



**Land at Sutherland Road
Independent Viability Assessment**

for

Rochdale Borough Council (Local Planning Authority)

September 2024



**Inspiring Built
Environments**

Viability in Planning
Development Management
Regeneration
Planning Consultancy

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Executive Summary

- Continuum have been instructed by Rochdale Borough Council (RBC) to undertake an Independent Viability Assessment (IVA) and to provide advice on the viability case put forward by Built Development Ltd (Applicant) in respect of Land at Sutherland Road, Heywood (ref: 24/00622/FUL).
- The subject site is an unoccupied brownfield and greenfield site which was previously used as an education building as part of Our Lady & St. Paul's RC Primary School. The site has been unoccupied since 2010. The site extends to approximately 0.638 hectares. The proposed scheme is for the demolition of existing structures and construction of 28 dwellings (100% affordable dwellings) with associated access, landscaping and parking.
- Continuum understand that RBC are seeking the following other S106 contributions:

S106 Contributions	£
Education	£51,329.43
POS	£74,430.29
Highways	£28,000.00
Total	£153,759.72

- The purpose of the IVA is to review the viability appraisals put forward by the Applicant in the context of its claim made that the proposed 100% affordable housing scheme cannot viably afford to contribute towards any other S106 contributions. This is based on the assertion that the value created by the development minus the costs incurred to deliver it does not provide sufficient headroom to meet the Applicant's estimated aspirational returns to the developer and landowner should any other S106 contributions be funded.
- Development Consultancy (DC) have undertaken two appraisal scenarios. The first appraisal is based on a 100% market housing scheme with zero other S106 contributions. The output of this appraisal was a Residual Land Value (RLV) of £185,985. DC argues that as the RLV was lower than their Benchmark Land Value (BLV) of £628,000, the scheme has a viability deficit of £422,015 and is therefore unviable. The second appraisal is based on a 100% affordable housing scheme with zero other S106 contributions. The output of this appraisal was a RLV of £420,555. DC argues that as the RLV was lower than their BLV of £628,000, the scheme has a viability deficit of £207,445 and is therefore unviable. DC argue that if the BLV was inputted into the appraisal the actual profit margin would be around 6% on GDV.
- Continuum have independently assessed the viability case made by DC and would highlight a number of areas they take issue with and believe viability can be improved; these are shown in the table below:

Inputs	DC	Continuum
Base Build Cost	£1,777.42 (incl. prelims)	£1,275 per m2 which is LQ BCIS but also tested at Median (£1,432 per m2) and UQ BCIS (£1,620 per m2)
Groundworks and S278 Costs	£1,116,341 (incl. prelims)	Require further evidence base and cost breakdown before Continuum can agree with these build costs
Professional Fees	7.62% on build costs	6% on build costs

Affordable Sales and Marketing Costs	0.5%	0%
Finance Costs and Cash Flow	£195,824	£62,952 due to different approach to cash flowing (golden brick)
Profit Margin	10% on GDV	6% on GDV
Benchmark Land Value	£628,000	£181,297

- Continuum have provided a reasoned explanation for the appropriate level for the above elements based on a detailed evidence base and justifications outlined in this report.
- Continuum have undertaken a sensitivity analysis assessment of the proposed development based on their assessment on certain inputs. Based on this analysis, Continuum would conclude that the 100% grant funded affordable housing scheme can support its full other S106 contributions of £153,759.72.
- This report follows the mandatory requirements of the RICS Conduction and Report (2019) and follows the requirements of the PPG on Viability (2024) and all relevant RICS Guidance.

1. Introduction

Continuum have been instructed by Rochdale Borough Council (RBC) to undertake an Independent Viability Assessment (IVA) and to provide advice on the viability case put forward by Built Development Ltd (Applicant) in respect of Land at Sutherland Road, Heywood (ref: 24/00622/FUL).

The subject site is an unoccupied brownfield and greenfield site which was previously used as an education building as part of Our Lady & St. Paul's RC Primary School. The site has been unoccupied since 2010. The site extends to approximately 0.638 hectares. The proposed scheme is for the demolition of existing structures and construction of 28 dwellings (100% affordable dwellings) with associated access, landscaping and parking.

This IVA has three tasks:

1. Assess in terms of policy and professional practice guidelines whether the Applicant has made a compelling case for the identified aspirational return to the developers and landowners in their viability proposition, and the values and costs used in their appraisal are fair and evidenced.
2. To establish what further information/evidence is required from the Applicant in the event that further justification for the viability case made is required.
3. To advise the LPA, following evaluation, if the enabling case made by the Applicant is acceptable, once evidence based aspirational returns to the developers and landowner are achieved.

The IVA has been prepared in compliance with national planning policy, namely:

- National Planning Policy Framework (updated 2023).
- National Planning Practice Guidance on Viability (updated 2024).

The PPG (2024) sets out a standard approach to assessing viability at both the plan and decision-making stage seeking to '*strike a balance*' between the aspirations of developer returns, landowner returns and benefits in the public interest through policy compliance.

The emphasis has changed regarding the assessment of viability in the most recent iteration of the PPG (updated 2024). Weight to be given to the viability assessment is now a matter for the decision maker and should be based upon the recency of the development plan and the supporting viability evidence, alongside the transparency and justification of the evidence submitted as the basis of the viability assessment.

Guidance prepared by Royal Institution of Chartered Surveyors (RICS) has been taken in account in the preparation of this report with particular reference to the following documents:

- RICS Professional Statement: Financial Viability in Planning – Conduct and Reporting (2019).
- RICS Guidance Note: Assessing viability in planning under the NPPF (2019) for England (1st Ed) (March 2021).

The RICS professional statement (2019) sets out mandatory requirements to be followed by RICS professionals regarding to conduct and reporting in relation to FVAs for planning in England. **Appendix 1** confirms that this review is in accordance with the requirements set out within the Professional Statement. The RICS Guidance Note (2021) sets out best practise on viability in planning to be followed by RICS members.

This IVA does not constitute a formal valuation, as such, the guidance included in this report is exempt from regulations set out in the RICS Valuation Professional Standards (the Red Book) (2021).

2. Confidentiality

This IVA report is confidential to the Client, and their advisors. It has been prepared in accordance with Continuum's terms of engagement.

This IVA has been prepared on the basis that it will be made publicly available should our Client require it to be as under our terms of engagement.

No party other than the Client is entitled to rely on this report for any purpose whatsoever and we accept no responsibility or liability to any other party other than the client in respect of the contents of this report. This report must not, save as expressly provided for in our terms of engagement, be recited or referred to in any document, or copied or made available (in whole or in part) to any other person without our express prior written consent.

This IVA should not be disclosed to any third parties under either the Freedom of Information Act 2000 (sections 41 and 43 (2)) or under the Environmental Information Regulations.

3. Background and Planning

3.1 Background

The subject site is split over two sites and extends to approximately 0.638 hectares. The larger parcel to the north west is unoccupied brownfield land which consists of part overgrown hardstanding areas and grassland. The site could currently be viewed as scrubland. This parcel previously had an education building as part of Our Lady & St. Paul's RC Primary School, but this building was demolished in 2010. The second small parcel to the south east is greenfield land (grassland) which currently appears to be public open space.

The proposed scheme is for the demolition of existing structures and construction of 28 dwellings (100% affordable dwellings) with associated access, landscaping and parking. The table below outlines the proposed dwelling mix:

Beds	Type	Units	NSA M2	Total M2
2	Semi	13	70	910
3	Semi	12	84	1,008
3	Semi	3	86	258
Total/Avg.		28	78	2,176

The Applicant has provided the following document to support their viability case:

- Financial Viability Appraisal, Bury Old Road, Heywood, OL10 3PD, July 2024, produced by Development Consultancy (DC).

