulative impact of the policies proposed by the plan to determine whether the overall development strategy is deliverable. Secondly the model will identify the level of additional margin, beyond a reasonable return for the landowner and developer, which may be available to accommodate CIL charges or additional developer contributions.

The Development Equation



3.7 The appraisal model is illustrated by the above diagram and summarises the ‘Development Equation’. On one side of the equation is the development value i.e. the sales value which will be determined by the market at any particular time. The variable element of the value in residential development appraisal will be determined by the proportion and mix of affordable housing applied to the scheme. Appropriate discounts for the relevant type of affordable housing will need to factored into this part of the appraisal.

3 Methodology

3.8 On the other side of the equation, the development cost includes the ‘fixed elements’ i.e. construction, fees, finance and developers profit. Developers profit is usually fixed as a minimum % return on gross development value generally set by the lending institution at the time. The flexible elements are the cost of land and the amount of developer contribution (CIL and Planning Obligations) sought by the Local Authority.

3.9 Economic viability is assessed using an industry standard Residual Model approach. The model subtracts the Land Value and the Fixed Development Costs from the Development Value to determine the viability or otherwise of the development and any additional margin available for CIL.

Viability Assessment Model

3.10 The NCS model is based on standard development appraisal methodology, comparing development value to development cost. The model factors in a reasonable return for the landowner with the established threshold value, a reasonable profit return to the developer and the assessed cost impacts of proposed planning policies to determine if there is a positive or negative residual output. Provided the margin is positive (ie Zero or above) then the development being assessed is deemed viable. The principles of the model are illustrated below.

Development Value (Based on Floor Area) Eg 10 x 3 Bed 100sqm Houses x £2,200per sqm	£2,200,000
Development Costs	
Land Value	£400,000
Construction Costs	£870,000
Abnormal Construction Costs (Optional)	£100,000
Professional Fees (% Costs)	£90,000
Legal Fees (% Value)	£30,000
Statutory Fees (% Costs)	£30,000
Sales & Marketing Fees (% Value)	£40,000
Contingencies (% Costs)	£50,000
Section 106 Contributions/Policy Impact Cost Assumptions/CIL (Strategic Site Testing Only)	£90,000
Finance Costs (% Costs)	£100,000
Developers Profit (% Return on GDV)	£350,000
Total Costs	£2,150,000
Output	
Additional Viability Margin	£50,000
Viability Margin per Sqm/Potential CIL Rate	£50 sqm

3 Methodology

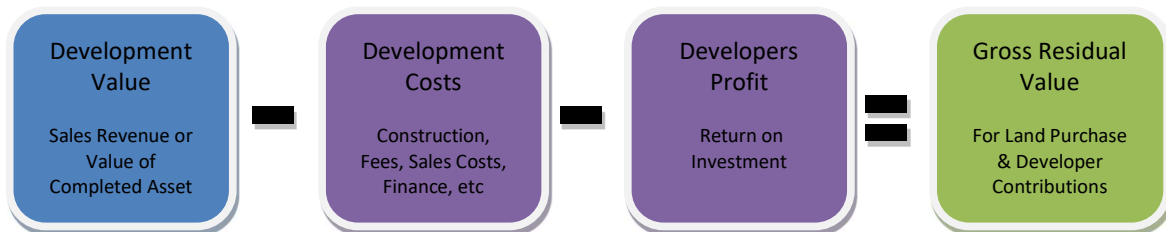
3.11 The model will calculate the gross margin available for developer contributions. The maximum rate of CIL that could be levied without rendering the development economically unviable is calculated by dividing the gross margin by the floorspace of the development being assessed.

3.12 It is important to note that the model applies % proportions and further % tenure splits to the housing scenarios to reflect affordable housing discounts which will generate fractional unit numbers. The model automatically rounds to the nearest whole number and therefore some results appear to attribute value proportions to houses which do not register in the appraisal. The fractional distribution of affordable housing discounts is considered to represent the most accurate illustration of the impact of affordable housing policy on viability.

Land Value Assumptions

3.13 It is generally accepted that developer contributions (Affordable Housing, CIL and S106), will be extracted from the residual land value (i.e. the margin between development value and development cost including a reasonable allowance for developers profit). Within this gross residual value will be a base land value (i.e. the minimum amount a landowner will accept to release a site) and a remaining margin for contributions.

Stage 1 – Residual Valuation



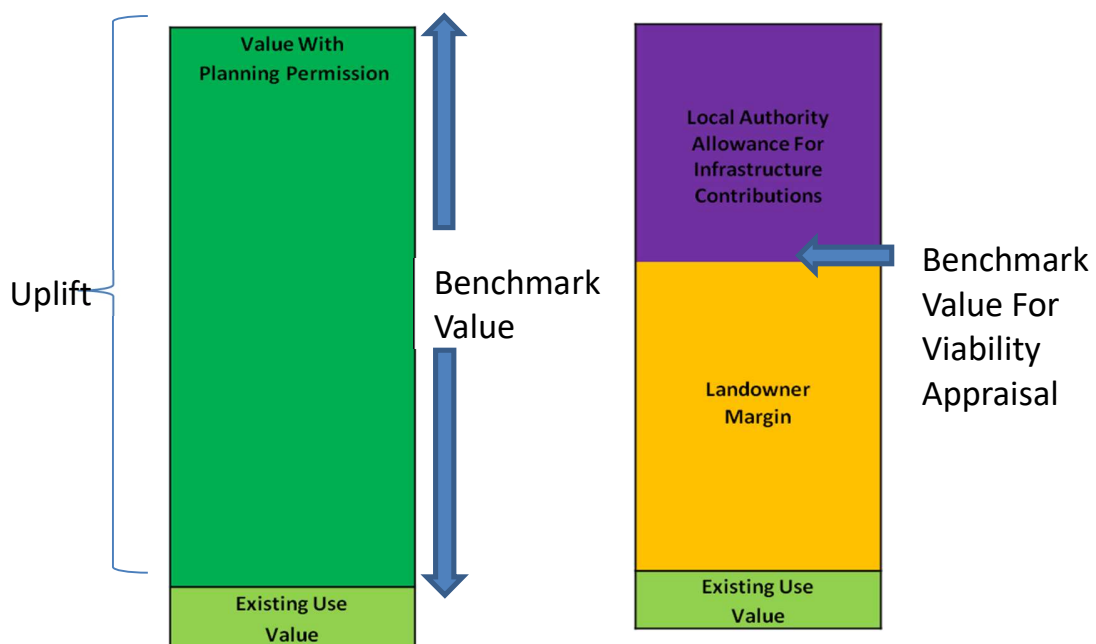
3.14 The approach to assessing the land element of the gross residual value is therefore the key to the robustness of any viability appraisal. There is no single method of establishing threshold land values for the purpose of viability assessment in planning but the NPPF and emerging best practice guidance does provide a clear steer on the appropriate approach.

3 Methodology

Stage 2 – Establishing Base Land Value



Land Value Benchmarking (Threshold Land Values)



3.15 The above diagram illustrates the principles involved in establishing a robust benchmark for land value. Land will have an existing use value (EUV) based on its market value. This is generally established by comparable evidence of the type of land being assessed (e.g. agricultural value for greenfield sites or perhaps industrial value for brownfield sites may be regarded as reasonable existing use value starting points and may be easily established from comparable market evidence).

3 Methodology

3.16 The Gross Residual Value of the land for an alternative use (e.g residential use) represents the difference between development value and development cost after a reasonable allowance for development profit, assuming planning permission has been granted. The gross residual value does not make allowance for the impact of development plan policies on development cost and therefore represents the maximum potential value of land that landowners may aspire to.

3.17 In order to establish a benchmark land value for the purpose of CIL viability appraisal, it must be recognised that Local Authorities will have a reasonable expectation that, in granting planning permission, the resultant development will yield contributions towards infrastructure and affordable housing. The cost of these contributions will increase the development cost and therefore reduce the residual value available to pay for the land.

3.18 The appropriate benchmark value will therefore lie somewhere between existing use value and gross residual value based on alternative planning permission. This will of course vary significantly dependent on the category of development being assessed.

3.19 The key part of this process is establishing the point on this scale that balances a reasonable return to the landowner beyond existing use value and a reasonable margin to allow for infrastructure and affordable housing contributions to the Local Authority.

Benchmarking and Threshold Land Value Guidance

3.20 Benchmarking is an approach which Homes England refer to in 'Investment and Planning Obligations: Responding to the Downturn'. This guide states: *"a viable development will support a residual land value at a level sufficiently above the site's existing use value (EUUV) or alternative use value (AUV) to support a land acquisition price acceptable to the landowner"*.

3.21 In 2012 the original NPPF recognised that, in assessing viability, unless a realistic return is allowed to a landowner to incentivise release of land, development sites are not going to be released and growth will be stifled. Following this the Local Housing Delivery Group (comprising, inter alia, the Local Government Association, the Homes and Communities Agency and the House Builders Federation) launched 'Viability Testing Local Plans' which provided practical advice in establishing benchmark thresholds at which landowners will release land. It stated :-

"Another key feature of a model and its assumptions that requires early discussion will be the Threshold Land Value that is used to determine the viability of a type of site. This Threshold Land Value should represent the value at which a typical willing landowner is likely to release land for development before payment of taxes (such as capital gains tax)".

Different approaches to Threshold Land Value are currently used within models, including consideration of:

- *Current use value with or without a premium.*
- *Apportioned percentages of uplift from current use value to residual value.*
- *Proportion of the development value.*
- *Comparison with other similar sites (market value).*

3 Methodology

We recommend that the Threshold Land Value is based on a premium over current use values and credible alternative use values. The precise figure that should be used as an appropriate premium above current use value should be determined locally. But it is important that there is evidence that it represents a sufficient premium to persuade landowners to sell”.

3.22 In September 2019 the Government updated the 2018 guidance on best practice in viability assessment (Planning Practice Guidance for Viability). This guidance essentially reflected principles established by the Harman Report and RICS Financial Viability in Planning. With respect to land value benchmarking the guidance stated the following :-

“How should land value be defined for the purpose of viability assessment?”

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 fully comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions. 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 with and provide robust and open evidence to inform this process.

What factors should be considered to establish benchmark land value?

Benchmark land value should:

- *be based upon existing use value*
- *allow for a premium to landowners (including equity resulting from those building their own homes)*
- *reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees.*

Viability assessments should be undertaken using benchmark land values derived in accordance with this guidance. Existing use value should be informed by market evidence of current uses, costs and values. Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. There may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners.

This evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.

3 Methodology

In plan making, the landowner premium should be tested and balanced against emerging policies. In decision making, the cost implications of all relevant policy requirements, including planning obligations and, where relevant, any Community Infrastructure Levy (CIL) charge should be taken into account.

Where viability assessment is used to inform decision making under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement).

What is meant by existing use value in viability assessment?

Existing use value (EUV) is the first component of calculating benchmark land value. EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development).

Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agent websites; property auction results; valuation office agency data; public sector estate/property teams' locally held evidence.

How should the premium to the landowner be defined for viability assessment?

The premium (or the 'plus' in EUV+) is the second component of benchmark land value. It is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements.

Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. Market evidence can include benchmark land values from other viability assessments. Land transactions can be used but only as a cross check to the other evidence. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners. Policy compliance means that the development complies fully with up to date plan policies including any policy requirements for contributions towards affordable housing requirements at the relevant levels set out in the plan. A decision maker can give appropriate weight to emerging policies. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement).

3 Methodology

NCS Approach to Land Value Benchmarking (Threshold Land Values)

3.23 NCS has given careful consideration to how the Threshold Land Value (i.e. the premium over existing use value) should be established in the light of both the existing and proposed guidance set out above.

3.24 We first adopt an appropriate benchmark for either greenfield or brownfield existing use value dependent on the type of site being assessed. These benchmarks are obtained from comparable market evidence of land sales for the relevant land use in the local area.

3.25 In determining the appropriate premium to the landowner above existing use value in the 'Existing Use Value Plus' approach, we have concluded that adopting a fixed % over existing value is inappropriate because the premium is tied solely to existing value – which will often be very low - rather than balancing the reasonable return aspirations of the landowner to pursue a return based on alternative use as required by the NPPF. Landowners are generally aware of what their land is worth with the benefit of planning permission. Therefore a fixed % uplift over existing use value will not generally be reflective of market conditions and may not be a realistic method of establishing threshold land value.

3.26 We believe that the uplift in value resulting from planning permission should effectively be shared between the landowner (as a reasonable return to incentivise the release of land) and the Local Authority (as a margin to enable infrastructure and affordable housing contributions). The % share of the uplift will vary dependent on the particular approach of each Authority but based on our experience the landowner will expect a minimum of 50% of the uplift in order for sites to be released. Generally, if a landowner believes the Local Authority is gaining greater benefit than he is unlikely to release the site and will wait for a change in planning policy. We therefore consider that a 50:50 split is a reasonable benchmark and will generate base land values that are fair to both landowners and the Local Authority (this became known as the 'Shinfield Approach' after the methodology adopted by the Inspector to establish benchmark land value in 2013 in an affordable housing appeal – ref. APP/X0360/A/12/2179141)

The Threshold Land Value is established as follows :-

Existing Use Value + % Share Of Uplift from Planning Permission = Threshold Land Value
EUV + Premium to Landowner = Benchmark

3.27 The resultant threshold values are then checked against market comparable evidence of land transactions in the Authority's area by our valuation team to ensure they are realistic. We believe this is a robust approach which is demonstrably fair to landowners and more importantly an approach which has been accepted at CIL and Local Plan Examinations we have undertaken.

