

# Viability Appraisal Assessment

Land at Castleton Sidings, Fairway, off Heywood Road, Rochdale, OL11/12.



## Contents

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|     |                                     |    |
|-----|-------------------------------------|----|
| 1.  | Executive Summary .....             | 4  |
| 2.  | Introduction.....                   | 7  |
| 3.  | Purpose of Valuation .....          | 8  |
| 4.  | Site Locations & Descriptions ..... | 11 |
| 5.  | Proposed Development .....          | 11 |
| 6.  | Development Value .....             | 12 |
| 7.  | Development Costs.....              | 16 |
| 8.  | Methodology and Site Value.....     | 22 |
| 9.  | Conclusions .....                   | 26 |
| 10. | Sensitivity Analysis .....          | 26 |
|     | Caveats & Confidentiality.....      | 27 |

**Appendix 1 – Location and Red Line Plan**

**Appendix 2 - Proposed Site Plan**

**Appendix 3 - Viability Appraisals**

**Appendix 4 - Sensitivity Analysis**

## Quality Management

|                       |                                                         |                       |                          |
|-----------------------|---------------------------------------------------------|-----------------------|--------------------------|
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| <b>Title</b>          | Land at Castleton Sidings, Rochdale Viability Appraisal |                       |                          |
| <b>Project</b>        | Viability Appraisal Assessment                          |                       |                          |
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## 1. Executive Summary

|                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Site</b>                          | A Parcel of land formerly used as railway sidings, located at the southern end of the Fairways, itself off Heywood Road in the Castleton area of south west Rochdale.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Scheme</b>                        | <p>The Viability Appraisal refers to the proposed redevelopment of the site for the provision of 191 residential dwellings. These are to be 85% open market sales and 15% affordable dwellings, in line with Rochdale's affordable housing policy for the locality.</p> <p>The applicant concludes that due to viability reasons that section 106 asks need to be flexible to ensure the site is brought forward for development. Furthermore, that the site requires external funding and that this has been secured via the Brownfield Housing Fund.</p> <p>For the purposes of this report Capita has assessed the development on a policy compliant basis and have carried out two appraisals, one with and one without the external funding. This is to determine whether there is a need for flexibility in section 106 contributions above affordable housing.</p> |
| <b>Gross Development Value (GDV)</b> | The applicant and Capita both assess and agree the GDV of a policy compliant scheme is <b>£60,224,438</b> based on 15% affordable housing. This is different to the applicants FVA report but is in line with subsequent re-appraisal by them.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Build Costs</b>                   | The applicant has provided a detailed cost plan for the main build, inclusive of standard external costs. This amounts to a rate of £165.61 per sq ft. Capita have assessed this and consider this rate to be reasonable and appropriate. Total Build costs for the main build amounting to <b>£31,297,309</b> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

|                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Developers Profit</b>    | <p>The applicant had originally assessed the profit based on 20% return of open market sales and 10% affordable housing sales (blended rate of 19.27%). They have subsequently moved to an assessment based on overheads and profit which established an overall 18.98% effective blended rate. This is slightly lower than their original blended rate.</p> <p>Capita have disputed the revised method and have retained the original and market accepted way of assessing the profit based on percentage of GDV on tenure types. In this regard Capita have assessed a blended rate of 17.88% based on 19% on open market sales (see later) and 6% on affordable housing sales.</p>                                                                                                                                                                   |
| <b>Benchmark Land Value</b> | <p>The applicant had originally assessed the BLV at £3,055,000. This has been slightly reduced since their report to a figure of <b>£3,000,000</b>. Capita have considered the BLV very closely and after careful consideration agree with this assessment as being fair and reasonable.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Appraisal Results</b>    | <p>The applicant originally states (in FVA Report) that in the policy compliant scheme the resultant residual land value determined, with the appropriate affordable housing and section 106 asks included, well below the BLV, by an assessed Minus -£2,675,000.</p> <p>The later appraisals by the applicant determine the viability assessed on target profit, with the required profit assessed at 18.98%. The result of their appraisals shows, with no grant, the profit is 7.91% (noted this is on Cost as opposed to GDV) and with grant 14.99% (again on Costs). It is noted that these profits based on costs would be lower percentages if they were to be assessed against the GDV.</p> <p>Capita have run the two appraisals, with and without grant, and have assessed the residual land values (RLVs) against the BLV of £3,000,000.</p> |

|                   |                                                                                                                                                                                                                                       |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                   | <p>With no grant the RLV is £1,514,566, below the BLV by £1,485,434 and hence fairly substantial viability issues.</p> <p>However, with grant the RLV is £4,350,257. Above the BLV by £1,350,257. No viability issues.</p>            |
| <b>Conclusion</b> | <p>In conclusion it is Capita's view that the site has viability issues when a policy compliant scheme is considered, and no grant is forthcoming. However, the securing of the grant clearly takes aware any viability concerns.</p> |

## 2. Introduction

In accordance with the instructions received from Rochdale Borough Council, Capita have been commissioned, as an independent party, to carry out an assessment of a viability appraisal for a proposed development scheme, prepared by Northern Land Agency Consultants, on the subject development site at land at Castleton Sidings, Rochdale.

It is the intention of the applicant to develop the land for the provision of 191 residential dwellings.

The applicant has advised the redevelopment of the site has viability issues and has suggested that due to this there needs to be flexibility with regards to the section 106 asks and obligations as not all will be able to be contributed.

The assessment Capita have been requested to carry out is to investigate whether the viability position and appraisals supplied are appropriate and reasonable, when considering whether there is a viability issue which the applicant states is the reason, they require flexibility in the s106 asks being sought.

The subject opportunity is land at Castleton Sidings, Fairways, off Heywood Road in the Castleton area of south west Rochdale.

Capita will provide an opinion as to the reasonableness of the information contained within the applicants Financial Viability Assessment report (FVA) assess whether the conclusion, they have arrived at, is fair and appropriate.

Our approach to reporting our views on the viability of the proposed scheme will accord with the principles of the RICS Valuation - Professional Standards.

### 3. Purpose of Valuation

The introduction of the National Planning Policy Framework in 2012, and subsequent amendments in July 2018, February 2019, July 2021 and September 2023, put a high priority on the role of viability testing in the context of planning development. The Government approach to viability assessments is set out in paragraph 58 of the 2021 Framework which states:

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

The original guidance in 2012 stated “To ensure viability, the costs of any requirements likely to be applied to development...should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing landowner and willing developer to enable the development to be deliverable.”

This was underpinned by a subsequent report by the Local Housing Delivery Group (2012), which stated...

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

More recently the July 2018 NPPF (and the latest September 2023 revision), has been further updated following a technical consultation, resulting in the September 2023 published framework being the definitive current guidance. These updates supersede the original 2012 intentions and go a long way in dealing with inefficiencies and misinterpretation to give a clearer position on the use of viability assessments in the planning decision making process.

Fundamentally, the current primary policy and guidance on assessing viability in a planning context is provided in the NPPF 2021 and the PPG (viability section last updated in 2018 and 2019). These have sought to change the emphasis on how viability should be approached in the planning system and the weight that should be given to viability assessments at the plan-making and development management stages.

Furthermore, additional emerging guidance from the RICS on viabilities and appraisals with a particular emphasis on benchmark land value (BLV) assessments has been considered and adopted by Capita where appropriate. It is emerging that in assessing BLV values greater use of the existing use value of the applicant site is considered and then an appropriate uplift in order to provide a reasonable premium to the landowner. An existing use plus method of assessing the BLV.

In following the guidance, Capita have undertaken a collaborative approach where possible when carrying out the review of the Financial Viability Assessments and have acted with objectivity, impartially, without interference and with reference to all appropriate available sources of information.

Furthermore, Capita confirm that they are not aware of any conflicts of interest which would affect their ability to carry out these assessments and that in preparing this report, no performance related or contingent fees have been agreed. The RICS Guidance Note 'Financial Viability in Planning' defines financial viability as follows:

'An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations, while ensuring an appropriate Site

Value for the landowner and a market risk adjusted return to the developer in delivering that project.'

Recent changes have seen the RICS consult on a new professional statement for how its members involved in assessing viability in the planning system reports and conducts themselves.

It is believed the RICS are seeking to make the reports more transparent and are seeking to ban performance related fees.

Capita confirm these assessments of the Financial Viability Appraisal have been prepared having due regards to the requirements identified within the RICS Financial Viability in Planning: Conduct and Reporting 1st edition, May 2019 and the recent July 2021 update Assessing viability in planning under the National Planning Policy Framework 2021 (for England), RICS guidance note, first edition - 1<sup>st</sup> edition guidance note, March 2021. And the more recent September 2023 NPPF updates.

Where a developer/authority feels that they cannot meet the requirements set by the Local Authority policies, they are entitled to submit a Viability Appraisal, providing evidence to support their submission.

In this instance the appraisal has been carried out by Northern Land Agency Consultants, dated December 2023. It is the assessment of this appraisal that Capita will analyse and confirm whether the conclusions arrived at are reasonable and appropriate.

