

ECONOMIC VIABILITY ASSESSMENT

PROPOSED DEVELOPMENT AT
NEW ROAD, TANKERSLEY

ROUSE HOMES

180EWY00

RESIDENTIAL | LEEDS

18 October 2018



**CUSHMAN &
WAKEFIELD**

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1. INTRODUCTION

Cushman & Wakefield (C&W) has been instructed by Rouse Homes (the Applicant) to undertake an Economic Viability Assessment (EVA) in respect of the proposed development of the former 'Company Shop' premises at New Road, Tankersley. We understand that a planning application for the residential development of 29 dwellings is to be submitted to Barnsley Council (the Council) by the Applicant, and this EVA will form part of the submission.

The purpose of this EVA is to determine the appropriate level of Section 106 (S.106) contributions and affordable housing that can viably be supported by the proposed development. The appraisal is based on an accepted industry methodology, which has been tested by key stakeholders from both the private and public sectors. It is based on up-to-date, local information, which will stand up to public scrutiny.

The National Planning Policy Framework (NPPF) was revised in 2018 and is now accompanied by the Planning Practice Guidance (PPG). Paragraph 2 of the PPG on Viability and Plan Making refers to ensuring viability and deliverability as follows:

'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'

2. CONTEXT AND PROPOSED OPTION

SITE LOCATION

The subject site is situated in the village of Tankersley, South Yorkshire. The village is to the west of junction 36 of the M1 motorway and north of the A61 main road. Tankersley is located around 6.5 miles to the south of Barnsley, 10 miles north of Sheffield and 7.5 miles to the north west of Rotherham. The location provides excellent commuter links to the north and south of the country due to its distance from the motorway network.

The village is relatively self-contained and is focused to the north of the A61, which provides access from the M1 to Sheffield City Centre. The village is mainly made up of residential dwellings, with a large industrial park to the south west. The village of Pilley is located to the north west and that too is relatively self-contained. The nearest shops and amenities are located in Hoyland, Chapeltown and Elsecar, each around 3 miles away. Tankersley does have a Church of England primary school which is rated as 'Good' by Ofsted. There are a number of primary and secondary schools in the wider vicinity.

The nearest railway stations are situated in Chapeltown and Elsecar, around 3 miles away, each providing a direct train link to Sheffield, Leeds and Huddersfield. There is a rail link via the East Coast Mainline from Sheffield and Leeds to London Kings Cross, which takes approximately 2.5 hours.

It should be noted that David Wilson Homes have recently begun developing a new build development site of 56 dwellings within Tankersley, which will significantly increase new build supply in the locality.

SITE DETAILS

The subject site currently comprises an existing warehouse premises plus car parking for the former 'The Company Shop'. We understand that the site is now vacant having become surplus to requirements to the previous occupants. The existing accommodation extends to c27,422 sq ft (GIA) and is to be demolished to allow for the development of the proposed scheme.

The subject site is roughly rectangular in shape and gently slopes from east to west. To the northern and western boundaries are the Plantation Woods, to the south are existing residential dwellings, and to the east is New Road with fields beyond. Access to the proposed development is provided through the existing point onto New Road to the eastern boundary.

We are informed by the Developer that the Net Developable Area (NDA) is approximately 1.08 ha (2.69 ac) and the gross site area is 1.2 ha (2.95 ac).

PROPOSED DEVELOPMENT

The proposed scheme is a development of 29 detached, semi-detached and terrace dwellings offering 2, 3 & 4-bedroom accommodation. The Applicant has prepared a proposed layout (Drawing No: SK-01 / 25/09/18) which this EVA is based on, and a copy is included in Appendix B.

The proposed schedule of accommodation is as follows:

House Type	Bedrooms	Storeys	Property Type	SQFT	Total SQFT	No. Units
Malham	2	2	Semi / Terrace	775	1,550	2
Malham	2	2	Semi / Terrace	775	775	1
Bedale	3	2	Semi Detached	884	3,536	4
Kensington	3	2	Detached	1,149	2,298	2
Studley	3	2	Detached	1,167	4,668	4
Harewood	4	2	Detached	1,429	2,858	2
Fulwood	4	2	Detached	1,457	7,285	5
Nostell	4	2	Detached	1,500	4,500	3
Shelley	4	2	Detached	1,695	6,780	4
Collingham	4	2	Detached	1,826	3,652	2
Total:					37,902	29
Average:				1,266		

The proposed total Net Sales Area (NSA) is 37,902 sq ft, equating to an average unit size of 1,266 sq ft, which reflects a proposed development density of 11 units, or 14,089 sq ft, per NDA acre.

AFFORDABLE HOUSING

In determining applications for residential development within Barnsley District Council, the Council will seek to secure the provision of 25% of all dwellings on site as affordable housing. However, in accordance with the adopted policy, an Applicant can challenge this requirement on viability grounds.

In respect of affordable housing, the PPG states that where major development involving the provision of housing is proposed in the allocation, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership. Whilst the PPG outlines that a 10% affordable housing provision is required, this is still subject to the scheme being deliverable and viable.

Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is therefore up to the Applicant to demonstrate whether particular circumstances justify the need for a viability assessment. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force. All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs.

3. THE CUSHMAN & WAKEFIELD METHODOLOGY

The C&W Methodology for assessing the total amount of S.106 contributions and affordable housing provision that the proposed development can viably support, is in line with RICS guidance and the 2018 NPPF, and has three key stages:

Stage One: Identify the value of the site assuming the proposed development is delivered without any requirement for S.106 contributions or affordable housing delivery.

