

Viability Appraisal Report

Land at Goldthorpe Road

Barnsley

S63 9EW



10th April 2024

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Barnsley

Viability Appraisal Report

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1.0 INTRODUCTION AND SITE DESCRIPTION

The application site is located within the town of Goldthorpe, a Principal Town within the district of Barnsley and is located on the eastern edge of the urban area of Goldthorpe.

The site itself is currently a vacant brownfield site formerly occupied by the Buxton Arms Public House, The Dearne High School and a detached bungalow. The public house was demolished in February 2004. The school was demolished circa 2010. The bungalow has been demolished having been previously burnt out by vandals.

The site extends to approximately 3.39 Ha (approx. 8.41 Acres) is bound by residential built form to the north, the Dearne Advanced Learning Centre to the south, Goldthorpe Road to the west and open fields to the east. The topography of the site is relatively flat but has a prevailing fall from north to south at an average gradient of 1 in 22. The southern section of the site is primarily formed of scrubland on the site of the former Dearne High School. The northern part of the site is made up of taller vegetation and scrub. There is an existing structure located on the Southern boundary which has recently been identified as a Gas governor that has to be retained.

Service plans show gas and water pipes along with electricity and communications cables crossing onto the site. The majority are understood to be related to the previous development and may therefore have been disconnected. However, a surface water sewer crossing the site from north to south appears to form part of the wider network.

Site Location Plan



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The proposal is to develop 106 residential units on the site incorporating a mix of 2 Bed , 3 Bed and 4 Bed semi detached and detached properties with a small number of 3 Bed semi detached dormer bungalows with the main access to the site directly off Goldthorpe Road.

The dwelling mix propose is summarised below :-

Ref	House Type	Beds	Nr	Format	m2	ft2
Ab	Abney	2B	20	Semi	63.2	680.28
Cu	Curbar	3B	9	Semi	79.26	853.15
Ho	Hopton	3B	9	Semi	79.26	853.15
Wa	Wardlow	3B	18	Semi	74.5	801.92
Ti	Tideswell	3B	18	Semi	74.5	801.92
Cr	Cromford	3B	12	Det	89.08	958.86
Ts	Tissington	4B	3	Det	116.2	1250.78
Do	Doveridge	4B	8	Det	113.06	1216.98
Bi	Birchover	4B	3	Det	113.06	1216.98
DB	Bungalow	3B	6	Semi	107.46	1156.70
			106			

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The site layout plan is set out below :-

Site Layout Plan



2.0 BASIS OF REPORT

This report has been prepared in accordance with latest published guidance including the recently published RICS professional statement '*Financial viability in planning : conduct and reporting*' 1st Edition May 2019 and would confirm the following statements accordingly:

We confirm in carrying out this Financial Viability Appraisal (FVA) we have acted:

- With objectivity
- Impartially
- Without interference
- With reference to all appropriate available sources of information

We confirm that in preparing this report no performance related or contingent fees have been agreed.

We also confirm that we are not involved in the preparation of any area wide viability assessments Barnsley Metropolitan Borough Council have adopted or are preparing and that no conflict of interest arises in carrying out this viability appraisal and report.

The primary objective of the assessment is to highlight the viability issues associated with the scheme and the ability of the scheme to meet the affordable housing provision and any additional contributions.

ADS have prepared this report for the sole use of Redmile Homes Ltd in accordance with the instructions under which our services are performed. No other warranty, expressed or implied, is made as to the professional advice included in this report or any other services provided by us. This report may not be relied upon by any other party without the prior and express written agreement of ADS.

No part of this report constitutes a valuation and the report should not be relied on in that regard.

Certain statements made in this report may constitute estimates of costs and values and even though they are based on reasonable assumptions as of the date of the report, these by their nature involve risks and uncertainties that could cause actual results to differ materially from the results predicted. ADS specifically does not guarantee or warrant any estimate or values contained in this report.

3.0 METHODOLOGY AND APPROACH

The appraisal methodology and approach follows the guidelines laid down in various RICS Professional Guidance, the National Planning Policy Framework (NPPF) and in national Planning Policy Guidance (PPG).