## **4. Site Location & Description**

**Development Site, Fairways, off Heywood Road, Rochdale, OL11/12.**

The parcel of land is known as Castleton Sidings, accessed off the southern end of the estate road called Fairways, itself off Heywood Road in the Castleton suburb in the south west area of Rochdale. It is approximately two miles from the centre of Rochdale and close to junction 20 of the M62 motorway.

The site is an area of largely overgrown former railway sidings and areas of cleared buildings which is relatively flat and appears to have been this way for a number of years.

The proposed development is on a net area of 5.172 hectares (12.78 acres) with the larger gross site extending to 10.927 hectares (27 acres).

## **5. Proposed Development**

Planning Application : 23/00431/HYBR: Hybrid planning application (part outline and full): Outline application (all matters reserved) for operational works to facilitate the East Lancashire Railway (ELR) extension; Full application for Residential development for 191 dwellings including access, landscaping, open space together with erection of sub-station and foul water pump station

The planning application is awaiting decision. The intended site layout is shown in Appendix 2.

The proposed scheme is for a policy compliant development with 15% affordable housing.

## 6. Development Value

The applicant has provided appraisals based on both a policy compliant provision of 15% affordable housing without any grant assistance and one with grant assistance.

Capita has reviewed the information provided, made various assumptions on the costs and inputs known, discussed these inputs with the applicants consultant and agreed these where possible. It is noted herein where the parties have a difference of opinion, Thereafter Capita have produced appraisals which assess the residual land values. These are then compared with a benchmark land value, to determine whether the development would be viable and could contribute towards the section 106 asks.

The gross development value of the proposed scheme has been assessed on a policy compliant basis by the applicant and they have determined a gross development value (GDV) of £60,224,438. The policy compliant basis being with the inclusion of an appropriate policy required on site affordable housing. For this site this is assessed at 15%, amounting to 29 residential dwellings. It is noted that the GDV mentioned above is not at the same level as advised by the applicant within their FVA report. This is due to some minor changes in tenure and unit sizes in recent weeks since the publication of the report in December 2023.

On review of the market evidence an assessment of the appropriateness of the proposed GDV, with revised assessments on sales prices where appropriate, for all housing types and sizes, having due regard to the location, has been carried out by Capita.

Following the review, Capita can confirm that the proposed sale prices for the open market dwellings are reasonable and appropriate.

With regards to the affordable housing transfer values Capita initially disagreed with the calculated percentages applied to open market values of these units in arriving at the transfer values to the Registered Provider (RP). They were not in line with what Capita would expect to see for such tenures.

During the discussions and negotiations, the applicant's consultant was able to provide an offer proposal from the RP confirming the transfer values which they are working to, and as such Capita, in line with guidance are happy to accept these figures as being appropriate.

As such Capita agree with the overall GDV assessment having due regard to the assessed open market sales values and the affordable housing transfer values.

These figures are shown in the table below:

**Applicant Assessment of Open Market Sales Values and Affordable Housing Transfer Values - Which Capita agree are Reasonable and Appropriate.**

| Dwelling Type               | Beds | Size (M <sup>2</sup> ) | Qty | Sales Value (£) | Sales Rate (£/sq m) | GDV (£)    |
|-----------------------------|------|------------------------|-----|-----------------|---------------------|------------|
| <b>Affordable Housing</b>   |      |                        |     |                 |                     |            |
| Hickory Mews - Aff Rent     | 2    | 71.3                   | 3   | £85,026         | £1,193              | £255,078   |
| Garth Mews - S/D - Aff Rent | 3    | 84.4                   | 2   | £100,788        | £1,194              | £201,576   |
| Gorm Mews - S/D - Aff Rent  | 3    | 84.6                   | 2   | £101,121        | £1,195              | £202,242   |
| Cedar Mews - S/D - Aff Rent | 3    | 87.0                   | 2   | £103,896        | £1,194              | £207,792   |
| Hickory Mews - Intermediate | 2    | 71.3                   | 6   | £163,159        | £2,288              | £978,954   |
| Garth Mews - Intermediate   | 3    | 84.4                   | 4   | £193,404        | £2,292              | £773,616   |
| Cedar Mews - Intermediate   | 3    | 87.0                   | 10  | £199,368        | £2,292              | £1,993,680 |
|                             |      |                        |     |                 |                     |            |

|                            |   |       |    |          |        |            |
|----------------------------|---|-------|----|----------|--------|------------|
| <b>Open Market Housing</b> |   |       |    |          |        |            |
| Hickory - Mews             | 2 | 71.3  | 19 | £261,500 | £3,668 | £4,968,500 |
| Garth - S/D                | 3 | 84.4  | 16 | £310,000 | £3,673 | £4,968,000 |
| Gorm - S/D                 | 3 | 84.6  | 6  | £309,500 | £3,658 | £1,857,000 |
| Cedar - S/D                | 3 | 87.0  | 24 | £318,000 | £3,655 | £7,632,000 |
| Acacia - Det               | 3 | 87.2  | 3  | £320,000 | £3,670 | £960,000   |
| Laurel - S/D               | 3 | 04.5  | 20 | £346,000 | £3,661 | £6,920,000 |
| Blackthorn - Det           | 3 | 94.9  | 6  | £348,000 | £3,667 | £2,088,000 |
| Rowan - Det                | 3 | 95.5  | 6  | £350,000 | £3,665 | £2,100,000 |
| Hazell - Det               | 3 | 98.7  | 9  | £360,000 | £3,647 | £3,240,000 |
| Bluebell - Det             | 3 | 98.7  | 10 | £360,000 | £3,647 | £3,600,000 |
| Emerson - Det              | 4 | 99.2  | 8  | £365,000 | £3,679 | £2,920,000 |
| Rose - Mews                | 3 | 103.2 | 8  | £374,500 | £3,629 | £2,996,000 |
| Rose - S/D                 | 3 | 109.6 | 8  | £400,000 | £3,650 | £3,200,000 |
| Hornbeam - Det             | 4 | 117.3 | 12 | £430,000 | £3,666 | £5,160,000 |
| Ash - Det                  | 4 | 117.9 | 7  | £430,000 | £3,647 | £3,010,000 |

|               |  |  |            |  |  |                    |
|---------------|--|--|------------|--|--|--------------------|
|               |  |  |            |  |  |                    |
| <b>Totals</b> |  |  | <b>191</b> |  |  | <b>£60,224,438</b> |

The applicant and Capita agree the GDV on a 15% affordable housing with mixed AH tenure amounts to **£60,224,438**.

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## 7. Development Costs

### Main Build Costs

Capita has sought to assess the development having due regard to considered and reasonable inputs and cross referenced where possible with the information provided by the applicant.

As part of the main construction assessment the applicant has advised the main build cost has had regard to the consultants experience, standard construction techniques and knowledge of current build costs, and benchmarking against BCIS.

With the above in mind, the adopted cost for the standard main build has been assessed by the applicant at a rate of £165.61 per sq ft (£1,783 per sq m), inclusive of standard externals.

Capita have reviewed these figures and have consulted with BCIS data for second quarter 2024 rebased to the Rochdale Salford area.

Having due regard to the proposed scheme Capita have considered the median quartile rate applicable for general new build house building rebased as mentioned as an appropriate benchmark. This is equivalent to a rate of £136.84 per sq ft (£1,473 per sq m) which is exclusive of externals. Capita believe an acceptable standard externals sum to be added, and is within an industry acceptable level, would be 20% having due regard to the roads and layout of the proposed scheme. This would increase the benchmark BCIS figure up to £164.21 per sq ft (£1,767.60 per sq m).

As this is an appropriate and reasonable assessment the figure for the main build adopted by the applicant of £165.61 per sq ft is therefore considered acceptable and is agreed. Capita have adopted this rate in their appraisals (see appendix 3 below).

### Abnormal Costs.

On abnormals, Capita are aware from the previous FVA dated May 2023, and the original report being considered, that the abnormal costs assessment totalled £8,809,978 and included many additional element to the list of abnormals identified in the subsequent FVA from December 2023.

Capita have been provided with a cost assessment of the various elements which now have been reduced to the following:

|                              |   |            |
|------------------------------|---|------------|
| • Demolition and Remediation | - | £2,218,696 |
| • Tree Works                 | - | £166,500   |
| • Drainage Abnormals         | - | £892,466   |
| • Roadworks                  | - | £99,091    |
| • Substructure Abnormals     | - | £1,777,847 |
| • EV Charging                | - | £79,504    |
| • Acoustic Glazing           | - | £33,300    |
| • External Works Abnormals   | - | £1,499,256 |
| • Service Diversions         | - | £49,556    |

A revised overall sum of **£6,816,216**.

Although Capita have limited information on the ground and any surveys that have been carried out, it is clear that this site's former use will have contributed significantly towards many of the above additional costs.

Former railway sidings of such a size will require a high degree of site clearance and as a result of many years of truck and wagon storage with various types of materials and substances being transported, together with engines and other operational equipment, it is fair to assume that contamination over many decades has resulted.

Capita are therefore not surprised by the abnormal costs associated with the development of this site for residential use and have therefore been fairly accepting on their approach to the inclusion of these costs in the appraisals.