3 Methodology

Worked Example of EUV+ Illustrating Fixed% over Existing Use vs % Share of Uplift

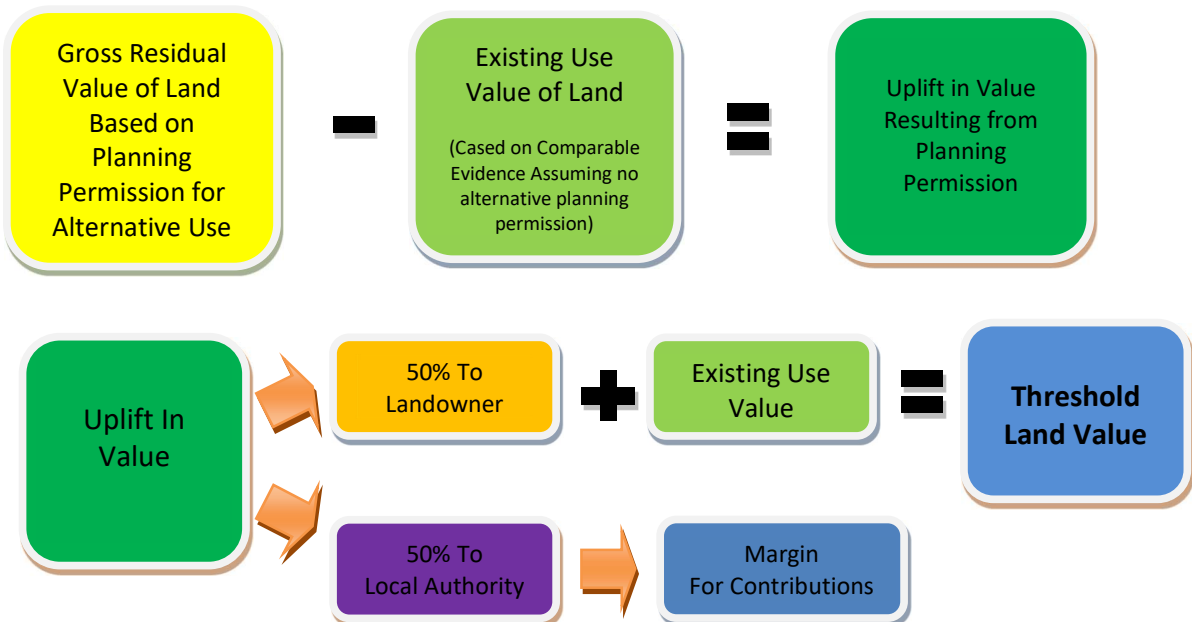
3.28 A landowner owns a 1 Hectare field at the edge of a settlement. The land is proposed to be allocated for residential development. Agricultural value is £20,000 per Ha. The Gross Residual Value of the land with residential planning permission is £1,000,000. Land sales in the area range from £400,000 per Ha to £1 Million per Ha. For the purposes of viability assessment what should this Greenfield site be valued at?

Using a fixed 20% over EUV the land would be valued at £24,000 (£20,000 + 20%)

Using % Share of Uplift in Value the land would be valued at £510,000 (£20,000 + 50% of the uplift between £20,000 and £1,000,000) – realising a market return for the landowner but reserving a substantial proportion of the uplift for infrastructure contribution.

In our view the % share of uplift method is more realistic to market circumstances than the application of a fixed premium over EUV.

Benchmarking Based on % Share of Uplift in Land Value



3 Methodology

3.29 Whilst comparable evidence of policy compliant local land sales with planning permission is useful as a sense check, in our view it is difficult to find two sites that are directly comparable in view of the various factors that will influence the purchase price of land including precise location, abnormal site development cost, lower build cost rates enjoyed by volume housebuilders and the particular business decision of the purchaser.

3.30 The alternative method at the other end of the scale, following the part of the guidance which states *'benchmark land value should fully reflect the total cost of all relevant policy requirements including planning obligations and, where applicable, any Community Infrastructure Levy charge'*, would be to calculate the total cost of all policy targets of the LPA first and determine what is left for the landowner and provided this margin offered some level of premium over EUV, accept it as a benchmark. In effect this would guarantee a positive viability result in every instance as no attempt is made to first establish 'the minimum land value at which a landowner would sell.'

3.31 We believe the purpose of viability appraisal and indeed the intention of the guidance is to ensure the total costs of policy compliance still leave enough room for the developer to make a sensible profit and for the landowner to achieve a reasonable return to induce him to sell.

3.32 Since developer contributions must be extracted from the uplift in land value resulting from planning permission, unless some attempt is made to create a benchmark land value that reflects this 'reasonable return' to the landowner before the total costs of policy targets are subtracted, then the appraisal would serve no purpose. We consider the EUV + % Uplift method represents a balanced approach between the alternatives outlined above that is fair and reasonable and relies more precisely on the specific development cost and value of the site being assessed.

Brownfield and Greenfield Land Value Benchmarks

3.33 In order to represent the likely range of benchmark scenarios that might emerge in the plan period for the appraisal it will be necessary to test alternative threshold land value scenarios. A greenfield scenario will represent the best case for CIL as it represents the highest uplift in value resulting from planning permission. The greenfield existing use is based on agricultural value.

3.34 The median brownfield position recognises that existing commercial sites will have an established value. The existing use value is based on a low value brownfield use (industrial). The viability testing firstly assesses the gross residual value (the maximum potential value of land based on total development value less development cost with no allowance for affordable housing, sec 106 contributions or planning policy cost impacts). This is then used to apportion the share of the potential uplift in value to the greenfield and brownfield benchmarks. This is considered to represent a reasonable scope of land value scenarios in that change from a high value use (e.g. retail) to a low value use (e.g. industrial) is unlikely.

3 Methodology

3.35 Actual market evidence will not always be available for all categories of development. In these circumstances the valuation team make reasoned assumptions.

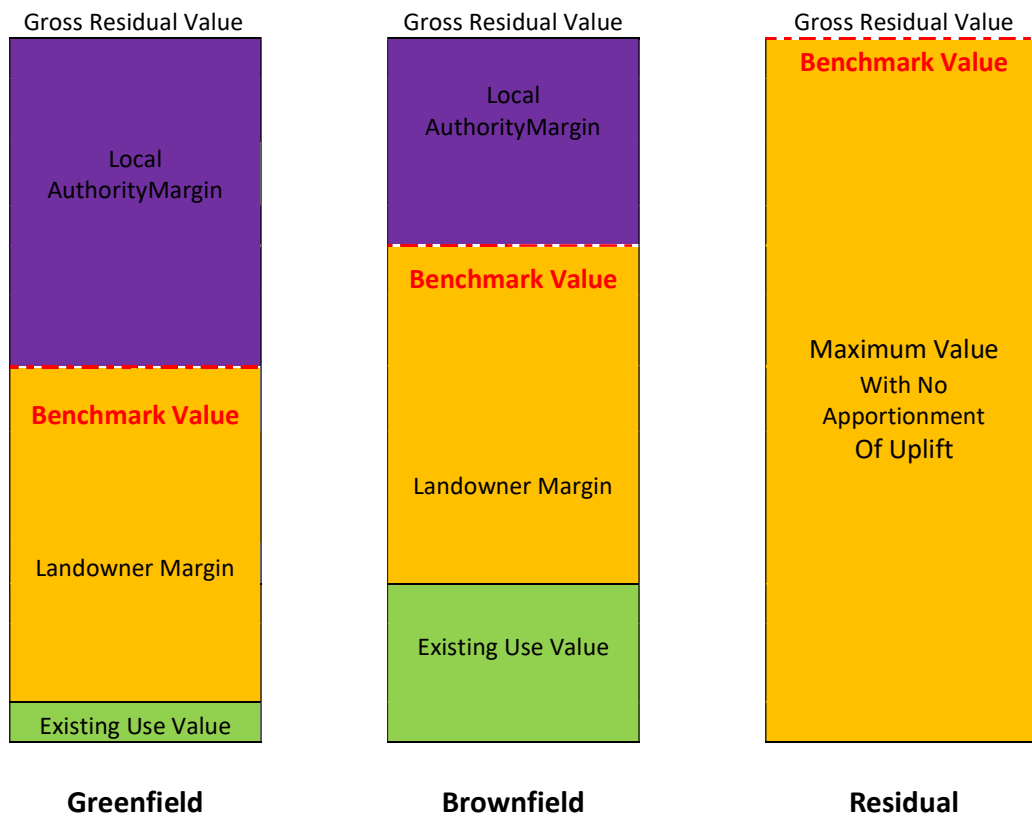
Residential

Benchmark 1	Greenfield	Agricultural – Residential (Maximum Contribution Potential)
Benchmark 2	Brownfield	Industrial – Residential

Commercial

Benchmark 1	Greenfield	Agricultural – Proposed Use (Maximum Contribution Potential)
Benchmark 2	Brownfield	Industrial – Proposed Use

3.36 The viability study assumes that affordable housing land has limited value as development costs form a very high proportion of the ultimate discounted sale value of the property.



3.37 The above diagram illustrates the concept of Benchmark Land Value. The level of existing use value for the three benchmarks is illustrated by the green shading. The uplift in value from

3 Methodology

existing use value to proposed use value is illustrated by the blue and gold shading. The gold shading represents the proportion of the uplift allowed to the landowner for profit. The blue shading represents the allowance of the uplift for developer contributions to the Local Authority. The Residual Value assumes maximum value with planning permission with no allowance for planning policy cost impacts. This benchmark is used solely to generate the brownfield and greenfield threshold values.

4 Appraisal Assumptions

Development Categories

4.1 The following use categories will be considered to reflect the type of development likely to emerge in Ashfield during the Plan period.

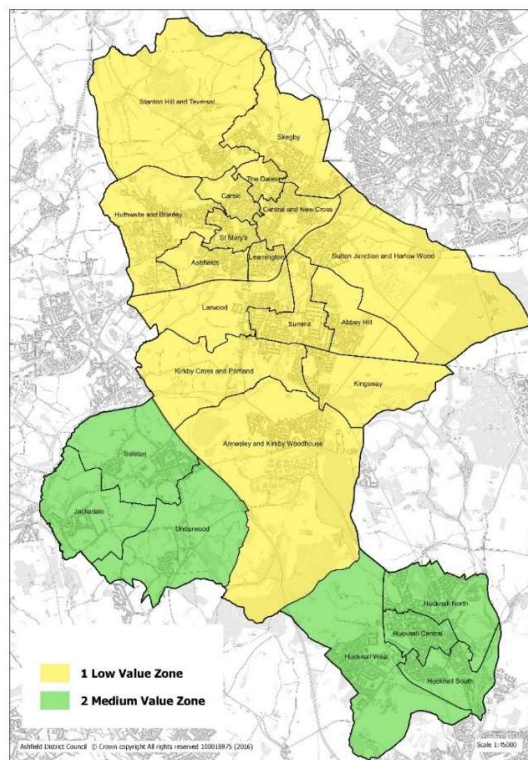
Residential - Based on varying residential development scenarios and factoring in the affordable housing requirements of the Authority. Land values are assessed based on house type plots. Sales values are assessed on per sqm rates.

Extra Care - Apartments and housing providing bespoke extra care/sheltered accommodation.

Employment -Industrial/Warehousing - Land Values and Gross Development Values are assessed on sqm basis.

Sub Market Areas

4.2 The Heb valuation study considered evidence of residential land and property values across Ashfield District and concluded that there are two distinct sub-market areas for residential development which warrant differential value assumptions being made in the Whole Plan Viability Assessment. The lower value areas are around Sutton and Kirkby with a higher value sub-market around Hucknall and the rural areas.



4.3 The variations in commercial values were not considered significant enough across the District to justify the application of differential assumptions based on sub-market areas.

4 Appraisal Assumptions

Affordable Housing

4.4 A series of residential viability tests have been undertaken, reflecting affordable housing delivery based on the minimum standard prescribed by the Government at 25% First Homes and including Low Cost Home Ownership and Affordable Rent products, taking account of the affordable tenure mix with a differential approach adopted dependent on existing greenfield or brownfield land use. The following extract from a generic sample residential viability appraisal model illustrates how affordable housing is factored into the residential valuation assessment. The relevant variables (e.g. unit numbers, types, sizes, affordable proportion, tenure mix etc.) are inputted into the appropriate cells. The model will then calculate the overall value of the development taking account of the relevant affordable unit discounts.

DEVELOPMENT SCENARIO	Mixed Residential Development				Apartments	10
BASE LAND VALUE SCENARIO	Greenfield to Residential				2 bed houses	20
DEVELOPMENT LOCATION	Urban Zone 1				3 Bed houses	40
DEVELOPMENT DETAILS	100 Total Units				4 bed houses	20
Affordable Proportion	30%	30 Affordable Units		5 bed house	10	
Affordable Mix	30%	Intermediate	40%	Social Rent	30%	Affordable Rent
Development Floorspace	6489	Sqm Market Housing		2,163	Sqm Affordable Housing	
Development Value						
Market Houses						
7	Apartments	65	sqm	2000	£ per sqm	£910,000
14	2 bed houses	70	sqm	2200	£ per sqm	£2,156,000
28	3 Bed houses	88	sqm	2200	£ per sqm	£5,420,800
14	4 bed houses	115	sqm	2200	£ per sqm	£3,542,000
7	5 bed house	140	sqm	2200	£ per sqm	£2,156,000
Intermediate Houses						
		60%	Market Value			
3	Apartments	65	Sqm	1200	£ per sqm	£210,600
5	2 Bed house	70	Sqm	1320	£ per sqm	£415,800
2	3 Bed House	88	Sqm	1320	£ per sqm	£209,088
Social Rent Houses						
		40%	Market Value			
4	Apartments	65	sqm	800	£ per sqm	£187,200
6	2 Bed house	70	sqm	880	£ per sqm	£369,600
2	3 Bed House	88	sqm	880	£ per sqm	£185,856
Affordable Rent Houses						
		50%	Market Value			
3	Apartments	65	sqm	1000	£ per sqm	£175,500
5	2 Bed house	70	sqm	1100	£ per sqm	£346,500
2	3 Bed House	88	sqm	1100	£ per sqm	£174,240
100	Total Units					
Development Value						£16,459,184

It is important to note that the model applies % proportions and further % tenure splits to the housing scenarios which will generate fractional unit numbers. The model automatically rounds to the nearest whole number and therefore some results appear to attribute value proportions to houses which do not register in the appraisal. The fractional distribution of affordable housing discounts is considered to represent the most accurate illustration of the impact of affordable housing policy on viability.

