

**SITE ALLOCATIONS & DEVELOPMENT MANAGEMENT
DEVELOPMENT PLAN DOCUMENT
ECONOMIC VIABILITY STUDY**

**PREPARED ON BEHALF OF
ROSSENDALE BOROUGH COUNCIL**

by



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EXECUTIVE SUMMARY

This Report seeks to assess the viability of development across the Borough to ensure that the current policies contained within the adopted Core Strategy Development Plan Document are deliverable. The results of the testing will assist the Council in formulating the Site Allocations and Development Management DPD ('Local Plan Part 2') which will seek to designate land across the Borough for different uses such as housing, parks, shops, schools and parking.

The Report firstly tests a number of residential generic schemes which are based on the characteristics of current, proposed and previously built developments (in terms of unit sizes, mixes and densities), before testing the viability of a number of larger selected sites that the Council may choose to allocate for development whose individual characteristics or scale mean that the site departs from the generic testing scenarios tested.

The key findings of the Report include the following:-

Residential

- Within each of 60 generic schemes assessed (in all of the different value zones identified at both 30 and 40 dwellings per hectare) and 12 site specific schemes tested all of the development scenarios assessed are viable before the costs of planning policy obligations were accounted for. Notwithstanding this, a number of Brownfield development scenarios at 30 dph in lower value areas (Zones 1 and 2) were marginal (although still deliverable).
- At 30 dph in Zone 1 (the lowest value areas identified within the Borough) in Brownfield locations the testing indicates that an affordable housing provision at 10% cannot be supported. In Zone 2 similar trends are prevalent. In Zone 3 a 10% affordable housing provision can be afforded. The level of affordable housing that can be afforded on Brownfield locations at 30dph increases to 20% in Zone 4 (the highest value areas identified within the Borough).
- Viability improves on Greenfield Sites at 30dph relative to development on Brownfield Sites. For example, in Zone 1 in the majority of instances the development schemes assessed can support a 20% affordable housing provision. In Zones 2, 3 and 4 a 40% affordable housing contribution can be supported.
- Viability improves at 40dph in respect of the Brownfield development schemes tested (relative to development at 30 dph). For example, in Zone 1 developments can support a 10% affordable housing provision, and in the majority of instances a 20% provision can be afforded (with the exception of Scheme 3 - 50 units). In Zones 2, 3 and 4 the full 20% affordable housing provision can be afforded.
- The results of the Site Specific testing tend to replicate the generic results, although in certain instances due to additional costs (such as site opening up and access costs or abnormal costs included due to the specific characteristics of the site) viability is reduced relative to the results of the generic testing. All of the sites considered within the Site Specific testing are viable. Please note that the value Zones have been assessed with reference to the specific site and as a result the areas quoted below may differ from those outlined within the generic testing listed later within the Report.
- In Crawshawbooth (Zone 3) Greenfield development (Site A and Site B) is viable and can afford a 40% affordable housing provision, whilst the Brownfield development site (Site C) considered can only afford a 10% affordable housing provision.

- In Rawtenstall (Zones 3 and 4) the Greenfield development sites considered (Site D, Site F) could afford a 40% affordable housing provision, although Sites E and G where additional access costs are required to develop the site a reduced 30% provision could be afforded.
- In Newchurch (Zone 1) the only site considered comprised a Brownfield site which included significant portions of open space. In this instance, a 10% affordable housing provision could be afforded.
- In Bacup (Zone 1) 3no Greenfield sites (Site I, Site J and Site K) were assessed. All sites have abnormal costs associated with their development due to topography or access, and as a result none of the sites can afford a 40% affordable housing provision. Whilst Site I cannot afford an affordable housing provision, both Sites J and K can all afford provisions of 10%.
- In Helmshore (Zone 4) a single Greenfield site (Site L) was tested, which could afford a 40% affordable housing provision.

Commercial

- In respect of the commercial testing undertaken, the results indicate that speculative development of employment uses is not currently viable. Notwithstanding the results of our viability testing it is likely that office and industrial development will come forward on these sites in the future motivated by specific circumstances such as an owner occupier wishing to expand or alternatively with the benefit of public sector funding support.
- The majority of retail and leisure development typologies are unviable, although the development of both Convenience Retail and Food and Drink development is viable on Greenfield sites. Smaller convenience retail accommodation on Brownfield sites (comprising 3,000 sq.ft) is also considered viable.

In summary we conclude that the overall scale of obligations, standards and Policies contained in the Core Strategy are not of such a scale that cumulatively they threaten the ability of the sites allocated to be developed viably. In certain circumstances there will need to be a balance achieved between the requirements for affordable housing, sustainability initiatives and CIL (if introduced), however there is sufficient flexibility in the Plan policies as currently drafted in relation to affordable housing and sustainability initiatives with a test based on economic viability to allow a relaxation of policy requirements if appropriate.

1.0 INTRODUCTION

- 1.01 Rossendale Borough Council ('the Council') are preparing a Site Allocations and Development Management DPD ('Local Plan Part 2'), which will designate land and buildings for future uses such as housing, parks, shops, schools and parking. The Local Plan Part 2 will also set out what new developments should look like; how they should be constructed and will also guide how new developments should fit in with their surroundings.
- 1.02 The Core Strategy Development Plan Document ('Core Strategy' or Local Plan Part 1) was adopted in November 2011. The Core Strategy contains a number of planning policies which could potentially impact on the viability of development. To inform the site allocations and overall delivery of the Local Plan Part 2, the Council needs to determine the impact of existing and proposed plan policies on development viability. This will ensure that in accordance with the National Planning Policy Framework (NPPF) the sites and scale of development are not subject to such a scale of obligations, standards and policy burdens that cumulatively threatens the plan's ability to be developed viably.
- 1.03 Keppie Massie, in conjunction with the White Young Green Group ('WYG') have been commissioned by the Council to consider the cumulative impact of the Core Strategy and potential Local Plan Part 2 policies on viability and deliverability, and to make recommendations concerning the overall compatibility of such policies with deliverability. This Report provides an assessment of the overall viability of development in the Borough and considers which policies can be afforded having regard to the development viability.
- 1.04 Overall, the aim of the study is to satisfy the tests of viability and deliverability laid down in the NPPF.
- 1.05 **Format of Report**
- 1.06 The Report is split into 10 different sections, and begins by providing an overview of the Core Strategy and its key policies, before details of our methodology, a property market commentary, and the results of our viability testing are set out. Initial conclusions are then made regarding Plan viability and delivery.
- 1.07 For ease of reference, the Report is structured based on the following sections:-
- 1.08 **Section 2 – Planning Policy Context**
Here we have provided an overview of the Core Strategy with an outline of the allocations and plan policies which impact on viability and delivery.
- 1.09 **Section 3 – Methodology**
In this section we outline the methodology that has been adopted for the study and the viability assessments, together with the rationale for the development scenarios tested.

- 1.10 **Section 4 – Overview of Rossendale**
This section provides general information about the social and economic characteristics of Rossendale, together with an overview of the residential and non-residential property markets.
- 1.11 **Section 5 – Financial Appraisal Assumptions**
This section outlines the key assumptions that we have made in preparing our financial assessments including details of how we have addressed specific Local Plan Policies.
- 1.12 **Section 6 – Baseline Viability Results and Local Plan Policy Options**
This section provides an overview of the results from both the generic testing (using typical hypothetical schemes to test development viability) and site specific viability (testing specific proposed allocation sites which the Council may choose to allocate within the Local Plan Part 2). This is followed by a commentary outlining the results and the impact of the existing policies contained in the Core Strategy on viability.
- 1.13 **Section 7 – Stakeholder Consultation**
This section provides a review of the Stakeholder Consultation that has taken place, together with a review of each of the Stakeholder responses received.
- 1.14 **Section 8 – Economic Profiling and Sensitivity Analysis**
This section provides our thoughts regarding future economic trends and sensitivity analysis. The baseline results are then subjected to the testing, and the results are outlined in graphical form.
- 1.15 **Section 9 – Plan Viability and Deliverability**
Within this section we have outlined the key policy options that have implications for viability and an overview of the methodology adopted in costing these policies, together with the resultant implications for viability and plan delivery.
- 1.16 **Appendix 1 – Comparable Evidence**
This Appendix provides a summary of the Comparable Evidence considered within the study.
- 1.17 **Appendix 2 – WYG Build Cost Report**
This Appendix outlines WYG’s assumptions and methodology in preparing the build costs that have been used within the generic testing.
- 1.18 **Appendix 3 – WYG Site Specific Cost Reports**
This Appendix outlines WYG’s assumptions and methodology in preparing the build costs that have been used within the site specific testing.
- 1.19 **Appendix 4 – Site Specific Appraisal Assumptions**
This Appendix outlines WYG’s assumptions and methodology in preparing the build costs that have been used within the site specific testing.
- 1.20 **Appendix 5 – Stakeholder Consultation Attendees**
This Appendix provides a list of Stakeholders who attended the Consultation Workshop held on 27 November 2014

1.21 **Appendix 6 – Stakeholder Responses**

This Appendix provides an analysis of the Stakeholder Responses that were received following the Workshop held on 27 November 2014.

2.0 PLANNING POLICY CONTEXT

2.01 Background

2.02 The Council is in the process of preparing a Site Allocations and Development Management DPD ('Local Plan Part 2'), which will set out how new development will be both managed and located within the Borough for the next 15 years.

2.03 This section identifies the key policies contained within the Planning Policy hierarchy, including those contained within the NPPF and Core Strategy Documents which could potentially impact on the viability of development across the Borough.

2.04 The National Planning Policy Framework

2.05 The National Planning Policy Framework ('NPPF') was adopted in March 2012, and sets out the Government's planning policies for England and Wales, and details how these are expected to be applied. The NPPF is centred around the concept of 'sustainable development'.

2.06 According to Paragraph 7 of the NPPF, there are three dimensions to sustainable development: economic, social and environmental. These dimensions give rise to the need for the planning system to perform a number of roles:-

- *an economic role – contributing to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation; and by identifying and coordinating development requirements, including the provision of infrastructure;*
- *a social role – supporting strong, vibrant and healthy communities, by providing the supply of housing required to meet the needs of present and future generations; and by creating a high quality built environment, with accessible local services that reflect the community's needs and support its health, social and cultural well-being; and*
- *an environmental role – contributing to protecting and enhancing our natural, built and historic environment; and, as part of this, helping to improve biodiversity, use natural resources prudently, minimise waste and pollution, and mitigate and adapt to climate change including moving to a low carbon economy.*

2.07 Whilst the Core Strategy was adopted in advance of the NPPF and consequently there is no reference to the policies contained within the relevant guidance, we understand that the Council engaged in a further round of public consultation between 5 August 2011 and 16 September 2011 to ensure that the 'soundness' of the Submitted Core Strategy DPD was not affected by the then Draft NPPF (which was issued on 25 July 2011).

2.08 Core Strategy Development Plan Document

2.09 The Core Strategy was adopted in November 2011. A number of policies within the Core Strategy guide the location, scale and character of development within Rossendale. We have provided a short summary of those most relevant to the study in the paragraphs below.

2.10 **Policy 1 – General Development Locations and Principles**

2.11 Policy 1 of the Core Strategy suggests that the Council will look to “maintain Rossendale’s distinctive environment through implementing the following approach for all types of development.” This includes the following:-

- General Development Locations – Greatest amount of new development should take place in Rawtenstall, with the majority of other new development in Bacup, Haslingden and Whitworth
- Urban Boundary – Development should take place within the defined urban boundary unless it has to be located in the countryside and should be of a size and nature appropriate to the size and role of the settlement
- Greenbelt and Countryside – Proposals outside the urban boundary will be determined in accordance with the relevant national and local planning guidance. A review of the existing Green Belt boundaries will be undertaken as part of the Site Allocations DPD
- The Council will seek to enhance the quality and sustainability of places and individual developments

2.12 **Policy 2 – Meeting Rossendale’s Housing Requirement**

2.13 This Policy states that Rossendale has a net housing requirement of 3,700 dwellings over the plan period (of between 2011 and 2026), which equates to 247 dwellings per annum. This will be provided through the:-

- Allocation of Greenfield and previously developed land to meet the identified type, size and tenure needs. According to the relevant policy, 65% of all new buildings will be provided on previously developed land.
- Encouraging higher density developments in sustainable locations
- Safeguarding the character of established residential areas from over-intensive and inappropriate new development

2.14 **Policy 3 – Distribution of Additional Housing**

2.15 This Policy states that new residential development across the Borough will be distributed within the following localities:-

Location	Approximate Percentage
Rawtenstall	30%
Haslingden, Bacup and Whitworth	50%
Helmshore, Edenfield, Goodshaw, Loveclough, Waterfoot, Stacksteads, Facit and Shawforth	20%
Smaller Isolated Settlements	Minimal Numbers of Additional Dwellings

Table 2.1 – Distribution of New Housing

2.16 **Policy 4 – Affordable and Supported Housing**

2.17 This Policy states that the delivery of affordable housing will be achieved through the allocation of land specifically for affordable housing development through the Site Allocations DPD, and from affordable housing targets. In respect of the latter, the Policy suggests that private developers must provide the following levels of Affordable Housing:-

Sites	Level of Affordable Housing
Greenfield sites over 8 dwellings	30% (min) to 40% (max)
Brownfield sites over 15 dwellings	20%

Table 2.2 – Council Requirements for Affordable Housing

2.18 This Policy states that Affordable Housing should comprise an equal mix of affordable housing tenure types and should respond to local needs, and specifies that there is a presumption in favour of on-site provision unless no local need exists.

2.19 **Policy 10 – Provision for Employment**

2.20 This Policy suggests that the Council (working alongside developers and other partners) will seek to provide sufficient employment land to meet the Borough’s requirement of 20.84 hectares for B1, B2 and B8 use classes. In respect of the geographical concentrations of new accommodation, the Council states that whilst it expects B1 and A2 uses to be concentrated in town centre locations (Rawtenstall, Bacup, Waterfoot and Stacksteads), industrial development is more likely to be concentrated in Rawtenstall and the Bacup, Waterfoot and Stacksteads Corridor.

2.21 In particular, the policy suggests that:-

"this provision will be met through the Allocations Development Plan Document, where the Council will protect the best sites in terms of their location, access and suitability. New proposals should primarily be located within the defined urban boundary and maximise the use of previously developed land and buildings, meet high energy standards and be accessible by modes other than the private car. In particular the Council will seek to protect and make best use of key employment locations in Rawtenstall (New Hall Hey), Bacup (Futures Park), Haslingden (Carrs Industrial Estate) and Rising Bridge. Renovation of older industrial estates will be encouraged re-use of mill buildings for employment purposes, where appropriate.

2.22 **Policy 11 – Retail and Other Town Centre Uses**

2.23 This Policy suggests that retail development will be focused within the defined town and local centres. Whilst the Policy states that major proposals will be directed towards Rawtenstall (defined within the retail hierarchy as a ‘Town Centre’), other large schemes will be encouraged to locate in the district centres of Bacup or Haslingden (District Centres).

2.24 **Policy 17 – Rossendale’s Green Infrastructure**

2.25 This Policy sets out the Council’s proposals to promote the protection, enhancement and where appropriate the expansion of the Green Infrastructure network. Whilst acknowledging that further policies will be provided within the Site Allocations DPD, the following priorities are outlined within this Policy:-

- New developments will be required to maximise the environmental risk management benefits of Green Infrastructure where possible through flood risk management, providing shade, cooling and carbon storage through the appropriate planting of vegetation and tree species, and contributing to a reduction in air, water, noise and light pollution.
- Manage and appropriately enhance existing Green Belt, open spaces, river corridors, urban green corridors and woodlands.
- Expect new developments to contribute to the provisions of recreational green space, and to incorporate improvements to the quality of, and access to, existing Green Infrastructure in accordance with local circumstances.
- Support the improvement of and access to the Public Rights of Way network.

2.26 **Policy 18 – Biodiversity, Geodiversity and Landscape Conservation**

2.27 This Policy seeks to ensure that the harmful impacts of development on all aspects of Rossendale’s natural environment including its biodiversity, geodiversity and landscape assets, priority habitats and species and statutory and locally designated sites are avoided.

2.28 **Policy 19 – Climate Change and Low and Zero Carbon Sources of Energy**

2.29 This Policy outlines the Council’s response to climate change and the need for greater sustainability. According to the above Policy, renewable and low carbon power will meet at least 25% of the energy needs of the Borough by 2026. The Council therefore state that all types of renewable and low carbon energy proposals will be given positive consideration provided that they can demonstrate that they do not adversely affect local residents or the natural environment.

2.30 The Council suggest that they will propose to mitigate the effects of climate change by:-

No	Policy
1	Locating new development in sustainable, accessible locations which minimise the need for travel and length of journeys
2	Requiring that new developments adopt energy efficient, water efficient and low carbon designs and layouts which meet or exceed the most up-to-date relevant national and regional standards. The Council will also maximise opportunities for increasing energy efficiency in existing buildings
3	Requiring that natural passive heating and cooling systems are incorporated into new developments where appropriate
4	Conserving and enhancing the Borough’s peat lands
5	Expecting new developments to incorporate climate change benefits (such as tree planting) on site, or where this is not appropriate to make contributions towards mitigating climate change elsewhere through planning objections

Table 2.3 – Policies to Mitigate Climate Change

- 2.31 These measures will be promoted by securing planning obligations for energy infrastructure, ensuring that new development is not located in areas considered to be in high flood risk locations, expecting developments to implement Sustainable Drainage Systems (SuDs), or by requiring that new developments incorporate water saving and recycling measures where possible to minimise water usage.
- 2.32 In addition to the above, Policy 20 (Wind Energy) suggests that wind energy proposals will be given positive consideration subject to an assessment on their impact on residential dwellings, ecological and environmental, and on communications equipment.
- 2.33 **Policy 22 – Planning Contributions**
- 2.34 This Policy provides the Council with the flexibility to implement a Community Infrastructure Levy under the Planning Act 2010 and Community Infrastructure Levy Regulations 2010 (which have subsequently been updated).
- 2.35 **Policy 23 – Promoting High Quality Design and Spaces**
- 2.36 The above Policy states that the Council will ensure that Rossendale’s places and buildings are attractive, safe and easy to use by ensuring that all new developments:-
- *Promote the image of the Borough, through the enhancement of gateway locations and key approach corridors*
 - *Are of the highest standard of design that respects and responds to local context, distinctiveness and character*
 - *Contribute positively to local identity and heritage in terms of scale, density, layout, materials and access*
 - *Maintain the relationship between the urban areas and countryside, particularly at the rural-urban interface where the contrast between the natural and built environments is most prominent*
 - *Have public and private spaces that are safe, attractive, easily distinguished, accessible and complement the existing built form*
 - *Protect important local and longer distance views*
 - *Use locally sourced sustainable, high quality and innovative materials appropriate for the development and its surroundings including recycled materials wherever feasible*
 - *Engage with their surroundings and provide adequate natural surveillance for neighbouring streets and spaces*
 - *Promoting high quality landscaping and construction for streets and public spaces*
 - *Incorporate well defined and recognisable routes, spaces, interchanges, landmarks and entrances reflecting guidance in “Manual for Streets” that provides for convenience movement that are well connected to public transport, community facilities and services of individual communities and neighbourhoods, without compromising security*
 - *Incorporate car parking design that is integrated with the existing public realm and other pedestrian and cycle routes*
 - *Create a sense of ownership by providing a clear definition between public and private spaces*

- *Are designed to make crime difficult to commit by increasing the risk of detection and provide (where necessary) for well-designed security features*
- *Provide places that are designed with management and maintenance in mind, avoiding the creation of gated communities*
- *Be flexible to respond to future social, technological and economic needs*
- *Provide active ground floor frontages where located in town and district centres*
- *Contribute to a reduction in energy consumption and CO2 emissions and facilities adaption to climate change through efficient layouts and designs which accord with or exceed current national standards (such as the Code for Sustainable Homes, BREEAM and Building Regulations)*
- *Are subject to a Building for Life assessment where the development in question is a major residential scheme*

2.37 Emerging Policy – Site Allocations and Development Management DPD (‘Local Plan Part 2’)

2.38 The Development Management Policies that will be in the Local Plan Part 2 are currently being prepared in draft form. Whilst we have been provided with an interim list of policies, we understand that these are in draft form and are therefore subject to change. As such policies are formulated, the impact on viability will be considered and further testing will be undertaken as necessary.

2.39 We have been provided with a list of potential sites that we understand the Council may choose to allocate. Further analysis of these sites is provided within Section 5 of this Report, which sets out the rationale for the Specific Sites selected for further testing.

2.40 National Technical Standards

2.41 The Government has created a new approach for the setting of technical standards for new housing. This is intended to rationalise the many differing standards such as Code and Lifetime Homes into a simpler streamlined system, which will reduce burdens and help bring forward new housing. The Housing Standards review was launched in October 2012 and culminated in the publication of the outcome on 27 March 2015. A ministerial statement was also published which outlined the government’s policy on the application of the technical standards for plan making and decision taking.

2.42 The new system comprises new additional optional Building Regulations on water and access and a new national space standard. The measures are named the National Technical Standards and complement the existing set of Building Regulations that are mandatory.