Stage Two: Identify the benchmark land value of the site. The benchmark land value is the minimum value for the site which must be achieved in order to incentivise the landowner to release the site and enable the proposed development to be brought forward.

Stage Three: By looking at the difference between the figures calculated in Stage One and Two above, we can determine the sum that the proposed development can viably afford to deliver in terms of S.106 contributions and affordable housing provision.

We outline below each of these stages as well as providing additional supporting information and background research to assist us in establishing the viability of the site.

4. STAGE ONE: VALUE OF THE SITE ASSUMING RESIDENTIAL DEVELOPMENT

To provide an indication of site value for the proposed development we must first undertake analysis of the value of the completed development and the costs associated with delivering the scheme. This section analyses the Gross Development Value (GDV), assuming the proposed development is delivered without any requirement for S.106 contributions or affordable housing delivery, then deducts the total costs associated with development in order to arrive at a residual land value.

INDICATIVE MARKET COMMENTARY

There has been a recovery in the housing market over the past few years, which has encouraged national and regional housebuilders to undertake speculative development of residential housing estates. This has been focussed on good residential market areas, specifically surrounding the business hubs and major conurbations where a minimum required rate of sale can be sustained.

Housebuilders remain cautious and are therefore selective over the opportunities they pursue. Typical hurdle rates for land acquisition include a minimum developer profit of 20% of Gross Development Value, and 25% Return on Capital Employed (ROCE).

ROCE, as a performance indicator, is particularly sensitive to the overall length of the planned development. As housebuilders intrinsically link the build out rate with the sales rate, the anticipated rate of sale for a proposed development is a key benchmark in assessing the viability of a scheme.

Our analysis of Land Registry residential transactions (excluding flats) for the S75 postcode area over the period from January 2017 to July 2018, identifies that there has been a total of 1,092 sales. There were 432 (40%) detached sales, 421 (38%) semi-detached and 239 (22%) terraced sales. The average sales price for a detached property was £246,271, for a semi-detached it was £138,189, and for a terraced property it was £115,448. We consider this to be a useful indication of sales revenues within the locality.

NEW BUILD REVENUE ANALYSIS

In order to arrive at our opinion of achievable revenues for the proposed new build dwellings, we have undertaken research on new build and second-hand sold prices in the locality, taking care to select developments and properties which are most closely comparable to the subject site.

The most relevant evidence for establishing likely sales revenues on new build schemes is other comparable new build developments. In relation to a subject site, evidence should come from schemes within the immediate vicinity of any site being considered or, if this is not possible, schemes situated within neighbouring areas where house prices are comparable.

The key benefits of utilising new build evidence are as follows:

- Floor areas can be verified through information included on house builder websites or from floor plans submitted as part of the planning application for a site;
- New build housing is more homogenous than second hand stock, with specification typically similar across schemes and prior to alterations and additions by individual homeowners;
- Values can be accurately compared on a £ per sq ft basis.

When utilising new build evidence, it is important to note that house builders frequently offer incentives to purchasers or negotiate discounts against quoted asking prices to achieve sales. Not all sales incentives used by developers to secure plot sales are accounted for within the figure quoted at the Land Registry. Our own analysis of this matter has been undertaken comparing sales data received from a number of SME and national house builders with the sold gross price quoted on the Land Registry database.

We have concluded that, on average, for the purpose of comparing net sales revenues on a like for like basis, the price quoted on the Land Registry should be discounted to allow for additional sales incentives, and this is likely to be in the order of between 3% and 5%. For the purpose of this report we have applied a discount of between 3-5% to take into account the level of discounts available to developers. This discount has been applied to the gross revenues sourced from Land Registry and has been used throughout the analysis below.

With regard to quoting asking prices, it is our experience that house builders typically inflate achievable prices in the region of 5-10% to arrive at the quoted asking price, to allow for negotiating discounts or incentives. The level of discount or incentives that a house builder is prepared to give will depend on sales rates and market conditions at the time. Where asking prices have been quoted within this report, they have been discounted appropriately.

Note that in analysing sales evidence we have relied upon Land Registry data and floor areas contained within the EPC Register, as such we are reliant upon the accuracy of this data. While there may be some margin of error, the comparables do nonetheless provide good evidence for likely achievable values at the subject site and are in line with our expectations of value based upon our market knowledge. This is also a consistent basis from which our opinion of achievable sales rates can be based on.

NEW BUILD COMPARABLE EVIDENCE

There are a limited number of comparable active or recently completed new build schemes within Tankersley and the surrounding areas. Our analysis has therefore been focussed on the schemes listed in the table below, which we consider to be the most useful source of comparable evidence.

Developer name	Scheme Name	Location	*Anticipated Net Average Revenue £/sq ft
Persimmon Homes	Holly Bank	S73 8FT (4 Miles)	£171
Gleeson Homes	Ellwood Park	S73 8GD (4 Miles)	£154
Taylor Wimpey	Kingstone Grange	S70 6FF (4 Miles)	£175
David Wilson Homes	Castle Vale	S75 3BQ (0.25 Miles)	£214
Cadam Developments	Bellwood Court	S74 0BL (1.5 Miles)	£185
Average			£180

**Net revenues provided above have been subject to a 3-5% reduction from Gross revenues.*

Market research obtained from these developments provides robust comparable evidence that can be used to provide context with which to form an opinion of anticipated average sales revenues at the subject site. A schedule of transactions has been included in the tables located in Appendix C and these comprise transactional data obtained from the Land Registry. We have assumed this data to be a reliable reflection of achieved sales and have applied a sales incentive discount where appropriate.

PERSIMMON HOMES – HOLLY BANK, WOMBWELL, S73 8FT

Holly Bank provides 220 dwellings across a mixture of 2, 3 and 4-bedroom dwellings over a range of house types.