The NPPF which sets out the government's planning policies for England and how these are expected to be applied was first published in 2012, updated in July 2018, February 2019 and July 2021, September 2023 and December 2023.

PPG provided more detail about the application of the NPPF and in May 2019 was updated and made specific reference to viability with reference to the calculation of benchmark land value (BLV) and potential returns to developers . This followed an earlier decision in a landmark Appeal case *Parkhurst Road Ltd v Secretary of State for Communities and Local Government*.

The RICS initially published viability guidance in 2012, Professional Guidance - Viability in *Planning 2012*. They have subsequently issued further practice guidance with regard to viability by way of a Professional Statement, *Financial Viability in Planning : conduct and reporting 1st Edition May 2019* which was originally published as practice guidance in August 2019 but has now been reissued by the RICS in April 2023 as a practice standard. This sets out mandatory requirements and good practice guidance for RICS members of what should be included in reports and how the process should be conducted to achieve a reasonable, objective and impartial outcome and so support the Planning process.

As set out in the various Policy and Guidance highlighted above there are two basic criteria that need to be satisfied for a development to be considered viable:

- The residual value of the land calculated by reference to the total value created by the development (also referred to as the Gross Development Value, GDV) when set against the total estimated costs of development i.e. construction costs, fees, finance and profit should generate a residual land value that is positive and exceeds the existing use value in the land prior to the granting of Planning for redevelopment. The PPG makes it clear that a benchmark land value (BLV) should be calculated based on the existing use value of the land, plus a premium for the landowner (EUV +) to encourage the landowner to make land available for development.
- The development appraisal (i.e. considering the GDV set against the cost of development) in addition to demonstrating a positive residual value for the land (BLV) described above also needs to cover a risk adjusted development profit for the Developer which typically ranges between 15 and 20 % of GDV and which is referred to in PPG.

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4.0 DETAILED APPRAISAL COMMENTARY

The various costs and values set out in this section of the report relate to the development proposed on the Redmile site layout plan GT/SK01 Rev T which comprises 106 residential units being a mix of 20Nr 2 Bed Semis, 54 Nr 3 Bed Semis, 12 Nr 3 Bed Detached, 14 Nr 4 Bed detached and 6 Nr 3 Bed dormer bungalows. .

In consideration of the various values, costs and allowances; our assessment of these may be summarised as follows:

Gross Development Value

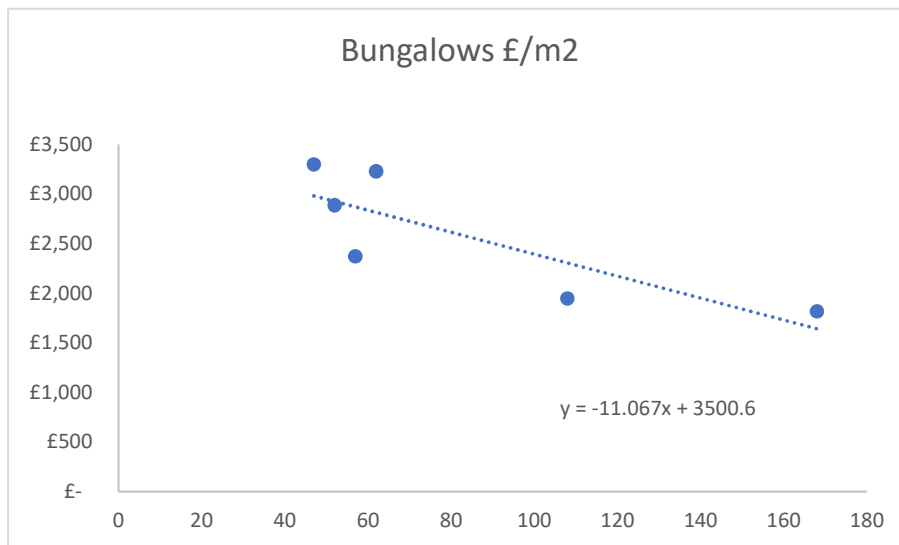
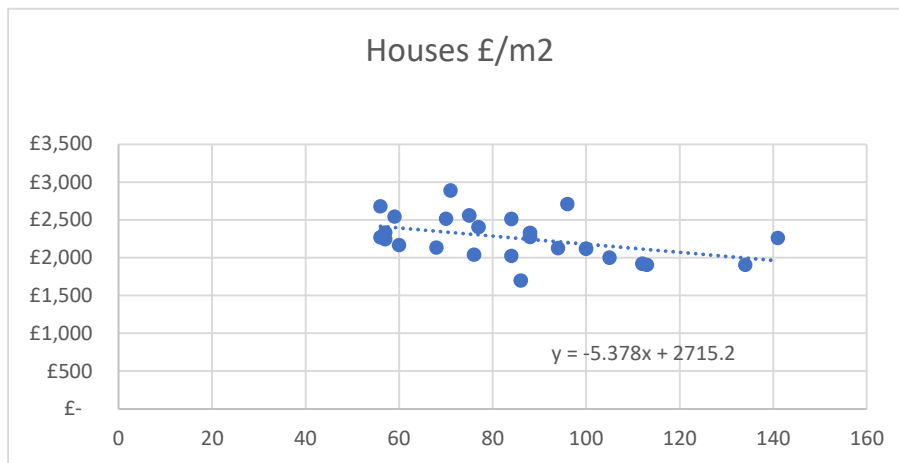
Comparable evidence from current sales achieved in the last year within postcode S63 can be summarised as follows :-