3.2 Planning

The Rochdale Core Strategy was adopted in 2016. One of the key policies in the plan is Policy C4, which seeks 7.5% affordable units on site for schemes of 15 dwellings or more. The Applicant is however proposing to deliver a 100% affordable housing scheme. Continuum believe the affordable houses will be secured through a S106 agreement.

Continuum understand that RBC are seeking the following other S106 contributions:

S106 Contributions	£
Education	£51,329.43
POS	£74,430.29
Highways	£28,000.00
Total	£153,759.72

RBC does not have a CIL Charging schedule and the scheme is therefore not liable to any CIL.

Continuum believe based on the viability information provided that the proposed scheme has been designed to meet on site biodiversity net gain (BNG) requirements. This is because DC have not made an allowance for any offsite BNG credits.

4. Particular Circumstances

The NPPF (updated 2023) at paragraph 58 states that:

“Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage.” (Continuum’s emphasis).

The PPG on Viability (updated 2024) states that:

“Where up-to-date policies have set out the contributions expected from development, planning applications that fully comply with them should be assumed to be viable. It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. Policy compliant in decision making means that the development fully complies with up to date plan policies. A decision maker can give appropriate weight to emerging policies.

Such circumstances could include, for example where development is proposed on unallocated sites of a wholly different type to those used in viability assessment that informed the plan; where further information on infrastructure or site costs is required; where particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent or housing for older people); or where a recession or similar significant economic changes have occurred since the plan was brought into force.” (para. 07).

DC have not provided the “*particular circumstances*” to justify a viability assessment at the decision-making stage. As per the NPPF and PPG, DC are requested to provide these circumstances.

5. DC's Appraisal Summary

DC were responsible for the presentation of the financial appraisal data and report submitted. The build costs are based on a simple cost breakdown provided by the Applicant and DC have provided their opinion of all other cost inputs. The values have been estimated by DC based on a comparable assessment. The appraisal model used by DC is the simple HCA Development Appraisal Tool and DC have provided the appraisal summary with no supporting cash flow.

The financial viability assessment undertaken by DC follows the residual valuation methodology. The output of the appraisal when all costs (including profit) have been deducted from the Gross Development Value (GDV) is the Residual Land Value (RLV) with the profit margin fixed in the appraisal. The output RLV is then compared against DC's estimated Benchmark Land Value (BLV) in order to understand whether the scheme is viable with S106 contributions.

DC have provided two separate appraisals. The first appraisal is based on a 100% market housing scheme with zero other S106 contributions. The output of this appraisal was a RLV of £185,985. DC argues that as the RLV was lower than their BLV of £628,000, the scheme has a viability deficit of £422,015 and is therefore unviable.

The second appraisal is based on a 100% affordable housing scheme with zero other S106 contributions. The output of this appraisal was a RLV of £420,555. DC argues that as the RLV was lower than their BLV of £628,000, the scheme has a viability deficit of £207,445 and is therefore unviable. DC argue that if the BLV was inputted into the appraisal the actual profit margin would be around 6% on GDV.

DC conclude argue:

"The outcome of the appraisal clearly shows there are viability concerns with the proposed scheme, therefore due regard & consideration should be given when setting planning obligations.

The BLV contained within the appraisal is conservative and following NPPF/ NPPG guidance, recognises the landowner would need to be incentivised to sell and uses comparative open market data.

The viability appraisal shows the scheme cannot viably make any S106 contributions but can deliver a 100% affordable housing scheme." (para. 8.4 to 8.6).

The table below outlines the outputs from DC's appraisals:

Input	100% Market	100% Affordable
GDV	£7,337,500	£5,136,250
Grant	£0	£1,652,000
Build Costs	£5,140,800	£5,140,800
Professional Fees	£391,680	£391,680
Sale Disposal	£110,063	£25,681
Finance Costs	£28,000	£21,000
Site Acquisition Costs	£1,185	£11,579
S106 Costs	£0	£0
Total Costs	£5,867,451	£5,854,069

Profit Margin	£1,284,063 (17.5% on GDV)	£513,625 (10% on GDV)
Residual Land Value	£185,985	£420,555
Benchmark Land Value	£628,000	£628,000
Surplus/Deficit	-£442,015	-£207,445

6. Continuum's Analysis of DC's Viability Case

The PPG (2019) defines viability as:

"In plan making and decision making viability helps to strike a balance between the aspirations of developers and landowners, in terms of returns against risk, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission." (para. 10).

The viability case made by DC is that the proposed 100% affordable development cannot viably provide any other S106 contributions. This is based on the assertion that the value created by the development minus the costs incurred to deliver it does not provide sufficient headroom to meet DC's assertion of landowner and developer aspirational returns if any other S106 contributions were sought.

6.1 Gross Development Value

6.2 100% Market Gross Development Value

DC have first estimated the market value of the units and the 100% market Gross Development Value (GDV). DC have estimated the sale values based on comparable evidence presented in appendix 5 of their report. The main comparable they rely on is the new build asking price comparable at Weavers Fold by Hive Homes for the Cornbrook semi 3 bed dwelling which has a value of £227,950 which equates to £3,285 per m2. DC also highlight a few other main semi comparables in their report as show in the table below:

	Area m2	£/m2	Sale Price
The Cornbrook, Weavers Fold,	70	£3,285	£229,950
The Robinswood, Weavers Fold, Castleton	78	£3,038	£236,950
Manchester Road, Hopwood, OL10 2QD	95	£3,474	£329,995
Alkington Close, Bury, BL9	81	£4,259	£345,000
Edstone Grange, Heywood, OL10 3QA	73	£2,945	£214,950

Source: DC, 2024.

Based on the above comparables, DC have estimated the market sale value and 100% GDV as follows:

Beds	Units	M2	Unit £	£/ m2	Total £
2	13	70	£227,500	£3,250	£2,957,500
3	12	84	£292,000	£3,476	£3,504,000
3	3	86	£292,000	£3,395	£876,000
Total	28	78	£262,054	£3,372	£7,337,500

Continuum have undertaken a detailed comparable assessment in order to independently review the DC's estimated market sale values. From a detailed comparable review, Continuum agree that the Weavers Fold scheme by Hive Homes is a strong comparable and based on this, Continuum agree with the sale values estimated by DC. Continuum's comparables can be found at **Appendix 2**.

Continuum therefore agree with the 100% market GDV of £7,337,500.

6.3 100% Affordable Gross Development Value

DC have estimated the 100% affordable GDV based on a 30% discounted to Open Market Value (OMV). DC's 100% affordable housing value therefore equates to £5,136,250.

Continuum would not challenge this approach to assessing the affordable housing values and accept DC's 100% affordable GDV. Continuum would note that the affordable tenure types are not known, and that DC's estimation of affordable value is at the top end of the range Continuum would see. The value of the affordable scheme will be influenced by the tenure type that is selected by a Registered Provider (RP).

DC have also included Homes England grant funding which Continuum would expect to see for a 100% affordable scheme. DC have estimated the grant funding at £59,000 per unit which equates to £1,652,000. DC have not provided any evidence to support this figure. Based on Continuum's experience of 100% affordable housing schemes, Continuum typically see grant funding in the North West range from £55,000 to £75,000 depending on tenure type and mix. Due to DC adopting an affordable value at the upper end of the range, Continuum believe the £59,000 per unit grant is acceptable.

6.4 Build Costs

The build costs have been estimated by the Applicant and presented based on a simple cost breakdown. The total build costs equate to £5,148,000 (£2,366 per m²) and includes:

- Site preparation and demolition;
- Groundworks;
- Base build;
- Standard external works;
- S278 works;
- Prelims; and
- Novated design fees.