We have taken a sample of the most recently achieved sales from the Land Registry and these revenues equate to an average achieved gross revenue of £180 per sq ft. Having applied a 5% discount, an average net revenue of £171 per sq ft is likely to have been achieved. This net revenue has been used within our analysis. The average unit size from the sample obtained is 846 sq ft, which is smaller than the proposals for the subject site (1,266 sq ft). Following our market research, we are aware that an average sales rate of 3 units per month has been achieved across all house types at Holly Bank.

A sample of the comparable evidence is located in Appendix C.

GLEESON HOMES – ELLWOOD PARK, WOMBWELL, S73 8GD

Ellwood Park provides 43 dwellings across a mixture of 2, 3 and 4-bedroom dwellings over a range of house types.

We have taken a sample of the most recently achieved sales from the Land Registry and these revenues equate to an average achieved gross revenue of £162 per sq ft. Having applied a 5% discount, an average net revenue of £154 per sq ft is likely to have been achieved. This net revenue has been used within our analysis. The average unit size from the sample obtained is 775 sq ft, which is smaller than the proposals for the subject site (1,266 sq ft). Following our market research, we are aware that an average sales rate of 2.75 units per month has been achieved across all house types at Ellwood Park.

A sample of the comparable evidence is located in Appendix C.

TAYLOR WIMPEY – KINGSTONE GRANGE, KINGSTONE, S70 6FF

Kingstone Grange provides 163 dwellings across a mixture of 2, 3 and 4-bedroom dwellings over a range of house types.

We have taken a sample of the most recently achieved sales from the Land Registry and these revenues equate to an average achieved gross revenue of £184 per sq ft. Having applied a 5% discount, an average net revenue of £175 per sq ft is likely to have been achieved. This net revenue has been used within our analysis. The average unit size from the sample obtained is 1,053 sq ft, which is smaller than the proposals for the subject site (1,266 sq ft). Following our market research, we are aware that an average sales rate of 3.4 units per month has been achieved across all house types at Kingstone Grange.

A sample of the comparable evidence is located in Appendix C.

DAVID WILSON HOMES – CASTLE VALE, TANKERSLEY, S75 3BQ

Castle Vale provides 56 dwellings across a mixture of 2, 4 and 5-bedroom dwellings over a range of house types.

Due to the recent release of the scheme, we have taken a sample of the current listed asking prices from the Rightmove property portal and these equate to an average gross asking price of £225 per sq ft. Having applied a 5% discount, an average net revenue of £214 per sq ft is likely to be achievable.

This net revenue has been used within our analysis. The average unit size from the sample obtained is 1,628 sq ft, which is greater than the subject site (1,266 sq ft).

A sample of the comparable evidence is located in Appendix C.

CADAM DEVELOPMENTS – BELLWOOD COURT, HOYLAND, S74 0BL

Bellwood Court provides 11 dwellings across a mixture of 3 and 4-bedroom dwellings over a range of semi-detached and detached house types.

Due to the recent release of the scheme, we have taken a sample of the current listed asking prices from the Rightmove property portal and these equate to an average gross asking price of £190 per sq ft. Having applied a 3% discount, an average net revenue of £185 per sq ft is likely to be achievable. This net revenue has been used within our analysis. The average unit size from the sample obtained is 1,167 sq ft, which is broadly comparable than the subject site (1,266 sq ft).

A sample of the comparable evidence is located in Appendix C.

NEW BUILD REVENUE SUMMARY

In respect of all 5 comparable schemes, it is anticipated that average revenues would fall to the upper end of the scale when considering the lower tone of the surrounding area around the Persimmon, Gleeson and Taylor Wimpey schemes. We would also comment that homes built by Gleeson Homes are generally aimed at the lower end of the market and typically in areas of regeneration. They therefore are more affordable and built to a lower specification than other volume housebuilders.

It should also be noted that the transactional evidence in respect of the David Wilson Homes site is based on asking prices only. We are aware of significant discounts and price reductions already being provided by the developer. We therefore believe that the asking prices will be heavily discounted.

The average net revenue per sq ft achieved at the new build comparable schemes is as follows;

Developer name	Scheme Name	*Ave Net £ per sq ft	Location Comparison to Subject
Persimmon Homes	Holly Bank	£171	Inferior
Gleeson Homes	Ellwood Park	£154	Inferior
Taylor Wimpey	Kingstone Grange	£175	Inferior
David Wilson Homes	Castle Vale	£214	Comparable
Cadam Developments	Bellwood Court	£185	Broadly Comparable
Average:		£180	

**Based on anticipated net sales prices*

Following our market research analysis, the range of net revenues (after applying suitable discounts) on new build developments ranges from £154 to £214 per sq ft.

SECOND-HAND COMPARABLE TRANSACTIONAL DATA

To assist with determining a suitable new build revenue, we have also analysed second-hand transactional data to further inform our opinion.

Whilst not as important as new build evidence, second-hand evidence can help establish likely end-revenues on new build schemes, providing an indication of the strength of a market area.

While second hand data is useful, there are a number of weaknesses that must be taken into consideration when analysing it:

- Accurate information on size is not always available. For example, some estate agents only provide areas for rooms, excluding hallways, bathrooms and en-suites, while others include all useable space, including bathrooms, halls and conservatories. EPC's include bathrooms, en-suites and hallways but exclude conservatories. Differences in the way that areas are calculated can make direct comparison difficult.
- There is typically no way to verify the accuracy of the floor area information available; and
- Second hand stock is not homogenous, with condition, specification and decor varying from property to property, such differences can have a significant impact on the price achievable and make it difficult to analyse values accurately.