SOLD PRICES								
							m2	£/m2
2 Bed Terr	58	School Street	S63	0AW	£ 133,000	57	£ 2,333.33	
	7	Mere View	S63	6FL	£ 150,000	56	£ 2,678.57	
	29	Skylark View	S63	6FG	£ 150,000	59	£ 2,542.37	
	37	Collier Court	S63	6FB	£ 128,000	57	£ 2,245.61	
2 Bed Semi	21	Kennedy Drive	S63	9PU	£ 155,000	76	£ 2,039.47	
	11	Thronhill Place	S63	6SN	£ 127,000	56	£ 2,267.86	
	70	West Moor Croft	S63	9FL	£ 130,000	60	£ 2,166.67	
3 Bed Terr	8	Ploughmans Croft	S63	6FA	£ 176,000	70	£ 2,514.29	
	1	Thornley Brook	S63	0RE	£ 145,000	68	£ 2,132.35	
3 Bed Semi	11	Dove Close	S63	8JL	£ 170,000	84	£ 2,023.81	
	35	Carr Road	S63	8AP	£ 146,000	86	£ 1,697.67	
3 Bed Det	2	Woodlark Walk	S63	9FW	£ 200,000	88	£ 2,272.73	
	53	Pickhills Grove	S63	9FN	£ 192,000	75	£ 2,560.00	
	1	Beechfield Close	S63	8EY	£ 200,000	94	£ 2,127.66	
	14	Manor Way	S63	8NY	£ 205,000	88	£ 2,329.55	
	21	Springwood Grove	S63	0UA	£ 185,000	77	£ 2,402.60	
	9	Collier Court	S63	6FB	£ 205,000	71	£ 2,887.32	
4 Bed Det	10	The Woodlands	S63	8FR	£ 319,000	141	£ 2,262.41	
	4	Pagnall Avenue	S63	0RF	£ 211,000	84	£ 2,511.90	
	26	Rowan Close	S63	9LF	£ 210,000	105	£ 2,000.00	
	25	Pennyfields	S63	8EZ	£ 215,000	112	£ 1,919.64	
	19	Rosegreave	S63	9GG	£ 255,000	134	£ 1,902.99	
	5	Hawthorne Croft	S63	9LG	£ 215,000	113	£ 1,902.65	
	49	Packman Way	S63	6BR	£ 212,000	100	£ 2,120.00	
	7	Moorland View	S63	6DH	£ 260,000	96	£ 2,708.33	

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5 Bed Det Bungalow	10	Gipsy Green Lane	S63	6HQ	£ 305,000	168	£ 1,815.48
2 Bed Det Bungalow	7	Hall Farm Drive	S63	0JJ	£ 210,000	108	£ 1,944.44
	112	Coniston Drive	S63	8NP	£ 135,000	57	£ 2,368.42
	8	Kendal Drive	S63	8NJ	£ 150,000	52	£ 2,884.62
2 Bed Semi Bungalow	3	Lower Mill Close	S63	9BY	£ 155,000	47	£ 3,297.87
3 Bed Det Bungalow	7	Hickleton Court	S63	0QF	£ 200,000	62	£ 3,225.81