4 Appraisal Assumptions

4.5 The following Affordable Housing Assumptions have been agreed for the purpose of the residential viability appraisals. The transfer values in terms of % of open market value are set out for each tenure type. The transfer value equates to the assumed price paid by the registered housing provider to the developer and is assessed as a discounted proportion of the open market value of the property in relation to the type (tenure) of affordable housing.

Affordable Housing				
Affordable Housing Delivery	Proportion %	Tenure Mix %		
		Low Cost Home Ownership	Social Rent	Affordable Rent
Aff Housing Option A	10%	25%	25%	50%
Aff Housing Option B	15%	25%	25%	50%
Aff Housing Option C	20%	25%	25%	50%
Aff Housing Option D	25%	25%	25%	50%
Aff Housing Option E (High Zone)	30%	25%	25%	50%
% Open Market Value		70%	40%	50%

4.6 The affordable assumptions were applied to all residential scenario testing. For the smaller unit number tests the proportional and tenure splits result in fractions of unit numbers. In these cases the discounts may be considered to equate to the impact of off-site contributions.

Development Density

4.7 Density is an important factor in determining gross development value and land value. Density assumptions for commercial development will be specific to the development category. For instance the floorplate for industrial development is generally around 50% of the site area to take account of external servicing, storage and parking, Offices will vary significantly dependent on location, town centre offices may take up 100% of the site area whereas out of town locations where car parking is a primary consideration, the floorplate may be only 25% of the site area. Food retailing generally has high car parking requirements and large site areas compared to floorplates.

The land : floorplate assumptions for commercial development are as follows:-

Industrial	2:1
Distribution Warehouse	2:1

4.8 Residential densities vary significantly dependent on house type mix and location. Mixed housing developments may vary from 10-50 dwellings per Hectare. Town Centre apartment schemes may reach densities of over 150 units per Hectare. We generate plot values for residential viability assessment related to specific house types. The plot values allow for standard open space requirements per Hectare. The densities adopted in the study reflect the

4 Appraisal Assumptions

assumptions of the Local Authority on the type of development that is likely to emerge during the plan period.

4.9 The density assumptions for house types related to plot values are as follows :-

Apartment	100 units per Ha
2 Bed House	40 units per Ha
3 Bed House	35 units per Ha
4 Bed House	25 units per Ha
5 Bed House	20 units per Ha

House Types and Mix

4.10 The study uses the following standard house types as the basis for valuation and viability testing as unit types that are compliant with National Housing standards and meet minimum Local Plan policy requirements.

Apartment	65 sqm	(45sqm sheltered apartments)
2 Bed House	75 sqm	
3 Bed House	90 sqm	
4 Bed House	120 sqm	
5 Bed House	150 sqm	

4.11 Housing values and costs are based on the same gross internal area. However apartments will contain circulation space (stairwells, lifts, access corridors) which will incur construction cost but which is not directly valued. We make an additional construction cost allowance of 15% to reflect the difference between gross and net floorspace.

4.12 The following housing mix was tested to broadly reflect identified need in the District.

Market Housing	2 Bed	30%	3 Bed	45%	4+ Bed	25%
Affordable Home Ownership	Apt	20%	2 Bed	40%	3Bed	40%
Affordable/Social Rent	Apt	30%	2Bed	40%	3Bed	30%

Residential Development Scenarios

4.13 The study tests a series of residential development scenarios to reflect general types of development that are likely to emerge over the plan period. For residential development, five scenarios were considered. The list does not attempt to cover every possible development in the District but provides an overview of residential development in the plan period.

1. Urban Edge Large Scale	(2, 3, 4 & 5 Bed Housing)	250 Units
2. Urban Edge Medium Scale	(2, 3, 4 & 5 Bed Housing)	150 Units
3. Suburban/Rural Large Scale	(2, 3 & 4 Bed Housing)	50 Units
4. Suburban/Rural Medium Scale	(2, 3 & 4 Bed Housing)	20 Units
5. Infill Housing	(3 & 4 Bed Housing)	9 Units (Affordable exempt)

4 Appraisal Assumptions

- 6. Extra Care Accommodation (Apartments and Houses) 40 Units
- 7. Extra Care Accommodation (Apartments) 40 Units

Commercial Development Scenarios

4.14 The appraisal model can test all forms of commercial development broken down into use class order categories. For the purpose of this Whole Plan Viability Assessment, only employment use in the form of industrial/warehousing was undertaken.

4.15 The density assumptions for commercial development will be specific to the development category. For instance, the floorplate for industrial development is generally around 50% of the site area to take account of external servicing, storage and parking. Offices will vary significantly dependent on location, town centre offices may take up 100% of the site area whereas out of town locations where car parking is a primary consideration, the floorplate may be only 25% of the site area. Food retailing generally has high car parking requirements and large site areas compared to floorplates.

4.16 The viability model also makes allowance for net:gross floorspace. In many forms of commercial development such as industrial and retail, generally the entire internal floorspace is deemed lettable and therefore values per sqm and construction costs per sqm apply to the same area. However in some commercial categories (e.g. offices) some spaces are not considered lettable (corridors, stairwells, lifts etc.) and therefore the values and costs must be applied differentially. The net:gross floorspace ratio enables this adjustment to be taken into account.

4.17 The table below illustrates the commercial category and development sample testing undertaken as well as the density assumptions and net:gross floorspace ratio.

Commercial Development Sample Typology				
Unit Size & Land Plot Ratio				
	Unit Size Sqm	Plot Ratio		Sample
		%	Gross:Net	
Industrial	1000	200%	1:0	Factory Unit
Storage & Distribution	3000	200%	1:0	Distribution Warehouse

Sustainable Construction Standards

4.19 It is acknowledged that the Code for Sustainable Homes have been replaced by changes to the Building Regulations based on the National Housing Standards. The cost study rates reflect current Building Regulation standards and the proposed introduction of the revised Part L with respect to carbon emissions reduction.

4 Appraisal Assumptions

4.20 The Commercial Viability assessments are based on BREEAM 'Excellent' construction rates.

Construction Costs

4.21 The construction rates will reflect allowances for external works, drainage, servicing preliminaries and contractor's overhead and profit. The viability assessment will include a 3% allowance for construction contingencies.

4.22 The following residential construction rates are adopted in the study to reflect National Housing Standards, Category 2 Dwellings and the water and space standards of Ashfield District Council. An additional cost allowance for accessible and adaptable dwellings has been made for all residential development and the rates adjusted to reflect the introduction of Part L Building Regulation changes (see Gleeds cost report at Appendix 2)

Residential Construction Cost Sqm		
Apartments	1758	sqm
2 bed houses	1198	sqm
3 Bed houses	1198	sqm
4 bed houses	1198	sqm
5 bed house	1198	sqm
Sheltered Apt	1861	sqm
Sheltered House	1451	sqm

Commercial Construction Cost Sqm	
873	Factory Unit
873	Distribution Warehouse

Note An additional £36sqm is added to the base cost rates and £53sqm to the apartment rates to reflect the Council's policy on Adaptable & Accessible Dwellings and Part L Building Regulation changes.

Abnormal Construction Costs

4.23 Most development will involve some degree of exceptional or 'abnormal' construction cost. Brownfield development may have a range of issues to deal with to bring a site into a 'developable' state such as demolition, contamination, utilities diversion etc. Whole Plan and CIL Viability Assessment is based on generic tests and it would be unrealistic to make assumptions over average abnormal costs to cover such a wide range of scenarios. In reality abnormal cost issues like site contamination are reflected in reductions to land values so making additional generic abnormal cost assumptions would effectively be double counting costs unless the land value allowances were adjusted accordingly.

4.24 It is considered better to bear the unknown costs of development in mind when setting CIL rates and not fix rates at the absolute margin of viability.

4 Appraisal Assumptions

Policy Cost Impacts & Planning Obligation Contributions

4.25 The study seeks to review Whole Plan Viability and therefore firstly assesses the potential cost impacts of the proposed policies in the plan to determine appropriate cost assumptions in the viability assessments and broadly determine if planned development is viable.

4.26 The additional purpose of the study is to test the maximum margin available for CIL or other additional contributions that may be available from various types of development.

4.27 Costs have been factored into the viability appraisals to reflect the impact of relevant development plan policy and the residual use of planning obligations for site specific mitigation. In order to allow for potential additional infrastructure contributions to be collected and to test the potential balance between Affordable Housing delivery and Infrastructure Contributions a series of tests have been undertaken at the following contribution allowances (which include S106 and Biodiversity Net Gain):-

Residual Planning Obligations and Biodiversity Net Gain for site specific mitigation

Test 1 £6000 per dwelling

Test 2 £8000 per dwelling

Test 3 £10000 per dwelling

£15 per sqm commercial

4.28 There is limited evidence of commercial sec 106 contribution over this period so a general allowance, adopted in a number of CIL studies of £15sqm has been made for commercial development including Biodiversity Net Gain.

4.29 Costs have been factored into the viability appraisals to reflect the impact of relevant development plan policies and the residual use of planning obligations for site specific mitigation. The cost impact of these mitigation measures has been assessed by Gleeds and may be summarised as follows :-

BIODIVERSITY NET GAIN

An allowance of £600 per dwelling has been made for 10% biodiversity net gain. This is broadly based on the study undertaken by Defra in 2018 'Biodiversity Net Gain' which estimates £19,951 of cost per Ha to achieve the requirement in the East Midlands. This allowance is included in the overall per dwelling allowance for S106 contribution and Biodiversity Net gain (as set out at para 4.27 above).

4 Appraisal Assumptions

ACCESSIBILITY STANDARDS - 10% of Dwellings Cat 2 £1sqm Houses £2sqm Apartments

The appraisals test the impact of requiring 10% of all homes to be built to Category 2 standard for accessibility. This is estimated to add £12 sqm over National Housing Standards equivalent build cost allowance for houses and £17sqm for apartments. Based on 10% provision extra allowances of £1sqm have been made for housing and £2sqm for apartments.

WATER CONSERVATION STANDARDS

The higher optional water standard of 110 lpd is considered to be covered by the adopted construction cost rates and do not require any additional allowance.

BREAAM Standards

The construction costs for commercial development make allowance for BREAAM 'Excellent' rating including additional professional fees.

SPACE STANDARDS

The residential unit sizes adopted in the appraisals comply with National Space Standards.

It is considered that the Ashfield Local Plan does not contain any other policies which would have a significant impact on development cost.

Developers Profit

4.30 Developer's profit is generally fixed as a % return on gross development value or return on the cost of development to reflect the developer's risk. In current market conditions, and based on the assumed lending conditions of the financial institutions, a 20% return on GDV is used in the residential viability appraisals to reflect speculative risk on the market housing units. However it must be acknowledged that affordable housing does not carry the same speculative risk as it effectively pre-sold.

4.31 The profit allowance on the affordable housing element has been set at a 'contractor only' profit of 6% in line with HCA viability toolkit guidance. It should also be recognised that a 'competitive profit' will vary in relation to prevailing economic conditions and will generally reduce as conditions improve, generally remaining within a 15-20% range for speculative property.

4.32 In the generic commercial development assessments, a 15% profit return is applied to reflect the reduced risk of commercial development which is likely to be pre-let or pre-sold. If it is considered that industrial and other forms of commercial are likely to be operator rather than developer led, this allowance may be further reduced to a 5-10% allowance to reflect an allowance for operational/opportunity cost rather than a traditional development risk.

4 Appraisal Assumptions

Property Sales Values

4.36 The sale value of the development category will be determined by the market at any particular time and will be influenced by a variety of locational, supply and demand factors as well as the availability of finance. The study uses up to date comparable evidence to give an accurate representation of market circumstances.

4.37 A valuation study of all categories of residential and commercial property has been undertaken by HEB Chartered Surveyors in 2022. A copy of the report is attached at Appendix I.

Residential Sales Values							
Sub Market Area	Sales Value £sqm					Extra Care Apartment	Extra Care House
	Apartment	2 Bed	3 Bed	4 Bed	5 Bed		
Sutton & Kirkby Low Value Zone	2100	2900	2800	2800	2700	3200	3200
Hucknall & Rural High Value Zone	2250	3000	2900	2900	2800	3800	3800

Commercial Sales Values Sqm	
	Charging Zones
	Area Wide
Industrial	1000
Distribution Warehouse	1450

Land Value Allowances - Residential

4.38 Following the land value benchmarking 'uplift split' methodology set out in Section 3 the following greenfield and brownfield existing residential land use value assumptions are applied to the study. The gross residual value (the maximum potential value of land assuming planning permission but with no planning policy, affordable housing sec 106 or CIL cost impacts). An example for Urban Housing in the Hucknall & Rural area 150 unit test is illustrated in the table below.

4 Appraisal Assumptions

Land Value	£20000	Existing Greenfield (agricultural) Per Ha Brownfield (equivalent general commercial) Per Ha Gross Residual Residential Value per Ha	Uplift	50%
	£750,000			
	£2,507,905			

4.39 50% of the uplift in value between existing use and the gross residual value of alternative use with planning permission is applied to generate benchmarked land values per Ha. These land values are then divided by the assumed unit type densities to generate the individual greenfield and brownfield plot values to be applied to the appraisals.