We have utilised the websites Rightmove and Land Registry to analyse achieved revenues for second-hand housing stock within the vicinity of the subject site.

ACHIEVED SECOND-HAND REVENUES

To inform our assessment within the local market, an assessment of current activity has been undertaken. A search radius comprising a proximity of 1 mile from the subject site was used, which is considered to represent the established local second-hand market. This provides a number of second-hand sales transactions that occurred between March 2018 and July 2018 – the latest available data.

In each case the floor area listed on the current registered EPC has been used, and whilst we appreciate that these may not provide a completely accurate assessment by comparison to new build, the figures can be used as a very good indication of revenues achieved per sq ft in the surrounding second-hand market.

In order to ensure the data is relevant, bungalows and apartments have been removed as these are not considered comparable. Bungalows and apartments attract a sales revenue which would distort the sales analysis, and there are no bungalows or apartments in the proposed mix for the subject site.

The sample data displayed below demonstrates revenues ranging from £57,500 to £282,000, which reflects the range in quality and style of existing stock. However, the majority fall between £95,000 and £200,000.

A sample of the comparable evidence is located in Appendix C.

The data demonstrates second-hand properties within close proximity of the subject site achieved revenues of between £88 and £191 per sq ft, reflecting an overall average of £132 per sq ft.

It should be noted that no detailed analysis has been undertaken in respect of the time spent marketing individual properties in order to achieve the sales revenues outlined. We have also excluded any anomaly properties which distort the comparable range.

The above sold price averages will include sales of older property types such as 1900's terraced houses as well as any ex-local authority built housing. It will also include properties of a wide size range within each category. They do however provide a useful guide to the tone of values recently achieved in the local area. Typically, new build housing will achieve higher values due to the new build premium to reflect the 10-year warranties, lack of maintenance, kitchens and bathrooms to current trends and the 'unused' nature of the property.

SUMMARY OF REVENUE ANALYSIS

We consider the proposed development will target a cross-section of the market and it is important to be mindful of the established second-hand market when forming an opinion of anticipated new build revenues. It is generally accepted by property professionals working within the residential industry that a new build premium of between 5% and 15% is achievable over the surrounding second-hand market. In this case, applying the premium to the average revenue figure obtained equates to a range of between £139 and £152 per sq ft.

Whilst new build dwellings often achieve a premium, consideration must also be given to the second-hand analysis, as any new build housing must remain competitive in the marketplace in order to achieve sales.

Having analysed the most appropriate new build comparable evidence, and having taken into consideration the second-hand evidence obtained, we have concluded that an appropriate maximum average blended achievable sales revenue across the proposed new build dwellings is around £210 per sq ft, this is a blended rate and takes into account the range of dwellings proposed. We consider this to be the maximum achievable revenue for a developer on the subject site, when taking into account the location and proposed scheme.

GROSS DEVELOPMENT VALUE (GDV)

Based upon the comparable sales evidence summarised above, we consider private dwellings on the proposed site could achieve an average revenue of **£212 per sq ft**. This reflects the product mix and produces a **GDV, assuming 100% private housing, of £8,035,180** with an average sales price of **£277,075**.

Whilst the properties may ultimately be marketed for a value higher than the figures stated, our opinion of revenues represents the value that we consider a housebuilder could actually achieve, following deductions for negotiating discounts and incentives offered to the purchasers. Asking prices could be in the region of 5% higher to allow for these incentives and price negotiations.

SALES AND BUILD RATE

We consider a sales rate of 24 private sale units per year, or **2 sales per month**, would be appropriate, having considered the market area and competing schemes. This would give rise to a sales programme of 15 months. We have adopted a build rate of **2 units per month**.

COST ASSUMPTIONS

In order to assess the residual land value of the proposed development, we have deducted from the GDV the costs of construction. The cost assumptions associated with identifying the value of the proposed scheme fall into two distinct sections:

- The cost of delivering the housing; and
- The cost of delivering the infrastructure, services, site works etc. over and above that of the traditional house building costs. These are the abnormal development costs.

We are aware that BCIS, an industry-wide recognised build costs database, provides a build cost range for estate housing from a lower quartile of £83 per sq ft, a median of £94 per sq ft and an upper quartile of £118 per sq ft in this location, and this is the benchmark we have adopted for the purpose of this appraisal.

Having regard to the BCIS database, we have adopted the median quartile costs for estate housing rebased to the Barnsley location index. We have increased this figure by 10% to reflect the addition of plot externals. We have therefore assumed a build cost in line with the lower quartile quoted at BCIS, and have adopted **£104 per sq ft**. We have adopted this benchmark due to the size of the developer, being a small SME housebuilder who is unable to secure the same build costs as a regional housebuilder.

In addition to the cost of construction and consistent with standard practice, we have allowed a contingency to the standard build cost. Typically, contingency allowances range from 3-5% and in this instance, we have adopted a **3% contingency**.

ABNORMAL DEVELOPMENT COSTS

We have been provided with anticipated abnormal development costs by the Applicant and these costs have been itemised below. These amount to **£883,212** and we have incorporated this figure within our appraisal. We have assumed these costs to be comprehensive and robust, and have relied upon them in undertaking our assessment.

Abnormal Development Costs	Cost
Site Clearance & Preparation	£299,650
Drainage	£185,950
Services	£4,137
Foundations	£287,100
Retaining Walls	£73,375
Road Construction	£33,000
	£883,212

We have adopted a weighted approach and assumed the costs will be increased at the start of construction. We have also adopted a contingency of **4%** in respect of abnormal development costs.