This can be represented graphically below :-



Applying the above inverse correlation of £/m2 to the floor areas in the evidence above and then applying these to the proposed units and adding 10% new build premium would give the following values :-

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Sales values

				Equation			NBP	Value / unit	GDV
							10%		
3 Bed Bungalow	Bungalow	6	107.46	-1189.26	3500.6	£ 2,311.34	£ 2,542.47	£ 273,214	£ 1,639,286
2 Bed Semi	Abney	20	63.2	-339.89	2715.2	£ 2,375.31	£ 2,612.84	£ 165,132	£ 3,302,632
3 Bed Semi	Curbar	9	79.26	-426.26	2715.2	£ 2,288.94	£ 2,517.83	£ 199,563	£ 1,796,071
	Hopton	9	79.26	-426.26	2715.2	£ 2,288.94	£ 2,517.83	£ 199,563	£ 1,796,071
	Wardlow	18	74.5	-400.661	2715.2	£ 2,314.54	£ 2,545.99	£ 189,676	£ 3,414,176
	Tideswell	18	74.5	-400.661	2715.2	£ 2,314.54	£ 2,545.99	£ 189,676	£ 3,414,176
3 Bed Det	Cromford	12	89.08	-479.072	2715.2	£ 2,236.13	£ 2,459.74	£ 219,114	£ 2,629,364
4 Bed Det	Doveridge	8	113.06	-608.037	2715.2	£ 2,107.16	£ 2,317.88	£ 262,059	£ 2,096,476
	Birchover	3	113.06	-608.037	2715.2	£ 2,107.16	£ 2,317.88	£ 262,059	£ 786,178
	Tissington	3	116.2	-624.924	2715.2	£ 2,090.28	£ 2,299.30	£ 267,179	£ 801,537
									£ 21,675,969

Sales Values have also been advised by local Agents, Hunters and they have advised the following :-

Hunters			Range	
Values			Low	High
2 Bed	Semi	Abney	£ 140,000	£ 160,000
3 Bed	Semi	Cubar	£ 150,000	£ 170,000
		Hopton	£ 160,000	£ 180,000
		Wardlow	£ 160,000	£ 180,000
		Tideswell	£ 160,000	£ 180,000
	Det	Cromford	£ 180,000	£ 200,000
4 Bed	Det	Doveridge	£ 250,000	£ 270,000
		Birchover	£ 250,000	£ 270,000
		Tissington	£ 250,000	£ 270,000
3 Bed	Semi Bungalow		£ 230,000	£ 250,000

A comparison of Hunters Values and ADS appraisal values is set out below :-

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Hunters			Range		ADS
Values			Low	High	Values
2 Bed	Semi	Abney	£ 140,000	£ 160,000	£ 165,132
3 Bed	Semi	Cubar	£ 150,000	£ 170,000	£ 199,563
		Hopton	£ 160,000	£ 180,000	£ 199,563
		Wardlow	£ 160,000	£ 180,000	£ 189,676
		Tideswell	£ 160,000	£ 180,000	£ 189,676
	Det	Cromford	£ 180,000	£ 200,000	£ 219,114
4 Bed	Det	Doveridge	£ 250,000	£ 270,000	£ 262,059
		Birchover	£ 250,000	£ 270,000	£ 262,059
		Tissington	£ 250,000	£ 270,000	£ 267,179
3 Bed	Semi Bungalow		£ 230,000	£ 250,000	£ 273,214

On the basis of the above this gives a GDV of £21,675,969 and a summary of the overall value is set out below :-