2.43 The Government has now also withdrawn the Code for Sustainable Homes aside from the management of Legacy Cases. The initial Ministerial Statement also indicated that a Zero Carbon Homes Policy would be introduced in late 2016 and from then the energy performance requirements in Building Regulations would be set at a level equivalent to the outgoing Code for Sustainable Homes Level 4.

- 2.44 On 10 July 2015 however the Government announced that it doesn't intend to proceed with the Allowable Solutions carbon offsetting scheme, or the proposed 2016 increase in on-site energy efficiency standards. In addition to the above 'Fixing the Foundations: Creating a More Prosperous Nation' notes that the Government will *"keep energy efficiency standards under review, recognising that existing measures to increase energy efficiency of new dwellings should be allowed time to become established."*
- 2.45 The new National Technical Standards can only be required through any new Local Plan policies if they address a clearly evidenced need, and where their impact on viability has been considered in accordance with the NPPF and Planning Practice Guidance. At the present time it is understood that the Council is not seeking to introduce a modification to the Local Plan to require new development to comply with the National Technical Standard, although we understand that this position may be reviewed in the future.
- 2.46 On the basis that the Code for Sustainable Housing has been abolished, we have not sought to account for the additional costs of ensuring that completed dwellings comply with these standards. Instead, we have sought to assess the costs of the optional Building Regulation standards, including the impact on viability of compliance with the water and access standards, and the new national space standards.

3.0 METHODOLOGY

3.01 Economic Viability Framework

3.02 The National Planning Policy Framework 2012 (NPPF) introduces a new focus on viability in considering appropriate Local Plan Policy. Paragraph 173 states that:-

3.03 *"Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking. Plans should be deliverable. Therefore, the sites and scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable."*

3.04 In addition to the above, the NPPF (paragraph 174) states that:-

"Local Planning Authorities should set out their Policy on local standards in the Local Plan, including requirements for affordable housing. They should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle. Evidence supporting the assessment should be proportionate, using only appropriate available evidence."

3.05 This Report provides an analysis of the deliverability and economic viability (satisfying the requirements of the NPPF) of development in Rossendale, which includes the impact of policies contained within the Core Strategy and sites that the Council may choose to allocate within the Local Plan Part 2.

3.06 The Local Housing Delivery Group has published advice for planning practitioners titled "Viability Testing Local Plans". This guidance recommends that (page 10):-

"The approach to assessing plan viability should recognise that it can only provide high level assurance that the policies within the plan are set in a way that is compatible with the likely economic viability. It cannot guarantee that every development in the plan period will be viable, only that the plan policies will be viable for the sufficient number of sites upon which the plan relies in order to fulfil its objectively assessed needs."

3.07 The guidance states that:-

"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 land owner to sell the land for the development proposed. If these conditions are not met, a scheme will not be delivered."

3.08 In addition the advice set out within the NPPF (paragraph 175) states that *"where practical, CIL charges should be worked up and tested alongside the Local Plan"*.

3.09 **Appraisal Methodology**

3.10 In preparing the viability assessments, we have adopted the Residual Valuation Approach. This is where the value of the completed development is assessed and the cost of undertaking the development (including the cost of land, finance and existing planning obligations) is deducted, along with a target developer's profit return. The residual sum that is left represents the development surplus or "headroom". Consideration of this then allows an informed decision to be made about the viability of the development in general, and in particular, the ability to fund other planning policy options, involving additional costs for development, including developer contributions policies and also the prospect for the introduction of a CIL tariff.

3.11 Table 3.1 provides a simple diagram illustrating this approach:-

Gross Development Value (value of the completed development scheme)
Less
<i>Cost of Development (inclusive of build costs, fees, finance, land cost)</i>
Less
<i>Other Costs (inclusive of existing planning obligations)</i>
Less
<i>Developers Target Profit</i>
<i>= Development Surplus or "Headroom"</i>

Table 3.1 - Residual Valuation Approach

3.12 This methodology is recognised and supported by the Royal Institution of Chartered Surveyors (RICS) in relation to the valuation of development land. The RICS Guidance Note 'Financial Viability in Planning' defines viability for planning purposes as (paragraph 2.1.1) *"an objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations, whilst ensuring an appropriate site value for the land owner and a market risk adjusted return to the developer in delivering that project"*.

- 3.13 The guidance note defines site value as (paragraph 2.3.1) follows: *"site value should equate to the market value subject to the following assumption; that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan"*.
- 3.14 When undertaking area wide viability testing, the guidance suggests that a second assumption needs to be applied to this definition, namely (paragraph 2.3.3): *"Site value may need to be further adjusted to reflect the emerging Policy/CIL charging level. The level of the adjustment assumes that site delivery would not be prejudiced."*
- 3.15 We have assessed Market Value in accordance with Valuation Practice Statement 4 1.2 and International Valuation Standards Framework paragraph 29. Under these provisions, the term *"Market Value"* is defined as *"the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion"*.
- 3.16 The document 'Viability Testing Local Plans' suggests that viability testing of Local Plans does not require a detailed viability appraisal of every site anticipated to come forward over the plan period. As a consequence of the potentially widely different economic profiles of sites within the local area, it suggests:-
- "A more proportionate and practical approach in which local authorities create and test a range of appropriate site typologies reflecting the mix of sites upon which the plan relies."*
- 3.17 In preparing our residual appraisals, it has been necessary to make certain assumptions, both in relation to the form of development and also the variables adopted in each of the appraisals based upon a significant quantity of data. Inevitably, given the diverse character of the property market in Rossendale, the data does not necessarily fit all eventualities and every development site will be unique. It has therefore been necessary to draw upon our development experience and use our professional knowledge to derive a data set that best fits the typical characteristics of the site allocations and form of development in the Borough and can be considered reasonable.
- 3.18 It should be noted that when adopting the Residual Valuation Approach, the end result is extremely sensitive to even the smallest of changes in any of the assumptions which feed into the appraisal process. We are satisfied however that our approach and the assumptions that we have made are appropriate to the property market characteristics within Rossendale and represent the most reasonable approach given the appropriate available evidence at the time of preparing this study.

3.19 **Baseline Development Scenarios**

3.20 **Residential**

3.21 Generic Testing

3.22 Residential development in Rossendale has been shaped by the social and economic differences across the Borough.

3.23 The Council prepared a '5 Year Housing Land Supply Report (2014-2019)' in July 2014. This provides a breakdown of the sources of sites likely to come forward over the course of the next 5 years (from July 2014), which for completeness is outlined below:-

Site Typology	Total	Percentage
Dwellings on Sites Under Construction	713	35.8%
Dwellings with Planning Consent (with construction yet to commence)	227	11.4%
Dwellings where there is a Resolution to Grant Planning Consent	71	3.6%
Number of Dwellings from Specific Deliverable Sites	981	49.2%
Total	1,992	100%

Table 3.2 - 2013 SHLAA Estimated Site Delivery Typologies

3.24 Having regard to planning policy, recent developments, and the general character of the borough a significant portion of new development is likely to come forward on Brownfield sites which are likely to take the form of former manufacturing facilities (such as Persimmon's Orama Mill or Harron Homes' Moorland Gate development), or on greenfield release sites (such as McDermott Homes/Harron Homes' Erin Rise development). Smaller developments of predominantly smaller terraced dwellings and mews dwellings are also likely to come forward on smaller urban infill sites (such as BE Boys' Higher Mill or Berkshire Homes' Woodland Rise development).

3.25 In the higher value areas including Helmshore, Edenfield and specific areas around Rawtenstall it is considered likely that some schemes may be built at a lower density and may comprise predominantly detached dwellings. In such instances, there is likely to be a focus on a higher proportion of 4 bed dwellings which will provide a more 'executive' mix of dwellings.

3.26 We have analysed recent planning applications across the Borough and existing policy to determine the likely density of future development. The 2010 SHLAA adopted densities of between 30 and 50 dwellings per hectare ('dph'), depending on the shape of the site and the character of the surrounding area, with higher densities applied to the urban areas of Rawtenstall, Bacup, Haslingden and Whitworth (at 50 dph), whilst lower densities were adopted in respect of developments in Helmshore, Edenfield, Goodshaw, Loveclough, Waterfoot, Stacksteads, Britannia, Facit and Shawforth (at 30-40 dph) and for all other densities (at 30 dph). The Core Strategy states that development across the Borough must comprise a minimum density of 30 dph across the Borough, and suggests that development of up to 50 dph will be supported within accessible areas.

- 3.27 To arrive at a typical housing mix for the purpose of our testing we have undertaken an analysis of previous planning permissions across the Borough. The data from this analysis is contained at table 3.3.

Development	Total Dwellings	2 Bed	3 Bed	4+ Bed	5 Bed
Healey Walk (Orama Mill) <i>Persimmon</i>	104	11%	50%	36%	4%
Weavers Dene <i>Taylor Wimpey</i>	74	8%	41%	51%	0%
Rockcliffe Road <i>Great Places/Barnfield</i>	82	16%	74%	10%	0%
Dale Moor View <i>Taylor Wimpey</i>	139	12%	30%	58%	0%
Moorland Gate <i>Harron Homes</i>	30	0%	7%	80%	13%
Woodland Rise <i>Berkshire Homes</i>	17	0%	100%	0%	0%
Pennine View <i>Wainhomes</i>	100	1%	23%	76%	0%
Average		7%	46%	44%	2%

Table 3.3 - Analysis of Development Mixes

- 3.28 Having regard to the typical dwelling mixes currently being provided in new developments in the Borough, Table 3.4 outlines the dwelling mix that we have formulated for the purpose of our viability testing.

No Bedrooms	2	3	4	5
Percentage	10%	45%	40%	5%

Table 3.4 - Dwelling Mix for Housing at 30 & 40 dph

- 3.29 We are aware of a number of residential developments which have been constructed in the Borough in recent years which has included Barnett Construction's Forest Bank development at Crawshawbooth, the development at Aldenbrook in Helmshore and Hursthood's development at Holly Mount Way in Rawtenstall that have comprised entirely apartments. We have therefore considered the viability of apartment developments based on the two schemes illustrated in Table 3.5:-

No of Units	No of Bedrooms		
	1	2	3
10	0 (0%)	10 (100%)	0 (0%)
50	20 (40%)	30 (60%)	0 (0%)

Table 3.5 - Dwelling Mix for 'Apartments'

- 3.30 The hypothetical development scenarios we have formulated for the baseline residential viability testing are reflective of the form of residential development, either recently undertaken or anticipated to be completed in Rossendale in future years.
- 3.31 In preparing the hypothetical development scenarios, we have had regard to the sizes of dwellings within new developments throughout the Borough as evidenced by our analysis of planning permissions (so as to ensure the assumptions are appropriate having regard to the likely forms of development). Table 3.6 summarises the average dwelling sizes from recent planning consents. We have also had regard to the Housing Quality Indicators used as a measure by the Homes & Communities Agency, which are summarised in Table 3.7.
- 3.32 The dwelling sizes that we propose to test that are contained in Table 3.8 are based on the average dwelling sizes of units provided across the Borough. Please note that in each instance the size of the dwellings are within or above the prescribed areas adopted by the HCA. The dwelling sizes largely comply with the new National Space Standards. The only exception is the 2 bed dwelling size at 59.5 sq.m (640 sq.ft), which is below the minimum size of 70 sq.m (754 sq.ft) for a 2 storey 3 and 4 person 2 bed dwelling within the Standards. We consider that the impact of the space standards has a nominal impact on viability, and as such (as outlined within WYG's Report) the additional costs that we have adopted in testing compliance with the optional National Technical Standards refer to the costs associated with the access, water efficiency and security elements of the standards.
- 3.33 In respect of the apartment unit sizes, given the limited number of apartments provided across the Borough in recent years, we have had regard to the unit sizes observed within the developments at Ilex Mill and the Edenhurst Apartments (located off Manchester Road (B6527) in Helmshore). It is noted that according to the Energy Performance Certificate areas, the units provided at Aldenbrook, Forest Bank and Holly Mount Way are significantly larger than we would normally expect, which may be due to the fact that these developments comprise conversions. We have therefore taken areas from the Ilex Mill , which whilst acknowledging that this comprises another conversion (renovated in 2003) is considered to be indicative of future apartment sizes, alongside known developments in the North West including higher density developments in central Liverpool and Manchester.

Development	Density	Average Sizes (sq.ft)			
	dph	2 bed	3 bed	4 bed	5 bed
Healey Walk (Orama Mill) - Persimmon	35	579	876	1,134	1,535
Weavers Dene - Taylor Wimpey	34	655	910	1,220	-
Rockcliffe Road - Great Places/Barnfield	25	701	990	1,464	-
Dale Moor View - Taylor Wimpey	31	621	889	1,210	-
Moorland Gate - Harron Homes	28	-	1,100	1,332	1,619
Woodland Rise - Berkshire Homes	35	-	891	-	-
Pennine View - Wainhomes	24	632	857	1,173	-
Average		638	930	1,256	1,577

Table 3.6 - Analysis of Dwelling Sizes (Gross Internal Area)

Dwelling Type	1 bed	2 bed	3 bed	4 bed
Size Range (sq.ft)	323 - 538	614 - 807	883 - 1,076	1,163 - 1,238
Size Range (sq.m)	30 - 50	57 - 75	82 - 100	108 -115

Table 3.7 - HCA Housing Quality Indicators

3.34 Tables 3.8 & 3.9 illustrate the dwelling sizes that we have adopted for the purpose of the baseline residential testing.

Houses	2 bed	3 bed	4 bed	5 bed
sq.m	59	88	116	146
sq.ft	640	950	1,250	1,575

Table 3.8 - Summary of House Sizes (Gross Internal Area)

Apartments	1 bed	2 bed
sq.m	56	70
sq.ft	603	750

Table 3.9 - Summary of Apartment Sizes (Gross Internal Area)

3.35 In developing an appropriate matrix of site sizes and dwelling numbers to test, we have had regard to the likely size of developments coming forward and considered evidence from previous planning consents.

3.36 Table 3.10 below summarises the number of dwellings, mix and total floor space of each hypothetical development scheme tested.

Scheme	2 Bed	3 Bed	4 Bed	5 Bed	Total Units	Total (sq.m)	Total (sq.ft)
1	1	4	4	1	10	1,021	10,990
2	3	11	10	1	25	2,541	27,352
3	5	23	20	2	50	4,931	53,079
4	7	34	30	4	75	7,469	80,398
5	10	45	40	5	100	9,920	106,781

Table 3.10 - Summary of Residential Schemes Tested

3.37 Registered Providers on a national and regional basis suggest that they currently require smaller housing units rather than larger family dwellings. This is reflected in the proportions of smaller dwellings that have been built out as affordable dwellings within the Borough, as Table 3.12 indicates. We have therefore sought to reflect these sentiments and trends by ensuring that smaller dwelling types are provided to RPs, and Table 3.13 outlines the affordable dwelling mixes that have been adopted.

Development	Average Sizes (sq.ft)			
	2 bed	3 bed	4 bed	5 bed
Healey Walk (Orama Mill) <i>Persimmon</i>	50%	50%	0%	0%
Weavers Dene <i>Taylor Wimpey</i>	40%	53%	7%	0%
Rockcliffe Road <i>Great Places/Barnfield</i>	0%	100%	0%	0%
Dale Moor View <i>Taylor Wimpey</i>	54%	36%	11%	0%
Average	36%	60%	4%	0%

Table 3.11 - Analysis of Affordable Dwelling Mixes Delivered in the Rossendale

No Bedrooms	2	3	4	5
% Affordable Housing	35%	60%	5%	0%

Table 3.12 - Affordable Dwelling Mix at 30 & 40 dph

- 3.38 In relation to the residential development sites we have adopted the methodology taken from the 2010 SHLAA to arrive at an appropriate gross and net developable site area. This methodology is summarised in Table 3.13 below:-

Total Site Area	Net Developable Area
Less than 0.4 ha	100% of developable area
0.4 ha to 2 ha	90% of developable area
Sites over 2 ha	75% of the developable area

Table 3.13 - Net Developable Areas (SHLAA 2010)

- 3.39 For the residential developments, the net developable area has been calculated at densities of 30 and 40 dph, and then the gross site area calculated with reference to the above Table 3.13. The respective site areas are contained in Table 3.14 and 3.15

Scheme	No Units	Total Built Area (sq.m)	Net Site Area (ha)	Gross Site Area (ha)
1	10	1,021	0.33	0.33
2	25	2,541	0.83	0.93
3	50	4,931	1.67	1.85
4	75	7,469	2.50	3.33
5	100	9,920	3.33	4.44

Table 3.14 - Gross and Net Site Areas at 30 dph

Scheme	No Units	Total Built Area (sq.m)	Net Site Area (ha)	Gross Site Area (ha)
1	10	1,021	0.25	0.25
2	25	2,541	0.63	0.69
3	50	4,931	1.25	1.39
4	75	7,469	1.88	2.08
5	100	9,920	2.50	3.33

Table 3.15 - Gross and Net Site Areas at 40 dph

3.40 Site Specific Testing

3.41 We understand that the Council as part of the Local Plan Part 2 are looking to allocate a number of different sites for residential use. A number of these sites are relatively small in terms of the total numbers of dwellings provided and they fit within the framework of the generic viability testing. There are however a number of larger sites, which do not fall within the generic testing (whether due to the individual character or quantum of units proposed) and hence we have prepared specific viability assessments for these sites.

3.42 As a consequence of the recent Call for Sites and having regard to the 2010 SHLAA, a number potential future development sites have been identified which are not directly covered within the Generic Testing. We have liaised with Council Officers to select a number of larger sites in the Borough that may be allocated for residential development that are reflective of the larger allocations which may be selected in the future. We have assumed that all larger residential development will be at a gross density of 30 dwellings per hectare, inclusive of public open space. The characteristics of each of the sites selected are outlined below:-

Site	Site Type	Gross Area (Ha)	Units
Site A (Crawshawbooth)	Greenfield	1.6	48
Site B (Crawshawbooth)	Greenfield	1.9	57
Site C (Crawshawbooth)	Brownfield	2.8	84
Site D (Rawtenstall)	Greenfield	2.1	63
Site E (Rawtenstall)	Greenfield	1.6	48
Site F (Rawtenstall)	Greenfield	5	100
Site G (Rawtenstall)	Greenfield	2.6	78
Site H (Newchurch)	Brownfield/Open Space	2	60
Site I (Bacup)	Greenfield	2.7	81
Site J (Bacup)	Greenfield	2.6	78
Site K (Bacup)	Greenfield	1.8	54
Site L (Helmshore)	Greenfield	5	150

Table 3.16 - Gross Site Areas and Dwelling Numbers at 30 dph (gross)

3.43 The unit sizes and development mixes adopted are in accordance with those in Tables 3.4 and 3.8. We have also included on site affordable provision on the basis of the mix in Table 3.12.

3.44 **Non-Residential Uses**

3.45 Generic Testing

3.46 In preparing a schedule of non-residential development types to be tested, we have had regard to recent planning applications and discussed the forms of development that are likely to come forward during the plan period with the Council.

3.47 In addition we have also had regard to the various evidence base studies that have been undertaken including:-

- Employment Land Study (Nathaniel Lichfield and Partners, 2009)
- Retail and Town Centre Study Update (Nathaniel Lichfield and Partners, 2009)

3.48 This has been supplemented by discussions with agents and developers in order to fully assess the type of non-residential development that is likely to be built during the anticipated lifetime of the Local Plan Part 2. Such discussions have further influenced the assumptions made in terms of the likely size and specification of the development typologies tested.

3.49 Based on planning policy documents, the evidence base and discussions with Council Officers, we have considered development scenarios for the Borough based on retail, offices and industrial and for leisure related development including a hotel and gymnasium. In addition, we have also tested the viability of extra care accommodation, in addition to the development of a nursing home.

3.50 Table 3.17 below contains a summary of the non-residential developments that have been tested as part of the baseline viability assessment.

3.51 In relation to the non-residential developments, we have had regard to relevant parking standards contained within the Core Strategy (at Appendix One). In addition based on both our and WYG's experience, together with an analysis of previous developments in the Borough, we have analysed typical development footprints in comparison with site areas to form a view as to the ratio of built footprint compared to site area.

3.52 For the non-residential developments we have summarised the development scenarios, built areas and also the assumed site area for the development in Table 3.18 below. These development scenarios are based on recent planning permissions and the forms of development that we consider are likely to come forward over the course of the plan period.