DC have made a typo in their report and appraisal and stated the cost at £5,140,800, though this typo has a relatively small impact on the appraisal.

The Applicant's build costs can be broken down as follows:

Build Costs	£	Rate
Site set up incl. demo	£50,000	£23 per m ² / £78,370 per ha
Groundworks	£948,000	£436 per m ² / 26.62% of base build
Base Build	£3,561,600	£1,637 per m ²
S278	£80,000	
Statutory Services	£50,000	£1,786 per unit
Design Fees	£55,400	1.09% of build incl. prelims
Prelims	£403,000	£6,500 per week / 8.59% of build
Total	£5,148,000	£2,366 per m²

The build costs provided are not supported by a detailed cost plan which Continuum would typically expect would be provided to support a cost assessment.

In terms of the site set up incl. demolition cost, this equates to £7.84 per m² based on the total site area of 6,380 m². This cost would include breaking up the hardstanding areas in the larger parcel and basic vegetation strip. Based on Continuum's experience of other schemes in the North West, the £7.84 per m² rate is acceptable and Continuum accept the £50,000 site set up incl. demolition cost.

The groundworks cost equates to £948,000 and is one of the highest cost items in the cost breakdown. It is unclear what the groundworks cost includes but Continuum assume it includes the majority of the standard external works as well as costs in relation to site levelling. Continuum cannot accept this cost until they see a further breakdown of what is included in the groundworks costs and request a detailed breakdown is provided. Continuum may seek an independent cost consultant to review the costs.

The S278 cost equates to £80,000. It would be useful to understand what this cost relates to and how it has been calculated.

The statutory service cost equates to £50,000 which is £1,786 per unit. Continuum agree with this cost which is at an acceptable level.

In terms of the design fees, Continuum have stripped this out from their build cost assessment as they have allowed for all professional fees in the professional fee allowance. Currently the inclusion of this cost in the build cost means there is double counting in the appraisal between the professional fee allowance and this cost.

The prelims equate to £6,500 per week and 8.59% of the Applicant's build costs excl. design fees. The Applicant has estimated the scheme will take 62 weeks which Continuum believe is a reasonable assumption. Overall, Continuum agree with the prelim assumption which is comparable to other housing schemes Continuum have been involved in.

The base build costs equate to £1,637 per m². When including prelims at 8.59%, the base build cost increases to £1,777 per m². The base build costs estimated by the Applicant are very high. Continuum have compared the base build cost to BCIS average price study cost for 2 storey estate houses rebased to Greater Manchester (5-year position). The BCIS cost includes OH&P and prelims. The table below outlines the current BCIS costs:

BCIS	LQ	M	UQ
2 Storey Estate Housing	£1,275	£1,432	£1,620

The base build costs estimated by the Applicant at £1,777 per m² (incl. prelims) is higher than the BCIS UQ figure. For estate housing schemes in the North West, Continuum typically see base build costs at less than the BCIS LQ figure.

Continuum would highlight that there are weaknesses with BCIS data, with it usually including elements of abnormal costs such as piling, it includes the embedded housebuilder OH&P (this is accounted for in the profit margin) and that typically housing builders do not supply cost information to BCIS. This is why housebuilders costs are typically lower than the BCIS LQ figure.

For example, the consultant, Roger Hannah, for a 100% affordable scheme in Rossendale of 44 dwellings (ref: 2023/0462) estimated the standard build costs (base build, part L uplift and external works) at £1,584 per m². If you removed the external works cost at an estimation of 15%, the base build cost would have equated to £1,377

per m2. Continuum would add that these costs were challenged by Rossendale Borough Council's consultant whose base build was estimated at £1,177 per m2 when accounting for the 15% estimated external works.

At a larger 72 dwelling scheme in Rossendale (ref: 2022/0543) the housebuilder estimated their base build costs (incl. part L uplift) at £1,036.57 per m2 in Q4 2023. The proposed scheme is smaller and would not have the same economies of scale efficiencies as this larger scheme.

Based on the above evidence base, Continuum would argue that the base build cost estimated by the Applicant is higher than what they would expect for a typical estate housing scheme of this scale and nature. Considering the scheme is a 100% affordable housing scheme and is a small development, Continuum believe the LQ BCIS cost would reflect the build cost for a scheme of this type and nature. Continuum have not stripped out the embed OH&P cost in the BCIS figure though would typically strip this cost out.

Continuum have adopted the following build costs in their assessment:

Build Costs	£	Justification
Site set up incl. demo	£54,297	Agree with the Applicants costs and included the prelims at 8.59%
Groundworks	£1,029,466	Used the Applicant's figure but do not currently agree with this cost as Continuum require further evidence. Included the prelims at 8.59%
Base Build	£2,774,400	LQ BCIS which include prelims
S278	£86,875	Used the Applicant's figure but do not currently agree with this cost as Continuum require further evidence. Included the prelims at 8.59%
Statutory Services	£54,297	Agree with the Applicants costs and included the prelims at 8.59%
Design Fees	£0	Removed as accounted for in the professional fees.
Prelims	Incl. above	Included in the above rates at the same percentage level assumed by the Applicant
Total	£3,999,334	£1,838 per m2

Continuum's build cost assessment is £1,148,666 lower than the Applicant's.

Continuum have also tested the scheme at the higher median and UQ BCIS cost level.

To conclude, Continuum's main issue with the build costs is the base build costs which are significantly higher than what Continuum would expect for a scheme of this scale and nature. Continuum also require further evidence behind the groundwork cost and S278 cost. Last of all, Continuum have removed the design fees as they are allowed for in the professional fee allowance.

6.5 Contingency

DC state the following in relation to contingency:

“It is normal in construction projects to allow a contingency and in this particular case in our professional opinion its prudent & acceptable. This figure is within the total construction cost outlined in paragraph 5.10.5 above.”
(para. 5.12.1).

When assessing the Applicant’s cost breakdown, it is clear they have not adopted a contingency allowance. DC’s appraisal assessment therefore does not include a contingency allowance.

Continuum in their assessment have included a contingency allowance of 3% of build costs to reflect the construction risk of the scheme.

6.6 Professional Fees

DC state that they have adopted a professional fee allowance of £391,680 which they argue equates to 8% of the build costs. However, the professional fee allowance of £391,680 actually equates to 7.62% of the build costs.

Continuum would argue that for a scheme of this type and nature they would expect a professional fee allowance of 6%. This is supported by the following schemes Continuum have assessed in Rossendale:

Scheme	Ref	Units	%
Filedfare Way	2022/0543	71	6%
Slackgate Farm	2022/0552	40	5.17%
Land at Station Road, Whitworth	2021/0271	38 (100% affordable)	6% (after negotiation)

As stated in the build cost section, Continuum have removed the design fees from the build cost assessment as these fees are allowed for in the professional fee allowance.

6.7 Sale Disposal Cost

The table below shows DC’s estimated sale disposal costs and Continuum’s position:

Disposal Cost	DC’s Figure	Continuum’s Figure	Continuum’s Justification
Market Sales & Marketing	1.5%	1.5%	Continuum agree with this figure
Market Legal Fees	£1,000 unit	£750 unit	Based on similar schemes in the North West
Affordable Sales & Marketing	0.5%	0%	Continuum do not typically see affordable sales and marketing fees and developers typically sell directly to Registered Providers without needing to use an agent or market the units
Affordable Legal Fees	£750 unit	£750 unit	Continuum agree with this figure

6.8 Finance Costs & Development Period

DC state that they have estimated the finance rate at 7.5%. Continuum agree with this finance rate which is at a similar level to other scheme’s Continuum have assessed on the North West.