DEVELOPMENT VALUE							
Units	Type	No.	m2	total m2	Value / m2	Value per unit	Income
3 Bed Bungalow	Bungalow	6	107.46	645	£ 2,542.47	£ 273,214	£1,639,286
		6		645			
2 Bed Semi	Abney	20	63.2	1264	£ 2,612.84	£ 165,132	£3,302,632
		20		1264			£3,302,632
3 Bed Semi	Curbar	9	79.26	713	£ 2,517.83	£ 199,563	£1,796,071
	Hopton	9	79.26	713	£ 2,517.83	£ 199,563	£1,796,071
	Wardlow	18	74.5	1341	£ 2,545.99	£ 189,676	£3,414,176
	Tideswell	18	74.5	1341	£ 2,545.99	£ 189,676	£3,414,176
		54		4109			£10,420,496
3 Bed Det	Cromford	12	89.08	1069	£ 2,459.74	£ 219,114	£2,629,364
		12		1069			£2,629,364
4 Bed Det	Doveridge	8	113.06	904	£ 2,317.88	£ 262,059	£2,096,476
	Birchover	3	113.06	339	£ 2,317.88	£ 262,059	£786,178
	Tissington	3	116.2	349	£ 2,299.30	£ 267,179	£801,537
		14		1592			£3,684,192
Gross Development Value		Totals	106	8,679		£	21,675,969

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Land Value

We understand the main site is owned by BMBC and price has been agreed of £520,608 as set out in a Redmile letter dated 28th April 2021. The site also includes two other parcels of land, the former Buxton Arms Public House and a detached bungalow both of which have been demolished. The acquisition cost of the two additional parcels above are £130,000 and £120,000 respectively. This takes the total acquisition cost to £770,608.

Normally for appraisal purposes we would calculate a Benchmark Land Value (BLV) for the land separately from any actual acquisition cost but as the costs are relatively low with the bulk of the site having an agreed price with BMBC we have adopted a BLV for appraisal purposes of £ 770,608.

On the above basis we have calculated the BLV as follows :-

Benchmark Land Value			
Bid Price	BMBC	£520,608	
Buxton Arms		£ 130,000	
Bungalow		£ 120,000	
	BLV	£770,608	

Building Costs

In recognition that the site can accommodate 106 units we have adopted lower quartile BCIS costs as a base construction cost in line with normal appraisal allowances for a development on this scale.

BCIS current published average costs for estate housing comprising detached and semi detached properties in this respect rebased to Barnsley is set out below :-

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£/M2 STUDY

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

Last updated: 09-Mar-2024 07:30

Rebased to Barnsley (87; sample 34)

MAXIMUM AGE OF RESULTS: DEFAULT PERIOD

Building function (Maximum age of projects)	£/m² gross internal floor area						Sample	
	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest		
New build								
810.1 Estate housing								
Generally (15)	1,317	633	1,117	1,266	1,442	4,534	1416	
Single storey (15)	1,496	886	1,263	1,435	1,644	4,534	234	
2-storey (15)	1,267	633	1,096	1,231	1,389	2,757	1099	
3-storey (15)	1,390	819	1,154	1,325	1,580	2,674	78	
4-storey or above (15)	2,757	1,344	2,200	2,457	3,695	4,090	5	
810.11 Estate housing detached (15)	1,711	966	1,290	1,463	1,810	4,534	21	
810.12 Estate housing semi detached								
Generally (15)	1,329	768	1,127	1,300	1,456	2,931	356	
Single storey (15)	1,481	958	1,264	1,449	1,614	2,931	81	
2-storey (15)	1,284	768	1,116	1,246	1,402	2,228	263	
3-storey (15)	1,300	961	1,041	1,247	1,559	1,879	12	

On the above basis we have adopted the following rates applicable to the detached and semi detached properties proposed as follows :-

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Bungalows		£ 1,116.00
Semi Det		£ 1,116.00
Det		£ 1,290.00

BCIS costs do not cover external works costs and we have therefore allowed 10% to cover external works costs and 3% contingency in line with usual appraisal allowances.