However, such an approach on the inclusion of these costs and whether they can, for viability appraisal reasons, be considered fair and reasonable, also factors in Capita's assessment of the benchmark land value (BLV) later, where the guidelines in terms of how the assessment of the BLV is undertaken does include a requirement to take into account abnormal costs on the subject site. Thus ensuring, to a degree, that should these costs be ultimately proven (after any further, more detailed analysis) to be excessive, then this would have a minimal impact on viability as the residual land value generated is assessed against the benchmark land value.

Therefore, should the outcome of this assessment herein be inconclusive then Capita would suggest a more detailed review of these costs is undertaken in due course and Capita retain the right to review matters accordingly should this arise.

Our initial view is the costs of the abnormals seem reasonable and appropriate for a site of this size and location within the Castleton area of Rochdale and particularly due to the site's former railway sidings use. They have therefore been included within Capita's appraisals.

With regards to other elements within the appraisal, Capita have considered each in turn and comment on them as follows:

#### Developers Contingency

In regard to Contingency, the applicant has applied 3% which Capita view as appropriate and reasonable. Capita have adopted this rate in their appraisals.

#### Professional Fees

The applicant has adopted 8% which Capita view as appropriate and reasonable due to the complications with this site and also a wide variety of differing house types and styles. Capita have adopted this rate in their appraisals.

#### Section 106/278 Costs

The applicant has included section 106 asks as reported and obligation costs amounting to an overall sum of £349,265. This consists of:

- |                                    |          |
|------------------------------------|----------|
| • Travel Plan and Air Check Report | £20,000  |
| • Biodiversity Net Gain            | £50,000  |
| • Off Site Sports Contribution     | £279,265 |

Capita have included these contributions in their appraisals.

## Finance

The applicant had adopted a finance rate of 7.25% originally but then advised of a rate of 5% would be possible for their client. Capita is unsure as to what rate the applicant is able to secure. However, the appraisal is carried out on a theoretical basis with a 'market' lead purchaser of the site and developer and as such Capita have sought to adopt what they believe is an acceptable finance rate given the size of the site and the complexities involved. For these reasons, and when considering the fluidity in the interest rates at present, Capita have adopted a cautious 8% as being fair and appropriate.

## Profit

The applicant had adopted a blended profit of 19.27% based on profit levels of 20% on the open market sales and 10% on the affordable housing transfer values. More latterly Capita are advised that the profit levels have been switch to an overheads and profit which has reduced the blended rate down to 18.98%.

Capita disagree with the change to overheads and profit and have sought to retain the market accepted approach of differing percentage profits linked to the differing house tenures, i.e. open market sales and affordable house transfer values. In this regard Capita would have normally sought an open market sales profit rate of 18% but accept that this site has complexities linked to the former use as a railway sidings. As such Capita have accepted a rate based on 19% of the GDV of the open market sales. To this Capita have added a profit level for the affordable housing of 6%, resulting in a blended profit for the scheme and inclusion in the appraisals of 17.88%.

## Sales/Marketing Costs

The applicant has adopted marketing at 3.5% of the open market sales which is inclusive of agents selling fees. Capita view this as excessive and have reduced this to 3.0% which they consider more appropriate and reasonable. Capita have adopted this lower rate in their appraisals.

### Legals Fees

The applicant has used 0.25% of the GDV for the legal fees, which Capita assess as being excessive. As such Capita have included these costs based on £650 per open market sale and £350 per affordable housing transfer.

### Legals Fees

The applicant has used 1.0% of the residual land value for the agents fee and 0.5% of the residual land value for the legal fees, which Capita agree.

### Part L and Future Homes Costs

The applicant has provided information to suggest the development will need to take into account forthcoming issues relating to Future Homes costs, whilst Part L changes to the building regulations from June 2023 are still increasing costs which need to be included. The Future Homes costs will become a building requirement from June 2025.

The sum suggested for each dwelling for these two additional costs is £8,325 per dwelling.

Capita have dealt with this issue a number of times with various FVA reports across the UK and a variety of figures have been suggested for this cost of the changes ranging from circa £6,500 to £10,000 per dwelling with little real explanation as to how these costs are determined. As such, Capita believe, having considered the suggested work needed that a fair and reasonable figure would be £8,000 per dwelling and have used this in their appraisals.

The Future Homes additional requirements come into effect from June 2025, just over a year from now. As there is a 12-month demolition and remediation requirement then Capita are happy to accept these additional costs will be applied to all the proposed dwellings.

## Rail Tracks and Rail Land Gift

The applicant has included a cost of the loss of rail tracks that are being gifted to the East Lancashire Railway (£323,179). There is great difficulty in assessing the value of this gift as the amount of track being gifted is unknown and difficult to value. As such Capita have included this sum within their appraisal but retain the right to amend this report and conclusions should this figure prove to be substantially different.

On the land, the applicant has suggested the value if £324,735. Capita have analysed the size of land being gifted, which is assessed at 2.84 acres. If the BLV of £3,000,000 is divided by the overall site size of 27 acres, then a gift of 2.85 acres is a sum of £315,556, which Capita have included.

## **8. Methodology & Site Value**

### **Methodology**

Capita have assessed residual values of the proposed scheme and have compared these to the Benchmark Land Value. This comparison will determine whether a scheme is viable or not and assess whether there is any surplus which would enable the site to contribute towards any additional section 106 obligations and asks.

Recent guidance has changed the emphasis on assessing a BLV, with focus falling on an assessment of the existing use value (EUV), then making an appropriate increase to reflect a premium above the EUV, at which point a reasonable landowner would be persuaded to sell.

These changes have seen the shift in emphasis away from market evidence as it has been increasingly difficult to fully analyse a 'market sale' in an attempt to make any sale comparable to a subject site. Planning requirements, physical features, existing use considerations, end value differences and abnormals are just a few of the issues which affect a market sale and make any evidence in this regard, extremely difficult to apply to a separate and different development site.

The emphasis is now on establishing the existing use value and then seeking to agree an increase in the EUV to incentivise the landowner to dispose of the land.

### **Existing Use Value**

The subject land consists of a large swath of brownfield former railway sidings with the tracks and rails largely still in situ.

The applicant has advised, and Capita agrees, the land to be brown field in its entirety and has an existing use of railway sidings, though B2 industrial land would also be accepted as appropriate.

The applicant has adopted an approach of considering the market evidence and then adjusting matters comparing the wider market evidence with the advised guide figures within the 'Greater Manchester Spatial Framework Strategic Viability Report Stage 1 September 2020', which suggests Brownfield Industrial sites (lower) are in the region of £430,000 per hectare when BLVs are considered.

Capita have also considered the market of the greater Manchester area in determining industrial values and have considered an appropriate value having due regard to the market, the Spatial report but also other agreed BLV's for industrial in the greater Manchester area in recent reports and more importantly the specific site and location herein.

Having factored in all of the information Capita are of the opinion the EUV for the subject site is based on a gross industrial land value at a rate of £220,000 per acre (£543,000 per hectare). This would establish an existing use value (gross) of the site of £5,940,000.

However, the site suffers from a large abnormal cost position and as such the guidelines require these to be taken into account. In this regard Capita have sought to assess the appropriate abnormal costs, which have been reduced slightly to a figure of £6,859,056. In order for the site to be developed then these costs need to be encountered and need to be deducted from the existing use value. However, only approximately half of the site is being developed for residential development and as such Capita believe it is fair that both parties, the developer and the landowner, take responsibility for these costs and therefore half of these abnormals has been deducted from the assessment of the BLV once this is finalised on the gross assessment.

### **Landowner Incentive (multiplier)**

The multiplier/percentage increase to be applied to the EUV has not been added when considering the applicants FVA report.

Capita believe an incentive is required but not to the entire site. The applicant is proposing to develop residential use on a net size of 5.172 hectares (12.78 acres),

against a gross size of 10.927 hectares (27 acres). As such Capita believe it is appropriate to only add the incentive to the net area being developed.

In this regard it is a fairly accepted rate of 20% increase that is considered an appropriate incentive for brownfield industrial land. This therefore creates the following gross BLV:

- Net Area for development
  - 5.172 hectares at £543,000 plus 20% - £3,370,075
- Surplus Industrial area
  - 5.755 hectares at £543,000 - £3,124,965

This is a gross value of £6,495,040.

To this Capita have deducted 50% of the assessed appropriate abnormals, which amounts to £3,429,528.

This results in a considered Benchmark Land Value (BLV) of £3,065,512, say £3,000,000.

In doing this Capita have followed due process and considered the further five phases needing to be considered in the BLV determination (with step 3 being adopted here).

Step 1 is establishing the existing use value as indicated above.

Step 2 AUV value. Again. Capita believe there are no other deliverable alternative uses other than residential which would produce a greater benchmark land value.

Step 3 EUV Incentive. Comments have been made on this element above.

Step 4 is a policy compliant scheme for the site. This is actually what has been considered and therefore this step is negated in that the RLV (on a no grant and policy compliant scheme) is considerably lower than the BLV value.

Step 5 comparative sites. This is the most controversial and the most difficult to consider as all sites are unique and come with their own development angles and costings as well as values. In addition, given the size of the site in question any comparable sites would need to be closely scrutinised and adjusted to enable any true comparison to be made. For these reasons Capita have resisted relying on any comparable information as this site is indeed unique in terms of size, shape and locality.

