

Executive Summary

- ES 1 This report has been prepared on behalf of Keepmoat Homes for the proposed development of 93 residential houses at the Land of St Helen's Boulevard in Athersley South, Barnsley. This report supersedes the earlier Financial Viability Assessment due to the reduction in the overall number of units.
- ES 2 The report considers the viability of the scheme in the context of the delivery of affordable housing, other planning obligations (non-affordable housing S106) that the Council seeks in accordance with adopted policy.
- ES 3 It should be noted that the site will be acquired from the Council and the Leeds Diocesan Board of Finance.
- ES 4 This report has been prepared by Atam Verdi, Director, MRICS, RICS Registered Valuer
- ES 5 We note that a standard executive summary template is to be published, however the following should provide a sufficient summary as outlined within the PPG¹.

Development Context

- ES 6 The proposal is to construct 93 residential houses which include a mixture of 2, 3 and 4 bedroom terraced, semi-detached and detached houses. The site area is approximately 3.19 Hectares (7.90 acres) gross.
- ES 7 The site has been offered on the basis of a joint sale between Barnsley Council and Leeds Diocesan Board of Finance.
- ES 8 The development site is affected by a number of abnormal development costs which has a bearing on the viability of the scheme.

Planning Policy

- ES 9 The Council's current policies require 10% provision of affordable housing for developments over 15 or more dwellings. An affordable housing tenure split of 80% Affordable Rented and 20% Shared Ownership is sought.
- ES 10 In our assessment of the capital values for the affordable rented units, we have consulted the Council's website to obtain information on Local Housing Allowance rates. We have then

¹ MHCLG (2018) PPG Paragraph: 021 Reference ID: 10-021-20180724

deducted costs for management and maintenance, bad debts and voids and renewals to arrive at a net rental value.

- ES 11 In our assessment of the values for the affordable shared ownership units, we have modelled the shared ownership units on an initial 40% equity sale and the retained equity being the subject of a rental based on 2.75% of unsold equity. This is in line with the affordable housing assumptions within the Council's Affordable Housing Viability Assessment 2010.²
- ES 12 The affordable houses have been allocated to the smaller house types (Halstead) at the development. By selecting the smaller units for the affordable housing provision, we have strived to ensure that the most efficient units are selected and thus maximising the level of provision. The relationship of value and construction cost would be worse if larger units were selected.
- ES 13 In addition to affordable housing, non-housing S106 contributions for the scheme has been considered which are based on the Council's Adopted SPD documents (May 2019). This includes contributions towards Education, Loss of Green Space and offsite Open Space contribution (see Section 2 of this report).

Residential Market Assessment

- ES 1 The potential Gross Development Value of the scheme has been determined using comparable evidence in the local market place. In addition to achieved prices, we have had regard to asking price data for similar new-build developments in the area.
- ES 2 The development provides a total GDV of £11,824,000.

Assessment of Land Cost

- ES 14 We have adopted a land value of £90,253 per acre.

Financial Appraisal Assumptions

- ES 15 Construction costs for the proposed development have been prepared by Keepmoat Homes. The total cost for the development equates to £11,824,000.
- ES 16 A developer's profit allowance has been made at 20% profit on gross development value for the market sale units and 7% for the affordable units.

² Barnsley MBC Affordable Housing Viability Assessment Final Report, 2010. Three Dragons

Viability Conclusions

- ES 17 We conclude that the scheme is not viable with the current policy requirement for S106 obligations.
- ES 18 The scheme provides 2 and 3 bedroom homes which will provide homes that are accessible to many households. Other developers are generally providing more costly 4 bedroom homes.