PROFESSIONAL FEES

Typically, professional fees for residential development are allowed at 6 to 10% of cost. In this instance we have adopted **8%**, which is a consistent and robust standard figure, and typical for a development of this scale.

DEVELOPERS PROFIT

There continues to be a healthy debate across the development industry around what represents an appropriate level of developers profit in viability assessments. There is no definitive answer although, the majority of guidance and appeal precedents point to a **minimum profit of 20% of Gross Development Value (GDV)** being appropriate.

In October 2014, the House Builders Federation (HBF) prepared a Briefing Note presenting evidence of what represents a competitive return to a willing developer. The HBF represents the house building industry in England and Wales and their members deliver around 80% of new homes built each year. There is a clear conclusion in this report that the minimum profit level used within viability testing should be 20% on GDV.

Paragraph 18 of the PPG provides specific guidance on the matter. It indicates that to guarantee viability, developments should provide competitive returns to a willing landowner and willing developer to ensure they are appropriately incentivised to progress the development. For the purpose of plan making an assumption of between 15 and 20% of GDV may be considered a suitable return to developers in order to establish the viability of plan policies.

C&W have experience in selling a range of residential development land to national and regional housebuilders and we can confirm that from our experience they do not vary their profit requirement below 20% of GDV. C&W also undertake a significant number of bank funding valuations for developments to be undertaken by housebuilders and can confirm that a development which generates a profit on GDV of less than 20% is highly unlikely to be able to secure development funding. In the absence of bank funding, some housebuilders have sought funding through alternative sources, notably high net worth individuals and property investment companies. In our experience, such individuals are also unwilling to support developments which generate a profit of less than 20% of GDV.

Therefore, we have assumed a developer profit of **20% of GDV** within our viability appraisal.

FINANCE

We have adopted what we consider to be the prevailing finance rate for residential development, inclusive of arrangement and exit fees of **6.25%**. This is based on our experience in undertaking a range of land sales and consultancy work.

SALES AND MARKETING

In addition to the above, we have allowed a **marketing fee of 1.5%** of the total GDV, plus **1% for sales agent's fees** and **£500 / units for legal fees**, which is consistent with our experience of developments of a similar scale and type.

SUMMARY OF STAGE ONE

The information provided above has been used in a residual appraisal calculation (carried out using Argus - Circle Developer), which calculates the total revenue and deducts from that all costs associated with bringing the development forward, including an appropriate element of developer's profit. The appraisal determines what value is available to pay for the land (the residual land value or land receipt). Based on all the inputs above, this gives a residual land value, with no allowance for affordable housing or S.106 contribution, of **£720,000** after rounding. This reflects **£245,000 per gross acre**.

Full details of the calculations associated with our residual appraisal can be seen in the appraisal summary in Appendix A.

STAGE ONE: VALUE OF THE SITE ASSUMING CONSENT FOR RESIDENTIAL DEVELOPMENT = £720,000

5. STAGE TWO: VIABILITY BENCHMARK LAND VALUE

The Benchmark Land Value (BLV) is the minimum land value required to incentivise the landowner to release the site for development. In order to establish a BLV, we need to consider what benchmarks are available to determine the value of the site. The BLV should be informed by market evidence including current uses, costs and values.

In-line with the RICS Financial Viability in Planning Guidance (2012), in order to assess the viability of the proposed development, we must compare the residual land value with a suitable benchmark. The viability benchmark / landowner's return is an integral consideration in assessing development viability, as this is the return below which the land may not be released by a landowner to enable development to take place.

The RICS guidance sets out the following definition of a site value / viability benchmark: 'Site Value should equate to the Market Value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations, and disregards that which is contrary to the development plan.'

In order to assess the BLV based on the market tested approaches, we are required to form an opinion of Existing Use Value (EUV). EUV is the first component of calculating BLV. EUV is the value of the land in its existing use, together with the right to implement any development for which there are policy compliant extant planning consents, including realistic deemed consents, but without regard to alternative uses.

In accordance with paragraph 13 of the PPG a BLV should be established on the basis of the EUV of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements. This approach is referred to as 'Existing Use Value Plus' (EUV+) within the PPG.

EXISTING USE VALUE '+'

We are required to form an opinion of EUV. The site is currently occupied by a warehouse premises which extends to c.27,422 sq ft (GIA) and includes external hard standing for car parking.

We consider that the EUV of the site would best be supported by the value as industrial land. The subject site is not a prime location, given that it is located to the north of the main industrial area of Tankersley, and we have therefore applied a figure of £275,000 per gross acre. We have considered the site's fundamentals and have consulted with our in-house industrial team, and believe this to be appropriate, equating to an EUV of **£735,000 (2.95 gross acres)**.

The PPG states that, for any viability assessment data sources to inform the establishment landowner premium should include market evidence and can include BLV from other viability assessments. 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.

In considering the BLV, we have considered the scenario were the site hypothetically offered for sale within the open market based on an EUV+ approach and consistent with revised NPPF guidance. It is clear the site has merits as a residential development site, we therefore consider it reasonable to assume a hypothetical party would pay above EUV. A premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to comply

with policy requirements. Assessing the '+', or premium is a subjective exercise and often difficult to quantify, though in this instance, we consider it reasonable to assume a premium uplift in keeping with local land transactions, and therefore we have adopted an uplift of £100,000 per gross acre above the EUV.

To support our premium applied to the EUV+, we have undertaken comparable research into land transactional evidence within the vicinity. Where possible, we have focused on the aforementioned schemes outlined within our new build comparable research and have below outlined these transactions below. These substantiate our assessment.