	EUV	+	50% of Uplift in Value	=	Threshold Land Value
Greenfield	£20,000	+	50% (£2,507,905 - £20,000)	=	£1,263,953 per Ha
Brownfield	£750,000	+	50% (£2,507,905 - £750,000)	=	£1,628,953 per Ha

Density Assumptions	Apt	2 Bed	3 Bed	4 Bed	5 Bed
	100	40	35	25	20
LAND VALUES (Plot Values)					
	Apt	2 Bed	3 Bed	4 Bed	5 Bed
Greenfield	£12640	£31599	£36113	£50558	£63198
Brownfield	£16290	£40724	£46542	£65158	£81448

4.40 The complete set of gross residual residential values for all the residential tests from which the benchmarked threshold land value allowances were derived, is set out in the table below.

Gross Residual Land Value per Ha	Sutton/ Kirkby	Hucknall & Rural
Urban Edge Large Scale 250 Dwellings	2509295	2509295
Urban Edge Medium Scale 100 Dwellings	2507905	2507905
Suburban/Rural Large Scale 50 Dwellings	2549508	2549508
Suburban/Rural Medium Scale 20 Dwellings	2555884	2555884
Infill Housing	2496464	2496464

4 Appraisal Assumptions

Fees, Finance and Other Cost Allowances

4.44 The following 'industry standard' fee and cost allowances are applied to the appraisals.

Residential Development Cost Assumptions					
Professional Fees			8.0%		Construction Cost
Legal Fees			0.5%		GDV
Statutory Fees			1.1%		Construction Cost Residential
			0.6%		Construction Cost Commercial
Sales/Marketing Costs			2.0%		Residential Market Units Value
			1.0%		Commercial Unit Value
Contingencies			5.0%		Construction Cost
Planning Obligations			6000-10000		£ per Dwelling
			15		£ per sqm Commercial
Interest	6.0%	12	Month Construction	3-6	Mth Sales Void

5 Viability Appraisal Results

5.1 The results of the Viability Testing are set out in the tables below. In order to test the impact of Affordable Housing provision the residential viability tests were undertaken on the assumption that schemes would deliver 10-30% Affordable Housing and are based on a 20% profit allowance on the market housing element and a 6% profit allowance on the affordable element.

5.2 Any positive figures confirm that the category of development tested is economically viable in the context of Whole Plan viability and the impact of planning policies. The level of positive viability indicates the potential additional margin for additional contributions through CIL or other development contributions in £ per sqm.

5.3 Each category of development produces a greenfield and brownfield result for each level of Affordable Housing and S106 Contribution tested. These results reflect the benchmark land value scenario. The first result assumes greenfield development which generally represents the highest uplift in value from current use and therefore will produce the highest viability margin. The second result assumes that development will emerge from low value brownfield land. It should be noted that the infill topology assumes no affordable housing provision (as minor development) and the viability results increase accordingly.

Sutton & Kirkby Low Value Zone

Test 1 – Contribution of £6000 per dwelling

Maximum Viability Margin per Sqm					
Sutton and Kirkby Zone	Urban Edge Large Scale	Urban Edge Medium Scale	Suburban/Rural Large Scale	Suburban/Rural Medium Scale	Infill Housing
10% Affordable Housing					
Greenfield	£189	£189	£189	£188	£257
Brownfield	£43	£43	£43	£42	£123
15% Affordable Housing					
Greenfield	£153	£153	£152	£149	£257
Brownfield	£1	£1	-£1	-£3	£123
20 % Affordable Housing					
Greenfield	£112	£112	£109	£106	£257
Brownfield	-£47	-£47	-£51	-£53	£123
25% Affordable Housing					
Greenfield	£66	£66	£61	£57	£257
Brownfield	-£101	-£101	-£107	-£111	£123

5 Viability Appraisal Results

Sutton & Kirkby Low Value Zone

Test 2 – Contribution of £8000 per dwelling

Maximum Viability Margin per Sqm					
Sutton and Kirkby Zone	Urban Edge Large Scale	Urban Edge Medium Scale	Suburban/Rural Large Scale	Suburban/Rural Medium Scale	Infill Housing
10% Affordable Housing					
Greenfield	£165	£165	£164	£162	£236
Brownfield	£19	£19	£18	£16	£103
15% Affordable Housing					
Greenfield	£127	£127	£125	£122	£236
Brownfield	-£25	-£25	-£27	-£30	£103
20 % Affordable Housing					
Greenfield	£85	£85	£81	£78	£236
Brownfield	-£74	-£74	-£79	-£82	£103
25% Affordable Housing					
Greenfield	£37	£37	£31	£27	£236
Brownfield	-£130	-£130	-£137	-£141	£103

Sutton & Kirkby Low Value Zone

Test 3 – Contribution of £10000 per dwelling

Maximum Viability Margin per Sqm					
Sutton and Kirkby Zone	Urban Edge Large Scale	Urban Edge Medium Scale	Suburban/Rural Large Scale	Suburban/Rural Medium Scale	Infill Housing
10% Affordable Housing					
Greenfield	£141	£140	£139	£137	£216
Brownfield	-£6	-£6	-£7	-£9	£82
15% Affordable Housing					
Greenfield	£101	£101	£99	£96	£216
Brownfield	-£51	-£51	-£54	-£57	£82
20 % Affordable Housing					
Greenfield	£57	£57	£53	£49	£216
Brownfield	-£102	-£102	-£107	-£111	£82
25% Affordable Housing					
Greenfield	£8	£8	£1	-£4	£216
Brownfield	-£159	-£159	-£167	-£172	£82

5 Viability Appraisal Results

5.4 The Viability assessment results in the lower value sub-market area around Sutton in Ashfield and Kirkby in Ashfield demonstrate that greenfield residential development is viable and deliverable with 25% Affordable Housing and the mid range S106 infrastructure contribution allowance tested of £8,000 per dwelling. Beyond that level of contribution, viability becomes marginal.

5.5 The results for brownfield development illustrate that 10% Affordable Housing would be deliverable with the mid-range S106 contribution allowance of £8000 sqm per dwelling.

Hucknall & Rural High Value Zone

Test 1 – Contribution of £6000 per dwelling

Maximum Viability Margin per Sqm					
Hucknall & Rural Zone	Urban Edge Large Scale	Urban Edge Medium Scale	Suburban/Rural Large Scale	Suburban/Rural Medium Scale	Infill Housing
10% Affordable Housing					
Greenfield	£224	£224	£225	£223	£291
Brownfield	£78	£78	£78	£77	£157
20% Affordable Housing					
Greenfield	£149	£149	£147	£144	£291
Brownfield	-£10	-£10	-£13	-£16	£157
25 % Affordable Housing					
Greenfield	£105	£105	£100	£96	£291
Brownfield	-£62	-£62	-£68	-£72	£157
30% Affordable Housing					
Greenfield	£53	£53	£46	£42	£291
Brownfield	-£122	-£122	-£131	-£135	£157

5 Viability Appraisal Results

Hucknall & Rural High Value Zone Test 2 – Contribution of £8000 per dwelling

Maximum Viability Margin per Sqm					
Hucknall & Rural Zone	Urban Edge Large Scale	Urban Edge Medium Scale	Suburban/Rural Large Scale	Suburban/Rural Medium Scale	Infill Housing
10% Affordable Housing					
Greenfield	£200	£200	£200	£198	£270
Brownfield	£54	£54	£53	£52	£136
20% Affordable Housing					
Greenfield	£122	£122	£118	£115	£270
Brownfield	-£37	-£37	-£41	-£44	£136
25 % Affordable Housing					
Greenfield	£75	£75	£70	£66	£270
Brownfield	-£91	-£91	-£98	-£102	£136
30% Affordable Housing					
Greenfield	£22	£22	£14	£9	£270
Brownfield	-£154	-£153	-£163	-£168	£136

Hucknall & Rural High Value Zone Test 3 – Contribution of £10000 per dwelling

Maximum Viability Margin per Sqm					
Hucknall & Rural Zone	Urban Edge Large Scale	Urban Edge Medium Scale	Suburban/Rural Large Scale	Suburban/Rural Medium Scale	Infill Housing
10% Affordable Housing					
Greenfield	£176	£176	£174	£172	£250
Brownfield	£30	£30	£28	£26	£116
20% Affordable Housing					
Greenfield	£95	£95	£90	£87	£250
Brownfield	-£64	-£64	-£69	-£73	£116
25 % Affordable Housing					
Greenfield	£46	£46	£40	£35	£250
Brownfield	-£121	-£120	-£128	-£133	£116
30% Affordable Housing					
Greenfield	-£9	-£9	-£18	-£23	£250
Brownfield	-£185	-£185	-£195	-£201	£116

5 Viability Appraisal Results

5.6 The Viability assessment results in the higher value sub-market area around Hucknall and in the rural areas demonstrate that greenfield residential development is viable with 30% Affordable Housing based on the mid-range S106 infrastructure contribution allowance tested of £8,000 per dwelling.

5.7 The results for brownfield development illustrate that 10% Affordable Housing would be deliverable with the mid-range S106 infrastructure contribution allowance tested of £8,000 per dwelling.

5.8 The tests for minor infill development (assuming sites of up to 0.5Ha and 9 units (with no Affordable Housing) demonstrate strong viability with significant additional margins at £10,000 infrastructure contribution per dwelling for both greenfield and brownfield development.

5.9 The results of the residential viability demonstrate that housing is deliverable in Ashfield based on the policy impacts of the Local Plan with additional margin to accommodate CIL or other development contribution charges for all forms of greenfield development. The results also demonstrate that the viability of brownfield development is not as strong and that differential contributions policies based on existing use of land may be considered.

 Maximum Viability Margin per sq m		
Charging Zone/Base Land Value	Elderly Mixed Accommodation	Elderly Apartments
Sutton and Kirkby Zone		
Greenfield	£9	-£250
Brownfield	-£127	-£357
Hucknall and Rural Zone		
Greenfield	£48	-£185
Brownfield	-£111	-£331

5.10 Sheltered Housing was tested based on a reduced S106 contribution of £4000 per dwelling (based on an assumption that education contributions would be unlikely) with 10% Affordable Housing in the Sutton/Kirkby zone and 25% Affordable Housing in the Hucknall Rural Zone. The results of the sheltered housing viability assessment illustrate that Sheltered Apartments may not be capable of making affordable housing contributions but that mixed housing and apartment schemes may be able to make viable contributions on greenfield sites. It should be noted however that the build cost rate evidence for sheltered apartments was limited and further scheme specific assessment may be required.

5 Viability Appraisal Results

Residential Sensitivity Analysis

5.11 The study tests the sensitivity of a range and combination of various Infrastructure and Affordable Housing allowances based on the available current market evidence of development values and costs.

5.12 Whilst it is considered there is limited merit in projecting future fluctuations in market sale values and construction costs, The Council has requested that consideration is given to the impact of a contraction in the housing market and the impact of a 5% reduction in housing values is illustrated below (applied to the assessment result tables at para 6.4.

5% Reduction in Residential Values


Residential Sales Values					
Sub Market Area	Sales Value £sqm				
	Apartment	2 Bed	3 Bed	4 Bed	5 Bed
Sutton & Kirkby Low Value Zone	1995	2755	2660	2660	2565
Hucknall & Rural High Value Zone	2138	2850	2755	2755	2660

Maximum Viability Margin per Sqm					
Sutton and Kirkby Zone	Urban Edge Large Scale	Urban Edge Medium Scale	Suburban/Rural Large Scale	Suburban/Rural Medium Scale	Infill Housing
10% Affordable Housing					
Brownfield	-£30	-£30	-£31	-£32	£55
25% Affordable Housing					
Greenfield	-£15	-£15	-£21	-£22	£189
Hucknall & Rural Zone	Urban Edge Large Scale	Urban Edge Medium Scale	Suburban/Rural Large Scale	Suburban/Rural Medium Scale	Infill Housing
10% Affordable Housing					
Brownfield	£4	£4	£3	£1	£87
25 % Affordable Housing					
Greenfield	£22	£22	£16	£16	£221

5.13 A 5% reduction housing value would not prevent housing delivery based on the recommended policy targets in the higher value Hucknall/Rural sub-market area. In the lower value Sutton/Kirkby sub-market area a reduction in housing values would make viability more marginal but not to such a negative level that delivery would not be possible.