In terms of how the finance costs have been calculated, Continuum cannot fully assess this until DC provide the detailed cash flow for the appraisals. DC are therefore requested to provide this.

In terms of the development period, DC state they have assumed the following:

- Build period – 16 months
- Sale period – 6 months (unclear when this starts)

Continuum would argue that the build period should reflect the Applicant's prelims period of 14 months. For the 100% market housing scenario, Continuum would expect the sale period to occur 6 months into the build and take 11 months which equates to 2.5 unit sold a month. In terms of the affordable sale period, Continuum would expect this to be cash flowed on a gold brick / development contract basis. This approach was adopted in the B&Q, Trafford appeal (ref: APP/Q4245/W/20/3258552). This is the standard approach to both grant funded, and non-grant funded affordable housing schemes. Continuum for the 100% affordable scheme would expect the sale period to occur over the build period with 25% of value at start of construction of the houses, 50% over the build period and 25% at practical completion. Continuum have also included a 3 month pre-construction period to both scenarios.

6.9 Profit Margin

DC quote from para. 18 of the PPG on Viability which states:

“For the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale, and risk profile of planned development. A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk. Alternative figures may also be appropriate for different development types.”

DC then explain that they have assumed a market housing profit margin of 17.5% on GDV. Continuum agree with this profit margin assumption for market housing which is support by recent appeal decisions.

For the affordable housing scheme, DC have assumed an affordable profit margin of 10% on GDV which they state reflects the lower risk of all the units being presold. DC do not provide evidence to support this lower profit margin assumption.

Continuum would argue that the affordable housing profit margin should be at 6% on GDV. This profit margin is supported by numerous appeals, such as:

- B&Q, Trafford (APP/Q5245/W/20/3258552)
- Warburton Lane, Trafford (APP/Q4245/W/19/3243720)

The profit margin assumption is also support by Local Plan Viability Assessments such as Three Dragons Greater Manchester Places for Everyone Local Plan Viability Assessment.

6.10 Benchmark Land Value (BLV)

DC quote from the PPG in relation to its required approach to estimating the BLV which is based on the Existing Use Value (EUV) plus premium methodology.

The first component of the EUV plus premiums (EUV+) method is to estimate the EUV which is the value of the land in its existing use. The EUV is not the price paid and should disregard hope value

DC explain that the subject site comprises of two parcels:

“The first is at Sutherland Road, north of Our Lady and St Paul’s RC Primary School. The land is vacant, having been formerly occupied by school buildings which were demolished in 2010. The second plot is located on land at the junction of Lennox Walk and Argyle Street. It is a leftover grassed area with a slight slope down to the pavement.” (para. 6.5).

DC however have not provided an estimation of the EUV of the site. DC are requested to undertake an EUV assessment of the site as per the PPG.

The second component is the premium, which is the amount above EUV that goes to the landowner. The premium should provide a reasonable incentive for a landowner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements. The premium should also reflect the level of abnormal costs at a site.

DC again have not provided an estimated of the premium for the site.

DC have not undertaken a PPG compliant EUV+ assessment in order to estimate the BLV at the site. DC have instead estimated the BLV of the site based on the following:

- Argument that small sites of 3-10 units with planning are marketed in excess of £400,000 per acre
- Argue that at the South Heywood Russel Homes viability assessment in 2016, £400,00 per net acre was used as the BLV and this figure was again used in November 2023 for the reserve matters application for the South Heywood site.
- The VOA Land Value Estimates for Policy Appraisal (2019) estimates Rochdale residential land values at £900,000 per hectare which equates to £364,225 per acre.

DC argue:

*“There has been a land price inflation since 2016 & 2019 but taking into account all circumstances, we feel that £400,000 per acre value is fair if applied to the applicant site. This figure includes the uplift from EUV to EUV+ and incentivises the owner with a premium to bring their land forward for sale. We have used this value as the EUV, and this results in a EUV+/Benchmark Land Value of **£628,000**.”* (para. 6.12).

Continuum cannot accept DC’s BLV of £628,000 as it is not PPG compliant and has not been estimated based on the EUV+ methodology.

Continuum would argue that the evidence base used by DC to estimate the BLV is flawed. For example, when using market evidence such as land transactions and residential land comparables, the PPG is clear that:

“Land transactions can be used but only as a cross check to the other evidence. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners.” (para. 16).

The small sites residential evidence should be discounted as it does not reflect the cost of policy compliance of a site of 28 units which would require affordable housing unlike small sites. The evidence has therefore not been adjusted as per the PPG and Continuum have therefore discounted this evidence.

In terms of the Russell Homes South Heywood viability assessment evidence, the estimation of the BLV of £400,000 per net acre was undertaken in 2016 which was pre-PPG update of 2018 when the EUV+ methodology was introduced. The BLV is therefore not PPG compliant and cannot be used as an evidence base for post PPG update (post 2018) viability assessments.

Finally, in terms of the VOA's Land Value Estimates for Policy Appraisal (2019), this should also be discounted as these land values were created for HMT Green Book valuations where the land values were estimated based on residual land values and do not include any planning policy compliant affordable housing, CIL, S106/S278 costs and abnormal costs. The VOA's land values are therefore not reflective of abnormal costs or cost of policy compliance as required by the PPG for market evidence used to estimate BLVs. The evidence base has again been discounted.

Continuum require the BLV to be estimated based on the PPG compliant EUV+ methodology. In terms of the EUV, this should be based on the value of the site in its existing use (excluding hope value). The site has two different components. The larger parcel to the north west is a brownfield site which has an existing use of education, planning use class F1. The smaller parcel to the south east is a greenfield site which has an existing use as public open space land. Both of the existing uses outlined above have limited values.

The value of the educational use brownfield land is hard to estimate due to the land being surplus to requirement with the land having been vacant since 2010. It could be argued that the land has a nominal value in its existing use. Due to the land mainly consisting of grassland, Continuum have estimated the land based on a playfield, public open space type value which is the same approach Continuum have adopted for the small greenfield public open space parcel.

Valuing public open space land is challenging due to the land having no economic output unlike other greenfield land such as farmland. Continuum have estimated the EUV of the subject site based on poor quality grazing farmland values which is consistent to what Continuum have experienced public open space land being assessed at in other FVAs.

Savills in their Outlook for Demand and Farmland Values (January 2024) estimate poorer pasture, land values at circa. £5,750 per acre. Continuum have therefore estimated the EUV of both parcels at £5,750 per acre which equates to a total EUV of £9,065.

In terms of estimating an appropriate premium, during appeals decisions and Local Plan Assessments, the approach to premium is different depending on whether the EUV is based on a brownfield value or greenfield value. For brownfield sites, premiums are usually around 0% to 30%, compared to a greenfield site where premiums are usually multipliers of around 5 to 20 times.

As the EUV is based on greenfield land values which are generally lower than brownfield land values, Continuum have adopted the multiplier approach to the premium. The multiplier adopted should reflect both the cost of policy compliance as well as abnormal cost levels.

It is difficult to fully ascertain the abnormal cost levels at the site until Continuum have seen the breakdown of the groundworks cost. If it is assumed the groundwork costs do not include any abnormal costs, then Continuum would estimate the abnormal costs at the site as follows:

- Site set up incl. demo - £54,297 (incl. prelims)
- S278 - £86,875 (incl. prelims)
- Total - £141,172 (incl. prelims)

The above total abnormal costs equates to circa. £89,548 per gross acre which is at the lower level of abnormal costs Continuum have seen in the marketplace.