In conclusion Capita have adopted a **Benchmark Land value of £3,000,000.**

### **Residual Land Value**

Capita have produced two appraisals in assessing this development. They are:

1. A policy compliant scheme with 15% affordable housing and required section 106 additional asks and obligations cost with no grant funding.
2. A policy compliant scheme with 15% affordable housing and required section 106 additional asks and obligations cost with grant funding included.

All appraisals produce the following RLVs.

1. RLV of £1,514,566.
2. RLV of £4,350,257

The non grant policy compliant scheme has an RLV considerably below Capita's BLV of £3,000,000. The deficit being minus -£1,485,434.

However, with the grant, the RLV is well above the BLV with a surplus of £1,350,257.

## 9. Conclusion

The development appraisals in appendix 3 have been prepared by Capita using the industry acceptable Argus Developer programme.

The appraisals have been prepared using all the data detailed within this report and have followed reasonable timings suggested by the applicant and agreed by Capita, having due regard to the size, scale and detail of the proposed scheme.

Clearly the no grant policy compliant scheme shows a negative position on viability when the RLV is compared to the BLV. A deficit of minus -£1,485,434. This would suggest there is a need for flexibility on the section 106 asks as the applicant suggests.

However, the applicants have secured a very healthy brownfield funding sum which increases the RLV to well above the BLV meaning the applicant is well served to contribute the section 106 sums sought herein.

## 10. Sensitivity Analysis

As part of the RICS guidelines on Viability Appraisals Capita have undertaken sensitivity analysis to gauge the effect small changes in the major inputs would have on the results and conclusions derived from the assessment.

In this regard Capita have considered 3% and 6% fluctuations in both main build costs and sales values and their impact on the no grant RLV and hence viability position.

It can be seen from the analysis that if there is a slight increase in costs (plus 3%) and no change in sales values that the RLV decreases to a worse position of minus -£2,550,430, further below the BLV of £3,000,000.

Turning to the grant funded appraisal, should the same scenario of a 3% increase in costs and a no change sales value position occur then the residual land value becomes £3,603,089, a great deal closer to the £3,000,000 BLV. A six percent increase creates a viability issue.

## **Caveats & Confidentiality**

The report is subject to the information presented to us and is based on values today. Except where stated, it makes no predictions about the potential changes in the economy or policy that could influence the development value or costs.

Other than where stated, in arriving at an opinion of value, it is on the assumption that no contamination or other adverse environmental matter exist in relation to the site to affect value. No investigations into past or present uses have been carried out, either of the property or any neighbouring land to establish whether there is any contamination or potential for contamination to the subject property. No allowance is made for any effect in respect of actual or potential contamination of land. A party in the market might, in practice, undertake further investigations than those undertaken so far. If it is subsequently established that contamination exists at the site or on any neighbouring land or that the land has been, or is being, put to any contaminative use then this might reduce the value now reported.

This report has been produced as and when appropriate in accordance with any relevant RICS Guidance Notes and Information Papers.

This report is provided solely for the purpose stated above. It is for the use only of the party to whom it is addressed, and no responsibility is accepted to any third party for the whole or any part of its contents. Any such parties rely upon this report at their own risk. Neither the whole nor any part of this report or any reference to it may be included now, or at any time in the future, in any published document, circular or statement, nor published, referred to or used in any way without our written approval of the form and context in which it may appear.

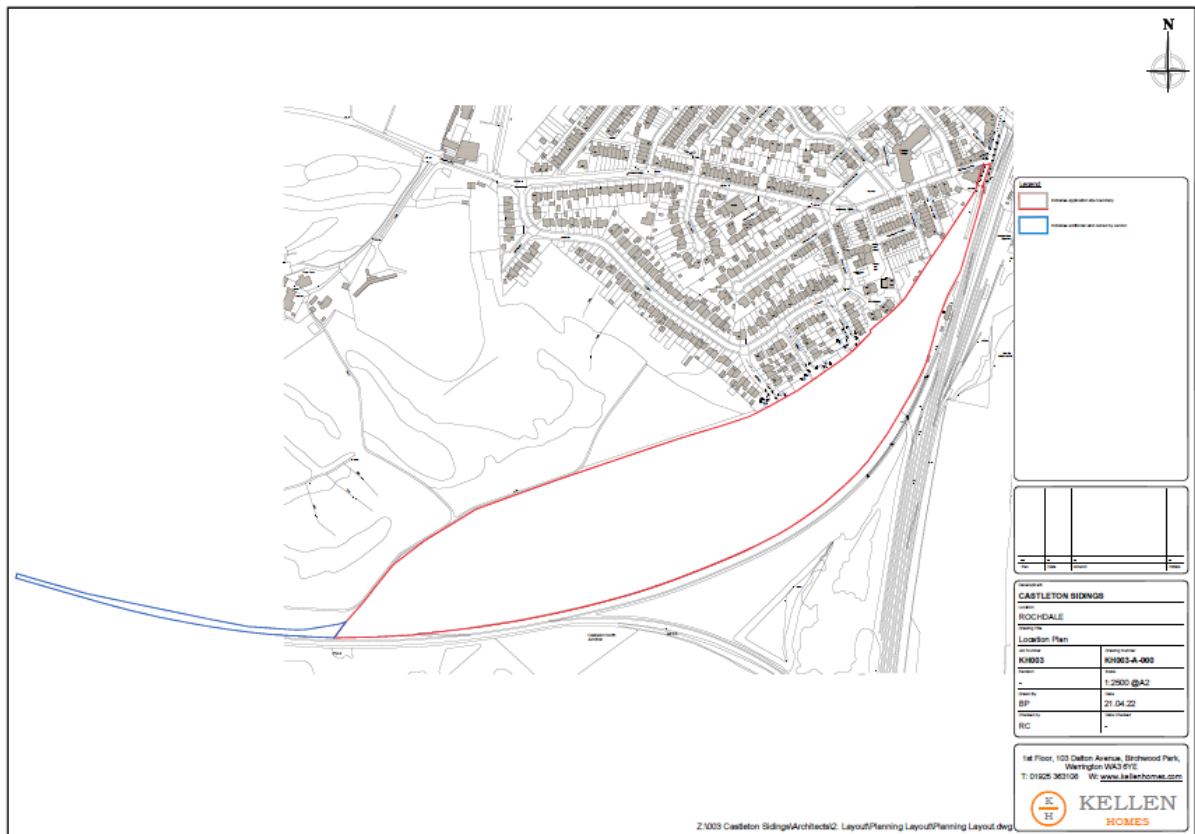
If the content of this report is to be relied on as part of a planning appeal, further consultation would be expected at that stage, and take into account any additional evidence available before the case reaches the appeal stage. Seeking legal advice would also be recommended.

Capita has in place appropriate Professional Indemnity Insurance in respect of this report.

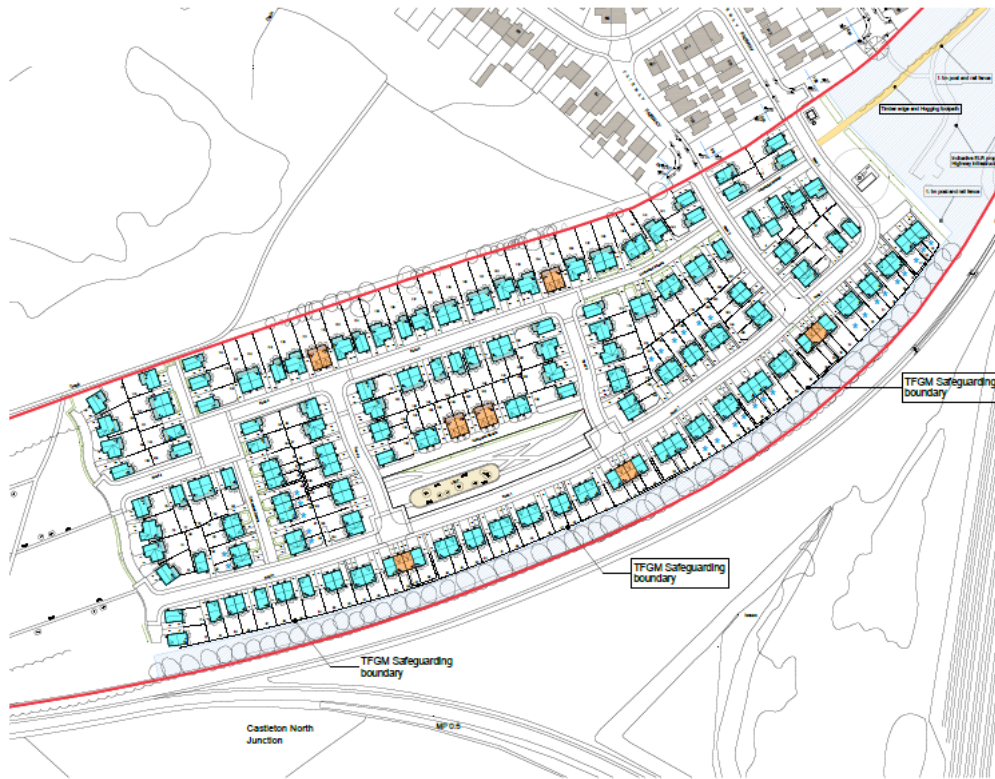
Any complaints or issues arising out of the Report will be in accordance with Capita's complaints handling procedure, a copy being available on request. The Report may be subject to monitoring under RICS' conduct and disciplinary regulations.