5 Viability Appraisal Results

Commercial Viability Results

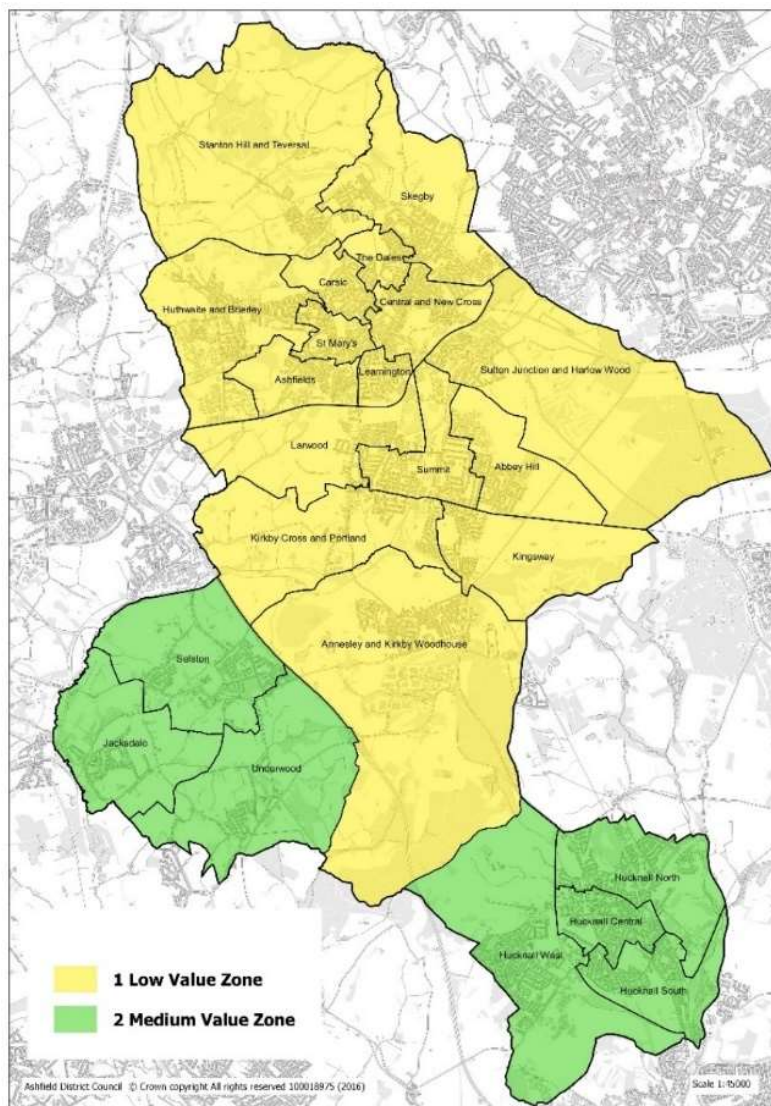
 NCS	Maximum Viability Margin per sq m	
	General Zone	
Charging Zone/Base Land Value	Greenfield	Brownfield
Industrial	-£295	-£375
Distribution Warehouse	£80	-£2

5.14 The initial assessment of commercial land and property values indicate that there are no significant differences in values to justify differential sub-market based assumptions. The employment category viability results are set out above demonstrating that only greenfield distribution warehouse uses have a significant positive viability margin.

6 Conclusions

Key Findings - Residential Viability Assessment

6.1 The assessments of residential land and property values indicated that there were significant differences in value across the District for new build development to justify the application of differential value assumptions in the viability appraisal in accordance with the sub-market areas illustrated on the map below.



6 Conclusions

6.2 The results tables in Section 5 show the viability margins (or potential CIL charges) for the different residential typologies for greenfield and brownfield development based on differing Affordable Housing delivery targets and Section 106 Infrastructure/Net Biodiversity Gain Allowances. In summary, the minimum margins for each combination of Affordable Housing and S106 Infrastructure contribution are illustrated below.

Sutton & Kirkby Sub-Market Area

10% Affordable Housing Delivery

Residential Viability Margin (Sutton & Kirkby)		
	Greenfield	Brownfield
@£6000 per dwelling S106	£188sqm	£42sqm
@£8000 per dwelling S106	£162sqm	£16sqm
@£10000 per dwelling S106	£137sqm	-£9sqm

15% Affordable Housing Delivery

Residential Viability Margin (Sutton & Kirkby)		
	Greenfield	Brownfield
@£6000 per dwelling S106	£149sqm	-£3sqm
@£8000 per dwelling S106	£122sqm	-£30sqm
@£10000 per dwelling S106	£96sqm	-£57sqm

20% Affordable Housing Delivery

Residential Viability Margin (Sutton & Kirkby)		
	Greenfield	Brownfield
@£6000 per dwelling S106	£106sqm	-£53sqm
@£8000 per dwelling S106	£78sqm	-£82sqm
@£10000 per dwelling S106	£49sqm	-£111sqm

25% Affordable Housing Delivery

Residential Viability Margin (Sutton & Kirkby)		
	Greenfield	Brownfield
@£6000 per dwelling S106	£57sqm	-£111sqm
@£8000 per dwelling S106	£27sqm	-£141sqm
@£10000 per dwelling S106	-£4sqm	-£172sqm

6 Conclusions

Hucknall & Rural Sub-Market Area

10% Affordable Housing Delivery

Residential Viability Margin (Hucknall & Rural)		
	Greenfield	Brownfield
@£6000 per dwelling S106	£223sqm	£77sqm
@£8000 per dwelling S106	£198sqm	£52sqm
@£10000 per dwelling S106	£172sqm	£26sqm

20% Affordable Housing Delivery

Residential Viability Margin (Hucknall & Rural)		
	Greenfield	Brownfield
@£6000 per dwelling S106	£144sqm	-£16sqm
@£8000 per dwelling S106	£115sqm	-£44sqm
@£10000 per dwelling S106	£87sqm	-£73sqm

25% Affordable Housing Delivery

Residential Viability Margin (Hucknall & Rural)		
	Greenfield	Brownfield
@£6000 per dwelling S106	£96sqm	-£72sqm
@£8000 per dwelling S106	£66sqm	-£102sqm
@£10000 per dwelling S106	£35sqm	-£133sqm

30% Affordable Housing Delivery

Residential Viability Margin (Hucknall & Rural)		
	Greenfield	Brownfield
@£6000 per dwelling S106	£42sqm	-£135sqm
@£8000 per dwelling S106	£9sqm	-£168sqm
@£10000 per dwelling S106	-£23sqm	-£201sqm

6 Conclusions

6.3 The residential viability assessment demonstrates that greenfield residential development is viable and deliverable across the whole District taking account of fully policy impacts. The mid-range S106 infrastructure/BNG allowance of £8,000 per dwelling is considered to take account of the current principal S106 contribution requirements for education, health and transport, Biodiversity Net Gain costs and other more minor infrastructure requirements.

6.4 The following tables illustrates selected Affordable Housing tests based on a S106/BNG allowance of £8,000 per dwelling.

Maximum Viability Margin per Sqm					
Sutton and Kirkby Zone	Urban Edge Large Scale	Urban Edge Medium Scale	Suburban/Rural Large Scale	Suburban/Rural Medium Scale	Infill Housing
10% Affordable Housing Brownfield	£19	£19	£18	£16	£103
25% Affordable Housing Greenfield	£37	£37	£31	£27	£236
Hucknall & Rural Zone	Urban Edge Large Scale	Urban Edge Medium Scale	Suburban/Rural Large Scale	Suburban/Rural Medium Scale	Infill Housing
10% Affordable Housing Brownfield	£54	£54	£53	£52	£136
25 % Affordable Housing Greenfield	£75	£75	£70	£66	£270
30% Affordable Housing Greenfield	£22	£22	£14	£9	£270


6.5 The assessment results illustrate that 10% Affordable Housing would be viable and deliverable for brownfield development across the District. In the lower value Sutton and Kirkby sub-market area 25% Affordable Housing would be viable and deliverable. In the higher value sub-market area around Hucknall and in the rural areas up to 30% Affordable Housing demonstrates positive viability.

6.6 The Council project 3,962 new dwellings (beyond those with current planning permission) in the plan period. The Council envisages a primarily greenfield delivery strategy with 3608 greenfield dwellings and 354 brownfield dwellings (91% greenfield 9% brownfield). It is therefore reasonable that the Council's primary approach to development contributions is based on the greenfield site viability assessments.

6.7 Nevertheless in view of the differential viability for greenfield and brownfield development in the District and the appropriate balance between delivery of essential infrastructure and Affordable Housing a differential contributions policy for brownfield development could be considered for the two different sub-market areas.

6 Conclusions


Key Findings – Sheltered Housing

 Maximum Viability Margin per sq m		
Sub Market/Existing Land Use	Elderly Mixed Accommodation	Elderly Apartments
Sutton and Kirkby Zone		
Greenfield	£9	-£250
Brownfield	-£127	-£357
Hucknall and Rural Zone		
Greenfield	£48	-£185
Brownfield	-£111	-£331

6.8 Sheltered Housing was tested based on a reduced S106 contribution of £4000 per dwelling (based on an assumption that education contributions would be unlikely) with 10% Affordable Housing in the Sutton/Kirkby zone and 25% Affordable Housing in the Hucknall Rural Zone. The results of the sheltered housing viability assessment illustrate that Sheltered Apartments may not be capable of making affordable housing contributions but that mixed housing and apartment schemes may be able to make viable contributions on greenfield sites. It should be noted however that the build cost rate evidence for sheltered apartments was limited and further scheme specific assessment may be required.

Key Findings – Commercial Viability Assessment

6.9 The initial assessment of commercial land and property values indicate that there are no significant differences in values to justify differential sub-markets based on assumptions or differential CIL charging zones. The employment category viability results are set out below demonstrating that only greenfield distribution warehouse uses have a significant positive viability margin.

 Maximum Viability Margin per sq m		
General Zone		
Charging Zone/Base Land Value	Greenfield	Brownfield
Industrial	-£295	-£375
Distribution Warehouse	£80	-£2

6 Conclusions

6.10 It is envisaged that distribution uses will make up a significant proportion of employment development over the plan period with new greenfield sites accounting for the majority of new development in this category. As such the assessment demonstrates that this type of employment use will be viable and deliverable.

6.11 It should be stressed that whilst the generic appraisals showed that general industrial use is not viable based on the test assumptions, this does not mean that this type of development is not deliverable. For consistency, a full developer's profit allowance was included in all the commercial appraisals. In reality many employment developments are undertaken direct by the operators. If the development profit allowance is removed from the calculations, then much employment development would be viable and deliverable. In addition, it is common practice in mixed use schemes for the viable residential element of a development to be used to cross subsidise the delivery of the commercial component of a scheme.

Viability Appraisal Conclusions


6.12 The study demonstrates that most of the development proposed by the Local Plan is viable and deliverable taking account of the cost impacts of the policies proposed by the plan and the requirements for viability assessment set out in the NPPF.

6.13 The Council has a primarily greenfield residential delivery strategy and this type of development demonstrated strong positive viability across the entire District taking account of all policy impacts.

6.14 Brownfield residential development will also be deliverable subject to a lower level of Affordable Housing contribution. Greenfield residential development demonstrated strong positive viability with higher Affordable Housing delivery potential. Whilst the higher value sub-market area around Hucknall and surrounding rural areas indicated that 30% delivery may be possible, in order to maintain a significant viability 'buffer' a 25% target is recommended.

6.15 Based on the residential viability assessment results illustrated at para 6.4 and 6.8 above, the following differential Affordable Housing targets are recommended for standard residential and sheltered housing.

6 Conclusions

 Affordable Housing Targets	
Sub Market Area	
Sutton and Kirkby Zone	
Greenfield	25%
Brownfield	10%
Hucknall and Rural Zone	
Greenfield	25%
Brownfield	10%

6.16 The study is a strategic assessment of whole plan viability and as such is not intended to represent a detailed viability assessment of every individual site. The study applies the general assumptions in terms of affordable housing, planning policy costs impacts and identified site mitigation factors based on generic allowances. It is anticipated that more detailed mitigation cost and viability information may be required at planning application stage to determine the appropriate level of affordable housing and planning obligation contributions where viability issues are evidenced. The purpose of the study is to determine whether the development strategy proposed by the Plan is deliverable given the policy cost impacts of the Plan.

6.17 In conclusion, the assessment of all proposed residential sites in Ashfield District has been undertaken with due regard to the requirements of the NPPF and the best practice advice contained in National Planning Practice Guidance. It is considered that all sites are broadly viable across the entire plan period, taking account of all policy impacts of the Local Plan with additional potential to introduce CIL charges at some stage in the future.

6.18 It should be noted that this study should be seen as a strategic overview of plan level viability rather than as any specific interpretation of Ashfield District Council policy on the viability of any individual site or application of planning policy to affordable housing, CIL or developer contributions. Similarly, the conclusions and recommendations in the report do not necessarily reflect the views of Ashfield District Council.

**Heb Surveyors
Valuation Report December 2022**

**Gleeds
Construction Cost Study
October 2022**

WHOLE PLAN VIABILITY ASSESSMENT

PROPERTY VALUE STUDY

AS PART OF EVIDENCE BASE

**FOR AND ON BEHALF OF
ASHFIELD DISTRICT COUNCIL**



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Royal Institution of Chartered
Surveyors Registered Valuers

DECEMBER 2022

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TERMS OF REFERENCE

As part of our instructions to provide valuation advice and assistance to Ashfield District Council in respect of Whole Plan Viability Testing, we are instructed to prepare a report identifying typical land and property values within the study area.

These typical land and sale prices are to reflect 'new build' accommodation and test categories have been broken down into land use types reflecting the broad divisions of the use classes order reflecting development land use types key to plan delivery, specifically:-

- 1) Residential
- 2) Industrial / Warehousing
- 3) Retirement Living
- 4) Agricultural (as function of land benchmark)

The purpose of this value appraisal study is to provide part of the authority's evidence base in support of a Whole Plan Viability Test.

THE EVIDENCE BASE

The valuation evidence provides an area-based view - a broad test of viability.

The purpose of this report is to provide a bespoke valuation Evidence Base, specifically for updating the Ashfield whole plan viability assessment. Whilst it is possible to assemble an evidence base from many different (and in some instances existing) information sources, we believe there is an inherent danger in this approach. The underlying assumptions for valuation or costs assessment in each data source may be different and a 'mix and match' approach may be flawed when comparable evidence is scrutinised.

We consider our approach herein to be far reaching and sufficiently robust to be defensible at a Examination (as evidenced by previous Inspector approval elsewhere).

The valuation evidence obtained to produce this report takes the form of an area wide approach as recommended by the guidance, and allow for economic viability of development to be considered as a whole, whereby all categories of development have been assessed.

Valuation methodology has consisted primarily of collecting recent comparable evidence of sales transactions within all of the identified development categories prior to full analysis (more fully outlined under 'Procedure and Methodology').

Where evidence may be lacking or unavailable for example the more unusual use classes or within certain locations, reasoned valuation assumptions have been taken.