During appeal decisions, for greenfield sites, Inspectors have agreed that sites with high abnormal costs would warrant lower premiums, such as 10 times argued at both Warburton Lane (APP/Q4245/W/19/3243720) and South Steeds Farm (APP/V3120/W/20/3264500).

Due to the EUV estimated at a low value and that Continuum currently estimate the abnormal costs at a low level (subject to further information in relation to the groundwork costs), Continuum believe the 20 times premiums is appropriate as a premium and reflects both the abnormal costs levels (excl. any abnormal costs in the groundworks) and policy compliance.

Continuum have therefore estimated the BLV at the site at £181,297 which equates to £115,000 per gross acre (Continuum assume the site has a gross to net of around 100%). The PPG complaint BLV assessment is significantly lower than DC's estimation of BLV.

Continuum would add that if the groundwork costs included abnormal items, these would need to be reflected in the premium and Continuum may likely need to adjust the premium to reflect further abnormal costs.

Continuum also request information on what the purchase price or price to be paid for the subject site is. This information is allowed to be requested by LPAs and their advisors as outlined in the PPG.

6.11 Site Acquisition Costs

Continuum agree with DC's site acquisition costs of 0.25% site legal fee and SDLT at the prevailing rate.

7. Continuum's Sensitivity Analysis Assessment

Continuum have undertaken their own appraisal assessment of the scheme. Continuum's assessment is based on the 100% grant funded affordable housing scheme with full other S106 contributions. The assessment currently includes the Applicant's groundworks and S278 costs, though Continuum do not agree with these costs currently as require further evidence base behind these cost elements. Continuum have also undertaken a sensitivity assessment on base build costs and sale values in their assessment.

Continuum have adopted the following inputs in their appraisal assessment:

Input	Figure	Reason
100% Grant Funded Affordable Value	£5,136,250	Continuum agree with DC's figure
Homes England Grant	£1,652,000	Continuum agree with DC's figure
Base Build Costs (incl. prelims)	£2,774,400	LQ BCIS which include prelims. Also undertaken a sensitivity assessment at median and UQ figure.
Groundworks Costs (incl. prelims)	£1,029,466	Used the Applicant's figure but do not currently agree with this cost as Continuum require further evidence. Included the prelims at 8.59%.
Site Set Up incl. Demo Costs (incl. prelims)	£54,297	Agree with the Applicants costs and included the prelims at 8.59%.
Statutory Services Costs (incl. prelims)	£54,297	Agree with the Applicants costs and included the prelims at 8.59%.
S278 Costs (incl. prelims)	£86,875	Used the Applicant's figure but do not currently agree with this cost as Continuum require further evidence. Included the prelims at 8.59%.
Contingency	3% of total build costs	Included this allowance to reflect the construction risk of the scheme.
Professional Fees	6% of total build costs (excl. contingency)	Based on comparable schemes.
Sales Legal Fees	£750 per unit	Agree with DC.
Affordable Sales & Marketing Costs	0%	Continuum do not typically see affordable sales and marketing fees and developers typically sell directly to Registered Providers without needing to use an agent or market the units.
S106 Contributions	Education - £51,329.43 POS - £74,430.29 Highways - £28,000.00	Cost provided by RBC.
Finance	7.5%	Agree with DC's finance rate.

Cash Flow	- Pre-construction – 3 months - Construction – 14 months - Affordable sale – golden brick over construction period, 25% at start of construction of houses, 50% over build and 25% at practical completion.	Based on industry standard in terms of golden brick / development contract which is supported by recent appeal decisions.
SDLT	At prevailing rate	Agree with DC's assumption.
Site Acquisition Costs	Legal fee – 0.25% of site value	Agree with DC's assumption.
Profit Margin	6% affordable	As supported by appeal decisions.
BLV	£181,297	Based on a PPG compliant EUV+ assessment of the site.

Continuum's appraisal assessment has been undertaken in Argus Developer. The output from the appraisal is the Residual Land Value (RLV), once the profit margin is fixed in the appraisal. The output RLV from Continuum's appraisal is £1,704,969 which equates to £1,081,491 per acre. This is substantially higher than Continuum's estimated BLV of £181,297 (as well as DC's BLV) and therefore the scheme can support its full other S106 contributions of £153,759.72.

Continuum have undertaken a sensitivity analysis on the base build costs and the sale values of all units in order to understand how viability is impacted. Continuum have tested the base build costs at the median and UQ BCIS level as well as at the Applicant's base build cost level (incl. prelims). Continuum have also decreased the sale values by 5% per step. The table below outlines the results (RLV output):

Sale Values: Rate /m ²				
Base Build: Rate /m ²	-15.000%	-10.000%	-5.000%	0.000%
	2,006.35 /m ²	2,124.37 /m ²	2,242.39 /m ²	2,360.41 /m ²
LQ BCIS £1,275.00 /m ²	£1,036,766	£1,259,927	£1,482,775	£1,704,969
Median BCIS £1,432.00 /m ²	£690,989	£914,772	£1,138,251	£1,361,487
UQ BCIS £1,620.00 /m ²	£275,922	£499,999	£724,065	£948,042
Applicant's Cost £1,777.42 /m ²	-£87,957	£149,153	£376,521	£600,587

Based on the sensitivity analysis, the majority of the scenarios output a RLV that is higher than Continuum's BLV of £181,297. In terms of the Applicant's cost base, based on Continuum's appraisal inputs and the agreed value inputs, the appraisal outputs a RLV of circa. £600k which is higher than Continuum's BLV and slightly lower than DC's. Based on Continuum's BLV, the scheme is viable with UQ BCIS base build costs as well as a reduction of 15% of value (affordable value of 55% of OMV). Overall, based on the sensitivity analysis, Continuum are confident that the scheme can contribute towards its full other S106 contributions.

Continuum's appraisal can be found at **Appendix 3**.

8. Conclusion

DC have produced a viability assessment of the proposed 100% affordable housing scheme and conclude that the 100% affordable scheme cannot viably support any other S106 contributions. The total other S106 contributions required by RBC are £153,759.72.

Continuum have independently assessed the viability case made by DC and would highlight a number of areas they take issue with and believe viability can be improved; these are:

- Base build costs;
- Further evidence base for groundworks and S278 costs;
- Professional fees;
- Affordable sales and marketing costs;
- Finance costs including cash flowing;
- Profit margin; and
- BLV

Continuum have provided a reasoned explanation for the appropriate level for the above elements based on a detailed evidence base and justifications outlined in this report.

Continuum have undertaken a sensitivity analysis assessment of the proposed development based on their assessment on certain inputs. Based on this analysis, Continuum would conclude that the 100% grant funded affordable housing scheme can support its full other S106 contributions of £153,759.72.

This report follows the mandatory requirements of the RICS Conduction and Report (2019) and this report has been produced by Chris Gardner MRICS on the 23rd September 2024.



Appendix 1: RICS Professional Statement

This report has been prepared in accordance with the RICS Professional Statement: Financial viability in planning: conduct and reporting, 1st Edition published May 2019. The aim of the RICS Professional Statement (section 1.2) is to:

- Set out mandatory requirements on conduct and reporting in relation to FVAs for planning in England;
- Recognises the importance of impartiality, objectivity and transparency when reporting on such matters;
- Support and complement the government's reforms to the planning process announced in July 2018 and subsequent updates, which include an overhaul of the NPPF and PPG on viability and related matters.

The RICS Professional Statement explains that:

"The primary policy and guidance on assessing viability in a planning context is provided in the NPPF 2019 and the PPG 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." (section 1.4).

This report has been set out in accordance with the government guidance on assessing viability in a planning which is provided in the NPPF (updated 2023) and PPG (updated 2024).