Scheme Ref	Development Type	Built Area (sq.m)	Built Area (sq.ft)	Land Area (sq.m)
1	Offices	464	5,000	559
2	Offices	1,857	20,000	2,200
3	Offices	929	10,000	1,108
4	Industrial B2/B8	464	5,000	698
5	Industrial B2/B8	929	10,000	1,381
6	Industrial B2/B8	1,857	20,000	2,740
7	Industrial B2/B8	4,643	50,000	9,583

Scheme Ref	Development Type	Built Area (sq.m)	Built Area (sq.ft)	Land Area (sq.m)
8	Industrial B2/B8	9,287	100,000	19,116
9	Industrial B2/B8	23,225	250,000	44,984
10	Retail (Food store - Convenience)	279	3,000	644
11	Retail (Food store - Convenience)	929	10,000	2,267
12	Retail (Food store - Convenience)	2,786	30,000	6,752
13	Retail (Food store - Convenience)	4,643	50,000	11,229
14	Non food retail	279	3,000	278
15	Non food retail	929	10,000	1,891
16	Non food retail	2,786	30,000	5,627
17	Gymnasium	929	10,000	1,816
18	Hotel	2,786	30,000	2,734
19	Food and Drink (Pub/Restaurant)	464	5,000	1,670
20	Extra Care (50 Bed)	4,086	44,000	2,565
21	Care/Nursing Home (50 Bed)	2,786	30,000	2,297
22	Car Showroom	929	10,000	8,445

Table 3.17 - Summary of Non-Residential Development Site Areas

4.0 OVERVIEW OF ROSSENDALE

- 4.01 The Borough of Rossendale comprises one of the smallest Boroughs in Lancashire, and is located towards the south-east of the County. Rossendale forms part of a group of authorities known as 'Pennine Lancashire' which is named due to the topographical characteristics of the settlements towards the east of Lancashire and includes Burnley, Hyndburn, Pendle, Ribble Valley and Blackburn with Darwen. Rossendale borders Blackburn and Darwen (located to the west), Hyndburn (located to the north-west) and Burnley (located to the north).
- 4.02 Rossendale borders Greater Manchester to the south, with both Bury and Rochdale bordering the Borough to the south-west and south-east respectively. In addition to the above, Rossendale also borders the West Yorkshire Borough of Calderdale.
- 4.03 Rossendale is surrounded by a number of larger towns which form part of the M65 corridor, the Greater Manchester Conurbation and the West Yorkshire Conurbation. Manchester City Centre is located 18 miles to the south of the Borough and the towns of Accrington, Blackburn, Bolton, Burnley, Bury, Halifax and Rochdale are all located within 10 miles of the Borough.
- 4.04 A map showing the boundaries of Rossendale in relation to the wider Lancashire area is contained at figure 4.1 below.
- 4.05 The land area extends to approximately 53.3 square miles (138 square kilometres or 13,800 hectares), and is home to approximately 68,744 people according to the Office of National Statistics 2013 mid-year estimate.
- 4.06 Rossendale is irregularly shaped, and as the Core Strategy observes is "defined by a series of interlocking valleys dissecting open moorland". Development has therefore typically comprised ribbon development along the valley bottoms, making use of existing infrastructure and flat land.

- 4.07 The Core Strategy identifies a total of 15no individual settlements within the Borough, of which the largest are Rawtenstall (c.22,000), Haslingden (16,849) and Bacup (12,763). Others include Crawshawbooth, Edenfield, Goodshaw, Helmshore, Loveclough, Rising Bridge, Shawforth, Stacksteads, Water, Waterfoot, Weir and Whitworth.



Figure 4.1 - Map of Rossendale

- 4.08 Rossendale is split in terms of income levels and affluence. Whilst the whole Borough rapidly developed during the Industrial Revolution, the subsequent decline in manufacturing has left a legacy of derelict buildings and Brownfield contaminated land. Whilst unemployment (using the Claimant Count statistics) remains at 1.5% which is in line with the wider Lancashire average (Lancashire County Council – 2015), average incomes are significantly below that of the national average.
- 4.09 Some areas of the Borough have fared better than others in economic terms. This is illustrated by the fact that whilst parts of Haslingden and Rawtenstall are amongst the top 25% of the least deprived areas in England and Wales, there are concentrations of areas within the east of the Borough that are amongst the top 10% most deprived areas in England and Wales. This is partly as a result of accessibility issues. Whilst the west of the Borough is accessible benefitting from a location along the A56/M66 corridor (which provides access to Manchester and the M62/M60, and the M65) facilitating access (and commuting) to the surrounding larger settlements (Manchester in particular), the central eastern portions of the Borough are relatively inaccessible. Both the A671 and A681 which link Bacup and the eastern settlements to the wider principal highway network are single lane routes with congestion issues during peak hours.

4.10 Property Market Overview

4.11 Residential Market

4.12 Following national trends, average house prices in Lancashire as a whole have declined from a high of £135,323 in December 2007 to a low of £101,681 in May 2014 according to Land Registry. The volume of transactions in Lancashire has reduced from an average of around 2,250 per month in 2006 and 2007 to an average of around 1,490 per month throughout 2014 (which was up from around 1,260 per month in 2013). The average dwelling sold for £104,826 in April 2015 (the last date at which figures are available at the time of writing).

4.13 Table 4.1 shows that the average dwelling price in Lancashire is £104,826; slightly lower than the North West average of £113,301; however both are considerably lower than the national average of £179,817. Detached dwellings in Lancashire average £202,450, semi-detached dwellings average £108,813, terraced dwellings average £60,999 and flats average £81,122. No figures are available specifically for Rossendale).

Area	Detached	Semi – Detached (£)	Terraced (£)	Maisonette/ Flat (£)	All (£)
Lancashire	£202,450	£108,813	£60,999,	£81,122	£104,826
North West	£220,144	£115,583	£68,225	£107,505	£113,301
England & Wales	£282,706	£170,470	£135,069	£172,719	£179,817

Table 4.1 - Average House Prices in Lancashire, North West, and England and Wales (June 2015 - Land Registry)

4.14 We have considered recent residential property market trends in each of the main settlement areas within Rossendale, based on data taken from Rightmove and Zoopla. The majority of the Borough is located within two postcode areas, with the west of the Borough (including Haslingden and Rawtenstall) located in the BB4 postcode district, and east of the Borough (including Bacup and Whitworth) located in the OL13 postcode district. Whilst we are aware that Edenfield sits within the BL0 postcode district, no analysis is provided because Edenfield comprises such a small area within this wider postcode district and therefore an analysis of this area would refer mainly to property prices in Northern Bury and Ramsbottom.

4.15 Postcode Area BB4 – Haslingden, Rawtenstall and Waterfoot

4.16 According to Rightmove data (outlined in Table 4.2 below), 56% of all sales in the BB4 postcode district in February 2015 comprised the sale of terraced properties, which sold at an average price of £84,696. Detached and Semi Detached properties sold for an average of £233,571 and £98,595 respectively, with flats achieving £83,000 albeit this data was based on the sale of a single unit. Please note that this data refers to transactions within a single month, and it is noted that the prices of semi-detached dwellings is lower than at any point over the 6 months analysed.

4.17 Estimated property values in BB4 showed an decrease of -0.85% over the previous year (Zoopla).

- 4.18 The graph at Figure 4.2 shows that average property values in BB4 have fluctuated around £140,000 since 2010. This is below the national average of between £230,000 and £270,000 across the same period.

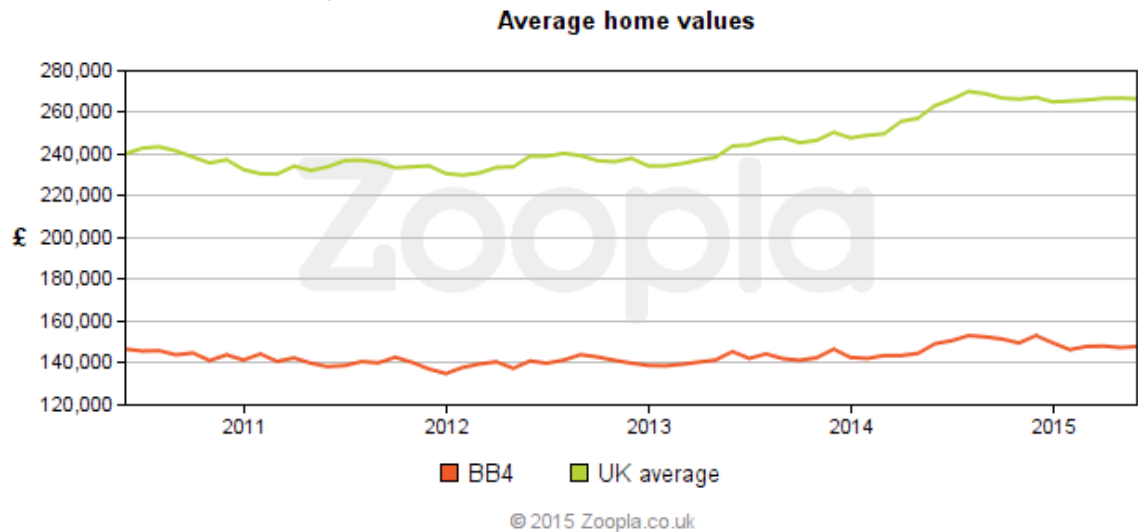


Figure 4.2 - Average Property Values across BB4 since 2010 (Zoopla)

- 4.19 Table 4.2 contains details of all sales transactions by dwelling type in the BB4 postcode district. The table shows average prices for each house type on a monthly basis together with the number of transactions in brackets.

Property Type	Month					
	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Detached	£252,908 (22)	£219,416 (18)	£254,997 (16)	£224,532 (14)	£262,638 (8)	£233,571 (7)
Semi Detached	£152,807 (13)	£152,500 (16)	£112,736 (4)	£180,654 (14)	£147,666 (9)	£98,595 (10)
Terraced	£78,275 (18)	£87,631 (21)	£102,566 (30)	£109,239 (25)	£90,346 (17)	£84,696 (23)
Flat	£116,000 (3)	£159,500 (2)	£147,333 (3)	£101,875 (4)	£113,000 (3)	£83,000 (1)
All	£166,203 (56)	£149,977 (57)	£151,884 (53)	£154,580 (57)	£143,377 (37)	£113,462 (41)

Table 4.2 - Average Property Prices and Number of Sales in BB4 (June 2015 Rightmove)

- 4.20 The property prices outlined above at Table 4.2 indicate that there are distinct differences in the value of different property types within BB4. Over the timescales considered the average property sold for around £145,000. This varies significantly between different types of property stock. For example, detached dwellings sold on average for £240,000. This is considerably above the average sales price of a semi-detached dwelling at £140,000, flat at £120,000 and £95,000.

4.21 Postcode Area OL13 – Bacup, Whitworth and Britannia

4.22 According to Rightmove data, 60% of all sales in the OL13 postcode district in February 2015 comprised the sale of terraced properties, which sold at an average price of £58,609. Detached and Semi Detached properties sold for an average of £223,625 and £166,500 respectively. There were no sales of flats within the OL13 postcode during this period.

4.23 Estimated property values in OL13 showed a decrease of -2.30% over the previous year (Zoopla).

4.24 The graph at Figure 4.3 shows that average property values in OL13 have fluctuated around £110,000 since 2010. This is below that of the BB4 postcode district forming the western portion of the Borough (at £140,000) and the national average of between £230,000 and £270,000 across the same period.

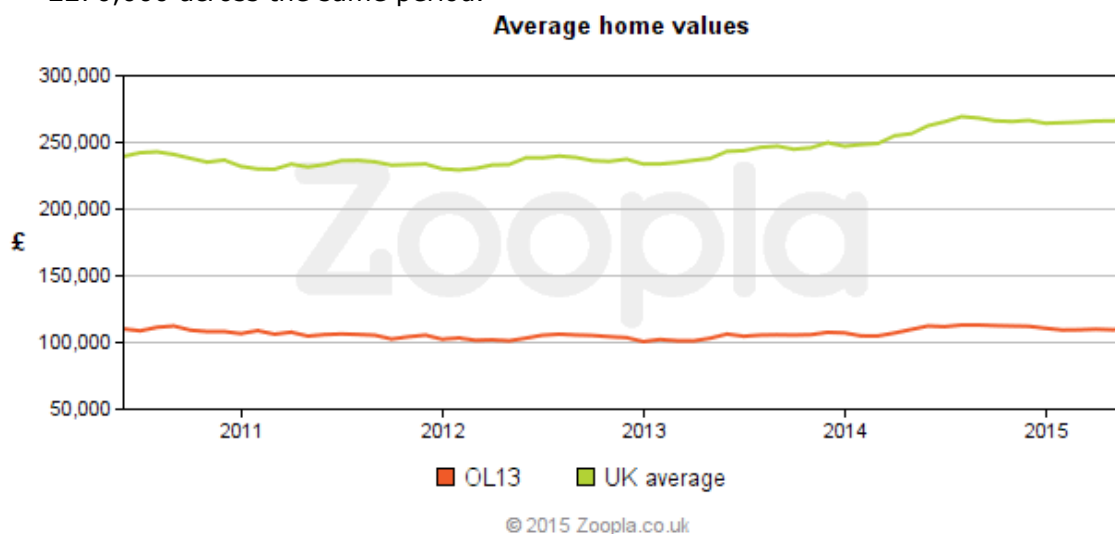


Figure 4.3 - Average Property Values across OL13 since 2010 (Zoopla)

4.25 Table 4.3 contains details of all sales transactions by dwelling type in the OL13 postcode district. The table shows average prices for each house type on a monthly basis together with the number of transactions in brackets.

Property Type	Month					
	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15
Detached	£204,102 (13)	£152,493 (7)	£159,659 (9)	£171,394 (8)	£144,000 (3)	£223,625 (4)
Semi Detached	£72,217 (6)	£107,690 (5)	£129,600 (5)	£89,300 (5)	£99,000 (2)	£166,500 (2)
Terraced	£72,033 (13)	£51,786 (7)	£83,244 (10)	£62,286 (7)	£113,000 (2)	£58,908 (6)
Flat	£0 (0)	£0 (0)	£0 (0)	£45,000 (1)	£0 (0)	£0 (0)
All	£125,720 (32)	£103,600 (19)	£121,557 (24)	£109,459 (21)	£122,285 (7)	£131,745 (12)

Table 4.3 - Average Property Prices and Number of Sales in OL13 (June 2015-Rightmove)

- 4.26 The property prices outlined above at Table 4.3 again indicate that there are distinct differences in the value of different property types within the specific area considered, which in this instance is OL13. Over the timescales considered the average property sold for around £120,000. This varies significantly between different types of property stock. For example, detached dwellings sold on average for £175,000. This is considerably above the average sales price of a semi-detached dwelling at £110,000 and terraced dwelling at £75,000. Too few apartments sold over the timescale to enable further analysis.
- 4.27 Having regard to the above it is clear that house prices vary between the east and west of the Borough. Prices towards the west exceed those in the east by on average by around 23% over the 6 month period considered above in Tables 4.2 and 4.3. This has been further notes within the specific developments of new build accommodation that has been assessed below.
- 4.28 Residential Sales Evidence
- 4.29 Over the last 3 years there have been a number of new residential developments in the Borough, which we have considered in preparing our evidence base, namely:-
1. Healey Walk, Whitworth – Persimmon Homes
 2. Kandel Place, Whitworth – BE Boys
 3. Moorland Gate, Britannia – Harron Homes
 4. Pennine View, Britannia - Wainhomes
 5. Erin Rise, Bacup – Harron Homes/McDermott Homes
 6. Hollin Way, Crawshawbooth – MCM Construction
 7. Higher Mill, Rawtenstall – BE Boys
 8. Dale Moor View, Rawtenstall - Taylor Wimpey
 9. Woodland Rise, Rawtenstall – Berkshire Homes
 10. Holly Mount Way, Rawtenstall - Hurstwood
 11. Weavers Dene, Helmshore – Taylor Wimpey
 12. Aldenbrook, Helmshore – PJ Livesey
- 4.30 The commentary below provides an overview of sales at each development. House price data has been obtained from the Land Registry, while marketing data has been sourced from Rightmove Plus in addition to developer’s own websites:-
1. Healey Walk is currently being developed and comprises the development of around 125no 2, 3, 4 and 5 bed dwellings located to the west of Whitworth. It is located on the former Orama Mill site and accessed from Cowm Park Road South. To date, we are aware of 39 sales reported by Land Registry between 2012 and 2014. The average sale price based on these 39 sales equates to £1,938 per sq.m (£180 per sq.ft).
 2. Kandel Place comprised the development of 8no 2.5 storey terraced dwellings. The development has now been completed. We understand from their website that BE Boys completed the development after the initial developer ran into financial difficulties. Unit sales between 2013 and 2014 achieved average selling prices equating to around £1,938 per sq.m (£180 per sq.ft).

3. Harron Homes are currently building out a total of 30no 3, 4 and 5 bed detached and semi-detached dwellings off New Line towards the south of Britannia. The majority of the site has now been developed and sold. We are aware of 24no sales between September 2013 and November 2014, which have achieved average sales prices equating to £1,884 per sq.m (£175 per sq.ft). Harron Homes are currently marketing the last 2no units.
4. Wainhomes are currently building out the latest phase of their 'Pennine View' development at Britannia. Located towards the north of Britannia and accessed off Rochdale Road, the development extends to 100 dwellings. The development comprises the construction of 3 and 4 bed detached dwellings. A total of 36no dwellings have sold at an overall average price equating to £1,722 per sq.m (£160 per sq.ft), although recent sales have been more towards £1,776 per sq.m (£165 per sq.ft).
5. Erin Rise in Bacup comprised the development of predominantly larger 4 bed detached dwellings off Douglas Road towards the east of Bacup. Built out by Harron Homes and McDermott Homes, the final sales completed in 2011. The final four sales that we are aware of achieved sales prices equating to around £1,776 per sq.m (£165 per sq.ft), although recent re-sales have been at prices of around £1,614 per sq.m (£150 per sq.ft).
6. Hollin Way is currently being built out by MCM Construction. Whilst the development extends to upwards of 250 units (according to the plans submitted as part of planning application no. 2012/214), the development is being built out fairly slowly. The development comprises the construction of predominantly larger dwellings, which according to the plans provided in respect of the above application comprise larger 4 and 5 bed dwellings which extend to between 125 sq.m (1,349 sq.ft) and 235 sq.m (2,529 sq.ft). A number of dwellings, particularly to the north and west of the development, have long since been completed, although construction is continuing towards the south of the site. Between 2011 and 2014 there have been a total of 13no sales, which have achieved average sales prices equating to around £2,045 per sq.m (£200 per sq.ft), whilst a total of 4no units have re-sold at similar values over the same period.
7. Higher Mill in Rawtenstall comprises the development of 15no 2.5 storey mews properties located within close proximity to Newchurch Road by BE Boys. The development comprises an urban infill development within a predominantly residential area, which is surrounded by terraced dwellings. In 2014 a total of 4no units sold at prices of around £1,722 sq.m (£160 per sq.ft). In addition, we are aware that resale values along Higher Mill Street at around £1,722 sq.m (£160 per sq.ft), with 6no sales between 2011 and 2014. We understand that the developer is currently building out Phase 2 on the block fronting Higher Mill Street and East Parade, although to date we are unaware of any sales.
8. Dale Moor View in Rawtenstall comprises the former Rossendale General Hospital Site and is located off Union Road to the west of Rawtenstall. Taylor Wimpey are in the process of building a total of 139 dwellings. When completed, the development will include 2, 3 and 4 bed dwellings. Development commenced in 2014, and we are aware of 12 sales reported at Land Registry between October 2014 and January 2015 which have achieved sales prices equating to £2,422 per sq.m (£225 per sq.ft).

9. Woodland Rise comprises the development of 17no smaller semi-detached and mews dwellings by Berkshire Homes off Bacup Road in Hareholme towards the east of Rawtenstall. Land Registry report that 2no dwellings have recently sold at values equating to £1,496 per sq.m (£139 per sq.ft) and £1,636 per sq.m (£152 per sq.ft). The development is located within close proximity to the main road, and within a mixed use area with industrial premises and older terraced dwellings.
10. Holly Mount is located behind the Asda supermarket in Rawtenstall and has been developed to provide a mixture of semi-detached, terraced and apartment dwellings. We have been unable to obtain plans in relation to the unit sizes, for the purpose of our analysis we have adopted the areas contained within the Energy Performance Certificates ('EPCs'). A total of 19 units have sold between 2011 and 2014 for between £102,000 and £175,000. The prices paid for these dwellings equates to an average of around £1,507 per sq.ft (£140 per sq.ft).
11. Weavers Dene is located off Holcombe Road towards the east of Helmshore. Taylor Wimpey are currently developing a total of 74no dwellings comprising 2, 3 and 4 bed terraced, semi-detached and detached. According to Land Registry there have been 44 sales, which have been at sales prices equating to £2,153 per sq.m (£200 per sq.ft).
12. Aldenbrook is located to the south west of Helmshore and was completed in 2011 It comprises around 37no apartments. Average sales prices of the apartments between 2011 and 2014 equated to around £2,045 per sq.m (£190 per sq.ft).

4.31 **Commercial Market**

4.32 General

- 4.33 According to the Office of National Statistics the UK Economy grew by 0.7% in Q2 2015, increasing from 0.4% in Q1 2015. The UK Economy has therefore expanded by around 2.6% over the past 12 months, and the Government's Office for Budget Responsibility (within their Economic and Fiscal Outlook – March 2015) forecast future economic growth of 2.5% per annum in 2015 and 2.3% per annum in 2016 respectively. Recent economic growth figures suggest that the UK Economy is growing at the fastest rate since 2007.
- 4.34 On a regional basis the Royal Bank of Scotland within their 'Regional Growth Tracker' state that the North West economy is growing at a faster rate relative to the UK national average at around 3.1% per annum.
- 4.35 The recent economic recovery has impacted different forms of commercial property in different ways, with some sectors appearing to recover more quickly than others. We have therefore provided a brief overview of the different property market sectors which are prevalent within the Rossendale on a North West Regional Basis in order to provide a greater degree of context, before providing a more focused commentary in relation to stock and transactions within the Borough.