Developer name	Purchase Price	Gross Price per Acre	S.106 Contribution	Aff Provision
Persimmon Homes	£2,250,000	£135,000	£509,369	33 Dwellings (15%)
	17 Acres			
	Feb 15			
Taylor Wimpey	£3,955,000	£365,000	£1,302,083	11 Dwellings (7%)
	11 Acres			
	Oct 14			
David Wilson Homes	£2,880,000	£435,000	£898,790	3 Dwellings (5%)
	6.65 Acres			
	Mar 17			
Cadam Developments	£388,000	£410,000	Unknown	0 Dwellings (0%)
	0.95 Acres			
	Sept 17			

Please note, we are reliant upon information obtained from the planning portal on the Councils website.

On this basis, the EUV+ approach indicates a **Benchmark Land Value of £1,035,000, rounded (£350,000 per gross acre).**

STAGE TWO: VIABILITY BENCHMARK LAND VALUE = £1,035,000

6. STAGE THREE: AMOUNT AVAILABLE FOR S.106 CONTRIBUTIONS AND AFFORDABLE HOUSING

In order to determine the level of S.106 contributions and affordable housing that the site can viably deliver, it is essential to consider the results outlined in Stages One and Two above. By deducting the minimum value required to bring the site forward (the Viability Benchmark Land Value) from the residual land value generated in Section One for the proposed development, the appropriate level of contribution for S.106 contribution (including allowance for affordable housing) can be assessed. Adopting this approach, the following results can be seen.

Residual land value for Proposed Development (excluding S.106 and affordable housing):

£720,000

MINUS

Viability Benchmark Land Value

£1,035,000

EQUALS

Sum available for S.106 and affordable housing contributions = NIL

STAGE THREE: AMOUNT AVAILABLE FOR S.106 CONTRIBUTIONS AND AFFORDABLE HOUSING = NIL

7. CONSLUSIONS

We have demonstrated from the evidence provided in this report that the level of S.106 and affordable housing contributions which the site can viably deliver is **NIL**. This is primarily due to the relatively low value revenues within the local area surrounding the subject site.

The proposed development is considered viable with a 'pot' of NIL towards S.106 and affordable housing contributions.

Please note, a more onerous requirement would not offer appropriate incentive to the landowner or developer and the development would be unviable.

8. CONFIDENTIALITY AND DISCLOSURE

The inputs and results of this report are commercially sensitive and are provided to Barnsley District Council on a confidential basis and must not be disclosed to any third party.

We request that this document is excluded from the Freedom of Information Act under Sections 41 and 43(2).

In accordance with proper practice, we must state that the contents of this report and the appendices are confidential to you for the specific purpose to which it refers and is for your use only. Consequently, no responsibility is accepted to any other party in respect of the whole or any part of its contents. Before this Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, the authors written approval as to the form and context of such publication or disclosure must first be obtained.

APPENDIX A

APPRAISAL SUMMARY

CUSHMAN & WAKEFIELD (EUROPE)

New Road, Tankersley

Summary Appraisal for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	ft ²	Sales Rate	ft ²	Unit Price	Gross Sales
2 Bed - Private Dwellings	3	2,325	220.00	170,500		511,500
3 Bed - Private Dwellings	10	10,502	215.00	225,793		2,257,930
4 Bed - Private Dwellings	16	25,075	210.00	329,109		5,265,750
Totals	29	37,902				8,035,180

NET REALISATION

8,035,180

OUTLAY

ACQUISITION COSTS

Residualised Price (2.95 Acres 243,734.91 pAcre)	719,018	
Stamp Duty	25,451	719,018
Agent Fee	1.00%	7,190
Legal Fee	0.50%	3,595
		36,236

CONSTRUCTION COSTS

Construction	ft ²	Build Rate	ft ²	Cost
2 Bed - Private Dwellings	2,325	104.00	241,800	
3 Bed - Private Dwellings	10,502	104.00	1,092,208	
4 Bed - Private Dwellings	25,075	104.00	2,607,800	
Totals	37,902		3,941,808	3,941,808

Contingency	3.00%	118,254
Abnormal Development Contingency	4.00%	35,328
Abnormal Development Costs		883,212
		1,036,795

PROFESSIONAL FEES

Professional Fees	8.00%	315,345
		315,345

MARKETING & LETTING

Marketing	1.50%	120,528
		120,528

DISPOSAL FEES

Sales Agent Fee	1.00%	80,352
Sales Legal Fee	29 un 500.00 /un	14,500
		94,852

FINANCE

Debit Rate 6%, Credit Rate 0% (Nominal)		
Land		80,314
Construction		83,249
Total Finance Cost		163,563

TOTAL COSTS

6,428,144

PROFIT

1,607,036

Performance Measures

Profit on Cost%	25.00%
Profit on GDV%	20.00%
IRR	47.99%
Profit Erosion (finance rate 6.250)	3 yrs 7 mths

APPENDIX B



Designers of the Built Environment

Scale • 1:500 @ A2
Date • 25/09/18
Dwg No • SK-01



Client • Rouse Homes Ltd.
Site • Tankersley
Plan • Planning Layout T 500.