Sections 2.1 to 2.14 of the RICS Professional Statement set out the fourteen mandatory reporting and process requirements for all FVAs prepared on behalf of, or by applicants, reviewers, decisionmakers and plan-makers. Continuum confirm that this Independent Viability Assessment has been carried out in accordance with sections 2.1 to 2.14. The mandatory reporting requirements are set out under the headings below and expanded on where relevant in this Independent Viability Assessment report.

Section 2.1: Objectivity, Impartiality and Reasonableness Statement

Continuum confirm that this Independent Viability Assessment (IVA) has been carried out by a suitably qualified practitioner who has acted with:

- with objectivity;
- impartially;
- without interference and;
- with reference to all appropriate available sources of information.

Section 2.2: Confirmation of Instructions and Absence of Conflicts of Interest

Continuum have been instructed by Rochdale Borough Council (RBC) to undertake an Independent Viability Assessment (IVA) and to provide advice on the viability case put forward by Built Development Ltd (Applicant) in respect of Land at Sutherland Road, Heywood (ref: 24/00622/FUL).

Continuum can confirm that there is an absence of conflict of interest as they only act for the public sector, in Rochdale, in matters to do with financial viability in planning

Section 2.3: A No Contingent Fee Statement

Continuum can confirm that they have no performance-related or contingent fees agreed with the Client.

Section 2.4: Transparency of Information

The PPG (updated 2024) states that

“Any viability assessment should be prepared on the basis that it will be made publicly available other than in exceptional circumstances.” (para. 21).

Continuum can confirm that this viability assessment has been prepared on the basis that it will be made publicly available should our Client require it to be as under our terms of engagement.

Section 2.5: Confirmation Where the Practitioner is Acting on Area-Wide and Scheme-Specific FVAs

As stated above, Continuum only act for the public sector, in Rochdale, in matters to do with financial viability in planning. Continuum are currently working for a number of Local Planning Authorities in the North West, South East, Midlands and South West on site-specific FVAs, which Continuum do not consider is a conflict of interest.

Section 2.6: Justification of Evidence

In this IVA, Continuum have provided a detail response to the viability case set out by the Applicant and have outlined areas where the Applicant is requested to provide more detail, evidence, justification and explanation. Continuum also highlighted areas where they believed the Applicant has deviated from the government national guidance PPG on Viability (2019) as well as the RICS Guidance, Financial Viability in Planning: Conduct and Reporting (2019). Each of the queries in this IVA are clearly set out and supported by justifications as to why more detail of these inputs are needed.

Section 2.7 Benchmark Land Value

Continuum have assessed the Applicant's Benchmark Land Value in accordance with the requirements of section 2.7 of the RICS Professional Statement. The RICS Professional Statement is clear that when estimating the Benchmark Land Value, practitioners must follow the PPG on Viability (2019). The PPG defines Benchmark Land Value as:

To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions. This approach is often called 'existing use value plus' (EUV+). (para. 13).

And;

Benchmark land value should:

- *“be based upon existing use value*
- *allow for a premium to landowners (including equity resulting from those building their own homes)*
- *reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees...*
- *This evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan.” (para. 14).*

Where Continuum believe the Applicant has not followed the PPG (2019) and RICS Professional Statement when assessing the Benchmark Land Value, they have clearly explained and justified why.

Section 2.8: FVA Origination, Reviews and Negotiations

This document is an independent review of an FVA. It is clear from the RICS Professional Statement (2019) that negotiations occur subsequent to the production of a viability case review. If the reviewer/assessor is unable to form an opinion due to limited information being provided by the Applicant, then it is not possible to get to the negotiation phase. If the requirements of the PPG (and thus the RICS Professional Statement) have not been followed, then the viability case does not meet the required criteria.

Section 2.9: Sensitivity Analysis

Continuum have undertaken a sensitivity analysis of certain inputs.

Section 2.10: Engagement

Continuum can confirm that they advocated, and will advocate reasonable, transparent, and appropriate engagement between the parties at all stages of the viability process.

Section 2.11: Non-technical Summaries

The executive summary of this report has been provided as a non-technical summary, which outlines the key figures and issues that support the conclusion of the IVA.

Section 2.12: Author(s) Sign-off

This report has been produced by Chris Gardner MRICS on the 23rd September 2024.

Chris Gardner MRICS has extensive experience undertaken Independent Viability Assessments on behalf of LPAs and currently work with 12 LPAs on their viability cases.

Section 2.13: Inputs to Reports Supplied by Other Contributors

Continuum can confirm that all contributions to this report relating to assessments of viability comply with the mandatory requirements as set out in the RICS Professional Statement.

Section 2.14: Timeframes for Carrying out Assessments

Continuum can confirm that adequate time has been allowed to produce this Independent Viability Assessment having regards to the scale and complexities of this particular project.

Appendix 2: Continuum's Sale Comparables

Hopewood Meadows by Bellway Asking Prices

Names	Type	Beds	NSA m2	Unit £	£/ m2
Chandler	Semi	3	88	£323,995	£3,667
Tailor Plus	Semi	3	75	£297,995	£4,000
Tailor Plus	Semi	3	75	£297,995	£4,000
Tailor Plus	Semi	3	75	£297,995	£4,000
Tailor Plus	Semi	3	75	£297,995	£4,000
Tailor Plus	Semi	3	75	£295,995	£3,973
Tailor Plus	Semi	3	75	£295,995	£3,973
Tailor Plus	Semi	3	75	£295,995	£3,973

East Hollinsfield by Taylor Wimpey Asking Prices

Names	Type	Beds	NSA m2	Unit £	£/ m2
Gosford	Semi	3	80	£291,995	£3,629
Flatford	Semi	3	80	£283,995	£3,530

Weavers Fold by Hive Homes Asking Prices

Names	Type	Beds	NSA m2	Unit £	£/ m2
Cornbrook	Semi	3	70	£323,995	£3,256
Bowker	Semi	3	78	£239,950	£3,086
Robinswood	Semi	3	78	£236,950	£3,047
Bowker	Semi	3	78	£234,950	£3,022

Waldmers Wood by Barratts Asking Prices

Names	Type	Beds	NSA m2	Unit £	£/ m2
Ellerton	Semi	3	77	£296,000	£3,839
Ellerton	Semi	3	77	£296,000	£3,839
Moresby	Semi	3	79	£297,000	£3,743
Ellerton	Semi	3	77	£297,500	£3,858
Ellerton	Semi	3	77	£298,000	£3,865

Whittle Brook Park by Anwly Homes Asking Prices

Names	Type	Beds	NSA m2	Unit £	£/ m2
Dalton	Semi	3	103	£379,995	£3,678
Barrowford	Semi	3	95	£329,995	£3,476
Altham	Semi	3	86	£289,995	£3,375

Bridleway Grange by Bellway Achieved Values

Address	Date sold	Unit £	Type	NSA m2	£/ m2
46, Premier Way	23/11/2023	£329,995	Semi	113	£2,920
48, Premier Way	23/11/2023	£329,995	Semi	113	£2,920
40, Premier Way	31/10/2023	£294,995	Semi	86	£3,430
42, Premier Way	18/09/2023	£299,995	Semi	86	£3,488
27, Premier Way	15/06/2023	£239,995	Semi	106	£2,264
25, Premier Way	19/05/2023	£239,995	Semi	62	£3,871
19, Premier Way	21/04/2023	£304,995	Semi	73	£4,178
17, Premier Way	24/02/2023	£299,995	Semi	73	£4,110
2, Bridleway Close	29/09/2023	£349,995	Semi	90	£3,889