4.36 Offices

- 4.37 Manchester and Liverpool dominate the supply of inner city office accommodation in the North West. GVA Billfinger within their 'The Big Nine – Regional Office Market Review Q1 2015' suggest that whilst the Manchester Office Market remains buoyant with take-up of 317,698 sq.ft in Q1 2015 against a five-year quarterly average of 259,323 sq.ft and prime rents of £32 per sq.ft, the Liverpool market has fared relatively poorly. At 20,000 sq.ft in Q1 2015, Liverpool Office take-up was significantly below the 5-year quarterly average at around 66,000 sq.ft, although prime rents remain stable at £21 per sq.ft. On a net effective basis (allowing for rent free period incentives) prime rents in Liverpool remained stable at around £16.28 per sq.ft between Q1 2014 and Q1 2015, although in Manchester rents have marginally increased from £22.86 per sq.ft to £25.33 per sq.ft when assessed on the same basis.
- 4.38 The majority of office accommodation in Rossendale comprises 'out of town' stock in locations such as New Hall Hey within close proximity to the A56/M66 junction, together with smaller concentrations at Rising Bridge and in Haslingden and at Futures Park in Bacup.
- 4.39 Asking rents for units of above 1,000 sq.ft tend to range between £8 and £10 for modern or newly refurbished stock, depending on the size, specification and location. Such accommodation includes space at the Hardmans Business Centre, Hurstwood House, Station House (all in New Hall Hey), New Hall Hey Business Centre and at the Rising Bridge Business and Enterprise Village.
- 4.40 Rents for smaller units of below 1,000 sq.ft tend to be slightly higher, and whilst stock is available at around £8 per sq.ft in certain instances (at the Link 665 Business Centre in Haslingden), quoting rents of above £15 per sq.ft are fairly common within the developments identified below for accommodation of below 500 sq.ft (which includes Hurstwood House, Hurstdale House Business Centre, Hurstdale House and at Station House – all in New Hall Hey).
- 4.41 Notwithstanding this, vacancy rates are clearly fairly high, owing to the levels of stock being marketed in each of the buildings listed below, and we would expect that incentives may need to be offered in order to achieve asking prices. The schedule of transactions at Appendix 1 suggests that in the majority of instances achieved rents have been slightly below asking rents, although the letting of 6,600 sq.ft at Hurstdale House in April 2014 at less than half the asking price may be indicative of limited demand and requirement for larger office units of above 1,000 sq.ft. This may partly explain why slow levels of take-up have been observed at the Rising Bridge Business Park (which is around 50% let), which comprises units of around 3,500 sq.ft.
- 4.42 Yields are invariably linked to the covenant strength of the tenant, the terms of the lease, condition of the building and the local market. We anticipate that prime yields within Rossendale will be to the order of between 9% and 10%, although this is heavily dependent on the specific nature of the transaction (and could well be higher or lower depending on the tenant and the specific lease terms). Over the last couple of years, we are unaware of any significant transactions involving purpose built office units, although historically units have transacted at around 9.5%.

4.43 Industrial

- 4.44 Jones Lang LaSalle ('JLL') within their 'UK Industrial Property Trends Today' report dated March 2014 state that industrial take up in the North West amounted to 11.5m sq.ft in 2013 (split between 8m sq.ft for units of between 1,000 and 99,999 sq.ft, and 3.5m sq.ft for units over 100,000 sq.ft).
- 4.45 There remained around 54m sq.ft of industrial accommodation available in the North West, which partly reflects the post-industrial heritage and mismatch between modern business requirements and the older stock on offer in often poor locations within the region. Partly as a result of the above, prime industrial rents in Liverpool lag behind those in Manchester and Warrington. JLL state that headline rents remain at around £5 per sq.ft for industrial accommodation in the North West.
- 4.46 Industrial accommodation in Rossendale is characterised by large quantities of older 'mill' type accommodation, which is often vacant or in poor condition and is not well suited towards the needs of modern businesses. This is particularly the case within the Irwell Valley between Rawtenstall and Bacup, where there are large quantities of former mill and older concentrations of former manufacturing accommodation. Notwithstanding this, as outlined below industrial estates such as those located at Grane Road and Carrs Industrial Estates towards the west of the Borough trade well, and contain high proportions of modern stock.
- 4.47 Having regard to recent lettings, we consider that rents of £5 per sq.ft could potentially be achieved for well-located new build stock. For example, a unit comprising 20,000 sq.ft recently let on a 1 year lease at a rent equating to £5.50 in Taylor Court on Todd Hall Road in Haslingden. Other lettings also indicate that this may be the case. For example, a number of modern units at the Courtyard on Grane Road in Helmshore comprising between 2,000 and 5,000 sq.ft have let off asking prices of between £4 and £5 per sq.ft, whilst units of between 3,000 and 5,000 sq.ft have let off asking prices of between £4 and £5.50 per sq.ft.
- 4.48 There have been no reported lettings within the Borough of new modern logistical accommodation in excess of 50,000 sq.ft in recent years. Notwithstanding this, immediately outside of the Borough we are aware that larger units at the Kingsway Business Park in Rochdale are being marketed at rents of £5.50 per sq.ft. Whilst the location of Kingsway is considered preferable to Rossendale (being located on the M62 motorway), we anticipate that rents of larger distributional accommodation in the Borough would be to the order of between £4.50 and £5.00 per sq.ft.
- 4.49 CBRE report that prime yields for multi-let industrial estates across the UK (excluding London) range between 6.0% and 6.8%; whilst CBRE report within their Prime Rent and Yield Monitor Report (Q4 2015) suggest that prime industrial yields in the North West are at around 6.6%. Whilst there is limited transactional evidence available owing to limited investor/developer activity in respect of new build stock, it is anticipated that yields of between 7% and 9% would be achievable on the best stock in Rossendale.

- 4.50 This is reinforced by recent sales within Rossendale. For example, CoStar report that Unit 1 at Taylor Court (which comprised 2,000 sq.ft) sold for £125,000 in April 2013, at a price which equated to £62 per sq.ft. Having regard to anticipated rental levels at around £5 per sq.ft at Taylors Court, this price equates to a net initial yield to the order of around 7.5%.
- 4.51 Whilst we understand that an undisclosed purchaser acquired around 18,908 sq.ft of industrial accommodation at Units 1-15 Bradwood Court on St Crispin's Way in Helmshore for £460,000 in May 2015, which equates to £24 per sq.ft and a net initial yield of 11.5%. We consider that this net initial yield is above the yields that would ordinarily be payable for new stock in the Borough, and may reflect the fact that the unit was built out in the 1990s and the specific terms of the lease or the tenant's (Texecom Ltd) covenant strength.
- 4.52 Retail
- 4.53 Colliers International within their 'GB Retail Report' published in Autumn 2014 state that the *'seemingly inexorable slide in prime retail rental levels outside of London appears to be coming to an end'*.
- 4.54 Reduced consumer expenditure resulting from a real fall in wages as inflation remained above the rate of economic growth has hit high street retailers hard, and over the past 5 years popular high street stores including JJB Sports, Jessops, Woolworths, Blockbuster, Comet and La Senza have entered into receivership, whilst others including HMV and Peacocks have been bought out of administration and continue to operate on a reduced basis.
- 4.55 Colliers report that since 2010 on a national basis prime town centre rents witnessed three consecutive years of rental decline, and whilst this decline appears slowing down (with prime rents in the North West averaging £87 per sq.ft ITZA in June 2014 relative to £88 per sq.ft ITZA 12 months previously), Colliers report that prime rents in the North West are still 19% below where they were in 2008.
- 4.56 Recent lettings at Rawtenstall of smaller comparison retail accommodation along Bank Street have taken place at rents of between £6 and £8 per sq.ft. Both Boots and TSB have recently renegotiated leases of their existing premises. According to CoStar, TSB Bank took a new lease of 2,818 sq.ft at 55-57 Bank Street at a rent of £22,000 in May 2014, which equates to a rent of £7.80 per sq.ft, or £22 per sq.ft ITZA. Boots took a lease of 9 Bank Street at a rent of £36,000 in April 2013, which based on the size of the unit (6,379 sq.ft) equated to £5.64 per sq.ft, or £18 per sq.ft ITZA. Prime rents in Rossendale are therefore thought to be to the order of around £20 per sq.ft ITZA in high street locations.
- 4.57 Evidence of recent lettings in town centre locations (Rawtenstall) and local centres (Bacup, Haslingden and Whitworth) is provided in Appendix 1.

- 4.58 At the time of writing, UK supermarkets appear to be entering a period of uncertainty regarding new store formats with increased online sales and the success of smaller convenience units. In recent years, both Tesco and Sainsbury's appear to have been moving away from larger store formats (above 50,000 sq.ft) and focusing on their Express and Local store ranges (which are often between 2,000 and 5,000 sq.ft), although over the course of the last 6 months both Tesco and Morrisons have issued a moratorium in respect of all new store development across the UK, inclusive of smaller stores.
- 4.59 Rents on medium sized new build supermarket units for Aldi in the wider North West have achieved values to the order of between £9 and £14 per sq.ft across the North West (for units of c.15,000 sq.ft), whilst rents of between £10 and £15 per sq.ft have been achieved based on the samples of units which have come forward to auction over the course of the past 2 years. Whilst historically supermarket rents have been between £18 and £24 per sq.ft for new store formats, we have not seen any lettings at this level for a number of years, and we anticipate that any future demand for supermarket accommodation will comprise budget accommodation given their recent growth.
- 4.60 Whilst we understand that Marks & Spencer have recently agreed to take accommodation at the New Hall Hey Retail Park, we have not been able to obtain details of the proposed letting, as the lease is not available on Land Registry. We also understand that Pets at Home and TK Maxx are currently trading from the New Hall Hey Retail Park, although similarly no lease details are available on Land Registry or on CoStar.
- 4.61 Transactions involving Tesco units have typically traded at net initial yields of between 4.5% and 6%, whilst a number of historic transactions involving Sainsbury's stores are between 4.5% and 5%. Sales of Aldi stores units have transacted at yields of between 5.4% and 7.6%, and averaged 6.3% based on 5 transactions.
- 4.62 Leisure
- 4.63 The rents and yields achievable in respect of leisure accommodation are extremely diverse, reflecting accessibility, foot fall and location. For example, rental levels in Central Liverpool and Manchester for A3 uses are reported to currently be above £50 per sq.ft per annum (at Liverpool One and the Printworks/Triangle in Manchester). Notwithstanding this, having regard to the characteristics of Rossendale it is anticipated that food and drink accommodation will typically comprise new 'out of town' provision within accessible locations, or forming parts of new leisure developments. From our experience, we are aware that pub operators in the North West will pay rents ranging between £17.50 and £21 per sq.ft for new build premises. We are aware that such premises have been acquired on the basis of a 6% yield.
- 4.64 Fast food operators (such as McDonalds and Kentucky Fried Chicken) and restaurant operators (including Nando's, Pizza Hut, Frankie and Benny's) typically achieve rents in excess of public houses, which is generally to the order of £20 to £25 per sq.ft in out of town locations. Key comparable transactions that are listed within Appendix 1 include the sale of Frankie and Benny's recently completed unit in Warrington in January 2013, the sale of a McDonald's unit in Wigan in December 2013 and the sale of a KFC unit in Accrington in February 2012. Such formats generally occupy between 2,000 and 5,000 sq.ft. The above fast food units listed have sold at yields of around 6.5%.

4.65 We understand that both McDonalds and KFC are interested in taking premises at Rawtenstall, although at the date of writing this Report we are not aware of their specific requirements or details of the negotiations involving either party.

4.66 Other Uses

4.67 In determining the appropriate rents and yields in respect of the above, and to the remaining Leisure Uses and Sui Generis accommodation assessed, we have had regard to the comparable evidence presented within Appendix 1.

5.0 FINANCIAL APPRAISAL ASSUMPTIONS

- 5.01 In this section, we have outlined the assumptions that have been adopted in our appraisals, in relation to the Residential and Non-Residential Development Scenarios, and also used within our Site Specific Testing.
- 5.02 **Land Values**
- 5.03 Land value is difficult to assess for a number of reasons. Firstly, development land value is an utterly derived value, with land being bought as a factor of production in the course of development. The price is generally determined by the development potential of the site. Secondly, the comparison of land value in terms of prices paid for sites is extremely difficult because of the large number of site specific variables that will impact upon the price paid. For example, the amount of remediation or other abnormal costs are likely to differ from site to site. Hence, any evidence of land transactions needs to be treated with a degree of subjectivity as adjustments may be necessary for factors such as abnormal site conditions, contamination and development density.
- 5.04 The document 'Viability Testing in Local Plans' advocates the use of 'threshold land value'. This should represent the value at which a typical willing landowner is likely to release land for development, before the payment of taxes. The guidance suggests that threshold land value needs to take account of the fact that future plan Policy requirements will have an impact on land values and landowner expectations, and therefore using a market value approach as a starting point carries the risk of building in assumptions of current Policy costs rather than helping to inform the potential for future Policy. As a result it suggests that market values can be a useful 'sense check' and suggests that the threshold land value is based on a premium over current use values and credible alternative use values. The latter would be most appropriate where there is competition for land among a range of alternative uses such as in town centres.
- 5.05 The RICS Guidance Note 'Financial Viability in Planning' explains that for a development to be financially viable, any uplift from the current use value of land that arises when planning permission is granted should be able to meet the cost of planning obligations, whilst at the same time, ensuring an appropriate site value for the land owner and a risk adjusted return to the developer for delivering the project. The return to the land owner will be in the form of a land value increase in excess of current use value. The land value will be based on market value which will be risk adjusted, so it will normally be less than current market prices for development land on which planning permission has been secured and planning obligation requirements are known. The guidance note recognises that the market value will be by definition at a level at which the landowner would be willing to sell.
- 5.06 In arriving at our assessments of land values in Rossendale, we have had regard to available transactional evidence both in Rossendale, and also in the wider North West area where relevant and similar market conditions exist. We have undertaken research using Land Registry data and other databases such as EGi and Co-star. We have also had regard to Valuation Office Property Market Surveys (albeit these are now fairly out-dated, which has been reflecting in the weighting in which we have used such studies).

5.07 **Residential Land Values**

- 5.08 The future residential development sites within the Borough are likely to be either previously developed sites, or Greenfield sites located immediately within or adjacent to the existing settlements in the Borough. For the avoidance of doubt, the term 'Greenfield' in this instance can refer to Green Belt release sites which are on undeveloped land, or to previously undeveloped sites within the Borough. Having regard to the characteristics of Rossendale, a typical settlement area site will have been previously developed and most likely would have been in previous residential or commercial use.
- 5.09 Having regard to the likely characteristics of development within the Borough, we have identified a number of possible development scenarios on both previously developed (Brownfield) and Greenfield sites. We have had regard to these classifications for the purpose of our testing.
- 5.10 In arriving at a market value for previously developed land in this case, both the land owner and the developer would have regard to a site's current use value, albeit a landowner would be seeking uplift in value above this level. Conversely, a developer would be reluctant to pay a full residential value for the site, having regard to the risk and cost involved in obtaining planning consent and the likely developer contributions being sought by the Council. In arriving at an assessment of market value it is therefore necessary to have regard to both evidence of current use values as well as evidence from sites with residential planning permissions and then make reasonable adjustments to reflect factors such as the land owner's aspirations, the developer's concerns, risks inherent in the development process, and planning obligations.
- 5.11 The definition of viability in the context of planning recognises the issue of a landowner receiving an appropriate site value, which whilst being less than full residential value is likely to be higher than current use value. Having regard to this we have considered the level of site value at which a landowner is likely to release a site for development in the urban area. We have considered a range of land values based on the likely revenues that residential developments would be expected to achieve across the Borough. In the circumstances we believe that it is reasonable to assume a site value for previously developed Brownfield land to be in the region of £990,000 per hectare (£400,000 per acre) for the highest value area in the Borough and a figure of £370,000 per hectare (£150,000 per acre) for the lowest value locations.
- 5.12 In order to deliver the growth proposed in the emerging Local Plan Part 2, it is likely that some Greenfield development sites either infill or outside the existing built-up areas will need to be developed over the Local Plan period. At the present time, these sites will normally be used for agricultural and grazing purposes or informal open space with site values on this basis typically in the region of £12,500 - £50,000 per hectare (£5,000 - £20,000 per acre). It is probable that a number of such sites have had development expectations, since they are at the edge of or within the settlement area and in some cases may already be subject to option agreements. Naturally, any land owner is unlikely to sell such sites for that level of value and clearly a land owner will be seeking an uplift in value if they are to consider releasing the site for development.

- 5.13 With reference to the RICS guidance and that from the Housing Delivery Group, it would be inappropriate to assume land values based on sites with full residential planning permission, and in reality the site value for viability purposes will lie somewhere between this and current value. In addition many Greenfield sites may require significant initial expenditure on services and infrastructure to enable them to be developed for residential purposes. We believe that for Greenfield locations it would be reasonable to assume a value in the region of £370,000 per hectare (£150,000 per acre) to £618,000 per hectare (£250,000 per acre) dependent on site size and location as being the level at which a landowner would consider releasing a site for development.
- 5.14 Having regard to the above, Table 5.1 below provides a summary of the ranges of land values that we have adopted within the testing:-

	Previously Developed		Greenfield	
	(£ per ha)	(£/acre)	(£/ha)	(£/acre)
Highest Value Area	990,000	400,000	618,000	250,000
Lowest Value Area	370,000	150,000	370,000	150,000

Table 5.1 - Residential Land Value Assumptions

5.15 **Non-Residential Land Values**

- 5.16 Consideration of current use values has also been applied to the sites for non-residential development to assess the commercial land values. Over the last few years, there have been limited land sales in Rossendale as a result of limited development activity in the commercial development sector. Having regard to this, considered adjustments have been made in order to reach land values based on both the reported transactional evidence and our market experience within the area.
- 5.17 Potential commercial development sites are most likely to be vacant Previously Developed Land, opportunity sites within or adjacent to existing industrial areas, or alternatively the extension of current industrial areas into the surrounding Greenfield areas.
- 5.18 In arriving at our assessment of market value, current use values have been considered and allowances made to reflect both the land owner's aspirations and the developer's concerns. The specific characteristics of each form of development have been taken into account. For example, larger consolidated plots in highly accessible locations are likely to command a premium given their suitability for supermarket development or for retail warehouse development. Similarly, car showrooms are likely to locate away from the town centre in highly accessible locations (and therefore pay a premium in excess of a normal industrial site), as would restaurants/public houses.

5.19 Table 5.2 below provides a summary of the land values for non-residential uses that we have adopted, together with an explanation of the differences.

Type	Land Value (price/hectare)	Land Value (price/acre)	Rationale
Industrial (B1b, B1c, B2, B8)	£370,000	£150,000	Located outside of Town Centre locations. Use requires fairly accessible location, although does not usually require significant frontage.
Office (A2, B1a)	£430,000	£175,000	Office land values can differ significantly depending on whether site is in town centre of periphery. Assumed lower land value to test viability in this instance. Accessible location with frontage required.
Convenience Retail (all sizes, all areas)	£740,000 to £1,235,500	£300,000 to £500,000	Use requires highly accessible location in close proximity to key public transport interchanges or main arterial routes. Requires significant plot sizes. Competition for land from other uses. Larger sites tend to transact at a premium due to competition and site assembly costs, therefore values towards the upper end of the range have been used for larger format stores and towards the lower end for smaller format stores.
Comparison Retail (all sizes, all areas)	£740,000 to £990,000	£300,000 to £400,000	Use requires highly accessible location in close proximity to key public transport interchanges or main arterial routes. Requires significant plot sizes. Competition for land from other uses. Larger sites tend to transact at a premium due to competition and site assembly costs, therefore values towards the upper end of the range have been used for larger format stores and towards the lower end for smaller format stores.
Leisure Uses	£740,000	£300,000	Located outside of Town Centre within close proximity to existing leisure/retail provisions. Use requires fairly accessible location which is preferably located within close proximity to key public transport interchanges or main arterial routes.
Extra Care Accommodation/ Nursing Home	Various	Various	It is anticipated that Values for Extra Care Accommodation /Nursing Home Accommodation are similar to residential land values.

Table 5.2 – Adopted Land Values for Non-Residential Testing

5.20 Acquisition Costs

5.21 In addition to the land values detailed above, we have also assumed land acquisition costs based on 1% of purchase price for agent's fees and legal fees at 0.8%. This is in line with normal market practice and rates. We have also assumed payment of stamp duty in accordance with HMRC thresholds and rates.

5.22 **Timing of Land Acquisition**

5.23 Our site appraisals assume that the land is acquired on day 1 of the development programme and hence the purchase carries finance costs from the outset. For most of the small allocations considered this would be usual practice. However, it should be noted that for the larger residential developments above 50 units it would be unusual for a developer to acquire the entirety of such large sites from day 1. A large development site would normally be the subject of a phased acquisition programme, with the land only being drawn down by the developer as required. As a result, land acquisition costs are more likely to be phased over the development period and so the cost of finance would be reduced with a corresponding increase in the amount of development surplus and viability of the development.

5.24 **Residential Appraisal Assumptions**

5.25 ***Development Programme***

5.26 In our experience we anticipate that a developer would seek to construct and sell around 30-40 dwellings per annum, although in this instance we note that sales may be slower within lower value parts of the Borough.