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## Appendix 1 - Location/Site Plan



## Appendix 2 - Proposed layout plans



## Appendix 3 - Viability Appraisal V4 - Capita - Policy Compliant Version No Grant

### PROJECT PRO FORMA

### ARGUS SOFTWARE

#### V4 - Castleton Sids - Capita PC Vers No Grant

##### Project Pro Forma for Phase 1

Currency in £

##### REVENUE

| Sales Valuation                             | Units      | ft²            | Sales Rate ft² | Unit Price | Gross Sales       |
|---------------------------------------------|------------|----------------|----------------|------------|-------------------|
| OM - 2 Bed Mews - Hickory                   | 19         | 14,573         | 340.94         | 261,500    | 4,968,500         |
| OM - 3 Bed S/D - Garth                      | 16         | 14,528         | 341.41         | 310,000    | 4,960,000         |
| OM - 3 Bed S/D - Gorm                       | 6          | 5,466          | 339.74         | 309,500    | 1,857,000         |
| OM - 3 Bed S/D - Cedar                      | 24         | 22,464         | 339.74         | 318,000    | 7,632,000         |
| OM - 3 Bed Det - Acacia                     | 3          | 2,817          | 340.79         | 320,000    | 960,000           |
| OM - 3 Bed S/D - Laurel                     | 20         | 20,340         | 340.22         | 346,000    | 6,920,000         |
| OM - 3 Bed Det - Blackthorn                 | 6          | 6,132          | 340.51         | 348,000    | 2,088,000         |
| OM - 3 Bed Det - Rowan                      | 6          | 6,168          | 340.47         | 350,000    | 2,100,000         |
| OM - 3 Bed Det - Hazel                      | 9          | 9,558          | 338.98         | 360,000    | 3,240,000         |
| OM - 3 Bed Det - Bluebell                   | 10         | 10,620         | 338.98         | 360,000    | 3,600,000         |
| OM - 4 Bed Det - Emmerson                   | 8          | 8,544          | 341.76         | 365,000    | 2,920,000         |
| OM - 3 Bed Mews - Rose                      | 8          | 8,888          | 337.08         | 374,500    | 2,996,000         |
| OM - 3 Bed S/D - Rose                       | 8          | 9,440          | 338.98         | 400,000    | 3,200,000         |
| OM - 4 Bed Det - Hornbeam                   | 12         | 15,156         | 340.46         | 430,000    | 5,160,000         |
| OM - 4 Bed Det - Ash                        | 7          | 8,883          | 338.85         | 430,000    | 3,010,000         |
| AH - 2 Bed Mews - Hickory - Affordable Rent | 3          | 2,301          | 110.86         | 85,026     | 255,078           |
| AH - 3 Bed S/D - Garth - Affordable Rent    | 2          | 1,816          | 111.00         | 100,788    | 201,576           |
| AH - 3 Bed S/D - Gorm - Affordable Rent     | 2          | 1,822          | 111.00         | 101,121    | 202,242           |
| AH - 3 Bed S/D - Cedar - Affordable Rent    | 2          | 1,872          | 111.00         | 103,896    | 207,792           |
| AH - 2 Bed Mews - Hickory - Intermediate    | 6          | 4,602          | 212.72         | 163,159    | 978,954           |
| AH - 3 Bed S/D - Garth - Intermediate       | 4          | 3,632          | 213.00         | 193,404    | 773,616           |
| AH - 3 Bed S/D - Cedar - Intermediate       | 10         | 9,360          | 213.00         | 199,368    | 1,993,680         |
| <b>Totals</b>                               | <b>191</b> | <b>188,982</b> |                |            | <b>60,224,438</b> |

##### TOTAL PROJECT REVENUE

60,224,438

##### DEVELOPMENT COSTS

##### ACQUISITION COSTS

|                                  |           |           |
|----------------------------------|-----------|-----------|
| Residualized Price               | 1,514,566 |           |
|                                  |           | 1,514,566 |
| Land Transfer Tax                | 65,228    |           |
| Effective Land Transfer Tax Rate | 4.31%     |           |
| Agent Fee                        | 1.00%     | 15,146    |
| Legal Fee                        | 0.50%     | 7,573     |
|                                  |           | 87,947    |

##### CONSTRUCTION COSTS

| Construction                                | ft²    | Build Rate ft² | Cost      |
|---------------------------------------------|--------|----------------|-----------|
| OM - 2 Bed Mews - Hickory                   | 14,573 | 165.61         | 2,413,435 |
| OM - 3 Bed S/D - Garth                      | 14,528 | 165.61         | 2,405,982 |
| OM - 3 Bed S/D - Gorm                       | 5,466  | 165.61         | 905,224   |
| OM - 3 Bed S/D - Cedar                      | 22,464 | 165.61         | 3,720,263 |
| OM - 3 Bed Det - Acacia                     | 2,817  | 165.61         | 466,523   |
| OM - 3 Bed S/D - Laurel                     | 20,340 | 165.61         | 3,368,507 |
| OM - 3 Bed Det - Blackthorn                 | 6,132  | 165.61         | 1,015,521 |
| OM - 3 Bed Det - Rowan                      | 6,168  | 165.61         | 1,021,482 |
| OM - 3 Bed Det - Hazel                      | 9,558  | 165.61         | 1,582,900 |
| OM - 3 Bed Det - Bluebell                   | 10,620 | 165.61         | 1,758,778 |
| OM - 4 Bed Det - Emmerson                   | 8,544  | 165.61         | 1,414,972 |
| OM - 3 Bed Mews - Rose                      | 8,888  | 165.61         | 1,471,942 |
| OM - 3 Bed S/D - Rose                       | 9,440  | 165.61         | 1,563,358 |
| OM - 4 Bed Det - Hornbeam                   | 15,156 | 165.61         | 2,509,985 |
| OM - 4 Bed Det - Ash                        | 8,883  | 165.61         | 1,471,114 |
| AH - 2 Bed Mews - Hickory - Affordable Rent | 2,301  | 165.61         | 381,069   |
| AH - 3 Bed S/D - Garth - Affordable Rent    | 1,816  | 165.61         | 300,748   |
| AH - 3 Bed S/D - Gorm - Affordable Rent     | 1,822  | 165.61         | 301,741   |

**PROJECT PRO FORMA****ARGUS SOFTWARE****V4 - Castleton Sids - Capita PC Vers No Grant**

|                                                 |                    |                  |                   |                   |
|-------------------------------------------------|--------------------|------------------|-------------------|-------------------|
| AH - 3 Bed S/D - Cedar - Affordable Rent        | 1,872              | 165.61           | 310,022           |                   |
| AH - 2 Bed Mews - Hickory - Intermediate        | 4,602              | 165.61           | 762,137           |                   |
| AH - 3 Bed S/D - Garth - Intermediate           | 3,632              | 165.61           | 601,496           |                   |
| AH - 3 Bed S/D - Cedar - Intermediate           | 9,360              | 165.61           | 1,550,110         |                   |
| <b>Totals</b>                                   | <b>188,982 ft²</b> |                  | <b>31,297,309</b> |                   |
| Contingency                                     |                    | 3.00%            | 938,919           | 32,236,228        |
| <b>Other Construction Costs</b>                 |                    |                  |                   |                   |
| Abnormal - Part S EV Charging Point             |                    |                  | 171,900           |                   |
| Part L and Future Homes                         | 191 um             | 8,000.00 /um     | 1,528,000         |                   |
| Abnormal - Demo and Remediation                 |                    |                  | 2,218,696         |                   |
| Abnormal - Tree Works                           |                    |                  | 166,500           |                   |
| Abnormal - Drainage                             |                    |                  | 892,466           |                   |
| Abnormal - Highways                             |                    |                  | 99,091            |                   |
| Abnormal - Substructure/Foundations             |                    |                  | 1,777,847         |                   |
| Abnormal - Acoustic Glazing                     |                    |                  | 33,300            |                   |
| Abnormal - External Works                       |                    |                  | 1,499,256         |                   |
| Abnormal - Service Diversions                   |                    |                  | 49,566            |                   |
| Railtrack Gift                                  |                    |                  | 323,179           | 8,759,801         |
| <b>Section 106 Costs</b>                        |                    |                  |                   |                   |
| S106 Costs - Travel Plan /Air Check             |                    |                  | 20,000            |                   |
| S106 Costs - Biodiversity Net Gain              |                    |                  | 50,000            |                   |
| S106 Costs - Off Site Sports Cont               |                    |                  | 279,265           | 349,265           |
| <b>PROFESSIONAL FEES</b>                        |                    |                  |                   |                   |
| Professional Fees                               |                    | 8.00%            | 3,178,714         | 3,178,714         |
| <b>MARKETING &amp; LEASING</b>                  |                    |                  |                   |                   |
| Marketing                                       |                    | 3.00%            | 1,668,345         | 1,668,345         |
| <b>DISPOSAL FEES</b>                            |                    |                  |                   |                   |
| AH Sales Legal Fee                              | 29 um              | 350.00 /um       | 10,150            |                   |
| OM Sales Legal Fee                              | 162 um             | 650.00 /um       | 105,300           | 115,450           |
| <b>Additional Costs</b>                         |                    |                  |                   |                   |
| East Lancs Gifted Railway Land                  |                    |                  | 315,556           | 315,556           |
| <b>TOTAL COSTS BEFORE FINANCE</b>               |                    |                  |                   | <b>48,225,873</b> |
| <b>FINANCE</b>                                  |                    |                  |                   |                   |
| <b>Timescale</b>                                | <b>Duration</b>    | <b>Commences</b> |                   |                   |
| Purchase                                        | 1                  | May 2024         |                   |                   |
| Demolition and Remediation                      | 12                 | May 2024         |                   |                   |
| Construction                                    | 75                 | May 2025         |                   |                   |
| Sales OM                                        | 75                 | Nov 2025         |                   |                   |
| Sales AH                                        | 35                 | Nov 2025         |                   |                   |
| Total Duration                                  | 93                 |                  |                   |                   |
| Debit Rate 7.250%, Credit Rate 0.000% (Nominal) |                    |                  |                   |                   |
| Land                                            |                    |                  | 171,772           |                   |
| Construction                                    |                    |                  | 350,277           |                   |
| Other                                           |                    |                  | 708,386           |                   |
| Total Finance Cost                              |                    |                  |                   | 1,230,435         |
| <b>TOTAL COSTS</b>                              |                    |                  |                   | <b>49,456,308</b> |
| <b>PROFIT</b>                                   |                    |                  |                   | <b>10,768,130</b> |
| <b>Performance Measures</b>                     |                    |                  |                   |                   |