Waldmers Wood by Barratts Achieved Values

Address	Date sold	Unit £	Type	NSA m2	£/ m2
55, Clifford Drive	31/03/2023	£285,495	Semi	76	£3,757
23, Greenbooth Road	29/07/2022	£267,995	Semi	102	£2,627
25, Greenbooth Road	29/07/2022	£265,995	Semi	102	£2,608
16, Greenbooth Road	24/06/2022	£258,495	Semi	76	£3,401
17, Greenbooth Road	17/06/2022	£200,621	Semi	88	£2,280
1, Shuttleworth Grove	23/06/2023	£273,595	Semi	76	£3,600
3, Shuttleworth Grove	23/06/2023	£287,995	Semi	76	£3,789
17, Shuttleworth Grove	26/05/2023	£289,995	Semi	76	£3,816
19, Shuttleworth Grove	26/05/2023	£285,995	Semi	76	£3,763

East Hollinfield by Taylor Wimpey Achieved Values

Address	Date sold	Unit £	Type	NSA m2	£/ m2
20, Dunnderdale Hill	26/08/2022	£279,995	Semi	81	£3,457
15, Dunnderdale Hill	19/08/2022	£255,995	Semi	81	£3,160
13, Dunnderdale Hill	18/08/2022	£257,995	Semi	81	£3,185
9, Dunnderdale Hill	12/08/2022	£258,995	Semi	81	£3,197
28, Dunnderdale Hill	08/07/2022	£266,995	Semi	80	£3,337
40, Dunnderdale Hill	01/07/2022	£265,995	Semi	80	£3,325
42, Dunnderdale Hill	01/07/2022	£265,995	Semi	80	£3,325
30, Dunnderdale Hill	01/07/2022	£266,995	Semi	80	£3,337
7, Dunnderdale Hill	24/06/2022	£255,995	Semi	81	£3,160
3, Dunnderdale Hill	17/06/2022	£255,995	Semi	81	£3,160
5, Dunnderdale Hill	14/06/2022	£255,995	Semi	81	£3,160
38, Dunnderdale Hill	14/06/2022	£225,995	Semi	70	£3,229
36, Dunnderdale Hill	01/06/2022	£262,995	Semi	46	£5,717
34, Thyme Drive	23/12/2022	£285,995	Semi	80	£3,575
30, Thyme Drive	22/12/2022	£297,995	Semi	105	£2,838
28, Thyme Drive	21/12/2022	£295,995	Semi	105	£2,819
32, Thyme Drive	21/12/2022	£296,995	Semi	105	£2,829
26, Thyme Drive	25/11/2022	£291,995	Semi	105	£2,781
22, Thyme Drive	09/09/2022	£276,995	Semi	80	£3,462
24, Thyme Drive	09/09/2022	£279,995	Semi	80	£3,500
14, Tarragon Drive	09/11/2022	£265,995	Semi	80	£3,325
12, Tarragon Drive	19/10/2022	£262,995	Semi	81	£3,247
8, Tarragon Drive	07/10/2022	£265,995	Semi	80	£3,325
4, Tarragon Drive	06/10/2022	£279,995	Semi	105	£2,667
6, Tarragon Drive	30/09/2022	£279,995	Semi	105	£2,667
10, Tarragon Drive	30/09/2022	£285,995	Semi	80	£3,575
21, Rosemary Close	28/04/2023	£286,995	Semi	80	£3,587
15, Rosemary Close	31/03/2023	£309,995	Semi	105	£2,952
2, Rosemary Close	31/03/2023	£312,995	Semi	81	£3,864
9, Rosemary Close	31/03/2023	£284,995	Semi	81	£3,518
17, Rosemary Close	30/03/2023	£327,995	Semi	105	£3,124

11, Rosemary Close	24/03/2023	£306,995	Semi	105	£2,924
7, Rosemary Close	23/12/2022	£294,995	Semi	80	£3,687

Drummer Way by Keepmoat Achieved Values

Address	Date sold	Unit £	Type	NSA m2	£/ m2
14, Drummer Way	21/10/2022	£234,995	Semi	77	£3,052
12, Drummer Way	21/10/2022	£234,995	Semi	77	£3,052
40, Fusilier Close	28/10/2022	£285,995	Semi	95	£3,011
23, Fusilier Close	28/10/2022	£254,995	Semi	105	£2,429
42, Fusilier Close	28/10/2022	£279,995	Semi	95	£2,947
21, Fusilier Close	28/10/2022	£254,995	Semi	105	£2,429
19, Fusilier Close	29/07/2022	£232,995	Semi	79	£2,949
17, Fusilier Close	29/07/2022	£229,995	Semi	79	£2,911
38, Fusilier Close	22/07/2022	£242,995	Semi	105	£2,314
30, Fusilier Close	30/06/2022	£233,995	Semi	105	£2,229
32, Fusilier Close	30/06/2022	£229,995	Semi	79	£2,911
137, Mosedale Road	12/12/2022	£279,995	Semi	105	£2,667
135, Mosedale Road	30/11/2022	£279,995	Semi	105	£2,667
34, Burnside Crescent	31/03/2023	£259,995	Semi	105	£2,476

Eden Park by Lovell Achieved Values

Address	Date sold	Unit £	Type	NSA m2	£/ m2
25, Rydale Drive	27/10/2023	£289,703	Semi	114	£2,541
18, Rothay Drive	08/03/2024	£304,950	Semi	114	£2,675
5, Rothay Drive	28/07/2023	£304,950	Semi	114	£2,675

Stainton Drive by Hive Homes Achieved Values

Address	Date sold	Unit £	Type	NSA m2	£/ m2
10, Newton Crescent	31/05/2023	£225,000	Semi	77	£2,922
8a, Newton Crescent	26/08/2022	£200,950	Semi	77	£2,610
1, Stainton Drive	28/02/2023	£213,995	Semi	77	£2,779
23, Stainton Drive	07/10/2022	£194,950	Semi	71	£2,746
25, Stainton Drive	07/10/2022	£194,950	Semi	71	£2,746
19, Stainton Drive	07/10/2022	£194,950	Semi	71	£2,746

21, Stainton Drive	07/10/2022	£194,950	Semi	71	£2,746
38, Stainton Drive	30/09/2022	£194,950	Semi	71	£2,746
44, Stainton Drive	30/09/2022	£202,950	Semi	77	£2,636
48, Stainton Drive	27/09/2022	£202,950	Semi	77	£2,636
43, Stainton Drive	27/09/2022	£203,950	Semi	77	£2,649
42, Stainton Drive	23/09/2022	£202,950	Semi	77	£2,636
46, Stainton Drive	23/09/2022	£202,950	Semi	77	£2,636
39, Stainton Drive	23/09/2022	£203,950	Semi	77	£2,649
56, Stainton Drive	02/09/2022	£203,950	Semi	77	£2,649
41, Stainton Drive	31/08/2022	£203,950	Semi	77	£2,649
2, Stainton Drive	26/08/2022	£200,950	Semi	77	£2,610
34, Stainton Drive	15/07/2022	£200,950	Semi	77	£2,610
32, Stainton Drive	15/07/2022	£200,950	Semi	77	£2,610
20, Stainton Drive	27/06/2022	£200,950	Semi	77	£2,610
18, Stainton Drive	24/06/2022	£200,950	Semi	77	£2,610
22, Stainton Drive	24/06/2022	£200,950	Semi	77	£2,610
24, Stainton Drive	17/06/2022	£200,950	Semi	77	£2,610
13, Stainton Drive	27/05/2022	£190,950	Semi	77	£2,480