It should be noted that there will inevitably be scope for anomalies to be identified within a sub-market. This is to be expected. The values and zones identified herein provide a fair and reasonable 'tone' across each sub-market and use class. We are giving opinion as to the values at which property can reasonably be expected to transact within the study area. We have sought to avoid both "best" and "worst" case examples.

This approach and methodology is deemed wholly acceptable under guidance, whereby it is accepted that inevitably valuation at an area wide level cannot be taken down to a 'micro-economic' geographical level.

Ashfield

Ashfield is a two-tier Authority with District status situated in the county of Nottinghamshire. The district covers an area of 110 Sq KM and is located on the western side of Nottinghamshire. It has an estimated population of 126,500 (data taken from National Census, 2021).

The majority of the population are concentrated within the three main towns of Sutton in Ashfield, Hucknall and Kirkby in Ashfield together with three large villages in the substantial rural area mainly to the west of the M1.

The main settlements share strong historic, economic and cultural links based around the growth and subsequent decline of coal mining, textiles and engineering industries. This is reflected in Ashfield's rank as 63rd most deprived area in England out of 326 Local Authorities (IMD 2010), and the 7th most deprived area in the East Midlands.

The district has excellent communication corridors through the A38 and Junctions 27 and 28 of the M1 motorway, and is also within close proximity of the East Midlands Airport. The Robin Hood Railway Line runs north to south with three stations in Ashfield connecting with Nottingham city centre and Worksop. The central location means that over 70% of the nation's population can be reached within three hours.

LOCAL PROPERTY MARKET OVERVIEW

The Authority has three main urban centres, Hucknall, Kirkby in Ashfield and Sutton in Ashfield together with a distinct rural area served by the villages to the west of the M1 motorway.

The Hucknall conurbation and rural areas are perceived as being more desirable to the areas of Sutton in Ashfield and Kirkby in Ashfield. This is due in part to Hucknall being often perceived as a Nottingham suburb.

There has been a noticeable increase in property values (both residential and commercial) over the last few years, with the location now actively targeted by developers.

The commercial property market is stronger in the areas that benefit from the better road communications, predominately the areas around the A38 corridor and Sherwood Park close to Junction 27 of the M1.

Retail is focused within the three main town centres with Sutton in Ashfield having a purpose-built shopping centre (The Idlewells Centre).

PROCEDURE & METHODOLOGY

Guidance recommends that standard valuation models should be used to inform viability evidence, and this approach has been adhered to for the purpose of this report.

Inevitably our methodology has varied to some extent with each property sector addressed, primarily due to the differing valuation techniques appropriate and required for that property type. More specific clarification is given within the chapter outlining methodology for each specific market category.

Our methodology favours an approach which is pragmatic and balances the reasonable expectations of landowners return with the contributions expected by the Local Authority for the infrastructure needs generated by new development, as advocated by the National Planning Policy Framework. Our approach pays due regard to 'market comparison' evidence available in each of the charging categories to provide a 'sense checked' output, bespoke to the study area.

Wherever possible we have incorporated an assessment of the transactional market comparison information that is available, adapting it through justifiable assumptions where necessary. This market sampling can then be used to confirm validity of our residual valuations.

It should be appreciated that it has not always been possible to find a definitive piece of evidence for every property type in every potential location. Guidance accepts that this may inevitably be the case on occasion, and where appropriate, reasoned assumptions have been taken.

Methodology varies slightly between commercial property and residential property.

With commercial property we have scrutinised and adopted evidence from actual sales transaction evidence where possible, this is backed up where appropriate by market rent capitalisation whereby rental evidence (and estimated market rental levels) are capitalised through multiplication reflecting appropriate investment yield profiles to produce a capital value.

Our residential sales values are based upon actual market comparable evidence, due to the fact that housing tends to offer a much more 'uniform' product, with more easily identifiable sales value market evidence being available. This is backed up with stakeholder opinion where appropriate.

Members of our professional team have made a number of visits to appropriate locations within the study area to back up our extensive desktop research.

We are locally based (Nottingham) Chartered Surveyors, valuers and property agents, and accordingly have extensive local knowledge and expertise.

For the purposes of this report we have identified, assembled and fully analysed substantial amounts of individual comparable market evidence.

Clearly it would be impractical to tabulate and include *all* of the information obtained within this report, however we will be happy to provide more detailed evidence on any aspect of our comparable database upon request.

For reasons of simplicity in reporting we have focussed on publishing data primarily for those categories where a property type is key to plan delivery.

All of the above information has been analysed, considered then distilled into the tabulated figures appended to this report which confirm our opinion as to appropriate indicative values in each category.

It should be borne in mind that as with any study where artificial boundaries are imposed, certain anomalies may arise.

There is inevitably a limit to the scale with which this study can be reduced to, and accordingly it is entirely feasible that certain 'hot' or 'cold' spots may exist above or below the overall tone identified for the study area as a whole. Similarly, within the study area an individual site, building or piece of market evidence could fall outside the established 'tone'.

In addition to the above market research, we have sought market evidence from a variety of data points including:-

- Contact / interview of House Builders and property agents active within the study area
- CoStar System – a nationwide subscription database covering commercial property issues
- Zoopla / Rightmove (professional user subscriptions)
- EGI – a further subscription database covering commercial property uses
- heb's own residential and commercial database of transactions
- Land Registry – subscription data tables where appropriate
- RICS Commercial Market Survey (quarterly)
- RICS Rural Land Survey H1 2022

We have further sought local market information and 'market sentiment' from local Stakeholders including:-

Persimmon Homes	Rippon Homes	Bellway Homes
Countryside Homes	Minster Property Group	Stancliffe Homes
Peter James Homes	Harron Homes	Rippon Homes
Dukeries Homes	Peal Living	Gleeson Homes
Inside Land	Woodall Homes	

All of the above parties were contacted with a view to discussing market activity at local sites and an appropriate value tone for the study area. We are grateful to all parties who provided assistance and data.

We believe this methodology has produced accurate and recent evidence available to support the values across the study area.

On occasion we have been obliged to make reasoned subjective judgements as to our opinion of the likely use value for certain locations and uses.

EVIDENCE DATES

As with any property valuation the date of comparable evidence is critical in terms of achieving a realistic outcome to the study. For this reason we have strived to obtain the most up to date information available.

The majority of our comparable evidence was obtained from January 2021 to December 2022.

Where it has been necessary to analyse older evidence, appropriate judgements have been made by a fully qualified valuation team to adapt the evidence to an appropriate 'present day figure'.

BASIS OF VALUATION

Unless stated otherwise (for example land value 'benchmarking'), we have prepared our valuation figures on the basis of Market Value which is defined in the valuation standards published by the Royal Institution of Chartered Surveyors as:-

"The amount for which a property should exchange at the date of valuation between a willing buyer and willing seller in an arm's length transaction after proper marketing wherein the parties had both acted knowledgably, prudently and without compulsion".

POTENTIAL SUBMARKETS

Residential

Our previous viability instruction for Ashfield tested then adopted value submarkets ("Development Viability Assessment for the Ashfield Local Plan Property Value Appraisal Study", 24 July 2016).

We have re-tested their validity, by assessing the Average House Price for each submarket. The data is drawn from land registry house price data for the 12 month period to June 2022 (latest available).

A map of the sub-markets is appended at Appendix 1

The average house price figures for the sub-markets were:-

Sutton and Kirkby	- £163,875
Hucknall	- £193,000
Jackdale, Selston and Underwood	- £187,000

The figures confirm a "low" and a combined "high" zone as appropriate.

House builder consultees were supportive of the sub-markets (see notes at Appendix 3), and verified that they fairly reflect the realities of the local housing market – the Hucknall area in particular is typically seen as "Nottingham fringe" and therefore attracting higher values.

Accordingly it is fair, realistic and pragmatic in terms of policy consistency, to adopt the zones for further viability testing.

Commercial:

- Single Commercial Zone, area wide

The highest values for 'core' retail can be found in central urban areas however there is only marginal difference across the area as a whole for new build retail development. Although this may seem counter-intuitive, it should be borne in mind that new build retail development tends to be of a 'road side' or 'neighbourhood centre' style, and not more traditional 'High Street' retail which is generally well established

There is not a 'one size fits all' solution to what drives commercial property location values – what may be a high value retail area, may not be sought-after for warehousing, and vice-versa.

In summary we do not believe that there is sufficient 'fine grained' evidence to warrant a subdivision into separate CIL charging zones for commercial property. Inevitably the overall lack of tangible quality new build market evidence would mean an arbitrary decision is required as to where boundaries should be drawn which may not be defensible at Examination.

Accordingly in our opinion a single commercial rate should be applied where appropriate at a level which does not unduly threaten development as a whole across the entire study area.

SECTOR SPECIFIC VALUATION COMMENTARY**1) Residential (houses and apartments)****New Build Residential Values per Sq m**

S106 and other Planning charges are applied to future *new build* housing within the location.

It therefore follows that the methodology used for viability testing is applied using real evidence collated from the new / nearly new homes market wherever possible. An extensive survey of this market was conducted within the study area and immediate surround.

We have focused on 'new build' evidence since this generally attracts a premium over and above existing stock, and more particularly over Land Registry average figures where the results may be skewed by an unknown sample size and where no reference is available to the size, number of bedrooms and quality of the constituent properties.

New home developments are predominantly built by larger volume developers and tend to offer a relatively uniform size style and specification across any geographical area. It also follows that the majority of proposed developments that will attract planning obligations will constitute similar construction and styles.

Having established like for like comparable evidence, this was further analysed and tabulated to specify new home types, i.e. apartments and 2, 3, 4 and 5 bed units.

Market research was therefore focused on the above criteria by identifying new or 'nearly new' home developments in the study area or surrounding comparable locations, that were under construction or recently completed. Data for individual house types on these developments was analysed and sale prices achieved obtained from developer / house builders, Land Registry Data, or other sources (typically Zoopla / Rightmove).

Where necessary, additional supporting information was gathered on each development using asking prices with an assumed reduction made according to negotiated discounts as provided by the developer, local agents and professional judgement / assessment of the results. Adjustments for garages were made where present, to ensure like for like comparison.

Where new home data was found lacking, nearly new or 'modern' transactions and asking prices were analysed and adapted.

We have contacted contact home builders currently or recently active within the location, as listed in 'Procedure and Methodology' and again in Appendix 3. In most instances we were grateful to receive full assistance and cooperation although in a few instances the developer was unavailable for comment or unable to provide assistance.

Market value opinion obtained from stakeholders (house builders) generally confirmed our suggested sub-markets approach and values as appropriate, and a range between £2,700- £3,015+ sq m (£250- £280+ per sq ft) as appropriate for houses across the authority, marginally less for apartments.

Our adopted values for appraisal are shown at Appendix II, with numeric sales data obtained tabulated at Appendix III, with stakeholder comment.

Additional Stakeholder and background evidence is listed at Appendix III.

2) Industrial / Warehousing

Our methodology is again based largely on the capital comparison method, through assessment of transactional evidence, and investment capitalisation where appropriate.

Where appropriate, rental evidence has been capitalised through adopting investment yields.

The industrial / warehouse market is robust in most locations in the study area, driven in part by proximity to the M1

A mixture of both design and build and speculative development is common, with volume limited only by availability of sites.

The "pre-fund, pre-let, pre-sale" model, with lower yields and enhanced capital value tends to produce premium prices, although demand from owner occupiers can also compete and in some instances exceeds this (especially where cash funded).

Our figure assumes a "blended" rate of these scenarios.

Prime units with good M1 access can reasonably be expected to achieve £80.73 SQM (£7.50 per sqft). Assuming pre-let to a quality tenant, this may be capitalised at a yield of 4.75%-5.25%

3) Retirement Living

New developments of retirement living schemes are limited in the study area, with mainly historic evidence to reference.

Where available, evidence is mainly drawn from neighbouring areas, or "re-sale" data from existing developments.

Thereafter adjustments have been made, particularly to reflect the fact that re-sale values in this sector are widely acknowledged to be at a marked discount from new-build.

4) **Agriculture**

The recent RICS rural land market survey (H1, 2022) has suggested that for the East Midlands region average agricultural land prices are approximately £20,000 per hectare. This figure is confirmed by the recent Strutt and Parker Farmland Market Report (April 2022).

Our report has allocated an average figure across the whole of the region, which should be considered as being for guidance and information purposes only.

We do not believe it appropriate within the scope of this report to provide more detailed, area specific banding.

The valuation of agricultural land is extremely site specific, down to a 'field by field' basis. The quality of soil for each individual plot of land is paramount, with other factors being taken into account for example the existence of sporting rights. Accordingly to give a truly accurate reflection on values across the area with this estate analysis down to a micro level which we do not believe is desirable or appropriate for the purposes of this report.

Limitation of Liability

For limitation of liability this report is provided for the stated purpose and is for the sole use of the named client, Ashfield District Council. No responsibility is accepted for third party issues relying on the report at their own risk.

Neither the whole nor any part of this report nor any reference to it may be included in any published document, circular or statement nor published in any way without prior written approval of the form and context of which it may appear. We shall be pleased to discuss any aspect of this report.