**PROJECT PRO FORMA****ARGUS SOFTWARE****V4 - Castleton Sids - Capita PC Vers No Grant**

|                         |        |
|-------------------------|--------|
| Profit on Cost%         | 21.77% |
| Profit on GDV%          | 17.88% |
| Profit on NDV%          | 17.88% |
| IRR% (without Interest) | 25.70% |

# Appendix 3 - Viability Appraisal V5 - Capita - Policy Compliant Version With Grant

## PROJECT PRO FORMA ARGUS SOFTWARE

V5 - Castleton Sids - Capita PC Vers Grant

Project Pro Forma for Phase 1

Currency in £

### REVENUE

| Sales Valuation                             | Units      | ft²            | Sales Rate ft² | Unit Price | Gross Sales       |
|---------------------------------------------|------------|----------------|----------------|------------|-------------------|
| OM - 2 Bed Mews - Hickory                   | 19         | 14,573         | 340.94         | 261,500    | 4,968,500         |
| OM - 3 Bed S/D - Garth                      | 16         | 14,528         | 341.41         | 310,000    | 4,960,000         |
| OM - 3 Bed S/D - Gorm                       | 6          | 5,466          | 339.74         | 309,500    | 1,857,000         |
| OM - 3 Bed S/D - Cedar                      | 24         | 22,464         | 339.74         | 318,000    | 7,632,000         |
| OM - 3 Bed Det - Acacia                     | 3          | 2,817          | 340.79         | 320,000    | 960,000           |
| OM - 3 Bed S/D - Laurel                     | 20         | 20,340         | 340.22         | 346,000    | 6,920,000         |
| OM - 3 Bed Det - Blackthorn                 | 6          | 6,132          | 340.51         | 348,000    | 2,088,000         |
| OM - 3 Bed Det - Rowan                      | 6          | 6,168          | 340.47         | 350,000    | 2,100,000         |
| OM - 3 Bed Det - Hazel                      | 9          | 9,558          | 338.98         | 360,000    | 3,240,000         |
| OM - 3 Bed Det - Bluebell                   | 10         | 10,620         | 338.98         | 360,000    | 3,600,000         |
| OM - 4 Bed Det - Emmerson                   | 8          | 8,544          | 341.76         | 365,000    | 2,920,000         |
| OM - 3 Bed Mews - Rose                      | 8          | 8,888          | 337.08         | 374,500    | 2,996,000         |
| OM - 3 Bed S/D - Rose                       | 8          | 9,440          | 338.98         | 400,000    | 3,200,000         |
| OM - 4 Bed Det - Hornbeam                   | 12         | 15,156         | 340.46         | 430,000    | 5,160,000         |
| OM - 4 Bed Det - Ash                        | 7          | 8,883          | 338.85         | 430,000    | 3,010,000         |
| AH - 2 Bed Mews - Hickory - Affordable Rent | 3          | 2,301          | 110.86         | 85,026     | 255,078           |
| AH - 3 Bed S/D - Garth - Affordable Rent    | 2          | 1,816          | 111.00         | 100,788    | 201,576           |
| AH - 3 Bed S/D - Gorm - Affordable Rent     | 2          | 1,822          | 111.00         | 101,121    | 202,242           |
| AH - 3 Bed S/D - Cedar - Affordable Rent    | 2          | 1,872          | 111.00         | 103,896    | 207,792           |
| AH - 2 Bed Mews - Hickory - Intermediate    | 6          | 4,602          | 212.72         | 163,159    | 978,954           |
| AH - 3 Bed S/D - Garth - Intermediate       | 4          | 3,632          | 213.00         | 193,404    | 773,616           |
| AH - 3 Bed S/D - Cedar - Intermediate       | 10         | 9,360          | 213.00         | 199,368    | 1,993,680         |
| <b>Totals</b>                               | <b>191</b> | <b>188,982</b> |                |            | <b>60,224,438</b> |

### Additional Revenue

|                  |           |           |
|------------------|-----------|-----------|
| Brownfield Grant | 3,020,000 | 3,020,000 |
|------------------|-----------|-----------|

### TOTAL PROJECT REVENUE

**63,244,438**

### DEVELOPMENT COSTS

#### ACQUISITION COSTS

|                                  |           |           |
|----------------------------------|-----------|-----------|
| Residualized Price               | 4,350,257 | 4,350,257 |
| Land Transfer Tax                | 207,013   |           |
| Effective Land Transfer Tax Rate | 4.76%     |           |
| Agent Fee                        | 1.00%     | 43,503    |
| Legal Fee                        | 0.50%     | 21,751    |
|                                  |           | 272,267   |

#### CONSTRUCTION COSTS

| Construction                | ft²    | Build Rate ft² | Cost      |
|-----------------------------|--------|----------------|-----------|
| OM - 2 Bed Mews - Hickory   | 14,573 | 165.61         | 2,413,435 |
| OM - 3 Bed S/D - Garth      | 14,528 | 165.61         | 2,405,982 |
| OM - 3 Bed S/D - Gorm       | 5,466  | 165.61         | 905,224   |
| OM - 3 Bed S/D - Cedar      | 22,464 | 165.61         | 3,720,263 |
| OM - 3 Bed Det - Acacia     | 2,817  | 165.61         | 466,523   |
| OM - 3 Bed S/D - Laurel     | 20,340 | 165.61         | 3,368,507 |
| OM - 3 Bed Det - Blackthorn | 6,132  | 165.61         | 1,015,521 |
| OM - 3 Bed Det - Rowan      | 6,168  | 165.61         | 1,021,482 |
| OM - 3 Bed Det - Hazel      | 9,558  | 165.61         | 1,582,900 |
| OM - 3 Bed Det - Bluebell   | 10,620 | 165.61         | 1,758,778 |
| OM - 4 Bed Det - Emmerson   | 8,544  | 165.61         | 1,414,972 |
| OM - 3 Bed Mews - Rose      | 8,888  | 165.61         | 1,471,942 |
| OM - 3 Bed S/D - Rose       | 9,440  | 165.61         | 1,563,358 |
| OM - 4 Bed Det - Hornbeam   | 15,156 | 165.61         | 2,509,985 |

**PROJECT PRO FORMA****ARGUS SOFTWARE****V5 - Castleton Sids - Capita PC Vers Grant**

|                                             |                    |        |                   |  |
|---------------------------------------------|--------------------|--------|-------------------|--|
| OM - 4 Bed Det - Ash                        | 8,883              | 165.61 | 1,471,114         |  |
| AH - 2 Bed Mews - Hickory - Affordable Rent | 2,301              | 165.61 | 381,069           |  |
| AH - 3 Bed S/D - Garth - Affordable Rent    | 1,816              | 165.61 | 300,748           |  |
| AH - 3 Bed S/D - Gorm - Affordable Rent     | 1,822              | 165.61 | 301,741           |  |
| AH - 3 Bed S/D - Cedar - Affordable Rent    | 1,872              | 165.61 | 310,022           |  |
| AH - 2 Bed Mews - Hickory - Intermediate    | 4,602              | 165.61 | 762,137           |  |
| AH - 3 Bed S/D - Garth - Intermediate       | 3,632              | 165.61 | 601,496           |  |
| AH - 3 Bed S/D - Cedar - Intermediate       | 9,360              | 165.61 | 1,550,110         |  |
| <b>Totals</b>                               | <b>188,982 ft²</b> |        | <b>31,297,309</b> |  |
| Contingency                                 |                    | 3.00%  | 938,919           |  |