Edstone Grange by Holmetree Developments Achieved Values

Address	Date sold	Unit £	Type	NSA m2	£/ m2
17, Edstone Grange	14/04/2023	£214,950	Semi	84	£2,559
15, Edstone Grange	31/03/2023	£219,950	Semi	84	£2,618
14, Edstone Grange	03/03/2023	£214,950	Semi	84	£2,559
16, Edstone Grange	20/02/2023	£214,950	Semi	84	£2,559
12, Edstone Grange	16/02/2023	£219,950	Semi	84	£2,618
18, Edstone Grange	14/02/2023	£214,950	Semi	84	£2,559
2, Edstone Grange	11/11/2022	£204,950	Semi	84	£2,440
4, Edstone Grange	28/10/2022	£204,950	Semi	84	£2,440

Appendix 3: Continuum's Whole Appraisal with 2 New Build Dwelling

Sutherland Road
100% Affordable
Full Other S106 Contributions

Development Appraisal
Continuum
23 September 2024

APPRAISAL SUMMARY

CONTINUUM

Sutherland Road
100% Affordable
Full Other S106 Contributions

Appraisal Summary for Phase 1

Currency in £

REVENUE

Sales Valuation	Units	m ²	Sales Rate m ²	Unit Price	Gross Sales
Affordable Houses	28	2,176.00	2,360.41	183,437	5,136,250
Homes England Grant	28	0.00	0.00	59,000	1,652,000
Totals	56	2,176.00			6,788,250

NET REALISATION 6,788,250

OUTLAY

ACQUISITION COSTS

Residualised Price			1,704,969	
Stamp Duty			74,748	1,704,969
Effective Stamp Duty Rate		4.38%		
Legal Fee		0.25%	4,262	79,011

CONSTRUCTION COSTS

Construction	m ²	Build Rate m ²	Cost	
Affordable Houses	2,176.00	1,275.00	2,774,400	
Contingency		3.00%	119,980	
Groundworks			1,029,466	
Site Set Up incl. Demo			54,297	
Statutory Services			54,297	
S278			86,875	4,119,315
Section 106 Costs				
Education			51,329	
POS			74,430	
Highways			28,000	153,760

PROFESSIONAL FEES

Professional Fees		6.00%	239,960	239,960
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DISPOSAL FEES

Sales Legal Fee	28.00 un	750.00 /un	21,000	21,000
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TOTAL COSTS BEFORE FINANCE 6,318,014

FINANCE

Debit Rate 7.500%, Credit Rate 0.000% (Nominal)				
Land			62,942	62,942
Total Finance Cost				

TOTAL COSTS 6,380,956

PROFIT

407,294

Performance Measures

Profit on Cost%	6.38%
Profit on GDV%	6.00%
Profit on NDV%	6.00%
IRR% (without Interest)	34.20%
Profit Erosion (finance rate 7.500)	10 mths

DETAILED CASH FLOW

CONTINUUM

Sutherland Road
100% Affordable
Full Other S106 Contributions

Detailed Cash flow Phase 1

Page A 1

Monthly B/F	001:Sep 2024	002:Oct 2024	003:Nov 2024	004:Dec 2024	005:Jan 2025	006:Feb 2025	007:Mar 2025	008:Apr 2025	009:May 2025	010:Jun 2025
	0	(1,783,979)	(1,795,129)	(1,806,279)	(147,815)	(114,301)	(135,171)	(221,343)	(354,145)	(515,603)
Revenue										
Sale - Homes England Grant	0	0	0	472,000	59,000	59,000	59,000	59,000	59,000	59,000
Sale - Affordable Houses	0	0	0	1,467,500	183,438	183,438	183,438	183,438	183,438	183,438
Disposal Costs										
Sales Legal Fee	0	0	0	(21,000)	0	0	0	0	0	0
Unit Information										
Affordable Houses										
Homes England Grant										
Acquisition Costs										
Residualised Price	(1,704,969)	0	0	0	0	0	0	0	0	0
Stamp Duty	(74,748)	0	0	0	0	0	0	0	0	0
Legal Fee	(4,262)	0	0	0	0	0	0	0	0	0
Construction Costs										
Groundworks	0	0	0	(17,086)	(39,987)	(59,334)	(75,127)	(87,365)	(96,049)	(101,179)
Site Set Up incl. Demo	0	0	0	(27,149)	(27,149)	0	0	0	0	0
Statutory Services	0	0	0	(901)	(2,109)	(3,129)	(3,962)	(4,608)	(5,066)	(5,336)
S278	0	0	0	(6,319)	(14,663)	(19,198)	(19,922)	(16,835)	(9,339)	0
Con. - Affordable Houses	0	0	0	(46,047)	(107,765)	(159,905)	(202,466)	(235,448)	(258,852)	(272,677)
Education	0	0	0	(51,329)	0	0	0	0	0	0
POS	0	0	0	(74,430)	0	0	0	0	0	0
Highways	0	0	0	(28,000)	0	0	0	0	0	0
Contingency	0	0	0	(2,925)	(5,750)	(7,247)	(9,044)	(10,328)	(11,097)	(11,376)
Professional Fees										
Professional Fees	0	0	0	(5,850)	(11,500)	(14,494)	(18,089)	(20,655)	(22,194)	(22,752)
Net Cash Flow Before Finance	(1,783,979)	0	0	1,658,464	33,514	(20,869)	(86,172)	(132,802)	(160,760)	(170,883)
Debit Rate 7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%
Credit Rate 0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Finance Costs (All Sets)	0	(11,150)	(11,150)	0	0	0	0	0	(698)	(1,707)
Net Cash Flow After Finance	(1,783,979)	(11,150)	(11,150)	1,658,464	33,514	(20,869)	(86,172)	(132,802)	(161,458)	(172,590)
Cumulative Net Cash Flow Monthly	(1,783,979)	(1,795,129)	(1,806,279)	(147,815)	(114,301)	(135,171)	(221,343)	(354,145)	(515,603)	(688,193)

DETAILED CASH FLOW

CONTINUUM

Sutherland Road
100% Affordable
Full Other S106 Contributions

Detailed Cash flow Phase 1

Page A 2

011:Jul 2025	012:Aug 2025	013:Sep 2025	014:Oct 2025	015:Nov 2025	016:Dec 2025	017:Jan 2026	018:Feb 2026
(688,193)	(868,288)	(1,041,410)	(1,193,039)	(1,308,464)	(1,372,934)	(1,371,716)	(1,289,768)
59,000	59,000	59,000	59,000	59,000	59,000	59,000	413,000
183,438	183,438	183,438	183,438	183,438	183,438	183,438	1,284,062
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
(102,755)	(100,777)	(95,244)	(86,157)	(73,516)	(57,320)	(37,570)	0
0	0	0	0	0	0	0	0
(5,420)	(5,315)	(5,023)	(4,544)	(3,877)	(3,023)	(1,982)	0
0	0	0	0	0	0	0	0
(276,924)	(271,592)	(256,681)	(232,192)	(198,124)	(154,477)	(101,252)	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
(11,553)	(11,331)	(10,708)	(9,687)	(8,265)	(6,445)	(4,224)	0
(23,106)	(22,661)	(21,417)	(19,374)	(16,531)	(12,889)	(8,448)	0
(177,320)	(169,238)	(146,636)	(109,515)	(57,875)	8,284	88,962	1,697,062
7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%	7.500%
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(2,775)	(3,884)	(4,994)	(5,910)	(6,595)	(7,066)	(7,014)	0
(180,095)	(173,121)	(151,630)	(115,425)	(64,470)	1,218	81,948	1,697,062
(868,288)	(1,041,410)	(1,193,039)	(1,308,464)	(1,372,934)	(1,371,716)	(1,289,768)	407,294