5.27 For the purpose of the assessments we have assumed an average sales rate for each site of between 0.5 and 2 per month in lower value locations, and between 1 and 2.5 per month in higher value locations, depending on the size of the development, with the first sales taking place 5 months after a start on site.

5.28 Given that the largest development that we propose to test comprises 150 dwellings, we consider that this size of development is too small for developers to 'double up' with multiple house builders building out at the same time with multiple sales outlets, which may increase sales rates in certain instances. We have therefore assumed that this form of development will be developed by a single house builder.

5.29 Table 5.3 illustrates the overall development programmes that we have assumed. It is noted that larger developments will typically be able to afford more proactive marketing campaigns (with a show-home, full time sales representative, flyers and possibly a radio marketing campaign), which will in turn speed up the number of sales. We have therefore adopted a progressive sales rate in which larger developments dispose of units at a faster rate.

No Units	Lower Value Area Sales Rate	Higher Value Area Sales Rate	Lower Value Area Development Programme (Months)	Higher Value Area Development Programme (Months)
10	0.5/month	1/month	20	10
25	1/month	1.5/month	25	17
50	1/month	2/month	50	25
75	1.5/month	2.5/month	50	30
100	2/month	2.5/month	50	40

Table 5.3 - Residential Development Programme

5.30 **Sales Values**

5.31 Market Housing

5.32 Having regard to the market commentary contained at Section 4 and the detailed comparable sales evidence at Appendix 1 we have adopted the following sales values of between £1,615 per sq.m (£160 per sq.ft) and £2,260 per sq.m (£220 per sq.ft) across the different locations in Rossendale. The values represent the likely sale price net of any sales incentives.

5.33 From our analysis it is clear that in general values tend to be lowest in the areas around Bacup. Values are notably higher in areas such as Helmshore, Edenfield and some of the affluent areas around Rawtenstall; while settlements in the remainder of the Borough tend to lie somewhere between the two extremes. New dwellings have sold at variable rates in Rawtenstall itself, and whilst 'Inner Rawtenstall' has been placed in Zone 1, we understand that asking prices at BE Boy's Whinberry View and sales prices Higher Mill are closer to Zone 2 pricing levels. Pricing in Rawtenstall is therefore extremely variable, and dependent on specific localised site characteristics. The results should be interpreted in this context, and it is acknowledged that Inner Rawtenstall would tend to fall in between these two zones depending on location.

Zone	Wards	Sales Value per sq.m	Sales Value per sq.ft
1	Bacup, Stacksteads, Inner Rawtenstall	£1,615	£150
2	Whitworth, Britannia, Newchurch, Waterfoot, Haslingden, Weir, Water, Lumb	£1,830	£170
3	Crawshawbooth (including Goodshaw and Loveclough), Outer Rawtenstall (including New Hall Hey) New Hall Hey	£2,045	£190
4	Helmshore, Edenfield	£2,260	£210

Table 5.4 - Residential Sales Prices Adopted

5.34 Further details regarding the specific net sales prices applied to each of the allocated sites are contained in Appendix 4 these are informed by the location, local demand and supply and the surrounding land uses.

5.35 Affordable Housing

5.36 The values that have been assumed for the affordable units are based on the likely bid by a Registered Provider. In this respect we have assumed bid prices for the different tenure options based on the percentages of market value. The rates adopted reflect the reported sales values for affordable stock as reported to us by Registered Providers who are particularly active in the area. The following values have been adopted:-

- Affordable Rent 45% of market value
- Social Rent 45% of market value
- Intermediate 75% of market value

- 5.37 Whilst we understand that the SHMA is currently being drafted, we have been instructed by Council Officers to assume an affordable housing mix that comprises 10% social rented accommodation, 50% affordable rented accommodation, and 40% intermediate accommodation.
- 5.38 Our viability testing for each of the allocated sites assumes on site affordable housing provision based on the Policy compliant position, depending on whether a site is considered to be brownfield or greenfield in character. For completeness, we have also tested the impact of affordable housing on the viability of development at 10% intervals so that we are able to make inferences to determine the levels of affordable housing that can be afforded.
- 5.39 **Construction Costs**
- 5.40 The construction costs that have been adopted have been prepared by WYG Quantity Surveyors. A report containing their methodology is contained at Appendix 2. Their report also contains the individual specific construction cost assessments.
- 5.41 These costs are based on current building regulation requirements and are inclusive of substructures, super structures, all external works, incoming services and drainage, preliminaries, fees and a contingency.
- 5.42 The cost assessments do not specifically allow for the additional costs associated with the optional National Technical Standards, although these costs are included on an itemised basis within our testing in order to test the impact of these additional costs.
- 5.43 **S106/S278 and Other Planning Requirements**
- 5.44 In undertaking both our generic and site specific testing we have incorporated an amount of £1,000 per dwelling as an allowance to reflect the need for additional highway works such as new access arrangements, junction improvements and footpaths, or other site specific S.106 requirements. This quantum has been calculated with reference to the monies previously sought by the Council as S106 payments towards highways.
- 5.45 **Sales and Marketing Costs**
- 5.46 Disposal costs, including sales and marketing expenses, have been assumed at a rate of 3.5% of the Gross Development Value of the market housing. This is in line with typical development industry rates for housing development. We have included an allowance of £500 per unit for the costs associated with the transfer of the affordable units to a registered provider.

5.47 **Finance**

5.48 A finance rate of 7% has been applied uniformly across all forms of residential development, which reflects the fairly low sales rates that we have observed across the Borough. Whilst we anticipate that larger developments will be undertaken by national developers who typically have lower borrowing costs, we anticipate that due to the low sales rates prevalent within the Borough such developers will have to pay similar finance rates to that of smaller developers as a result of the perceived risks and timescales associated with larger developments in the Borough.

5.49 Whilst some isolated developments such as Taylor Wimpey's Dale Acre View have achieved higher sales rates relative to competing developments, on the whole sales rates on active developments within the Borough have been fairly sluggish, and as such we consider that it is prudent to adopt a uniform finance rate of 7% across the Borough to assess the viability of development.

5.50 **Developer's Profit and Overhead**

5.51 In assessing the appropriate level of developer's profit, we have had regard to both the size and form of the proposed development and the likely risk associated with the development as a result. The level of profit requirement will principally reflect the risk of constructing a particular development site and as a result a developer will typically require different levels of profit as reward for risk across different sites.

5.52 Many factors will govern risk in relation to a development site; these include location, the local property market, the size and scale of the development, potential contamination and other abnormal costs and the type of accommodation being provided. Other considerations affecting risk could include the planning status of the site, and specifically whether a planning consent is in place for the proposed scheme.

5.53 In terms of residential development, a smaller residential development would be considered less risky than a large scale strategic residential development site. On a larger site it may take many years for the developer to build out and complete the sale of all of the houses. There could be significant changes (for better or worse) in the property market during the lifetime of the development. Therefore, the risk associated with having capital tied up in the development is carried for many years. As a result, a developer would require a higher profit return than on the smaller development site.

5.54 The industry standard measure of profit return is typically based on a percentage of either Gross Development Value (GDV) or cost. In certain instances developers may use an internal rate of return as an additional check measure. In our experience profit based on GDV is more commonly used for residential developments although not exclusively, whilst a return based on cost is more typical for commercial development.

5.55 Based on market experience, residential developments would tend to command a profit return of 15-20% GDV, inclusive of a developer's overhead.

- 5.56 The HCA Guidance Note '*Investment and Planning Obligations: Responding to the Downturn*¹ suggests that a figure of 16% of values rather than cost may be targeted for private residential sales. The HCA's User Manual ² accompanying their Development Appraisal Tool suggests a typical figure at that time (July 2009) of 17.5-20% GDV, but this is given as a guide only as the manual suggests that profit will depend on the state of the market and the size and complexity of the scheme. It is notable that the manual, to accompany the new HCA Development Appraisal Tool, refrains from giving any form of guidance on the measure of any appraisal variables.
- 5.57 Looking at planning decisions, the level of developers profit hasn't specifically been considered as a point of debate. However, Planning Inspectors in certain instances have made reference in decisions to the level of profit adopted and what is typical, including the following examples:-
- 5.58 Flambard Way, Godalming³ (a mixed development of 225 flats and commercial accommodation): the inspector refers to an industry norm of 15-20% profit and although not explicitly stated this seems to be based on cost;
- 5.59 Flemingate, Beverly⁴ (a mixed use development): Here the Inspector accepted 15% of cost;
- 5.60 Clay Farm⁵ (2,300 dwellings and retail, health centre, education): Here the Local Planning Authority suggested a profit return based on 20% of cost or 16% of GDV. 16% GDV was considered by the Council to be consistent with the profit based on GDV in the HCA document detailed above. The Inspector appears to accept the LPA's approach albeit the key point at issue related to whether the scheme should be assessed on a residual land value basis, or based on the actual historic purchase price.
- 5.61 Former Royal Hotel, Newbury⁶ (35 sheltered apartments): The Inspector here decided that the profit range of 17.5%-20% of GDV detailed in the HCA EAT user manual was the correct level of profit for this development.
- 5.62 Shinfield, Reading⁷ (residential development comprising 126 dwellings and a sports pavilion): The inspector determined that a figure of 20% profit on GDV was appropriate for this development.

¹ HCA Guidance Note 'Investment and Planning Obligations: Responding to the Downturn' (HCA, 2009)

² HCA Economic Appraisal Tool User Manual (HCA, 2009)

³ Planning Inspectorate Decision in relation to 'Waverley Borough Council appeal by Flambard Development Limited' APP/R3650/A/08/2063055 (Planning Inspectorate 2008)

⁴ Planning Inspectorate Decision in relation to Application by CP Group, Wykeland Group and Quintain Estates & Development PLC, LPA: East Riding of Yorkshire' APP/E2001/V/08/1203215 (Planning Inspectorate 2008)

⁵ Planning Inspectorate Decision in relation to 'Applications by Countryside Properties PLC & Countryside Properties (UK) Ltd to Cambridge City Council' APP/Q0505/A/09/2103599 and APP/ Q0505/A/09/2103592 (Planning Inspectorate, 2009)

⁶ Planning Inspectorate Decision in relation to 'Former Royal Hotel, Newbury, Gillingham, Dorset SP8 4QJ' APP/N1215/A/09/2117195

5.63 As the above demonstrates, the profit return requirement is not at a fixed level and will vary from site to site, depending upon the risk profile which is driven by many factors.

5.64 On the basis of the above and having regard to the nature of the site typologies and allocated sites, a profit level based on 15% of GDV (inclusive of overheads) has been applied for the smaller housing schemes of 25 units or less. For all other sites a developer's return (inclusive of overheads) of 20% of GDV has been adopted.

5.65 **Non-Residential Appraisal Assumptions**

5.66 **Development Programme**

5.67 The development programme for non-residential sites will vary depending on the specific characteristics of each scheme. For the non-residential testing table 5.5 contains details of the development programme that we have assumed.

Scheme Ref	Use	Area (sq.m)	Construction Period (Months)
1	Offices	464	7 months
2	Offices	1,857	10 months
3	Offices	929	14 months
4	Industrial B2/B8	464	4 months
5	Industrial B2/B8	929	6 months
6	Industrial B2/B8	1,857	8 months
7	Industrial B2/B8	4,643	10 months
8	Industrial B2/B8	9,287	12 months
9	Industrial B2/B8	23,225	14 months
10	Retail (Food store - Convenience)	279	5 months
11	Retail (Food store - Convenience)	929	9 months
12	Retail (Food store - Convenience)	2,786	10 months
13	Retail (Food store - Convenience)	4,643	12 months
14	Non-food retail	279	5 months
15	Non-food retail	929	8 months
16	Non-food retail	2,786	10 months
17	Gymnasium	929	9 months
18	Hotel	2,786	12 months
19	Food and Drink (Pub/Restaurant)	464	11 months
20	Extra Care (50 Bed)	4,087	15 months
21	Care/Nursing Home (50 Bed)	2,786	12 months
22	Car Showroom	929	8 months

Table 5.5 - Development Programmes – Non-Residential

⁷ Planning Inspectorate Decision in relation to 'Land at the Manor, Shinfield, Reading RG2 9BX and bordered by Brookers Hill to the North, Hollow Lane to the East and Church Lane to the West' APP/X0360/A/12/2179141 (Planning Inspectorate 2013)

5.68 **Sales Values**

5.69 Having regard to the comparable evidence contained in Appendix 1 and the market commentary at Section 4, table 5.6 contains details of the sales values that have been adopted for each of the non-residential uses in the employment allocations.

Scheme Ref	Use	Area (sq.m)	Sales Price (per sq.m)	Sales Price (per sq.ft)
1	Offices	464	£1,521	£141
2	Offices	1,857	£1,394	£130
3	Offices	929	£1,267	£118
4	Industrial B2/B8	464	£811	£75
5	Industrial B2/B8	929	£744	£69
6	Industrial B2/B8	1,857	£744	£69
7	Industrial B2/B8	4,643	£724	£67
8	Industrial B2/B8	9,287	£780	£72
9	Industrial B2/B8	23,225	£780	£72
10	Retail (Food store - Convenience)	279	£2,184	£203
11	Retail (Food store - Convenience)	929	£1,872	£174
12	Retail (Food store - Convenience)	2,786	£1,872	£174
13	Retail (Food store - Convenience)	4,643	£1,872	£174
14	Non-food retail	279	£1,520	£141
15	Non-food retail	929	£1,520	£141
16	Non-food retail	2,786	£1,520	£141
17	Gymnasium	929	£1,267	£118
18	Hotel	2,786	£1,034	£96
19	Food and Drink (Pub/Restaurant)	464	£2,607	£242
20	Extra Care (50 Bed)	4,087	£2,260	£210
21	Care/Nursing Home (50 Bed)	2,786	£1,034	£96
22	Car Showroom	929	£2,028	£188

Table 5.6 - Non-residential Sales Values

5.70 **Construction Costs**

5.71 The construction costs that have been adopted in the viability appraisals have been prepared by WYG Quantity Surveyors and their methodology is included in their report at Appendix 2. For ease of reference Appendix 2 summarises the build costs we have adopted within the generic testing. These costs are calculated on a cost/sq.m basis, and are inclusive of substructures, super structures, all external works, incoming services and drainage, preliminaries, fees and a contingency.

5.72 ***Sales and Marketing***

5.73 We have assumed marketing and disposal fees on lettings of the units based on 20% of rental value. Sales disposal fees have been included at a rate of 1.2% (1.00% being attributed to agent's fees and 0.6% to legal fees). Such fees are considered reasonable at the present time and comprise the standard market charges. Stamp Duty Land Tax has been included as appropriate at usual HMRC rates.

5.74 ***Finance***

5.75 A finance rate of 6% has been uniformly applied across all commercial development, which is inclusive of arrangement and monitoring fees. This quantum reflects the profile of commercial developers and the characteristics of the development, due to the fact that we anticipate that the majority of developments will be built out by a larger developer. As a result of the size of commercial developers, we would expect their borrowing costs to be lower than that of smaller developers and residential developers, although it is acknowledged that some larger residential developers may benefit from similar economies of scale and be able to borrow at a lower rate relative to smaller competitors who may be active in the market.

5.76 ***Developer's Profit and Overhead***

5.77 In assessing the appropriate level of developer's profit, we have had regard to both the size and form of the proposed development and the likely risk associated with the development as a result. As identified above in reference to the assumptions made in relation to developers profit in the residential appraisals, the level of profit requirement will principally reflect the risk associated with a particular development site and as a result a developer will typically require different levels of profit as reward for risk across different sites.

5.78 In the context of most forms of commercial development, the developer will typically seek a profit requirement of approximately 20% on cost. The figure is widely used, and has been applied to all forms of non-residential development that we have tested.

6.0 VIABILITY RESULTS AND POLICY IMPACTS

6.01 This section sets out the results and findings from the viability assessments undertaken for both the hypothetical and site specific testing.

6.02 Residential

6.03 In each case the results tables are presented alongside the site, density and number of units tested. The 'Development Surplus' is the residual sum that is left over once gross costs (inclusive of developers profit and 'threshold land costs') are deducted from gross revenues. The Development Surplus is presented on a per sq.m basis within the tables presented below.

6.04 The 'Development Surplus' is then assessed alongside the proposed policy options, namely the impact of the optional National Technical Standards, and Affordable Housing requirements using the differing tenure mixes. The columns relating to the policy options show the cost per sq.m reduction to the development surplus as a result of adopting that policy requirement.

6.05 For ease of reference and presentation the table cells have simply been coloured to demonstrate development viability as follows:-

Red	not viable and demonstrates a loss or deficit
Amber	marginal development which shows a development surplus equivalent to between 0-5% of GDV. In such cases a relatively small increase in costs or reduction in revenue could make the scheme unviable
Green	the development is viable and has a development surplus which is equivalent to or greater than 5% of GDV

Table 6.1 - Development Viability Coding

6.06 In a number of cases cells are shaded grey which indicates that affordable housing has not been tested at this level as based on the results of testing at lower thresholds it has already been determined that this would be unviable.

6.07 As identified earlier within the Report, the different value zones referenced below refer to the different value areas within the Borough, which are identified within Table 5.4 above.

6.08 Residential Generic Testing

6.09 Zone 1

6.10 Tables 6.2, 6.3 and 6.4 contain the results of the viability testing for Zone 1 which broadly covers the areas of Bacup, Stacksteads and Weir.

6.11 *Baseline Surplus*

6.12 At 30 dph in respect of the Brownfield sites tested the baseline position ranges from a surplus of £13 per sq.m (Scheme 4) to a surplus of £65 per sq.m (Scheme 1). At 40 dph the viability position improves and the surpluses range from between £66 per sq.m (Scheme 3) to £115 per sq.m (Scheme 1).

6.13 In respect of the Greenfield Sites tested the baseline surpluses increase. We have only tested Greenfield Sites at 30 dph, as such development is typically more dispersed in character. The baseline surpluses range from £67 per sq.m (Scheme 3) to £125 per sq.m (Scheme 1).

6.14 Development in Zone 1 is generally viable at the baseline position, although a number of developments are marginal. Of the 15 development scenarios tested across Greenfield and Brownfield sites 6 are viable (40%) and the remaining 9 are marginal (60%).

6.15 *National Technical Standards*

6.16 All of the developments tested can achieve the optional National Technical Standards and remain viable.

6.17 *Affordable Housing*

6.18 In Zone 1 we have undertaken testing to determine the impact of on-site affordable provision across both previously developed Brownfield and also Greenfield sites. Given the extent of the testing we have briefly summarised the outcome in Tables 6.2 and 6.3 below:-

	Level of Affordable Housing Provision (%)		
	0%	10%	20%
Viable	2 (25%)	0 (0%)	0 (0%)
Marginal	6 (75%)	5 (63%)	3 (37%)
Unviable	0 (0%)	3 (37%)	6 (63%)

Table 6.2 – Brownfield Affordable Housing Results for Zone 1

	Level of Affordable Housing Provision (%)				
	0%	10%	20%	30%	40%
Viable	3 (60%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Marginal	2 (40%)	5 (100%)	4 (80%)	0 (0%)	0 (0%)
Unviable	0 (0%)	0 (0%)	1 (20%)	5 (100%)	5 (100%)

Table 6.3 – Greenfield Affordable Housing Results for Zone 1

- 6.19 Based on the policy compliant affordable provision of 20% for Brownfield developments, very few of development scenarios tested can afford the full provision. None of the development scenarios tested were viable, although 37% were marginal. A total of 63% of the scenarios tested remained unviable.
- 6.20 We have also considered the viability of development incorporating 10% affordable housing provision which results in a further improvement in viability on Brownfield sites. None of the scenarios tested were viable, although 63% of the development scenarios tested were marginal with a development surplus of below 5% of GDV.
- 6.21 All Greenfield development scenarios are unviable at a policy compliant affordable provision of between 30% (minimum) and 40% (maximum).
- 6.22 With a reduction in the amount of on-site affordable housing provision to 20%, the viability of the schemes tested increases. Whilst none of the development scenarios are viable, a total of 80% of the scenarios tested are marginal and 20% are unviable.
- 6.23 We have also considered the viability of development incorporating 10% affordable housing provision which results in a further improvement in viability. None of the development scenarios tested is viable, although none are unviable. Each of the 5 schemes tested is marginal.
- 6.24 Zone 2
- 6.25 Tables 6.4, 6.5 and 6.11 contain the results of the viability testing for development in Zone 2 which broadly covers the areas of Whitworth, Britannia, Inner Rawtenstall, Newchurch and Waterfoot.
- 6.26 *Baseline Surplus*
- 6.27 At 30 dph in respect of the Brownfield sites tested the baseline position ranges from a surplus of £32 per sq.m (Scheme 3) to a surplus of £104 per sq.m (Scheme 1). At 40 dph the viability position improves and the surpluses range from between £106 per sq.m (Scheme 3) to £175 per sq.m (Scheme 1).
- 6.28 In respect of the Greenfield Sites tested the baseline surpluses increase. The baseline surpluses range from £174 per sq.m (Scheme 3) to £250 per sq.m (Scheme 1).
- 6.29 Development in Zone 2 is generally viable at the baseline position, although a number of developments are marginal. Of the 15 development scenarios tested across Greenfield and Brownfield sites 9 are viable (60%) and the remaining 6 are marginal (40%).
- 6.30 *National Technical Standards*
- 6.31 All of the developments tested can achieve the optional National Technical Standards and remain viable.