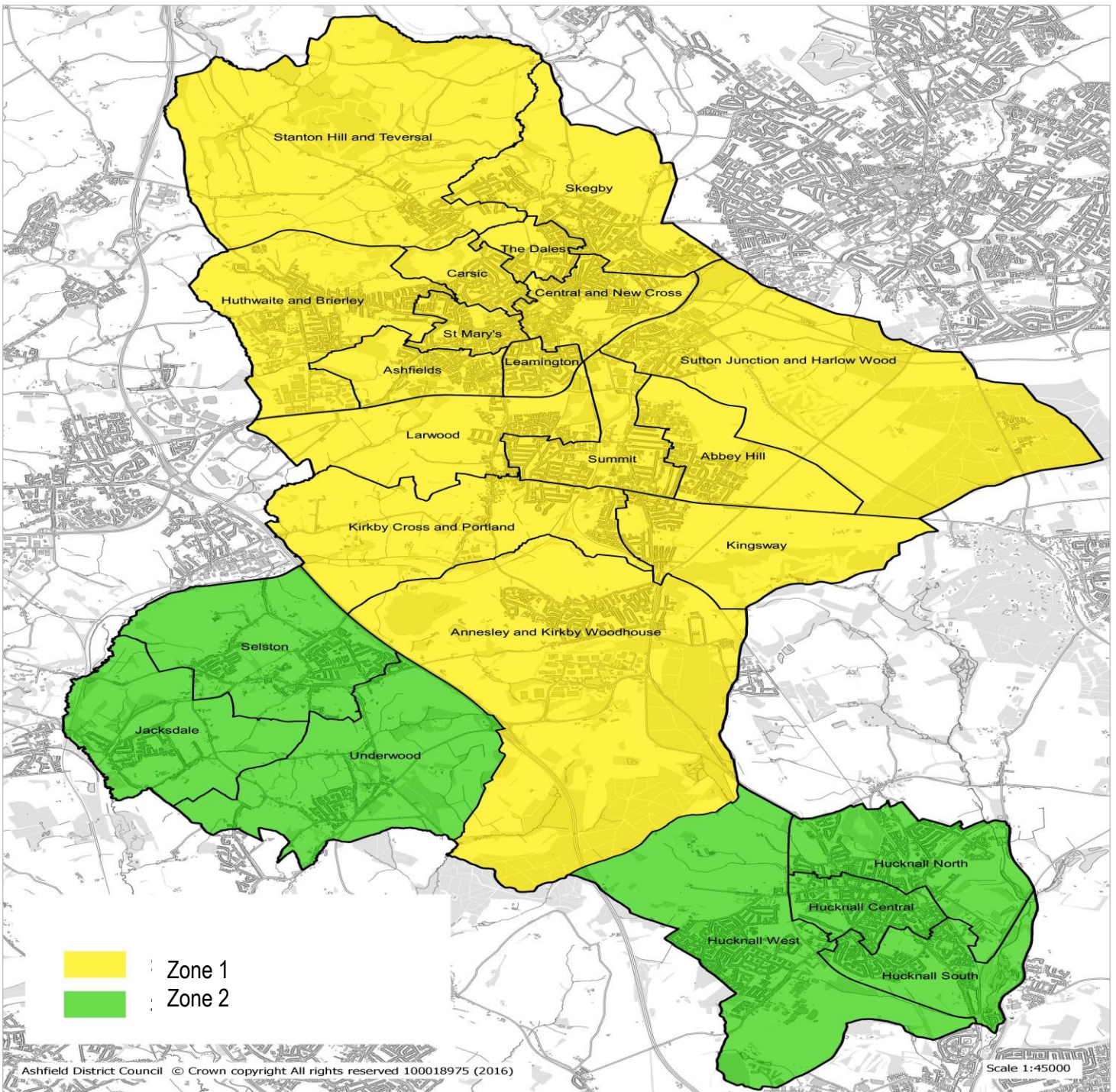
Yours faithfully

heb

heb Chartered Surveyors

APPENDIX I

ASHFIELD SUB-MARKETS



APPENDIX II

INDICATIVE RESIDENTIAL VALUES (NEW BUILD) ASHFIELD DISTRICT COUNCIL

Residential Sales Values						
	Sales Value £ / Sq m					
Sub-Market	Apartment	2 Bed	3 Bed	4 Bed	5 Bed	Retirement Living
1 Low	2,100	2,900	2,800	2,800	2,700	3,200
2 High	2,250	3,000	2,900	2,900	2,800	3,800

INDICATIVE COMMERCIAL VALUES (NEW BUILD) ASHFIELD DISTRICT COUNCIL

Sales Values Sq m	
	Charging Zones
	1 Districtwide
Warehouse / Industrial	1,400
Agricultural	350

INDICATIVE COMMERCIAL LAND VALUES

Land Sales Values	
Industrial Land Values £ per Ha	750,000
Agricultural Land Values £ per Ha	20,000

APPENDIX III

ADDITIONAL VALUATION DATA AND EVIDENCE

LAND REGISTRY DATA – CURRENT / RECENT DEVELOPMENTS NEW BUILD

Address	£ Per Sq Ft	£ Per Sq m	Date Sold	
NEW HOMES SOLD				
SANDLANDS PARK, HUCKNALL		HARRON HOMES		
55	Airfield Way	252.75	2,721	Feb 22
53	Airfield Way	254	2,734	Oct 21
7	Nissen Mews	247	2,659	Jan 21
	Lovesey Avenue	240	2,583	Jul 21
20	Airfield Way	243	2,616	Feb 21
22	Airfield Way	251	2,702	Jan 21
18	Airfield Way	246	2,648	Feb 21
76	Lovesey Avenue	271	2,917	Jun 21
6	Airfield Way	252	2,713	Jan 21
5	Airfield Way	250	2,691	Sep 20
82	Lovesey Avenue	251	2,702	Mar 20
9	Airfield Way	254	2,734	Jun 21
11	Airfield Way	250	2,691	Aug 20
17	Airfield Way	260	2,799	Jul 20
19	Airfield Way	242	2,605	Sep 20
6	Canberra Crescent	252	2,713	Oct 20
1	Canberra Crescent	281	3,025	Sep 21
53	Griffon Drive	250	2,691	Apr 21
BRIERLEY HEATH, SUTTON IN ASHFIELD		HARRON HOMES		
10	Red Fox Avenue	237	2,551	May 22
	Honey Bee Gardens	276	2,971	Oct 20
5	Honey Bee Gardens	230	2,476	Mar 20

HAWKERS PLACE, HUCKNALL		PERSIMMON HOMES		
40	Pennington Way	260	2,799	Jun 21
22	Pennington Way	246	2,648	May 21
29	Pennington Way	220	2,368	Jun 21
25	Pennington Way	251	2,702	Jun 21
9	Pennington Way	256	2,756	Sep 20
11	Pennington Way	248	2,670	Sep 20
12	Pennington Way	258	2,777	Apr 21
10	Pennington Way	234	2,519	Aug 20
6	Pennington Way	242	2,605	Jul 20
5	Shepherd Street	240	2,583	Jul 20
4	Pennington Way	242	2,605	Jul 20
11	Turner Grove	236	2,540	May 21
27	Turner Grove	235	2,530	Jan 21
10	Turner Grove	247	2,659	Nov 20
8	Turner Grove	247	2,659	Jan 21
15	Shepherd Street	279	3,003	Jul 20
30	Turner Grove	245	2,637	Jan 21
21	Magee Close	236	2,540	Jul 22
7	Magee Close	247	2,659	Apr 20
59	Harker Close	262	2,820	Sep 21
ABBEYFIELDS GRANGE, HUCKNALL		BELLWAY HOMES		
5	Victoria Way	223	2,400	May 21
7	Victoria Way	191	2,056	Jan 22
	Victoria Way	208	2,239	Feb 20
	Bound Street	231	2,487	Feb 21
	Crown Street	222	2,390	May 20
	Crown Street	238	2,562	Apr 21
9	Osbourne Close	252	2,713	Apr 21
11	Osbourne Close	247	2,659	Jan 21
73	Albert Close	218	2,347	Jun 21
7	Albert Close	200	2,153	Jun 21
73	Albert Close	218	2,347	Jun 21
	Albert Close	227	2,443	Jun 22

SHERWOOD GATE, PAPPLEWICK LANE		BELLWAY HOMES		
2	Chadburn Road	292	3,143	Sep 20
6	Askew Road	251	2,702	Jan 22
7	Chadburn Road	277	2,982	Sep 21
3	Chadburn Road	276	2,971	Jun 21
15	Askew Road	295	3,175	May 22
1	Askew Road	235	2,530	Apr 22
23	Askew Road	250	2,691	Aug 21
2	Baxter Close	209	2,250	Jan 21
63	Askew Road	254	2,734	Jan 21
61	Askew Road	265	2,853	Dec 20
12	Cranswick Close	248	2,670	Jan 21
14	Cranswick Close	240	2,583	Nov 20
59	Askew Road	238	2,562	Aug 20
8	Cranswick Close	314	3,380	Jun 21
37	Askew Road	260	2,799	Feb 20
5	Cranswick Close	268	2,885	Jan 20
1	Cranswick Close	251	2,702	Apr 20
2	Cranswick Close	272	2,928	Jan 20
3	Cranswick Close	272	2,928	Jan 20
4	Cranswick Close	268	2,885	Jan 20
57	Askew Road	254	2,734	Jan 21
86	Askew Road	243	2,616	Jan 21
10	Baxter Close	253	2,723	Jan 21
41	Askew Road	270	2,906	Sep 19
51	Askew Road	244	2,626	Mar 20
55	Askew Road	251	2,702	Mar 20
53	Askew Road	244	2,626	Jan 20
80	Askew Road	242	2,605	Oct 20
76	Askew Road	272	2,928	Feb 21
74	Askew Road	254	2,734	Jan 21
78	Askew Road	272	2,928	Aug 20
2	Pates Close	252	2,713	Aug 20
72	Askew Road	243	2,616	Mar 20
60	Askew Road	246	2,648	Mar 20
62	Askew Road	265	2,853	Jan 20

SHERWOOD GATE, PAPPLEWICK LANE		BELLWAY HOMES (Continued)		
6	Pates Close	265	2,853	Aug 20
3	Pates Close	250	2,691	Sep 20
5	Pates Close	264	2,842	Oct 20
7	Pates Close	265	2,853	Aug 20
29	Chadburn Road	240	2,583	Mar 21
31	Chadburn Road	265	2,853	Feb 21
66	Chadburn Road	265	2,853	Aug 21
64	Chadburn Road	255	2,745	Mar 21
7	Vincent Close	278	2,992	Aug 21
58	Chadburn Road	278	2,992	Jun 21
62	Chadburn Road	260	2,799	Jun 21
n/a	Chadburn Road	289	3,111	Sep 21
33	Chadburn Road	254	2,734	Mar 21
74	Chadburn Road	251	2,702	Mar 21
68	Chadburn Road	251	2,702	Jun 21
72	Chadburn Road	275	2,960	Apr 21
70	Chadburn Road	275	2,960	Mar 21
54	Chadburn Road	278	2,992	Aug 21
56	Chadburn Road	267	2,874	Aug 21
1	Vincent Close	285	3,068	Oct 21
35	Chadburn Road	289	3,111	Feb 21
51	Chadburn Road	215	2,314	Aug 21
53	Chadburn Road	230	2,476	Mar 21
2	Vincent Close	278	2,992	Aug 21
4	Vincent Close	215	2,314	Oct 21
50	Chadburn Road	234	2,519	Oct 21
52	Chadburn Road	263	2,831	Sep 21
8	Vincent Close	236	2,540	Dec 21
6	Vincent Close	271	2,917	Dec 21
38	Chadburn Road	269	2,896	Oct 21
43	Chadburn Road	322	3,466	Feb 22
47	Chadburn Road	243	2,616	Jan 22
45	Chadburn Road	244	2,626	Jan 22
42	Chadburn Road	274	2,949	Jan 22
49	Chadburn Road	271	2,917	Jan 22

SHERWOOD GATE, PAPPLEWICK LANE		BELLWAY HOMES (Continued)		
44	Chadburn Road	240	2,583	Oct 21
48	Chadburn Road	232	2,497	Oct 21
46	Chadburn Road	240	2,583	Oct 21
14	Vincent Close	271	2,917	Mar 22
12	Vincent Close	263	2,831	Dec 21
41	Chadburn Road	284	3,057	Jan 22
2	Nunn Close	282	3,036	Apr 22
3	Nunn Close	271	2,917	Mar 22
n/a	Nunn Close	267	2,874	Jan 22
18	Vincent Close	219	2,357	Jan 22
7	Nunn Close	220	2,368	Mar 22
BERRY HILL, MANSFIELD / ASHFIELD BORDERS		AVANT / BARRATT / DWH / BELLWAY		
48	Fallow Way	252	2,713	Feb 21
56	Fallow Way	258	2,777	Jan 21
50	Fallow Way	252	2,713	Jan 21
52	Fallow Way	255	2,745	Jan 21
4	Maize Grove	292	3,143	Jul 22
33	Fallow Way	288	3,100	Jun 22
25	Sky Walk	251	2,702	Jun 21
11	Sky Walk	251	2,702	Mar 21
40	Taurus Close	266	2,863	Feb 22
5	Taurus Close	269	2,896	Apr 22
	Taurus Close	292	3,143	Jun 22
15	Taurus Close	277	2,982	Apr 22
8	Endor Road	258	2,777	Dec 21
12	Nebula Way	248	2,670	Dec 21
10	Nebula Way	247	2,659	Nov 21
8	Nebula Way	251	2,702	Oct 21
6	Nebula Way	250	2,691	Oct 21
4	Endor Road	262	2,820	Sep 21
2	Nebula Way	260	2,799	Sep 21

Note – there is currently a noticeable delay between sale dates and data being made available on the Land Registry. Accordingly, some more recent sale evidence may be absent. Where appropriate, reasoned valuation assumptions have been made when assessing older transactions.