APPENDIX C

PERSIMMON HOMES – HOLLY BANK

No.	Street Name	Type	Area	Net Sales Price	£ / sq ft	Date
31	Mitchells Terrace	Detached	1,076	£189,953	£176	15/12/2017
28	Mitchells Avenue	Detached	1,163	£180,453	£155	20/10/2017
5	Mitchells Mews	Detached	947	£179,503	£190	27/04/2018
11	Mitchells Terrace	Detached	947	£175,703	£185	30/11/2017
33	Mitchells Terrace	Detached	947	£175,703	£185	22/12/2017
21	Mitchells Terrace	Detached	980	£170,953	£175	23/02/2018
10	Mitchells Terrace	Detached	850	£161,453	£190	23/06/2017
14	Mitchells Terrace	Detached	850	£161,453	£190	30/06/2017
30	Mitchells Avenue	Detached	850	£161,453	£190	30/06/2017
8	Mitchells Terrace	Detached	850	£156,703	£184	17/11/2017
29	Mitchells Terrace	Semi-Det	850	£149,150	£175	22/12/2017
27	Mitchells Terrace	Semi-Det	850	£147,203	£173	23/02/2018
34	Mitchells Avenue	Semi-Det	743	£140,553	£189	23/06/2017
5	Mitchells Terrace	Terrace	904	£134,853	£149	27/10/2017
4	Mitchells Terrace	Semi-Det	904	£128,203	£142	29/09/2017
3	Mitchells Mews	Semi-Det	743	£127,253	£171	27/04/2018
32	Mitchells Avenue	Semi-Det	743	£123,453	£166	29/09/2017
18	Mitchells Terrace	Semi-Det	743	£123,453	£166	17/11/2017
20	Mitchells Terrace	Semi-Det	743	£123,453	£166	24/11/2017
23	Mitchells Terrace	Semi-Det	743	£121,553	£164	27/04/2018
26	Mitchells Terrace	Terrace	743	£118,703	£160	24/11/2017
22	Mitchells Terrace	Terrace	743	£118,703	£160	15/12/2017
35	Mitchells Terrace	Terrace	743	£118,703	£160	16/03/2018
39	Mitchells Terrace	Terrace	743	£118,703	£160	29/03/2018
24	Mitchells Terrace	Terrace	743	£113,953	£153	24/11/2017
Average:			846	£144,848	£171	

GLEESON HOMES - ELLWOOD

No.	Street Name	Type	Area	Net Sales Price	£ / sq ft	Date
2	Highfield Grange Close	Detached	1,044	£151,045	£145	20/10/2017
9	Highfield Grange Close	Detached	1,044	£150,095	£144	30/06/2017
29	Highfield Grange Close	Detached	818	£134,895	£165	23/04/2018
33	Highfield Grange Close	Detached	818	£133,945	£164	31/05/2018
41	Highfield Grange Close	Detached	818	£132,995	£163	23/02/2018
35	Highfield Grange Close	Detached	818	£132,995	£163	29/03/2018
11	Highfield Grange Close	Detached	818	£129,195	£158	30/06/2017
25	Highfield Grange Close	Semi-Det	818	£122,545	£150	03/05/2018
27	Highfield Grange Close	Semi-Det	764	£122,545	£160	30/04/2018
43	Highfield Grange Close	Semi-Det	764	£121,595	£159	21/12/2017
45	Highfield Grange Close	Semi-Det	764	£121,595	£159	21/12/2017
17	Highfield Grange Close	Semi-Det	818	£119,695	£146	25/08/2017
4	Highfield Grange Close	Semi-Det	818	£119,695	£146	20/10/2017
6	Highfield Grange Close	Semi-Det	764	£118,745	£155	16/10/2017
16	Highfield Grange Close	Semi-Det	764	£118,745	£155	28/06/2018
21	Highfield Grange Close	Semi-Det	764	£117,795	£154	18/05/2018

No.	Street Name	Type	Area	Net Sales Price	£ / sq ft	Date
49	Highfield Grange Close	Semi-Det	764	£115,895	£152	15/12/2017
10	Highfield Grange Close	Semi-Det	764	£114,945	£150	31/10/2017
15	Highfield Grange Close	Semi-Det	764	£113,045	£148	25/08/2017
37	Highfield Grange Close	Semi-Det	646	£99,745	£154	22/12/2017
39	Highfield Grange Close	Semi-Det	646	£99,745	£154	27/04/2018
23	Highfield Grange Close	Semi-Det	646	£99,745	£154	11/05/2018
23	Highfield Grange Close	Semi-Det	646	£99,745	£154	11/05/2018
47	Highfield Grange Close	Semi-Det	646	£98,795	£153	07/12/2017
8	Highfield Grange Close	Semi-Det	646	£97,845	£152	31/10/2017
Average:			775	£119,505	£154	

TAYLOW WIMPEY – KINGSTONE GRANGE

No.	Street Name	Type	Area	Net Sales Price	£ / sq ft	Date
14	Library Park	Detached	1,367	£245,095	£179	19/01/2018
16	Library Park	Detached	1,367	£245,095	£179	20/10/2017
20	Library Park	Detached	1,335	£240,345	£180	17/11/2017
18	Library Park	Detached	1,335	£240,345	£180	03/11/2017
17	Library Park	Semi-Det	1,302	£189,995	£146	23/03/2018
4	College Fields	Detached	1,302	£189,995	£146	23/02/2018
15	Library Park	Semi-Det	1,302	£189,995	£146	26/01/2018
11	Library Park	Semi-Det	1,302	£189,995	£146	01/12/2017
6	College Fields	Semi-Det	1,119	£180,495	£161	27/04/2018
4	Prefect Close	Semi-Det	1,119	£178,595	£160	06/04/2018
6	Prefect Close	Semi-Det	1,119	£178,595	£160	06/04/2018
8	College Fields	Semi-Det	1,119	£177,645	£159	01/03/2018
2	Prefect Close	Semi-Det	872	£166,245	£191	02/03/2018
8	Prefect Close	Semi-Det	861	£164,345	£191	25/05/2018
10	College Fields	Semi-Det	861	£164,345	£191	23/02/2018
12	Library Park	Semi-Det	861	£164,345	£191	22/09/2017
16	Prefect Close	Semi-Det	861	£161,495	£188	10/05/2018
12	Prefect Close	Semi-Det	861	£161,495	£188	06/04/2018
6	Library Park	Semi-Det	861	£161,495	£188	25/09/2017
10	Library Park	Terrace	861	£161,495	£188	20/09/2017
8	Library Park	Semi-Det	861	£161,495	£188	08/09/2017
10	Prefect Close	Terrace	872	£161,495	£185	06/04/2018
5	Library Park	Semi-Det	861	£156,745	£182	15/09/2017
7	Library Park	Semi-Det	872	£156,745	£180	20/10/2017
14	Prefect Close	Terrace	861	£151,995	£177	20/04/2018
Average:			1,053	£181,597	£175	