In addition the new building regulations Part L and F which this development will need to meet will generate additional costs not reflected in the BCIS historic costs and this will also apply to the need to provide electric charging points to each property in the scheme. On this basis we have included the following allowances to cover these costs :-

Car charging points	106	£ 750	£79,500
Part F and L Building Regs	106	4%	£405,937

In addition to the above the site will incur some abnormal development costs which we have set out below :-

Abnormal Costs	Qty	Unit	Rate	Quote	Inflation	
					14%	
Coal Mining Remediation (Redmile Letter 28 April 2024)				£ 478,219	£ 65,638	£ 543,857
Abnormal Foundations				£ 559,309	£ 76,768	£ 636,077
Site Clearance				£ 588,381	£ 80,758	£ 669,139
SW attenuation				£ 752,183	£ 103,241	£ 855,424
1000mm capping layer under soft landscaping / gardens	2030	m2	£ 83.00			£ 168,490
300mm capping layer under soft landscaping / gardens	2136	m2	£ 25.00			£ 53,400
600mm capping layer under soft landscaping / gardens	1856	m2	£ 50.00			£ 92,800
Import topsoil 150mm	4500	m3	£ 54.00			£ 243,000
Services diversions				£52,486.00		£ 52,486
Basic gas measures	Allowance	83	£ 500.00			£ 41,500
POS	Allowance					£ 50,000
Ecological mitigation and tree works BDNG	Allowance					£ 25,000
BDNG		9	£ 25,000			£ 225,000
						£ 3,431,173
				BCIS TPI Y + 1	Qtr2 2021	153
				Current		174
						14%

On the above basis this gives overall construction costs of £15,429,352 which can be summarised as follows :-

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Construction Costs							£ Total
Bungalows		£ 1,116.00	per m2	645	6,940		£719,552
Semi Det		£ 1,116.00	per m2	5,373	57,832		£5,995,911
Det		£ 1,290.00	per m2	2,661	28,645	£10,148,437	£3,432,974
				8,679			
Car charging points	106			£ 750			£79,500
Part F and L Building Regs	106			4%		£10,148,437	£405,937
Plot Development				10%		£10,148,437	£1,014,844
Abnormals							£3,431,173
Contingency				3.00%		£11,648,718	£349,462
Total Construction							£15,429,352

Professional Fees and Planning Costs

We have made allowances for professional fees and planning and design costs as follows :-

Design				%			£ Total
Architect				2.00%			£308,587
Highways Engineer				1.00%			£154,294
Structural Engineer				1.00%			£154,294
QS				1.00%			£154,294
CDMC				1.00%			£154,294
Total Design				6.00%			£925,761

We understand BMBC have requested S106 contributions as set out below :-

Education	£ 608,000
Travel Plan	£ 79,500
Open Space	£ 101,399
	£ 788,899

We have accordingly included these as costs in the appraisal as set out below :-

Planning							
S106 Contributions							£788,899
CIL				£	-		£0
Warranty costs							£139,688
Planning Fees and costs							£75,000
Building Regulations Fees							£13,625
Total Planning							£1,017,212

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Finance Costs

We have calculated finance costs using standard detailed appraisal software utilising the costs and values as set out above, a base finance rate of 7.25 % and an arrangement fee of 1.0% reflecting current market rates for development finance.

In respect of programme we have assumed a 30 month timescale overall to build and sell all the units on the site.

Finance costs can be summarised on the above basis as follows :-

Finance							
Interest charges							£788,085
Finance Arrangement				1.00%			£73,407
Debit Rate				7.25%			
Credit Rate				0.00%			
Total Finance							£861,492

Marketing and Disposal Costs

Marketing and disposal costs have been allowed as follows :-

Marketing and Disposal				%			£ Total
Marketing				1.00%			£216,760
Legals				0.50%			£108,380
Sales Agents				1.00%			£216,760
Total Marketing and Disposal				2.50%			£541,899

Developers Profit

We have allowed a development profit of 20% of GDV which we would regard as a minimum level of return for a site of this scale in this location in the current economic climate with values generally falling and costs on the increase.

This gives the following profit as a cost in the appraisal :-

Developers Profit				%			£ Total
Developers Profit	MS			20.00%			£4,335,194

5. VIABILITY APPRAISAL SUMMARY AND CONCLUSION

As set out above the base appraisal is showing a negative residual land value of -£1,434,941 which is well below the adopted BLV of £ 770,608. without any affordable housing but including the S106 contributions of £788,899.

We therefore submit that on the test of viability in planning criteria the above demonstrates the scheme cannot support any affordable housing in addition to the S106 costs of £788,899.

Appendix A | Detailed Appraisal Summary with no affordable housing