ASHFIELD - NEW HOME DEVELOPMENTS CURRENTLY MARKETED

Development	Builder	Price Range £ / Sq M*	Comments	CURRENT (2022)
Forest View, Mansfield	Woodall Homes	£2,475 - £2,800	Study area fringe. Figures verified by Woodall Homes. Further comment that proposed sub-markets appear valid.	
Brierley Heath, Sutton in Ashfield	Harron Homes	£2,798 - £3,000	Prices verified by Harron Homes. 'Typically' £2,800 across scheme. Further comments that proposed sub-markets are valid.	
Sutton Heights, Sutton in Ashfield	Gleeson	£2,900 (avg)	Figures verified by Gleeson. Further comments that sales are 'robust' & that the proposed sub-markets are broadly appropriate.	
Abbeyfields Grange, Hucknall	Bellway Homes	£2,853 - £3,121	Prices verified by Bellway Homes with further commentary that proposed sub-markets appear valid.	
Sherwood Gate, Linby	Bellway Homes	£2,799 - £3,229	Study area fringe (high zone borders). Prices verified by Bellway Homes with further commentary that proposed sub-markets appear valid.	
The Brewery Yard, Kimberley	Fairgrove Homes	£2,906 - £3,014+	Prices verified by Fairgrove Homes as 'comfortably achievable'. Study area fringe location. Respondent confirmed that the proposed sub-markets appear broadly sensible & valid. Apartments on site achieving approximately £2,550 per sq m.	
Hawkers Place, Hucknall	Persimmon Homes	£2,691 - £2,906	Prices verified by the developer along with consensus regarding sub markets.	
West House Farm View, Bestwood Village	Langridge Homes	£3,115 - £3,230	Study area fringe, adjacent 'high' zone.	
Barkley Grange, Ravenshead	Dukeries Homes	£3,821 (typical)	Location is just outside the study area & a 'sought-after' village. Min price achieved stated at £3,700 per sq m. Developer confirms values.	
Mansfield	Dukeries Homes	£2,691 (typical)	Developer confirms sales from two sites in Mansfield – Sandhurst Avenue & High Oakham Park (both study area fringes)	
Caudy Lane, Brinsley	DWH	£2,780 - £3,115		
Sandlands Park	Harron Homes	£3,100 - £3,500	Prices confirmed by Harron Homes – typical 'blended rate' stated at £3,230 per sq m. Further comment that proposed sub-markets are appropriate.	

Development	Builder	Price Range £ / Sq M*	Comments	CURRENT (2022)
Brinsley & Papplewick	Pearl Living	£3,500 - £4,500 (typically)	Developer confirms recent developers at Brinsley & Papplewick – high spec gated communities, therefore adjustment required. Proposed sub-markets confirmed as appropriate. General 'tone' within this report verified as 'sensible' for the study area in general.	
-	Rippon Homes	-	Rippon Homes are a well-established & very active developer within the study area. No current developments, however, general value tone & sub markets within this report verified as 'appropriate'.	
-	Countryside Homes	£2,900 - £3,015 (opinion)	Countryside are currently on site within the study area (Sutton in Ashfield) although this is in respect of a fully 'affordable' (registered provider) scheme. The developer indicated market opinion that for market housing, the range stated adjacent would be appropriate.	
-	Stancliffe Homes	-	Chesterfield based with a history of development within the sub market. A number of sites currently under consideration, however non 'active'. Proposed figures & sub-markets set out within this report verified as 'fair & appropriate'.	

* Price per sq m is after adjustment for detached garages where appropriate.

Whole Plan Viability Assessment

Construction Cost Study

Bassetlaw District Council
Gleeds Cost Management Limited
NTCM0641

Version: 1
Date: 25/10/2022

DOCUMENT CONTROL

Project name	Whole Plan Viability Assessment	Project number	NTCM0641
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Related project documents			

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Executive Summary

1. The Project

This Cost Study provides an estimate of construction costs over a range of development categories, to support a Whole Plan Viability Assessment.

2. Allowances

The Estimate includes on-cost allowances for the following:

- Consultants
- Building Regulations and Planning fees
- NHBC Insurance where applicable

3. Basis of Estimate

The basis of the Estimate is in Section 2 of this report.

4. Detailed Construction Cost Study

The detailed Cost Study is given in Section 3 of this report.

5. Risk Allowance

A Risk Allowance of 5% of construction cost is recommended

1

Project Description

1.0 Project Description

NCS have been appointed by Ashfield District Council for the production of the Council's Whole Plan Viability Assessment, through to adoption.

Gleeds are acting as part of the NCS team, to provide indicative construction costs, over the range of development categories, to inform the Appraisal.

The range of development categories are as agreed with NCS.

2

Basis of Cost Study

2.0 Basis of Cost Study

2.1 Base Date

Rates for Construction Costs in the Estimate have been priced at a Base Date of 4th quarter (October to December) 2022. Allowances must be made for inflation beyond this date dependent on the mid-point date of construction.

2.2 Procurement

The costs included in this Estimate assume that procurement is to be achieved on a single stage competitive tender basis, from a selected list of Contractors.

2.3 Scope of Development Types

The scope of development types within the various categories varies between categories, this is reflected within the range of construction values stated for a particular category.

For the purposes of undertaking the Viability Appraisal, average rates for construction have been given for each development category; the range of values have also been stated.

2.4 Basis of Costs

The following benchmarking data was used in the preparation of the estimate:

1. Analysis of construction costs over a range of projects within the Gleeds Research and Development Data Base.
2. Where insufficient data is available within any particular category cross-reference is also made to BCIS construction cost information.
3. The rates adopted in the study are based on research of local construction projects to the region, the costs associated with these and Gleeds own national database of construction costs by construction type. The report recognises that different types of construction company incur different levels of costs due to differences in buying power, economies of scale etc. The rates assume that substantial new residential development (House and Bungalows) will be undertaken primarily by regional and national house builders and the adopted rates reflect this. The adopted rates therefore tend to fall below median BCIS construction rates which cover building cost information from all types of construction company to individual builders, BCIS does not capture data from regional and national housebuilders. This is considered to be a more realistic approach than the adoption of median general rates, to reflect the mainstream new build residential development particularly since smaller schemes undertaken by smaller scale construction companies will enjoy exemption from zero carbon and affordable housing requirements.

All construction costs have been adjusted for Location Factor (Ashfield District Council).

Note: the cost allowances are based on current building regulations.

2.5 Assumptions/Clarifications

The following assumptions/clarifications have been made during the preparation of this Estimate:

- The costs included in this Estimate assume that competitive tenders will be obtained on a single stage competitive basis.
- There are no allowances in the Estimates for Works beyond the site boundary.
- All categories of development are assumed to be new build unless stated otherwise.
- It is assumed development takes place on green or brown field prepared sites, i.e. no allowance for demolition etc.
- All categories of development include an allowance for External Works inc drainage, internal access roads, utilities connections (but excluding new sub-stations), ancillary open space etc
- Site abnormal and facilitating works have been excluded and are shown separately.

Access Standards

Category 2

Costs in respect of meeting Category 2 Standards have been considered within the report.

Category 2 dwellings are in essence very similar to Lifetime Homes with a couple of minor enhancements such as step free access, a minimum stair width of 850mm and amendments to WC layouts to ensure no obstructed access.

The design solutions (And therefore cost) of meeting Category 2 standards will vary from site to site and will potentially range from relatively small on a good site with some innovative design to between 1% and 2% on a less favourable site which includes apartments. There is potentially a more significant impact on the cost of apartments due to the requirement for a lift but again this can be minimised through design, the accessible units may be allocated on the ground floor for example thus negating the need for a lift.

Some of the requirements impact on actual size of the dwelling, our costs are provided on a £/m² basis so any increase in dwelling size is automatically picked up within the rate.

For the purpose of the assessment we would recommend an uplift of 1% across the board (Except bungalows) on all residential costs be applied in order to meet Category 2 standards.

Category 3 Adaptable

Costs in respect of meeting Category 3 Adaptable Standards have been considered within the report.

Category 3 dwellings are suitable or potentially suitable through adaptation, to be occupied by wheelchair users. Issues which need to be considered include wheelchair storage space, maximum inclines of ramps, provision of services for power assisted doors (Developments with communal entrances), room sizes, provision for a through floor lift including power, kitchen design, bedroom ceilings being capable of taking the load of a hoist, door entry system connected to main bedroom and lounge.

The design solutions (And cost) for meeting category 3 standards will also vary from site to site, some of the requirements will be dealt with by increasing the area of the dwellings, the cost of this will therefore be picked up in the GIFA used and will not affect the overall £/m².

There are some specific requirements that will directly impact on costs such as power for assisted doors, provision for through floor lifts, door entry systems, kitchen designs and ceiling loadings. For the purpose of this assessment we would recommend an uplift of 9% be applied in order to meet category 3 adaptable standards for houses, 6% for apartments and 2% for bungalows.

Part L 2021

Part L 2021 proposes an interim reduction in carbon emissions for dwellings, paving the way for greater reductions and the Future Homes Standard. The initial changes to Part L target a 31% reduction in carbon emissions and how this is achieved will vary depending on the house type and the specific development.

As the methods used in achieving the reduction will vary, so will the cost of meeting the new standards, the general consensus in the industry is that the costs will range from £3,000 to £5,000 per residential property, this will also differ depending on the type of Client,

We are suggesting that a percentage uplift of 3% be applied to dwelling costs to capture the changes to Part L. As an example, for a typical house of say 100m² (100m² @ £1,194/m² = £119,400) the uplift would be £3,582. For a typical low rise apartment of say 60m² (60m² @ £1,752 = £105,120) the uplift would be £3,154. Utilising a percentage rather than an actual figure will naturally account for the differences in costs of say a volume housebuilder achieving the standards compared to a typical developer utilising a traditional main contracting procurement route.

2.6 Exclusions

The Order of Cost Study excludes any allowances for the following:

- Value Added Tax
- Finance Charges
- Unknown abnormal ground conditions including:
 - Ground stabilisation/retention
 - Dewatering
 - Obstructions
 - Contamination
 - Bombs, explosives and the like
 - Methane production
- Removal of asbestos
- Surveys and subsequent works required as a result including:
 - Asbestos; traffic impact assessment; existing buildings
 - Topographical; drainage/CCTV; archaeological
 - Subtronic
- Furniture, fittings and equipment

- Aftercare and maintenance
- Listed Building Consents
- Service diversions/upgrades generally
- Highways works outside the boundary of the site

3

Detailed Construction Cost Study

3.0 Detailed Construction Cost Study

Development Type, to achieve Breeam Excellent	Construction Cost (£/m ²)		
	Min	Max	Median
Residential, Bungalows	1,270	1,474	1,336
Additional cost for Cat 2 accessible dwellings			-
Additional cost for Cat 3 wheelchair adaptable			27
Additional cost for Part L 2021			40
Residential, 2-5 bed	1,104	1,282	1,162
Additional cost for Cat 2 accessible dwellings			12
Additional cost for Cat 3 wheelchair adaptable			105
Additional cost for Part L 2021			35
Low Rise Apartments	1,553	2,443	1,705
Additional cost for Cat 2 accessible dwellings			17
Additional cost for Cat 3 wheelchair adaptable			102
Additional cost for Part L 2021			51
High Rise Apartments	1,484	3,757	1,963
Additional cost for Cat 2 accessible dwellings			20
Additional cost for Cat 3 wheelchair adaptable			118
Additional cost for Part L 2021			59
Office to residential conversion	708	1,840	1,622
Care Homes	1,432	2,072	1,581

Extra Care (Sheltered Housing)	1,221	2,253	1,416
General Retail, shell finish	839	1,214	1,148
Food Retail supermarket, shell finish	976	1,609	1,306
Retail Refurbishment	638	1,083	765
Food Retail Refurbishment	742	1,464	875
Hotels, 2,000m ² mid-range, 3* inc. F&Ftgs	1,717	2,194	1,784
Offices, Cat A fit-out	1,534	2,992	1,815*
Industrial, general shell finish	653	1,217	873
Institutional / Community D7 (museums, library, public halls, conference)	2,614	3,397	3,080
Leisure D5 (cinema, bowling alleys, shell)	1,089	1,227	1,158**
Agricultural shells	429	1,344	866
SUI Generis			
Vehicle Repairs	1,377	2,011	1,614
Vehicle Showrooms	1,635	2,416	1,803
Builders Yard	596	1,658	1,132

Note:

- * Offices, Cat A are based on speculative office development, of cost-efficient design
- ** Leisure D5 development is based on shell buildings (bowling alleys, cinemas and the like) and exclude tenant fit-out

On-costs

Professional fees		
- Consultants (excluding legals)	7.25%	
- Surveys etc	<u>0.75%</u>	8%
Planning / Building Regs		
Statutory Fees		0.6%
NHBC / Premier warranty (applies only to Residential and Other Residential)		0.5%
Contingency / Risk Allowance		5%

Abnormal Site Development Costs, Ashfield District Council Areas.

**Budget Cost
£/Hectare**

Abnormal Costs, by their very nature, vary greatly between different sites.

Budget figures are given, for typical categories relevant to the study area.

The Budgets are expressed as costs per hectare of development site.

Archaeology 15,000

Typically, Archaeology is addressed by a recording / monitoring brief by a specialist, to satisfy planning conditions.

Intrusive archaeological investigations are exceptional and not allowed for in the budget cost.

Site Specific Access Works 30,000

New road junction and S278 works; allowance for cycle path linking locally with existing

Major off-site highway works not allowed for.

Site Specific Biodiversity Mitigation / Ecology

Allow for LVIA and Ecology surveys and mitigation and enhancement allowance. 30,000

Flood Defence Works

Allowance for raising floor levels above flood level, on relevant sites	36,000
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Budget £2,200 per unit x 35 units, apply to 1 in 3 sites.

Utilities, Gas, Electric

Allowance for infrastructure upgrade	110,000
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Land Contamination

Heavily contaminated land is not considered, as remediation costs will be reflected In the land sales values	36,000
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Allow for remediation/removal from site of isolated areas of spoil with elevated levels
Of contamination

Ground Stability

Allow for raft foundations to dwellings on 25% of sites

Budget £3,000 x 35 units x 25%	26,250
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