32,236,228

**Other Construction Costs**

|                                     |        |              |           |  |
|-------------------------------------|--------|--------------|-----------|--|
| Abnormal - Part S EV Charging Point |        |              | 171,900   |  |
| Part L and Future Homes             | 191 un | 8,000.00 /un | 1,528,000 |  |
| Abnormal - Demo and Remediation     |        |              | 2,218,696 |  |
| Abnormal - Tree Works               |        |              | 166,500   |  |
| Abnormal - Drainage                 |        |              | 892,466   |  |
| Abnormal - Highways                 |        |              | 99,091    |  |
| Abnormal - Substructure/Foundations |        |              | 1,777,847 |  |
| Abnormal - Acoustic Glazing         |        |              | 33,300    |  |
| Abnormal - External Works           |        |              | 1,499,256 |  |
| Abnormal - Service Diversions       |        |              | 49,566    |  |
| Railtrack Gift                      |        |              | 323,179   |  |

8,759,801

**Section 106 Costs**

|                                     |  |  |         |  |
|-------------------------------------|--|--|---------|--|
| S106 Costs - Travel Plan /Air Check |  |  | 20,000  |  |
| S106 Costs - Biodiversity Net Gain  |  |  | 50,000  |  |
| S106 Costs - Off Site Sports Cont   |  |  | 279,265 |  |

349,265

**PROFESSIONAL FEES**

|                   |  |       |           |  |
|-------------------|--|-------|-----------|--|
| Professional Fees |  | 8.00% | 3,178,714 |  |
|-------------------|--|-------|-----------|--|

3,178,714

**MARKETING & LEASING**

|           |  |       |           |  |
|-----------|--|-------|-----------|--|
| Marketing |  | 3.00% | 1,668,345 |  |
|-----------|--|-------|-----------|--|

1,668,345

**DISPOSAL FEES**

|                    |        |            |         |  |
|--------------------|--------|------------|---------|--|
| AH Sales Legal Fee | 29 un  | 350.00 /un | 10,150  |  |
| OM Sales Legal Fee | 162 un | 650.00 /un | 105,300 |  |

115,450

**Additional Costs**

|                                |  |  |         |  |
|--------------------------------|--|--|---------|--|
| East Lancs Gifted Railway Land |  |  | 315,556 |  |
|--------------------------------|--|--|---------|--|

315,556

**TOTAL COSTS BEFORE FINANCE**

51,245,883

**FINANCE**

| Timescale                  | Duration | Commences |
|----------------------------|----------|-----------|
| Purchase                   | 1        | May 2024  |
| Demolition and Remediation | 12       | May 2024  |
| Construction               | 75       | May 2025  |
| Sales OM                   | 75       | Nov 2025  |
| Sales AH                   | 35       | Nov 2025  |
| Total Duration             | 93       |           |

Debit Rate 7.250%, Credit Rate 0.000% (Nominal)

|                           |                  |  |
|---------------------------|------------------|--|
| Land                      | 418,382          |  |
| Construction              | 103,668          |  |
| Other                     | 708,389          |  |
| <b>Total Finance Cost</b> | <b>1,230,439</b> |  |

**TOTAL COSTS**

52,476,322

**PROJECT PRO FORMA****ARGUS SOFTWARE**

V5 - Castleton Sids - Capita PC Vers Grant

**PROFIT**

10,768,116

**Performance Measures**

|                         |        |
|-------------------------|--------|
| Profit on Cost%         | 20.52% |
| Profit on GDV%          | 17.88% |
| Profit on NDV%          | 17.88% |
| IRR% (without Interest) | 25.41% |

## Appendix 4 - Sensitivity Analysis - V4 Capita - PC Version No Grant

### SENSITIVITY ANALYSIS REPORT

ARGUS SOFTWARE

#### V4 - Castleton Sids - Capita PC Vers No Grant

Table of Land Cost and Profit Amount

| Construction: Rate /ft² |              |              |              |              |              |
|-------------------------|--------------|--------------|--------------|--------------|--------------|
| Sales: Rate /ft²        | -6.000%      | -3.000%      | 0.000%       | +3.000%      | +6.000%      |
|                         | 155.67 /ft²  | 160.64 /ft²  | 165.61 /ft²  | 170.58 /ft²  | 175.55 /ft²  |
| -6.000%                 | (£928,927)   | (£174,873)   | £648,286     | £1,506,610   | £2,399,922   |
|                         | £10,122,041  | £10,122,051  | £10,122,041  | £10,122,026  | £10,122,021  |
| -3.000%                 | (£1,965,061) | (£1,221,747) | (£472,331)   | £329,047     | £1,177,449   |
|                         | £10,445,089  | £10,445,085  | £10,445,086  | £10,445,085  | £10,445,083  |
| 0.000%                  | (£2,999,440) | (£2,257,746) | (£1,514,566) | (£767,408)   | £11,390      |
|                         | £10,768,147  | £10,768,133  | £10,768,130  | £10,768,127  | £10,768,130  |
| +3.000%                 | (£4,032,839) | (£3,292,070) | (£2,550,430) | (£1,807,374) | (£1,061,337) |
|                         | £11,091,173  | £11,091,195  | £11,091,179  | £11,091,175  | £11,091,157  |
| +6.000%                 | (£5,065,642) | (£4,325,479) | (£3,584,698) | (£2,843,114) | (£2,100,114) |
|                         | £11,414,216  | £11,414,217  | £11,414,245  | £11,414,225  | £11,414,223  |

#### Sensitivity Analysis : Assumptions for Calculation

Construction: Rate /ft²

Original Values are varied by Steps of 3.000%.

| Heading                                     | Phase | Rate    | No. of Steps   |
|---------------------------------------------|-------|---------|----------------|
| OM - 2 Bed Mews - Hickory                   | 1     | £165.61 | 2.00 Up & Down |
| OM - 3 Bed S/D - Garth                      | 1     | £165.61 | 2.00 Up & Down |
| OM - 3 Bed S/D - Gorm                       | 1     | £165.61 | 2.00 Up & Down |
| OM - 3 Bed S/D - Cedar                      | 1     | £165.61 | 2.00 Up & Down |
| OM - 3 Bed Det - Acacia                     | 1     | £165.61 | 2.00 Up & Down |
| OM - 3 Bed S/D - Laurel                     | 1     | £165.61 | 2.00 Up & Down |
| OM - 3 Bed Det - Blackthorn                 | 1     | £165.61 | 2.00 Up & Down |
| OM - 3 Bed Det - Rowan                      | 1     | £165.61 | 2.00 Up & Down |
| OM - 3 Bed Det - Hazel                      | 1     | £165.61 | 2.00 Up & Down |
| OM - 3 Bed Det - Bluebell                   | 1     | £165.61 | 2.00 Up & Down |
| OM - 4 Bed Det - Emmerson                   | 1     | £165.61 | 2.00 Up & Down |
| OM - 3 Bed Mews - Rose                      | 1     | £165.61 | 2.00 Up & Down |
| OM - 3 Bed S/D - Rose                       | 1     | £165.61 | 2.00 Up & Down |
| OM - 4 Bed Det - Hornbeam                   | 1     | £165.61 | 2.00 Up & Down |
| OM - 4 Bed Det - Ash                        | 1     | £165.61 | 2.00 Up & Down |
| AH - 2 Bed Mews - Hickory - Affordable Rent | 1     | £165.61 | 2.00 Up & Down |
| AH - 3 Bed S/D - Garth - Affordable Rent    | 1     | £165.61 | 2.00 Up & Down |
| AH - 3 Bed S/D - Gorm - Affordable Rent     | 1     | £165.61 | 2.00 Up & Down |
| AH - 3 Bed S/D - Cedar - Affordable Rent    | 1     | £165.61 | 2.00 Up & Down |
| AH - 2 Bed Mews - Hickory - Intermediate    | 1     | £165.61 | 2.00 Up & Down |
| AH - 3 Bed S/D - Garth - Intermediate       | 1     | £165.61 | 2.00 Up & Down |
| AH - 3 Bed S/D - Cedar - Intermediate       | 1     | £165.61 | 2.00 Up & Down |

Sales: Rate /ft²

Original Values are varied by Steps of 3.000%.

| Heading                     | Phase | Rate    | No. of Steps   |
|-----------------------------|-------|---------|----------------|
| OM - 2 Bed Mews - Hickory   | 1     | £340.94 | 2.00 Up & Down |
| OM - 3 Bed S/D - Garth      | 1     | £341.41 | 2.00 Up & Down |
| OM - 3 Bed S/D - Gorm       | 1     | £339.74 | 2.00 Up & Down |
| OM - 3 Bed S/D - Cedar      | 1     | £339.74 | 2.00 Up & Down |
| OM - 3 Bed Det - Acacia     | 1     | £340.79 | 2.00 Up & Down |
| OM - 3 Bed S/D - Laurel     | 1     | £340.22 | 2.00 Up & Down |
| OM - 3 Bed Det - Blackthorn | 1     | £340.51 | 2.00 Up & Down |
| OM - 3 Bed Det - Rowan      | 1     | £340.47 | 2.00 Up & Down |
| OM - 3 Bed Det - Hazel      | 1     | £338.98 | 2.00 Up & Down |
| OM - 3 Bed Det - Bluebell   | 1     | £338.98 | 2.00 Up & Down |
| OM - 4 Bed Det - Emmerson   | 1     | £341.76 | 2.00 Up & Down |
| OM - 3 Bed Mews - Rose      | 1     | £337.08 | 2.00 Up & Down |
| OM - 3 Bed S/D - Rose       | 1     | £338.98 | 2.00 Up & Down |
| OM - 4 Bed Det - Hornbeam   | 1     | £340.46 | 2.00 Up & Down |
| OM - 4 Bed Det - Ash        | 1     | £338.85 | 2.00 Up & Down |