6.32 *Affordable Housing*

6.33 In Zone 2 we have undertaken testing to determine the impact of on-site affordable provision across both previously developed Brownfield and also Greenfield sites. Given the extent of the testing we have briefly summarised the outcome in Tables 6.4 and 6.5 below:-

	Level of Affordable Housing Provision (%)		
	0%	10%	20%
Viable	5 (63%)	2 (25%)	0 (0%)
Marginal	3 (37%)	3 (37%)	4 (50%)
Unviable	0 (0%)	3 (37%)	4 (50%)

Table 6.4 – Brownfield Affordable Housing Results for Zone 2

	Level of Affordable Housing Provision (%)				
	0%	10%	20%	30%	40%
Viable	5 (100%)	5 (100%)	4 (80%)	2 (40%)	0 (0%)
Marginal	0 (0%)	0 (0%)	1 (20%)	3 (60%)	5 (100%)
Unviable	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)

Table 6.5 – Greenfield Affordable Housing Results for Zone 2

6.34 Based on the policy compliant affordable provision of 20% for Brownfield developments, only a limited number of development scenarios tested can afford the full provision (and all of these developments (50%) were marginal as a result. The remaining 50% of the development scenarios tested were unviable.

6.35 We have also considered the viability of development incorporating 10% affordable housing provision which results in a further improvement in viability on Brownfield sites. A total of 25% of the development schemes tested were viable, whilst 37% were marginal and a further 37% remained unviable.

6.36 Based on a policy compliant affordable provision of between 30% (minimum) and 40% (maximum), all Greenfield development scenarios are either viable or marginal. At 40%, each of the 5 scenarios tested (100%) are marginal.

6.37 At 30%, a total of 2 of the development scenarios are viable (40%), whilst 3 (60%) are marginal. None of the development schemes are unviable.

6.38 With a reduction in the amount of on-site affordable housing provision to 20%, the viability of the schemes tested increases. A total of 80% of the schemes considered are viable, whilst the remaining 20% are marginal. None of the development scenarios tested are unviable.

6.39 We have also considered the viability of development incorporating 10% affordable housing provision which results in a further improvement in viability. In this instance, all of the development scenarios tested are viable.

6.40 Zone 3

6.41 Tables 6.6, 6.7 and 6.12 contain the results of the viability testing for development in Zone 2 which broadly covers the areas of Crawshawbooth, Haslingden, Outer Rawtenstall and New Hall Hey.

6.42 *Baseline Surplus*

6.43 At 30 dph in respect of the Brownfield sites tested the baseline position ranges from a surplus of £62 per sq.m (Scheme 3) to a surplus of £140 per sq.m (Scheme 1). At 40 dph the viability position improves and the surpluses range from between £159 per sq.m (Scheme 3) to £237 per sq.m (Scheme 1).

6.44 In respect of the Greenfield Sites tested the baseline surpluses increase. The baseline surpluses range from £251 per sq.m (Scheme 3) to £330 per sq.m (Scheme 1).

6.45 Development in Zone 3 is generally viable at the baseline position, although a number of developments are marginal. Of the 15 development scenarios tested across Greenfield and Brownfield sites 10 are viable (67%) and the remaining 5 are marginal (33%).

6.46 *National Technical Standards*

6.47 All of the development scenarios tested can support development that complies with the optional National Technical Standards.

6.48 *Affordable Housing*

6.49 In Zone 3 we have undertaken testing to determine the impact of on-site affordable provision across both previously developed Brownfield and also Greenfield sites. Given the extent of the testing we have briefly summarised the outcome in Tables 6.6 and 6.7 below:-

	Level of Affordable Housing Provision (%)		
	0%	10%	20%
Viable	5 (63%)	4 (50%)	2 (25%)
Marginal	3 (37%)	4 (50%)	4 (50%)
Unviable	0 (0%)	0 (0%)	2 (25%)

Table 6.6 – Brownfield Affordable Housing Results for Zone 3

	Level of Affordable Housing Provision (%)				
	0%	10%	20%	30%	40%
Viable	5 (100%)	5 (100%)	5 (100%)	5 (100%)	2 (40%)
Marginal	0 (0%)	0 (0%)	0 (0%)	0 (0%)	3 (60%)
Unviable	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)

Table 6.7 – Greenfield Affordable Housing Results for Zone 3

- 6.50 Based on the policy compliant affordable provision of 20% for Brownfield developments, only a limited number of development scenarios tested can afford the full provision. A total of 25% of the schemes tested were viable, and 50% were marginal. The remaining 25% of schemes tested were unviable.
- 6.51 We have also considered the viability of development incorporating 10% affordable housing provision which results in a further improvement in viability on Brownfield sites. A total of 50% of the development schemes tested were viable, whilst 50% were marginal. At 10%, none of the schemes tested were unviable.
- 6.52 Based on a policy compliant affordable provision of between 30% (minimum) and 40% (maximum), all Greenfield development scenarios are either viable or marginal. With a 40% affordable housing provision, 40% of the schemes tested are viable, whilst 60% are marginal.
- 6.53 With a reduction in the amount of on-site affordable housing provision to 30%, the viability of the schemes tested increases, and 100% of the schemes tested are viable. By de facto therefore all developments with a 10% and 20% affordable housing provision are viable.
- 6.54 Zone 4
- 6.55 Tables 6.8, 6.9 and 6.13 contain the results of the viability testing for development in Zone 2 which broadly covers the areas of Helmsshore, Edenfield and affluent areas around Haslingden and Rawtenstall.
- 6.56 *Baseline Surplus*
- 6.57 At 30 dph in respect of the Brownfield sites tested the baseline position ranges from a surplus of £62 per sq.m (Scheme 3) to a surplus of £140 per sq.m (Scheme 1). At 40 dph the viability position improves and the surpluses range from between £159 per sq.m (Scheme 3) to £237 per sq.m (Scheme 1).
- 6.58 In respect of the Greenfield Sites tested the baseline surpluses increase. The baseline surpluses range from £275 per sq.m (Scheme 4) to £371 per sq.m (Scheme 1).
- 6.59 Development in Zone 4 is viable at the baseline position. All of the 15 development schemes tested are viable (and none are therefore marginal or unviable).

6.60 *National Technical Standards*

6.61 All of the development scenarios tested can support development that complies with the optional National Technical Standards.

6.62 *Affordable Housing*

6.63 In Zone 4 we have undertaken testing to determine the impact of on-site affordable provision across both previously developed Brownfield and also Greenfield sites. Given the extent of the testing we have briefly summarised the outcome in Tables 6.8 and 6.9 below.

	Level of Affordable Housing Provision (%)		
	0%	10%	20%
Viable	8 (100%)	8 (100%)	5 (63%)
Marginal	0 (0%)	0 (0%)	3 (37%)
Unviable	0 (0%)	0 (0%)	0 (0%)

Table 6.8 – Brownfield Affordable Housing Results for Zone 4

	Level of Affordable Housing Provision (%)				
	0%	10%	20%	30%	40%
Viable	5 (100%)	5 (100%)	5 (100%)	5 (100%)	5 (100%)
Marginal	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Unviable	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)

Table 6.9 – Greenfield Affordable Housing Results for Zone 4

6.64 Based on the policy compliant affordable provision of 20% for Brownfield developments, all of development scenarios tested can afford the full provision. Notwithstanding this, while 63% of the schemes tested were viable, a total of 37% remained marginal.

6.65 We have also considered the viability of development incorporating 10% affordable housing provision which results in a further improvement in viability on Brownfield sites. In this instance, all developments are viable.

6.66 Based on a policy compliant affordable provision of between 30% (minimum) and 40% (maximum), all Greenfield development scenarios are viable. In Zone 4, 100% of the development scenarios tested are viable. Naturally this is replicated when the affordable housing provision is reduced to 30%, 20% and 10%.

Scheme	Density	Gross Area (sq.m)	Baseline Surplus (per sq.m)	Impact of Affordable Housing				Impact of National Technical Standards
				10%	20%	30%	40%	
1 (10 Units)	30	1021	£65					£15
2 (25 Units)	30	2,451	£38	£51				£15
3 (50 Units)	30	4,931	£13	£37				£14
4 (75 Units)	30	7,469	£21	£42				£14
5 (100 Units)	30	9,920	£47	£42	£76			£14

Table 6.10 – Zone 1 Brownfield Generic Testing Results at 30dph

Scheme	Density	Gross Area (sq.m)	Baseline Surplus (per sq.m)	Impact of Affordable Housing				Impact of National Technical Standards
				10%	20%	30%	40%	
1 (10 Units)	30	1021	£125	£61	£102	£127		£15
2 (25 Units)	30	2,451	£97	£51	£82	£141		£15
3 (50 Units)	30	4,931	£67	£37	£85			£14
4 (75 Units)	30	7,469	£77	£42	£76	£111		£14
5 (100 Units)	30	9,920	£101	£42	£76	£114		£14

Table 6.11 – Zone 1 Greenfield Generic Testing Results at 30dph

Scheme	Density	Gross Area (sq.m)	Baseline Surplus (per sq.m)	Impact of Affordable Housing				Impact of National Technical Standards
				10%	20%	30%	40%	
1 (10 Units)	30	1021	£104					£15
2 (25 Units)	30	2,451	£68	£56	£90			£15
3 (50 Units)	30	4,931	£32	£40				£14
4 (75 Units)	30	7,469	£41	£45				£14
5 (100 Units)	30	9,920	£67	£46	£82			£14

Table 6.12 – Zone 2 Brownfield Generic Testing Results at 30dph

Scheme	Density	Gross Area (sq.m)	Baseline Surplus (per sq.m)	Impact of Affordable Housing				Impact of National Technical Standards
				10%	20%	30%	40%	
1 (10 Units)	30	1021	£250	£67	£111	£139	£173	£15
2 (25 Units)	30	2,451	£217	£56	£90	£154	£208	£15
3 (50 Units)	30	4,931	£174	£40	£92	£126	£171	£14
4 (75 Units)	30	7,469	£184	£45	£83	£120	£174	£14
5 (100 Units)	30	9,920	£209	£46	£82	£124	£166	£14

Table 6.13 – Zone 2 Greenfield Generic Testing Results at 30dph

Scheme	Density	Gross Area (sq.m)	Baseline Surplus (per sq.m)	Impact of Affordable Housing				Impact of National Technical Standards
				10%	20%	30%	40%	
1 (10 Units)	30	1021	£140					£15
2 (25 Units)	30	2,451	£102	£62	£100			£16
3 (50 Units)	30	4,931	£62	£46	£105			£15
4 (75 Units)	30	7,469	£70	£51	£93			£15
5 (100 Units)	30	9,920	£92	£51	£91			£14

Table 6.14 – Zone 3 Brownfield Generic Testing Results at 30dph

Scheme	Density	Gross Area (sq.m)	Baseline Surplus (per sq.m)	Impact of Affordable Housing				Impact of National Technical Standards
				10%	20%	30%	40%	
1 (10 Units)	30	1021	£330	£72	£121	£151	£190	£15
2 (25 Units)	30	2,451	£297	£62	£100	£171	£230	£16
3 (50 Units)	30	4,931	£251	£46	£105	£143	£195	£15
4 (75 Units)	30	7,469	£259	£51	£93	£135	£196	£15
5 (100 Units)	30	9,920	£285	£52	£93	£139	£186	£15

Table 6.15 – Zone 3 Greenfield Generic Testing Results at 30dph

Scheme	Density	Gross Area (sq.m)	Baseline Surplus (per sq.m)	Impact of Affordable Housing				Impact of National Technical Standards
				10%	20%	30%	40%	
1 (10 Units)	30	1021	£262					£15
2 (25 Units)	30	2,451	£220	£68	£110			£16
3 (50 Units)	30	4,931	£167	£50	£116			£15
4 (75 Units)	30	7,469	£174	£56	£103			£15
5 (100 Units)	30	9,920	£193	£56	£100			£14

Table 6.16 – Zone 4 Brownfield Generic Testing Results at 30dph

Scheme	Density	Gross Area (sq.m)	Baseline Surplus (per sq.m)	Impact of Affordable Housing				Impact of National Technical Standards
				10%	20%	30%	40%	
1 (10 Units)	30	1021	£453	£80	£133	£166	£210	£15
2 (25 Units)	30	2,451	£413	£68	£110	£188	£254	£16
3 (50 Units)	30	4,931	£357	£50	£116	£158	£215	£15
4 (75 Units)	30	7,469	£364	£56	£103	£150	£216	£15
5 (100 Units)	30	9,920	£389	£57	£102	£154	£206	£15

Table 6.17 – Zone 4 Greenfield Generic Testing Results at 30dph

Scheme	Density	Gross Area (sq.m)	Baseline Surplus (per sq.m)	Impact of Affordable Housing				Impact of National Technical Standards
				10%	20%	30%	40%	
1 (10 Units)	40	1021	£115					£15
2 (25 Units)	40	2,451	£94	£51	£82			£15
3 (50 Units)	40	4,931	£66	£37	£85			£14
4 (75 Units)	40	7,469	£85	£42	£76			£14
5 (100 Units)	40	9,920	£101	£42	£76			£14

Table 6.18 – Zone 1 Brownfield Generic Testing Results at 40dph

Scheme	Density	Gross Area (sq.m)	Baseline Surplus (per sq.m)	Impact of Affordable Housing				Impact of National Technical Standards
				10%	20%	30%	40%	
1 (10 Units)	40	1021	£175					£15
2 (25 Units)	40	2,451	£146	£56	£90			£15
3 (50 Units)	40	4,931	£106	£40	£93			£14
4 (75 Units)	40	7,469	£127	£45	£83			£14
5 (100 Units)	40	9,920	£143	£46	£82			£14

Table 6.19 – Zone 2 Brownfield Generic Testing Results at 40dph

Scheme	Density	Gross Area (sq.m)	Baseline Surplus (per sq.m)	Impact of Affordable Housing				Impact of National Technical Standards
				10%	20%	30%	40%	
1 (10 Units)	40	1021	£237					£15
2 (25 Units)	40	2,451	£202	£62	£100			£16
3 (50 Units)	40	4,931	£159	£46	£105			£15
4 (75 Units)	40	7,469	£179	£51	£93			£15
5 (100 Units)	40	9,920	£190	£51	£91			£14

Table 6.20 – Zone 3 Brownfield Generic Testing Results at 40dph

Scheme	Density	Gross Area (sq.m)	Baseline Surplus (per sq.m)	Impact of Affordable Housing				Impact of National Technical Standards
				10%	20%	30%	40%	
1 (10 Units)	40	1021	£371					£15
2 (25 Units)	40	2,451	£330	£68	£110			£16
3 (50 Units)	40	4,931	£276	£50	£116			£15
4 (75 Units)	40	7,469	£275	£56	£103			£15
5 (100 Units)	40	9,920	£302	£56	£100			£14

Table 6.21 – Zone 4 Brownfield Generic Testing Results at 40dph

6.67 **Residential Site Specific Testing**

6.68 The results of the Site Specific Testing contained at table 6.22 show similar trends in terms of viability to the results observed in respect of the generic testing. We have summarised the findings in relation to each site below:-

6.69 **Site A (Crawshawbooth, Greenfield)**

6.70 The results for the development of Site A show a baseline surplus of £202 per sq.m. This demonstrates that at the baseline position development of the site is viable.

6.71 The introduction of the optional National Technical Standards can also be supported on this site.

6.72 In relation to affordable housing an on-site provision of up to 40% can be afforded in line with existing policy. At 30% and 40% development is marginal however, as the development surplus reduces to 3.6% and 0.8% as a proportion of GDV accordingly.

6.73 **Site B (Crawshawbooth, Greenfield)**

6.74 The results for the development of Site B show a baseline surplus of £251 per sq.m. This demonstrates that at the baseline position development of the site is viable.

6.75 The introduction of the optional National Technical Standards can also be supported on this site.

6.76 In relation to affordable housing an on-site provision of up to 40% can be afforded in line with existing policy. At 40% development is marginal however, as the baseline surplus reduces to 3.9% of GDV.

6.77 **Site C (Crawshawbooth, Brownfield)**

6.78 The results for the development of Site C show a baseline surplus of £69 per sq.m. This demonstrates that at the baseline position development of the site is marginal, as the baseline surplus equates to around 3.5% as a proportion of GDV.

6.79 The introduction of the optional National Technical Standards can also be supported on this site.

6.80 In relation to affordable housing, the delivery of a policy compliant on site provision at 20% is unviable. An on-site affordable housing provision at 10% could be afforded, albeit this makes the development more marginal and the baseline surplus reduces from 3.4% to 1.3% as a proportion of GDV.

6.81 **Site D (Rawtenstall, Greenfield)**

6.82 The results for the development of Site D show a baseline surplus of £245 per sq.m. This demonstrates that at the baseline position development of the site is viable.

6.83 The introduction of the optional National Technical Standards can also be supported on this site.

6.84 In relation to affordable housing, on site provision at 40% can be afforded, although a provision at this level leads the development to become marginal and the baseline surplus reduces to 1.2% as a proportion of GDV. Development at 30% is also marginal, providing a surplus equivalent to 4% as a proportion of GDV.

6.85 **Site E (Rawtenstall, Greenfield)**

6.86 The results for the development of Site E show a baseline surplus of £206 per sq.m. This demonstrates that at the baseline position development of the site is viable.

6.87 The introduction of the optional National Technical Standards can also be supported on this site.

6.88 In relation to affordable housing, an on-site provision at 40% is unviable. An affordable housing provision of 30% can be supported, albeit at this level the development is marginal as the Baseline Surplus falls to 3.5% as a proportion of GDV.

6.89 **Site F (Rawtenstall, Greenfield)**

6.90 The results for the development of Site F show a baseline surplus of £228 per sq.m. This demonstrates that at the baseline position development of the site is viable.

6.91 The introduction of the optional National Technical Standards can also be supported on this site.

6.92 In relation to affordable housing, on site provision at 40% can be afforded, although a provision at this level leads the development to become marginal and the baseline surplus reduces to 1.3% as a proportion of GDV.

6.93 **Site G (Rawtenstall, Greenfield)**

6.94 The results for the development of Site G show a baseline surplus of £204 per sq.m. This demonstrates that at the baseline position development of the site is viable.

6.95 The introduction of the optional National Technical Standards can also be supported on this site.

6.96 In relation to affordable housing, on site provision at 30% can be afforded, although a provision at this level leads the development to become marginal and the baseline surplus reduces to 3.1% as a proportion of GDV.

6.97 **Site H (Newchurch. Brownfield/Open Space)**

6.98 The results for the development of Site H show a baseline surplus of £67 per sq.m. This demonstrates that at the baseline position development of the site is viable.

6.99 The introduction of the optional National Technical Standards can also be supported on this site.

6.100 In relation to affordable housing, a 10% affordable housing provision can be delivered, albeit at this level development becomes more marginal. The surplus falls from 3.9% of GDV within the baseline testing, to 2% of GDV when a 10% affordable housing provision is delivered.

6.101 **Site I (Bacup, Greenfield)**

6.102 The results for the development of Site I show a baseline surplus of £30 per sq.m. This demonstrates that at the baseline position development of the site is viable.

6.103 The introduction of the optional National Technical Standards can also be supported on this site.

6.104 The development cannot support an affordable housing provision, as at a 10% affordable housing provision the development provides a deficit.

6.105 **Site J (Bacup, Greenfield)**

6.106 The results for the development of Site J show a baseline surplus of £72 per sq.m. This demonstrates that at the baseline position development of the site is viable.

6.107 The introduction of the optional National Technical Standards can also be supported on this site.

6.108 In relation to affordable housing, an on-site provision at 20% is unviable. An affordable housing provision of 10% can be supported, albeit at this level the development is marginal as the development surplus falls to 2% as a proportion of GDV (from 4.2% of GDV within the baseline testing).

6.109 **Site K (Bacup, Greenfield)**

6.110 The results for the development of Site K show a baseline surplus of £54 per sq.m. This demonstrates that at the baseline position development of the site is viable.

6.112 The introduction of the optional National Technical Standards can also be supported on this site.

6.113 In relation to affordable housing, an on-site provision at 20% is unviable. An affordable housing provision of 10% can be supported, albeit at this level the development is marginal as the development falls to 1.2% as a proportion of GDV (from 3.1% of GDV in the baseline testing).

6.114 **Site L (Helmshore, Greenfield)**

6.115 The results for the development of Site L show a baseline surplus of £347 per sq.m. This demonstrates that at the baseline position development of the site is viable.

6.116 The introduction of the optional National Technical Standards can also be supported on this site.

6.117 In relation to affordable housing an on-site provision of up to 40% can be afforded in line with existing policy.

6.118 **Summary**

6.119 Each of the 11 allocated sites tested are considered to be viable based on the testing that we have undertaken. Obviously, this is a high level exercise and limitations exist based on the quality of available evidence, in particular in respect of the ground conditions and details of further abnormal costs that may be incurred. Notwithstanding this, the indicative tests that we have undertaken suggest that each of the sites are viable, and that significant surpluses exist in the majority of instances, although in the cases of Sites C, H, I, J and K the baseline surplus of below £72 per sq.m means that with no affordable housing provision the development is considered marginal (as the development surplus is below 5% of GDV).