DAVID WILSON HOMES – CASTLE VALE

Plot No.	House Style	Type	Area	Net Asking Price	£ / sq ft
56	Oulton	Detached	1,912	£413,245	£216
52	Oulton	Detached	1,912	£411,345	£215
8	Oulton	Detached	1,912	£403,745	£211
10	Oulton	Detached	1,912	£398,995	£209
24	Oulton	Detached	1,912	£394,245	£206
13	Chelworth	Detached	1,703	£370,495	£218

Plot No.	House Style	Type	Area	Net Asking Price	£ / sq ft
17	Layton	Detached	1,611	£350,545	£218
20	Layton	Detached	1,611	£349,595	£217
55	Layton	Detached	1,611	£341,995	£212
25	Layton	Detached	1,611	£337,245	£209
21	Holden	Detached	1,536	£327,745	£213
19	Holden	Detached	1,536	£327,745	£213
12	Holden	Detached	1,536	£322,995	£210
11	Holden	Detached	1,536	£322,995	£210
4	Holden	Detached	1,536	£322,045	£210
28	Holden	Detached	1,536	£313,495	£204
18	Millford	Detached	1,335	£308,745	£231
38	Millford	Detached	1,335	£303,995	£228
26	Millford	Detached	1,335	£284,995	£213
Average:				£347,695	£214

CADAM DEVELOPMENTS – BELLWOOD COURT

Plot No.	House Style	Type	Area	Net Asking Price	£ / sq ft
5	York	Detached	1,475	£252,152	£171
6	York	Detached	1,475	£252,152	£171
4	Oxford	Detached	1,292	£227,902	£176
7	Oxford	Detached	1,292	£227,902	£176
1	Cambridge	Detached	1,152	£223,052	£194
3	Cambridge	Detached	1,152	£223,052	£194
8	Cambridge	Detached	1,152	£223,052	£194
2	Wells	Semi-Det	893	£169,750	£190
9	Wells	Semi-Det	893	£169,750	£190
10	Wells	Semi-Det	893	£169,750	£190
Average:			1,167	£213,851	£185

SECOND HAND COMPARABLES

No.	Street Name	Type	Area	Net Sales Price	£ / sq ft	Date
34	Stone Row Court	Detached	1,744	£282,000	£162	09/03/2018
39	Thornccliffe Way	Detached	1,389	£260,000	£187	26/03/2018
20	Stone Leigh	Detached	1,368	£250,000	£183	26/03/2018
25	Osprey Avenue	Terrace	1,152	£220,000	£191	23/03/2018
15	Carr Lane	Terrace	1,120	£200,000	£179	16/03/2018
83	The Walk	Semi-Det	1,593	£180,000	£113	04/05/2018
6	Worsborough View	Terrace	947	£159,000	£168	02/05/2018
2	The Avenue	Semi-Det	1,216	£149,950	£123	29/03/2018
40	Timothy Wood Ave	Detached	840	£136,000	£162	04/04/2018
20	Chapel Street	Terrace	673	£115,000	£171	19/03/2018
31	The Walk	Terrace	834	£113,000	£135	09/03/2018
13	Rockley Avenue	Semi-Det	786	£110,000	£140	02/03/2018
99	Chapel Street	Semi-Det	883	£110,000	£125	17/05/2018
32	Pilley Lane	Terrace	1,001	£105,500	£105	30/04/2018
15	Fenn Road	Semi-Det	743	£105,000	£141	06/07/2018
203	Sheffield Road	Semi-Det	915	£105,000	£115	20/04/2018
150	Sheffield Road	Terrace	990	£105,000	£106	08/06/2018

No.	Street Name	Type	Area	Net Sales Price	£ / sq ft	Date
73	Sheffield Road	Semi-Det	835	£104,500	£125	03/05/2018
17	Rockingham Street	Semi-Det	786	£96,500	£123	30/05/2018
52	Chapel Street	Terrace	581	£96,000	£165	29/03/2018
1a	The Walk	Terrace	915	£95,000	£104	13/04/2018
10	Wood View	Terrace	947	£95,000	£100	04/04/2018
116	Sheffield Road	Semi-Det	1,077	£95,000	£88	13/03/2018
10	Sheffield Road	Detached	1,023	£92,000	£90	15/03/2018
31	Sale Street	Terrace	743	£80,000	£108	13/07/2018
68	Sheffield Road	Terrace	519	£74,000	£143	15/06/2018
21	Birdwell Common	Terrace	689	£70,000	£102	21/03/2018
188	Sheffield Road	Terrace	646	£65,000	£101	13/04/2018
19	Princess Street	Terrace	570	£63,000	£110	28/06/2018
17	Allott Street	Terrace	608	£57,500	£95	07/06/2018
Average:			938	£126.298	£132	

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