**SENSITIVITY ANALYSIS REPORT****ARGUS SOFTWARE****V4 - Castleton Sids - Capita PC Vers No Grant**

|                                             |   |         |                |
|---------------------------------------------|---|---------|----------------|
| AH - 2 Bed Mews - Hickory - Affordable Rent | 1 | £110.86 | 2.00 Up & Down |
| AH - 3 Bed S/D - Garth - Affordable Rent    | 1 | £111.00 | 2.00 Up & Down |
| AH - 3 Bed S/D - Gorm - Affordable Rent     | 1 | £111.00 | 2.00 Up & Down |
| AH - 3 Bed S/D - Cedar - Affordable Rent    | 1 | £111.00 | 2.00 Up & Down |
| AH - 2 Bed Mews - Hickory - Intermediate    | 1 | £212.72 | 2.00 Up & Down |
| AH - 3 Bed S/D - Garth - Intermediate       | 1 | £213.00 | 2.00 Up & Down |
| AH - 3 Bed S/D - Cedar - Intermediate       | 1 | £213.00 | 2.00 Up & Down |

## Appendix 4 - Sensitivity Analysis - V5 Capita - PC Version With Grant

### SENSITIVITY ANALYSIS REPORT

ARGUS SOFTWARE

V5 - Castleton Sids - Capita PC Vers Grant

Table of Land Cost and Profit Amount

| Construction: Rate /ft² |              |              |              |              |              |
|-------------------------|--------------|--------------|--------------|--------------|--------------|
| Sales: Rate /ft²        | -6.000%      | -3.000%      | 0.000%       | +3.000%      | +6.000%      |
|                         | 155.67 /ft²  | 160.64 /ft²  | 165.61 /ft²  | 170.58 /ft²  | 175.55 /ft²  |
| -6.000%                 | (£3,764,617) | (£3,012,678) | (£2,236,813) | (£1,430,871) | (£592,075)   |
|                         | £10,122,026  | £10,122,039  | £10,122,052  | £10,122,041  | £10,122,042  |
| -3.000%                 | (£4,800,747) | (£4,057,437) | (£3,308,013) | (£2,536,566) | (£1,739,936) |
|                         | £10,445,081  | £10,445,071  | £10,445,084  | £10,445,098  | £10,445,107  |
| 0.000%                  | (£5,835,137) | (£5,093,433) | (£4,350,257) | (£3,603,089) | (£2,834,846) |
|                         | £10,768,122  | £10,768,124  | £10,768,116  | £10,768,127  | £10,768,128  |
| +3.000%                 | (£6,868,525) | (£6,127,770) | (£5,386,119) | (£4,643,067) | (£3,897,025) |
|                         | £11,091,164  | £11,091,165  | £11,091,167  | £11,091,155  | £11,091,146  |
| +6.000%                 | (£7,901,331) | (£7,161,166) | (£6,420,402) | (£5,678,805) | (£4,935,811) |
|                         | £11,414,203  | £11,414,207  | £11,414,208  | £11,414,209  | £11,414,197  |

### Sensitivity Analysis : Assumptions for Calculation

Construction: Rate /ft²

Original Values are varied by Steps of 3.000%.

| Heading                                     | Phase | Rate    | No. of Steps   |
|---------------------------------------------|-------|---------|----------------|
| OM - 2 Bed Mews - Hickory                   | 1     | £165.61 | 2.00 Up & Down |
| OM - 3 Bed S/D - Garth                      | 1     | £165.61 | 2.00 Up & Down |
| OM - 3 Bed S/D - Gorm                       | 1     | £165.61 | 2.00 Up & Down |
| OM - 3 Bed S/D - Cedar                      | 1     | £165.61 | 2.00 Up & Down |
| OM - 3 Bed Det - Acacia                     | 1     | £165.61 | 2.00 Up & Down |
| OM - 3 Bed S/D - Laurel                     | 1     | £165.61 | 2.00 Up & Down |
| OM - 3 Bed Det - Blackthorn                 | 1     | £165.61 | 2.00 Up & Down |
| OM - 3 Bed Det - Rowan                      | 1     | £165.61 | 2.00 Up & Down |
| OM - 3 Bed Det - Hazel                      | 1     | £165.61 | 2.00 Up & Down |
| OM - 3 Bed Det - Bluebell                   | 1     | £165.61 | 2.00 Up & Down |
| OM - 4 Bed Det - Emmerson                   | 1     | £165.61 | 2.00 Up & Down |
| OM - 3 Bed Mews - Rose                      | 1     | £165.61 | 2.00 Up & Down |
| OM - 3 Bed S/D - Rose                       | 1     | £165.61 | 2.00 Up & Down |
| OM - 4 Bed Det - Hornbeam                   | 1     | £165.61 | 2.00 Up & Down |
| OM - 4 Bed Det - Ash                        | 1     | £165.61 | 2.00 Up & Down |
| AH - 2 Bed Mews - Hickory - Affordable Rent | 1     | £165.61 | 2.00 Up & Down |
| AH - 3 Bed S/D - Garth - Affordable Rent    | 1     | £165.61 | 2.00 Up & Down |
| AH - 3 Bed S/D - Gorm - Affordable Rent     | 1     | £165.61 | 2.00 Up & Down |
| AH - 3 Bed S/D - Cedar - Affordable Rent    | 1     | £165.61 | 2.00 Up & Down |
| AH - 2 Bed Mews - Hickory - Intermediate    | 1     | £165.61 | 2.00 Up & Down |
| AH - 3 Bed S/D - Garth - Intermediate       | 1     | £165.61 | 2.00 Up & Down |
| AH - 3 Bed S/D - Cedar - Intermediate       | 1     | £165.61 | 2.00 Up & Down |

Sales: Rate /ft²

Original Values are varied by Steps of 3.000%.

| Heading                     | Phase | Rate    | No. of Steps   |
|-----------------------------|-------|---------|----------------|
| OM - 2 Bed Mews - Hickory   | 1     | £340.94 | 2.00 Up & Down |
| OM - 3 Bed S/D - Garth      | 1     | £341.41 | 2.00 Up & Down |
| OM - 3 Bed S/D - Gorm       | 1     | £339.74 | 2.00 Up & Down |
| OM - 3 Bed S/D - Cedar      | 1     | £339.74 | 2.00 Up & Down |
| OM - 3 Bed Det - Acacia     | 1     | £340.79 | 2.00 Up & Down |
| OM - 3 Bed S/D - Laurel     | 1     | £340.22 | 2.00 Up & Down |
| OM - 3 Bed Det - Blackthorn | 1     | £340.51 | 2.00 Up & Down |
| OM - 3 Bed Det - Rowan      | 1     | £340.47 | 2.00 Up & Down |
| OM - 3 Bed Det - Hazel      | 1     | £338.98 | 2.00 Up & Down |
| OM - 3 Bed Det - Bluebell   | 1     | £338.98 | 2.00 Up & Down |
| OM - 4 Bed Det - Emmerson   | 1     | £341.76 | 2.00 Up & Down |
| OM - 3 Bed Mews - Rose      | 1     | £337.08 | 2.00 Up & Down |
| OM - 3 Bed S/D - Rose       | 1     | £338.98 | 2.00 Up & Down |
| OM - 4 Bed Det - Hornbeam   | 1     | £340.46 | 2.00 Up & Down |
| OM - 4 Bed Det - Ash        | 1     | £338.85 | 2.00 Up & Down |

**SENSITIVITY ANALYSIS REPORT****ARGUS SOFTWARE****V5 - Castleton Sids - Capita PC Vers Grant**

|                                             |   |         |                |
|---------------------------------------------|---|---------|----------------|
| AH - 2 Bed Mews - Hickory - Affordable Rent | 1 | £110.86 | 2.00 Up & Down |
| AH - 3 Bed S/D - Garth - Affordable Rent    | 1 | £111.00 | 2.00 Up & Down |
| AH - 3 Bed S/D - Gorm - Affordable Rent     | 1 | £111.00 | 2.00 Up & Down |
| AH - 3 Bed S/D - Cedar - Affordable Rent    | 1 | £111.00 | 2.00 Up & Down |
| AH - 2 Bed Mews - Hickory - Intermediate    | 1 | £212.72 | 2.00 Up & Down |
| AH - 3 Bed S/D - Garth - Intermediate       | 1 | £213.00 | 2.00 Up & Down |
| AH - 3 Bed S/D - Cedar - Intermediate       | 1 | £213.00 | 2.00 Up & Down |