	Level of Affordable Housing Provision (%)				
	0%	10%	20%	30%	40%
Viable	7 (58%)	7 (58%)	6 (50%)	2 (16%)	1 (8%)
Marginal	5 (42%)	4 (33%)	1 (8%)	5 (42%)	4 (33%)
Unviable	0 (0%)	1 (8%)	5 (42%)	5 (42%)	7 (58%)

Table 6.22 - Summary of Affordable Housing Results for Site Specific Testing

6.120 The results of our site specific testing shows that whilst some of the developments are able to support a policy compliant affordable housing provision, others cannot. In respect of the testing undertaken, all of the Greenfield sites in higher value areas (Zones 3 and 4) are able to support an affordable housing provision of at least the minimum requirement of 30% outlined within the Core Strategy. Notwithstanding this, in lower value locations the minimum affordable housing provision of 30% cannot be viably delivered on Greenfield sites (Sites I, J and K in Zone 1). In the context of the two brownfield sites assessed both cannot afford the full 20% affordable housing provision, although both are able to support a 10% provision.

Settlement (As defined by Council)	Site	Site Typology	Density	Gross Area (sq.m)	Baseline Surplus (per sq.m)	Impact of Affordable Housing				Impact of National Technical Standards
						10%	20%	30%	40%	
Crawshawbooth	Site A	Greenfield	30	4727	£202	£55	£103	£137	£189	£14
	Site B	Greenfield	30	5660	£251	£52	£79	£135	£182	£14
	Site C	Brownfield	30	8344	£69	£42	£95			£14
Rawtenstall	Site D	Greenfield	30	6156	£245	£45	£113	£163	£221	£15
	Site E	Greenfield	30	4727	£206	£51	£117	£139	£210	£15
	Site F	Greenfield	30	9920	£228	£56	£100	£153	£202	£14
	Site G	Greenfield	30	7732	£204	£49	£101	£144	£205	£15
Newchurch	Site H	Brownfield/ Open Space	30	5952	£67	£33	£75			£14
Bacup	Site I	Greenfield	30	8024	£30	£36				£14
	Site J	Greenfield	30	7732	£72	£38	£78			£14
	Site K	Greenfield	30	5397	£54	£33	£71			£14
Helmshore	Site L	Greenfield	30	14909	£347	£48	£96	£138	£198	£14

Table 6.23 - Site Specific Viability Testing Results

6.121 **Apartments**

6.122 As outlined earlier within the Report, in addition to Generic and Site Specific Testing we have also tested the viability of standalone blocks of apartments. The results of our viability testing for apartments are contained at Table 6.24 below.

Scheme	Zone	Gross Area (sq.m)	Brownfield Baseline Surplus (Per sq.m)	Greenfield Baseline Surplus (Per sq.m)
10 Units	1	697	-£127	-£127
	2		-£65	-£28
	3		£10	£67
	4		£124	£182
50 Units	1	4280	-£405	-£405
	2		-£359	-£315
	3		-£249	-£210
	4		-£158	-£88

Table 6.24 – Apartment Viability Testing Results

6.123 The results in Table 6.17 indicate that whilst the development of smaller blocks of apartment dwellings may be viable in more affluent parts of the Borough, the development of larger blocks remains unviable owing to the increased costs of providing these accommodation types. Larger blocks will often require lift access to the upper floors, and such additional costs have been accounted for by WYG.

6.124 Both schemes generate a deficit in the lower value areas which are included in Zone 1, comprising between -8.85% and -28.57% as a proportion of GDV (-£127 and -£405 per sq.m). Similarly, the development of apartments in Zone 2 is also unviable, and create deficits of between -1.76% and -23.18% as a proportion of GDV (-£28 and -£359 per sq.m).

6.125 Development of apartments in Zone 3 is unviable in respect of the 50 unit scheme, and provides a development surplus of between -12.46% and -14.82% (-£210 and -£249 per sq.m), although the development of 10 units is marginal in Zone 3 and provides a development surplus of between 0.57% and 3.92% (£10 and £67 per sq.m) depending on whether the development is erected on a Brownfield or Greenfield site.

6.126 Similarly, the development of apartments in Zone 4 is unviable in respect of the 50 unit scheme, but viable if a smaller block comprising 10 units is provided. For example, in respect of the development of 50 units the developments provide a development surplus of between -4.71% and 8.47% as a proportion of GDV (-£88 to -£158 per sq.m) which differs depending on whether the development is situated on a Brownfield or Greenfield site, whilst in respect of the 10 unit development a development surplus equating to between 6.59% and 9.62% is provided (£124 and £182 per sq.m), indicating that development is viable.

6.127 Commercial Generic Testing

- 6.128 The results of the testing that we have undertaken in respect of the Commercial development scenarios are listed in Table 6.25 below.
- 6.129 The findings conclude that the majority of development typologies tested are unviable. Industrial, office and leisure uses are all unviable on both Brownfield and Greenfield sites, with the exception of Food and Drink uses on Greenfield sites.
- 6.130 Retail development on the whole is marginal or unviable on Brownfield sites. Whilst the development of a 3,000 sq.ft convenience store remains viable and provides a development surplus of £152 per sq.m (equating to 9.13% of development cost), the development of all other forms of convenience retail including a 10,000 sq.ft, 30,000 sq.ft and 50,000 sq.ft unit provide surpluses of -£35 (-2.2%), £32 (2.12%) and £71 (4.76%) are therefore marginal or unviable. All forms of comparison retail accommodation on Brownfield sites are unviable.
- 6.131 Retail development is viable in the majority of Greenfield locations owing to reduced build costs and reduced land values, with only 3,000 sq.ft comparison units considered unviable in respect of local centre development, albeit the development of a 10,000 sq.ft comparison unit remains marginal.
- 6.132 Extra Care accommodation is unviable at revenues of £2,250 per sq.m (£210 per sq.ft), which comprises the highest residential value band tested within the Borough. It is possible however that higher revenues could be attained in affluent areas (such as in highly prominent locations located in Zone 4). In order to become viable, Extra Care accommodation must generate sales of above £2,800 per sq.m (£260 per sq.ft). At present, such sales values within the Borough have not been obtained, although it is considered that if the right product were to be built out by a developer such as McCarthy and Stone development may be viable.
- 6.133 The results indicate that at present, standalone speculative office and industrial development is unviable across the borough even though in undertaking the study we have applied an optimistic position in relation to revenues. It is likely that such forms of development may require support from enabling development in the form of more viable forms of development such as residential or certain types of retail accommodation. Notwithstanding the results of our viability testing office and industrial development is likely come forward on these sites in the future motivated by specific circumstances such as an owner occupier wishing to expand their business or alternatively with the benefit of public sector funding support.

6.134 Despite the fact that speculative development is not considered to be financially viable at this point in time it is likely that some office and industrial development will come forward in the future. Such development is likely to be motivated by specific circumstances such as an existing owner occupier wishing to expand or other business requirements necessitating development of that type in that location, for example to be near a specific piece of existing infrastructure, or for business agglomeration reasons. This type of development is not typical of the market and does not accord to normal development viability criteria. Effectively, the business operation requiring the accommodation supplements the financial shortfall from other means. Accordingly, it is not appropriate to take such prospects of development into account in this instance. When applying normal development viability criteria, office and industrial development is not viable and as such it is considered that substantive speculative market development is unlikely to take place in this respect.

Scheme Ref	Development Type	Area (sq.ft)	Area (sq.m)	Brownfield		Greenfield	
				Development Surplus (per sq.m)	Development Surplus (% of Cost)	Development Surplus (per sq.m)	Development Surplus (% of Cost)
1	Offices (B1)	5,000	464	-£632	-32.35%	-£575	-30.33%
2	Offices (B1)	20,000	1,857	-£222	-26.76%	-£193	-24.19%
3	Offices (B1)	10,000	929	-£1,400	-38.85%	-£1,288	-36.89%
4	Industrial (B2.B8)	5,000	464	-£249	-26.08%	-£200	-22.13%
5	Industrial (B2.B8)	10,000	929	-£260	-28.65%	-£211	-24.62%
6	Industrial (B2.B8)	20,000	1,857	-£116	-13.84%	-£68	-9.53%
7	Industrial (B2.B8)	50,000	4,643	-£170	-21.28%	-£117	-15.67%
8	Industrial (B2.B8)	100,000	9,287	-£118	-14.77%	-£70	-9.31%
9	Industrial (B2.B8)	250,000	23,217	-£107	-13.61%	-£59	-8.06%
10	Convenience Retail (A1)	3,000	279	£152	9.13%	£411	29.13%
11	Convenience Retail (A1)	10,000	929	-£35	-2.20%	£233	17.56%
12	Convenience Retail (A1)	30,000	2,786	£32	2.12%	£308	24.65%
13	Convenience Retail (A1)	50,000	4,643	£71	4.76%	£345	28.41%
14	Comparison Retail (A1)	3,000	279	-£194	-13.26%	-£51	-3.86%
15	Comparison Retail (A1)	10,000	929	-£195	-13.33%	£31	2.53%
16	Comparison Retail (A1)	30,000	2,786	-£33	-2.50%	£206	19.38%
17	Gymnasium (D2)	10,000	929	-£389	-26.07%	-£259	-19.01%
18	Hotel (C2)	30,000	2,786	-£772	-46.67%	-£680	-43.52%
19	Food and Drink (A3/A4)	5,000	464	-£46	-2.01%	£153	7.23%
20	Care/Nursing Home (50 Bed- C2)	30,000	2,786	-£261	-13.98%	-£156	-8.85%
21	Extra Care (50 Bed)	44,000	4,087	-£258	-15.39%	-£159	-10.07%
22	Car Showroom	10,000	929	-£1,414	-44.50%	-£990	-35.94%

Table 6.25 - Commercial Viability Testing Results

6.135 **Summary**

6.136 The previous section provides a summary of the results, in addition to an analysis of the policy obligations that can be afforded across different areas of the Borough. The following provides a brief overview of the findings and implications of for the study.

6.137 ***Residential***

6.138 Generic

6.139 *Baseline Testing*

6.140 In summary, development in all of the value zones considered is viable, albeit in Zones 1, 2 and 3 a number of the development scenarios tested are considered marginal as the development surplus falls below 5% as a proportion of GDV. A greater proportion of larger developments are marginal owing to levels of developers profit assumed.

6.141 *National Technical Standards*

6.142 In Zones 1, 2, 3 and 4 the increased costs associated with providing dwellings to National Technical Standard specifications can be afforded across all forms of development.

6.143 The increased cost does have an effect on viability, and

6.144 *Affordable Housing*

6.145 The results of the affordable housing testing that has been undertaken are summarised below. In short, Greenfield development can support much higher proportions of affordable housing. This is also marginally affected by the density assumptions, with development at 40 dwellings per hectare affording slightly higher provisions.

6.146 According to the results, residential development in Zone 1 cannot generally afford any on-site affordable housing provision on Brownfield sites at 30 dph, although a 20% provision can be afforded on the majority of Greenfield sites (the exception being the development of 50 units which is less viable than the other schemes considered). If we assume that development will take place at 40dph on Brownfield sites, in the majority of instances (with the exception of the development of 50 units) a full 20% affordable housing provision can be afforded.

6.147 In Zone 2 development in Brownfield locations at 30 dph is generally unable to support an affordable housing provision at any level, although if we assume that development will take place at 40 dph then the full 20% affordable housing provision could be afforded. A full 40% affordable housing provision can be afforded in respect of Greenfield development in Zone 2.

6.148 In Zone 3 at 30 dph a 10% affordable housing provision can be afforded on Brownfield Sites, which increases to the full 20% provision in the event that a higher density of 40 dph is assumed. A full 40% affordable housing provision can be afforded in respect of Greenfield development in Zone 3.

- 6.149 According to our results the full 20% affordable housing provision can be afforded across all developments at both 30 dph and 40 dph in Zone 4 on Brownfield sites. Similarly, the maximum 40% affordable housing can be afforded on Greenfield sites.
- 6.150 Site Specific
- 6.151 *Baseline Testing*
- 6.152 All of the allocated sites tested provide significant development surpluses, with the exception of the development at Site C, H, I, J and K which each provide surpluses of below £72 per sq.m and below 5% as a proportion of GDV.
- 6.153 The remainder of the sites tested provide a surplus in excess of £204 per sq.m. All of the sites within the Rawtenstall and Helmshore areas provide development surpluses upwards of £200 once the development at Site C is discounted. In the lower value area of Bacup, the development surpluses range between £30 and £72 per sq.m.
- 6.154 *National Technical Standards*
- 6.155 All developments can support the increased costs associated with providing the optional National Technical Standards.
- 6.156 *Affordable Housing*
- 6.157 In respect of the Brownfield sites considered, both of the development sites tested cannot afford a policy compliant affordable housing provision at 20%. In both instances, a 10% provision can be afforded albeit in both these instances development is marginal, providing surpluses of between 1.2% and 1.3% of GDV.
- 6.158 In respect of all the Greenfield allocations there is a split in terms of the performance of higher value and lower value locations. In lower value areas, none of the Greenfield developments can afford the minimum 30% affordable housing provision (Sites I, J and K). In higher value locations all of the Greenfield developments can support a 30% affordable housing provision (Sites A, B, D, E, F, G and L), and in the majority of instances the maximum 40% can be supported.
- 6.159 ***Non Residential***
- 6.160 Generic
- 6.161 As outlined within the results, the majority of development forms tested are unviable, particularly on Brownfield sites. Of the 22 schemes tested, the only viable form of development comprises the construction of a 279 sq.m (3,000 sq.ft) convenience retail unit. In this instance, the development provides a development surplus of £152 per sq.m, which equates to 9.13% as a proportion of cost.

- 6.162 Viability improves on Greenfield sites, and the development of all forms of convenience retail is viable (279 sq.m, 929 sq.m, 2,786 sq.m and 4,643 sq.m), providing development surpluses of between £233 and £411 per sq.m (17.56 and 29.13% as a proportion of cost).
- 6.163 In addition to the above, the development of a 2,786 sq.m (30,000 sq.ft) comparison retail unit provides a development surplus of £206 per sq.m (19.38% of cost), and the development of a 464 sq.m (5,000 sq.ft) food and drink unit is viable, providing a surplus of £153 (7.23% of cost).

7.0 STAKEHOLDER CONSULTATION

7.01 A key aspect of this study has been to engage with stakeholders to ensure so far as possible that the assumptions on which our assessment is based are robust. This section summarises the Stakeholder Consultation that has taken place to date. In addition, we have identified any changes to the methodology that have been employed as a result of the feedback.

7.02 Initial Stakeholder Consultation

7.03 Throughout the process of formulating the methodology and undertaking research to establish values, costs and the other development assumptions used within the appraisals, we have sought to informally meet with developers who are particularly active within Rossendale together with a number of other key stakeholders. This provides the stakeholder with an informal and open platform to express their views in a confidential environment. As a result, the views and discussions with stakeholders provided on a confidential basis are not explicitly contained within the Report but have been taken into account in identifying the values and inputs to be used in this Study.

7.04 Stakeholder Presentation

7.05 On 27 November 2014 we gave a presentation together with WYG, which presented our interim views on methodology, development typologies and appraisal inputs to the key stakeholders and agents who are active in the Borough. The key stakeholders typically included house builders, Registered Providers and land owners within the Borough. A full list of those invited and those who attended is contained in Appendix 5.

7.06 All queries raised and any supporting information provided in relation to these aspects of the study was minuted. Stakeholders were invited to provide any further views and information in writing following the presentation, and in addition to provide appropriate evidence to substantiate their opinions where they considered that the methodology, development typologies or input variables required adjustment.

7.07 Feedback

7.08 A number of Stakeholders provided written responses following the Presentation; although very few were able to provide any evidence to support their views. As a result following receipt of these initial written responses, where appropriate we requested further information from the respondent in the form of supporting evidence.

7.09 The written responses that were received related only to the residential aspects of the study, and broadly fell into the following categories:-

- Unit Mix
- Unit Sizes
- Densities
- Land Values
- Revenues

- Costs
- Developers Profit
- Sales Rates

7.10 For completeness, a summary of each of the Stakeholders' responses are provided at Appendix 6.

7.11 **Unit Mixes**

7.12 *Stakeholders' Comments*

7.13 A number of Stakeholders suggested that schemes in excess of 100 units should be tested, whilst Pegasus Planning (acting on behalf of Taylor Wimpey) suggested that given the amount of smaller developments, a 5 unit scheme should also be tested.

7.14 *Our Comments*

7.15 Within responses to Stakeholders, we suggested that the viability testing of larger sites would be undertaken on a Site Specific basis. The results of the Site Specific testing are outlined earlier within the Report, and the sites tested comprise the largest potential allocations within the Borough.

7.16 We have also tested the viability of the development of 5 units in line with Pegasus Planning's comments (and the build costs are contained within WYG's Report). The results are outlined below:-

Scheme	Zone	Gross Area (sq.m)	Brownfield Baseline Surplus (per sq.m)
5 Units	1	440	£94
	2		£146
	3		£198
	4		£327

Table 7.1 – Generic Testing Results of 5 units at 40 dph

7.17 The surpluses evident in respect of the development of 5 dwellings are slightly below that of the development of 10 units, due to the economies of scale involved in the construction of the latter. The values identified above compare to baseline surpluses of £115, £175, £237 and £371 per sq.m provided for the development of 10 dwellings at 40 dph in Zones 1 to 4. Whilst the development of 5 units is slightly less viable than the development of 10 units, it remains more viable than the remainder of other development schemes that we have assessed (comprising that of 25, 50, 75 and 100 units). This indicates that whilst the development of 5 units is viable within each of the value areas considered.

7.18 **Unit Sizes**

7.19 *Stakeholders' Comments*

7.20 Pegasus Planning suggested that he considered the proposed unit sizes were slightly too high and commented that they should be revised downwards to 600 sq.ft for a 2 bed unit, 870 sq.ft for a 3 bed unit and 1,200 sq.ft for a 4 bed unit.

7.21 *Our Response*

7.22 The unit sizes that we have adopted are based on the average dwelling sizes across all of the developments that recently completed or currently being developed in the Borough. We therefore consider that the unit sizes tested are reflective of the unit sizes that are likely to be built out in the future.

7.23 **Densities**

7.24 *Stakeholders' Comments*

7.25 Stakeholders including Pegasus Planning suggested that densities of below 30 dwellings per hectare may come forward over the course of the Plan Period, particularly on Greenfield sites where topographical constraints exist.

7.26 In addition to the above, the House Builders Federation and Pegasus Planning suggested that the density assumptions were ambitious in respect of smaller sites, reasoning that it is rare that smaller sites achieve 100% site coverage. For completeness, it is noted that for Sites below 0.4 hectares that in line with the SHLAA methodology within the presentation we proposed to assume that the entirety of the site would be developed.

7.27 Lea Hough Chartered Surveyors suggested that the 80% as opposed to 75% should be used to assess the net density provided on sites in excess of 2 hectares (where, in line with the SHLAA methodology we proposed to test at 75%).

7.28 *Our Response*

7.29 We have analysed the density of development in all of the main housing developments constructed in Rossendale over the last 3 years. Densities of between 28 and 46 dwellings per hectare have been observed (on a net area basis) within the 7 developments analysed. A total of 4 sites were developed at densities of between 30 and 40 dwellings per net hectare, whilst a further development was built out at densities of between 28 dwellings per net hectare. A further 2 developments have been constructed at densities of between 40 and 46 dwellings per net hectare also.

7.30 The Core Strategy states that the Council will:-

Encouraging higher density developments (50+ dwellings per hectare) in sustainable locations, such as within and adjacent to Rawtenstall, Bacup, Haslingden and Whitworth and where well served by public transport, with a minimum density of 30 dph across the Borough.

7.31 Whilst on a broader level the majority of developments have been built out at net densities of between 30 and 40 dph and the Council has set a minimum density requirement at 30 dph in the Core Strategy, we consider that it is possible that developments at 25 dph could come forward on higher value locations within the Borough as 'Executive Type' schemes. We have therefore sought to test such developments, and the results are outlined below:-

7.32 The results indicate that viability improves if an executive mix is provided in higher value locations, as Table 7.2 identifies below which assumes that 25no 4 bed dwellings are developed at 25 dph:

Scheme	Mix	Gross Area (sq.m)	Brownfield Baseline Surplus (per sq.m)	Greenfield Baseline Surplus (per sq.m)
25 Units (Zone 4)	Normal (30 dph)	2,451	£220	£413
	Executive (25 dph)	2,900	£359	£521

Table 7.2 – Generic Testing Results of 25 units at 25 dph

7.33 The results outlined above suggest that the development of an executive mix is more viable than the standard mix that has been tested. These results suggest that the development of executive dwellings (provided that they are located in parts of the Borough where Zone 4 values are prevalent) can afford increased planning policy burdens relative to more mixed developments elsewhere.

7.34 **Land Values**

7.35 *Stakeholders' Comments*

7.36 A number of respondents commented on the appropriateness of the Affordable Housing revenue assumptions adopted, and suggested that social rented revenues at 45% of market value and intermediate dwellings at 65% of market value were high.

7.37 Summaries of each of the individual comments made are contained at Appendix 6.

7.38 *Our Comments*

7.39 As outlined earlier within Section 5 of the Report (paragraph 5.07 to 5.14), our approach to Land Values is based on the relevant guidance contained within the Local Housing Delivery Group Guidance titled 'Viability Testing Local Plans'. As such, the approach adopted advocates the use of 'threshold land values', which have been used as inputs within our testing.

7.40 It is therefore considered that the approach adopted fully complies with the relevant guidance.

7.41 **Sales Revenues**

7.42 *Stakeholders' Comments*

7.43 A number of stakeholders suggested that net sales prices accounting for discounts should be used within viability testing.

7.44 In terms of evidence, Pegasus Planning stated that net prices of £184 per sq.ft had been achieved at Weavers Dene and £200 per sq.ft at Dale Moor View. In addition to the above, Pegasus Planning suggested that transactions to RPs had taken place at 45% of market value in respect of social rented units, intermediate units had transacted at 68% of market value.

7.45 The evidence provided by Turley acting on behalf of Peel Holdings was unclear, and suggested that whilst values of 45% were considered high for social rented accommodation, a figure of 45% as a proportion of market value was recommended. Furthermore, Turley queried the 75% of market value allocated towards intermediate dwellings, stating that such values were arbitrary.

7.46 Lea Hough Chartered Surveyors stated that values of £200 per sq.ft are only achievable in isolated high value locations, and suggested that sales revenues in excess of this should be treated with caution. Lea Hough suggested that the proposed affordable housing revenues were high, and should be revised down to 35% for social rented units, 40 to 45% for affordable rented, and 65% for intermediate dwellings.

7.47 *Our Comments*

7.48 The sales values included within the Report are evidence based, and are presented in full at Section 4 of the Report.

7.49 In respect of Lea Hough's comments (suggesting that values in excess of £200 per sq.ft can only be achieved in isolated locations) we have details of developments in which values in excess of this have been achieved. Values of £210 have been used to assess values in higher value parts of the Borough only, which is justified having regard to the sales values at Hollin Way (£200 per sq.ft), Weavers Dene (£200 per sq.ft) and at Dale Moor View (£225 per sq.ft).

- 7.50 The revenues that we have adopted in respect of the affordable dwellings (at 45% of market value for social rented and affordable rented dwellings; and 75% for intermediate dwellings) have been sourced from RPs. As detailed earlier within this Report, questionnaires were issued to Calico, Great Places and Together Housing, and the revenues adopted are based on their respective responses.
- 7.51 In addition to the above, from our analysis we understand that intermediate dwellings at Healey Walk (former Orama Mill Site) were sold at values equating to between 70% and 79% of market value.
- 7.52 All stakeholders were asked to provide details of any transactional evidence that they were aware of to support their respective positions. At the time of writing, no further evidence has been forthcoming which would enable us to re-assess the appropriateness of the values adopted.
- 7.53 **Construction Cost**
- 7.54 *Stakeholders' Comments*
- 7.55 A number of Stakeholders commented on the appropriateness of the Build Costs, and typically stated that the costs adopted were too low and that contractors profit should not be excluded. Other responses centred on the treatment of abnormal costs.
- 7.56 Pegasus Planning also suggested that specific site opening up costs should be accounted for in respect of Greenfield development (and cites the Harman Guidance which states that such costs can typically range between £17,000 and £23,000 per dwelling).
- 7.57 Pegasus Planning also provided construction cost estimates for Taylor Wimpey's developments at Weavers Dene (£98 per sq.ft set in 2010) and at Dale Moor View (£110 per sq.ft in 2011), and suggested that WYG's build costs were low once build cost inflation was accounted for.
- 7.58 Both the House Builders Federation and Lea Hough Chartered Surveyors requested that further breakdowns are provided in respect of the build costs in order to facilitate further analysis, whilst the latter suggested that in certain instances the Council may request the use of non-standard construction materials including stone and slate, which may increase costs by between £5 and £10 per sq.ft.
- 7.59 *Our Comments*
- 7.60 We have responded to each of the Stakeholders asking for further information regarding the construction costs that they have incurred in undertaking recent developments particularly in Rossendale. We have also asked for details to be provided of those developments where subcontractors have been used so we can understand the extent to which the house builders are not acting as the main contractor.

- 7.61 In respect of Pegasus Planning's queries, within our written responses we have advised that site opening up costs have been accounted for within the cost assessments. We also asked for supplementary information as to what the actual build costs were at both Weavers Dene and at Dale Moor View (to date), although at the time of writing we have not received any responses to our enquiries.
- 7.62 WYG's construction cost assessments are based on their own extensive data base of construction costs from those developments where they have managed costs or where they have undertaken an assessment of house builder's construction costs in undertaking viability assessments for planning application purposes. They have substantial knowledge of the costs involved in undertaking residential developments in Rossendale and the costs typically being incurred by house builders at the present time. On this basis and in the absence of further evidence from stakeholders, we have not sought to alter the construction costs from those adopted in the initial testing.
- 7.63 Further breakdowns as to the construction cost calculations are contained in WYG's Report, and improved building specifications are considered earlier in the Report. In-keeping with the local vernacular of the Rossendale area, we have already assumed an 'intermediate build quality' within the construction costs, which is inclusive of reconstituted stone with some artstone detailing in respect of the walls, coloured UPVS windows and doors and slate or stone tiling on the roof. In addition to the above, allowances have been made for additional walls built with reconstituted stone in addition to stained fences, whilst external pavings are inclusive of some stone pavings alongside coloured concrete flats and black tarmac parking areas.
- 7.64 **Developers Profit**
- 7.65 *Stakeholders' Comments*
- 7.66 A number of Stakeholders have suggested that a 20% developers profit should be adopted across all forms of development, and not just the smaller schemes as advocated at the presentation.
- 7.67 *Our Comments*
- 7.68 We responded to the individual Stakeholders who queried the level of developers profit applicable to smaller developments in order to obtain further evidence in respect of their recent profit requirements on smaller sites. No information has so far been provided.
- 7.69 The profit return of 15% of GDV has been adopted having regard to our internal database of viability appraisals that have been submitted to us by developers for assessments across the North West. We therefore consider that the profit requirement at 15% of GDV for the smaller schemes is justified in the absence of any evidence to the contrary from stakeholders.

7.70 **Sales Rates**

7.71 *Stakeholders' Comments*

7.72 A number of Stakeholders commented on the sales rate assumptions. Within the presentation, we suggested that rates of between 2 and 3 dwellings per month would be reasonable.

7.73 Pegasus Planning and the House Builders Federation suggest that whilst sales rates of between 2 and 3 dwellings per month are appropriate in higher value locations, lower sales rates might be applicable in lower value areas. Both parties recommended that variable sales rates are adopted.

7.74 Turleys suggest that an evidence based approach should be adopted when determining the proposed sales rates for testing.

7.75 *Our Comments*

7.76 Following the Stakeholder Consultation Event we fully interrogated our database of transactions, and calculated sales rates over 36 month and 12 month periods (where appropriate) to inform our testing assumptions. It is therefore considered that the evidence based approach recommended by Turleys has therefore been implemented.

7.77 Following further analysis of the sales data on each of the larger schemes, it was evident that there was a split in terms of sales rates across the Borough. Variable rates have therefore been adopted.

7.78 In lower value areas, sales rates of between 0.5 and 2 per month were assumed, whilst in higher value areas sales rates of between 1 and 2.5 per month were adopted. For completeness, Table 7.4 summarises our assumptions. It is therefore considered that in using an evidence based result and reducing the sales rates on each of the development scenarios that we have accounted for the Stakeholders' comments.

8.0 ECONOMIC PROFILING AND SENSITIVITY ANALYSIS

- 8.01 It is intended that emerging planning policy will remain in place beyond the current economic cycle and indeed it is anticipated that the Local Plan Part 2 will remain in place for up to 15 years after implementation (to 2026), although this will be subject to regular monitoring and review. Notwithstanding this, consideration needs to be given to the robustness of current viability testing, and the decisions which are based upon it, in the context of the potential period that the planning policies may remain in place and the likely, but as yet unknown, economic variations that will take place during this time. Clearly, the timing and nature of such future economic cycles cannot be predicted particularly given the lengthy plan periods involved. We have therefore given consideration to various possible economic cycles that may take place over this period to assess the impact that these may have on the viability of development.
- 8.02 With this in mind, the aim is to seek as far as possible to ensure that the decisions made at the time of preparation of this Report are not anomalous in the context of changing circumstances in the future. In order to undertake this assessment it is considered that the most effective approach is to look back over past economic cycles and, with that data, model development viability based on the characteristics of similar cycles going forward. It is not to say however, that this approach is a substitute to further real time viability testing during the life of the plan, which would be essential in order to accurately assess the viability of development in the future.
- 8.03 Some assistance in relation to this approach is contained within the advice published by the Local Housing Delivery Group which states that:-
- "Forecasting things like house prices or costs is notoriously difficult over the shorter term and subject to wider inaccuracies over the medium and longer term. The best a Council can realistically seek to do is to make some very cautious and transparent assumptions with sensitivity testing on the robustness of those assumptions. In doing so, it is important that variations against baseline costs, as well as values, are tested, and based, where appropriate, on construction costs and other indices."*
- 8.04 The purpose of this section is to provide a high level overview as to the likely impact of property market cycles over the time-frame of the Plan. Using the best evidence available upon which to base a model; historical data; we have sought to measure the effect on viability of changes to the key variables which underpin an economic viability study (with regards to residential development), namely house prices, land values, build costs and interest rates. This data will be used to profile the changes in economic circumstances which are likely to be observed throughout the duration of a property market cycle. This is likely to reflect feature peaks and troughs in respect of each of the key variables.

8.05 By assessing market change over a 24 year period we will seek to model changes which may take place over the plan period. However, it should be noted that the modelling is intended to represent a degree of change and not timing of that change. We will instead be representing a base position; which is the position at the present date demonstrated by our baseline testing; along with low, medium and high points that we would expect to encounter along the course of a typical economic cycle. These are based on three specific 8 year intervals within a 24 year cycle.

8.06 Figure 8.1 tracks house price changes through the Nationwide House Price Index for the North West of England; build cost changes via the Building Cost Information Service Tender Price Index; and land prices through a Valuation Office Agency (VOA) Index. For the purposes of this exercise and having regard to development land pricing being based on a derived demand, we have chosen not to use a land price index based on residential development land which would necessarily reflect policy requirements and as such undermine the objectives of the modelling exercise. Instead we have used a base land price position relating to the VOA Industrial Land Index. This index was only published until 2009 and to bring it up to date we have extended the dataset to the present day by using the reported land price changes on a quarterly basis reported by the VOA and our own knowledge and experience so as to enable comparison between the data series.

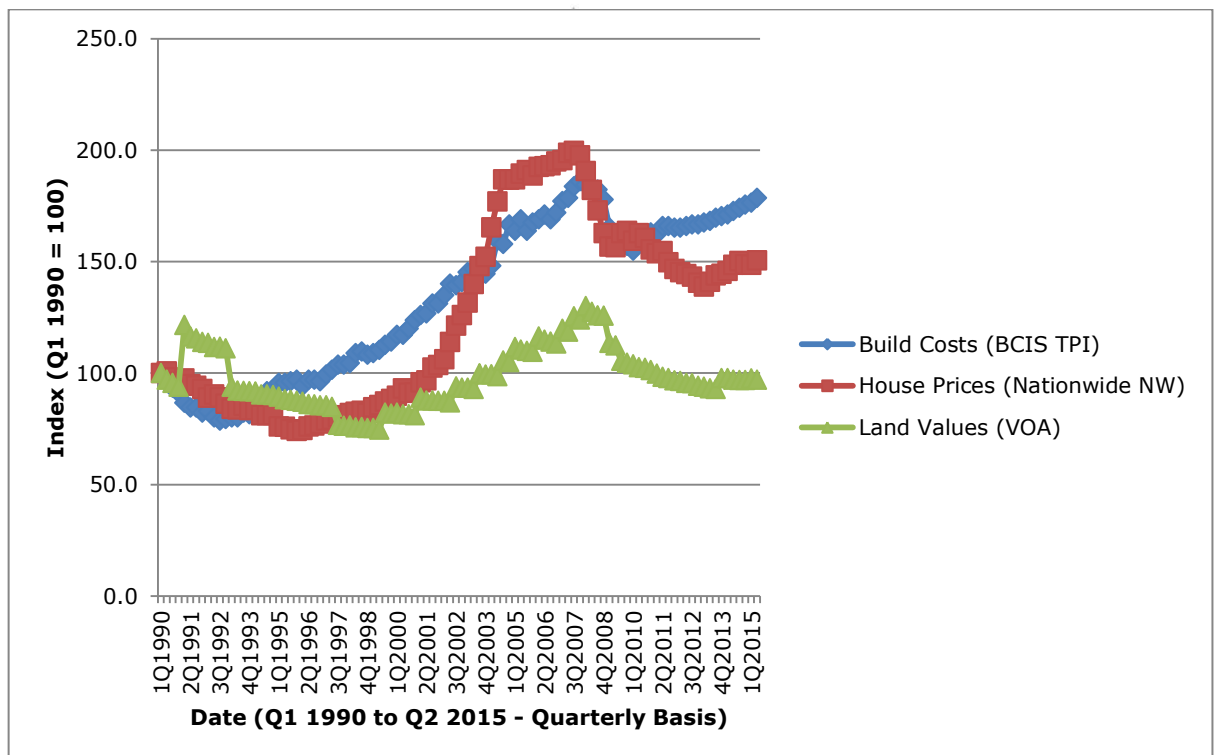


Figure 8.1 - Comparison of Residential Sales Values, Land Values and Build Costs 1990-2014 in Real Terms

- 8.07 Whilst the BCIS tender price accounts for changes in inflation, the changes in House Prices and Land Values do not account for the changes in the value of money. Both of the above figures have therefore been weighted using the Consumer Price Index (CPI) and brought back down to 1990 values so as to enable comparison.
- 8.08 From the costs provided by WYG and the revenues adopted within the baseline appraisals, we have benchmarked the variations in costs to 1990 levels. In addition to the above, we have included a likely borrowing rate, reflecting the Bank of England Base Rate, the London Inter-Bank Offer Rate (LIBOR) and the perceived premium over and above these headline rates likely to have been offered to developers at each of the above intervals.
- 8.09 The Summary Table (8.1) below tracks the changes in costs and values adopted based on low, medium and high positions in the cycle at intervals based on 1990 values, together with the interest rates adopted.

Position in Cycle	Variance in Build Cost	Variance in Land Value	Variance in House Prices	Interest Rate Adopted (%)
Base	100	100	100	N/A
Low	104	76	82	8.5
High	168	116	193	7
Medium	171	98	145	7

Table 8.1 - Changes in Inputs

- 8.10 The graphs below track the impact of the changes in viability over the tested base, medium and also the high and low positions, adopting the results from Scheme 3 (50 dwellings) as the basis of modelling. The results show that the economic viability of development during the more normal medium period is good and clearly improves further to the tested high point as the rise in house prices exceed that of build costs. As would be expected, viability decreases at the tested low point as house prices fall in real terms relative to build costs.
- 8.11 The trend line for each location reflects a position of long term average viability that we would expect to be relevant for the majority of a typical economic cycle. The high and low points only serve to reflect extreme positions that may occur briefly along the cycle, and are not indicative of the overall position. A trend line above the £0 position for development surplus indicates that development is viable. The trend lines indicate that all scheme 6 developments across all locations are currently viable at the base position, and that viability will generally increase over the course of a typical economic cycle.

Changes to Viability on Brownfield Land

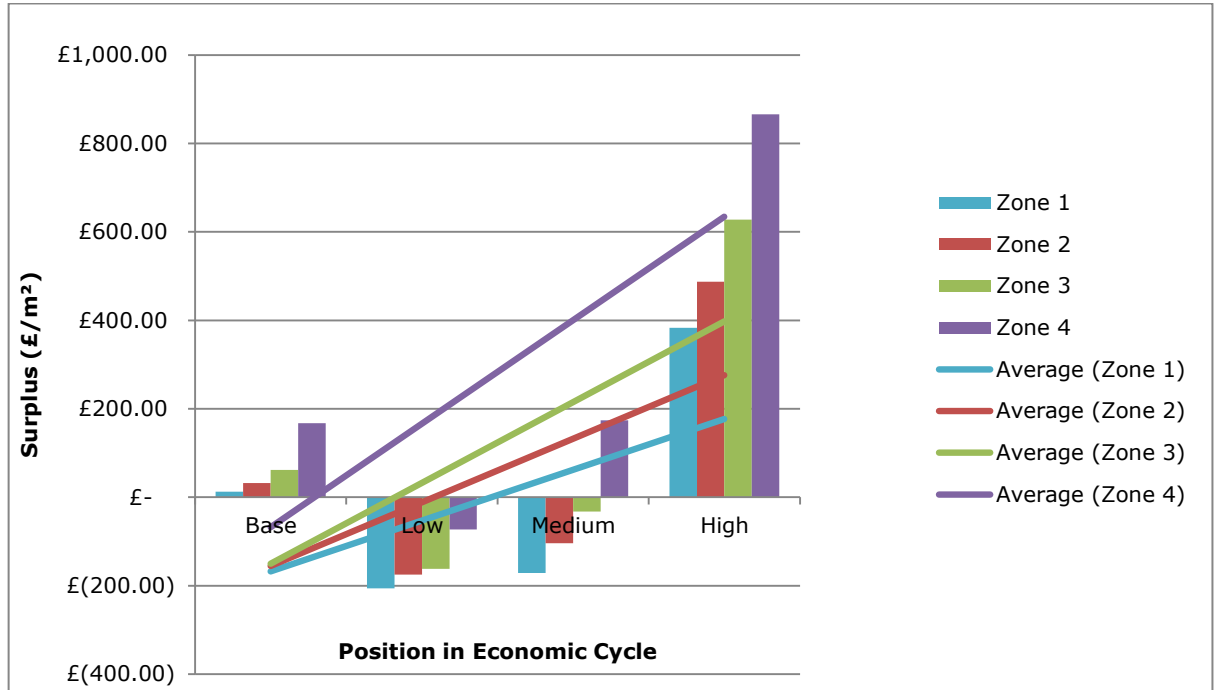


Figure 8.2 - Changes to Viability, Scheme 3 (50 units - 30dph)

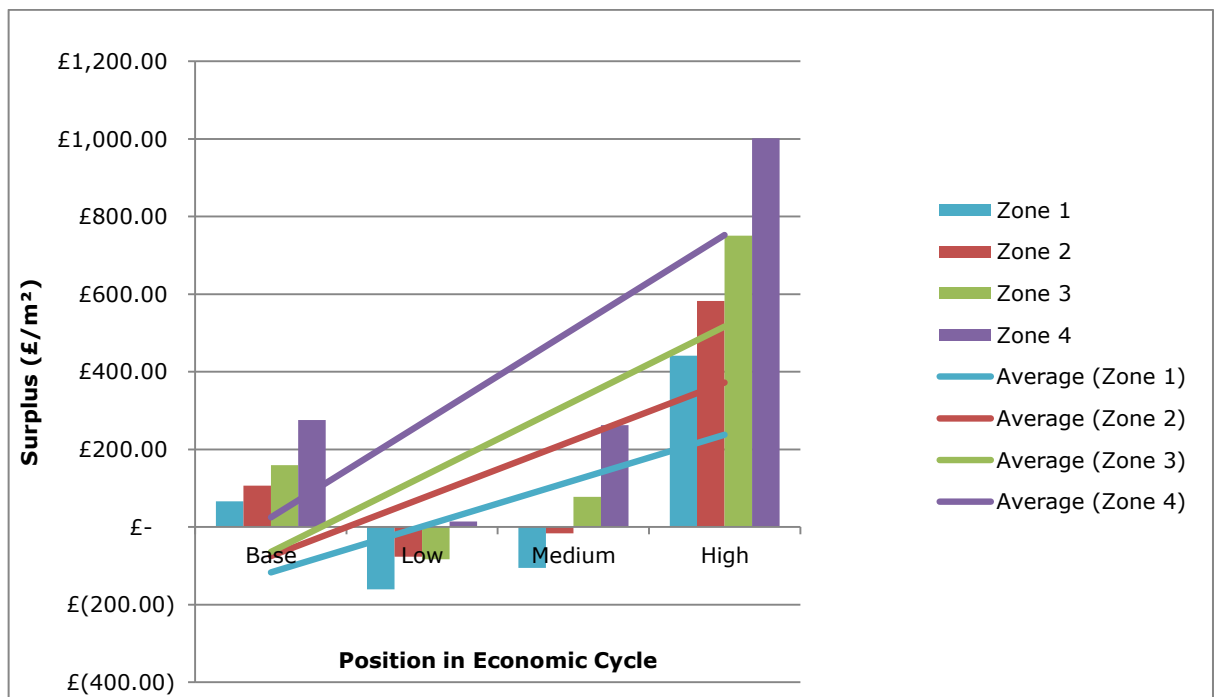


Figure 8.3 - Changes to Viability, Scheme 3 (50 units - 40dph)

Changes to Viability on Greenfield Land

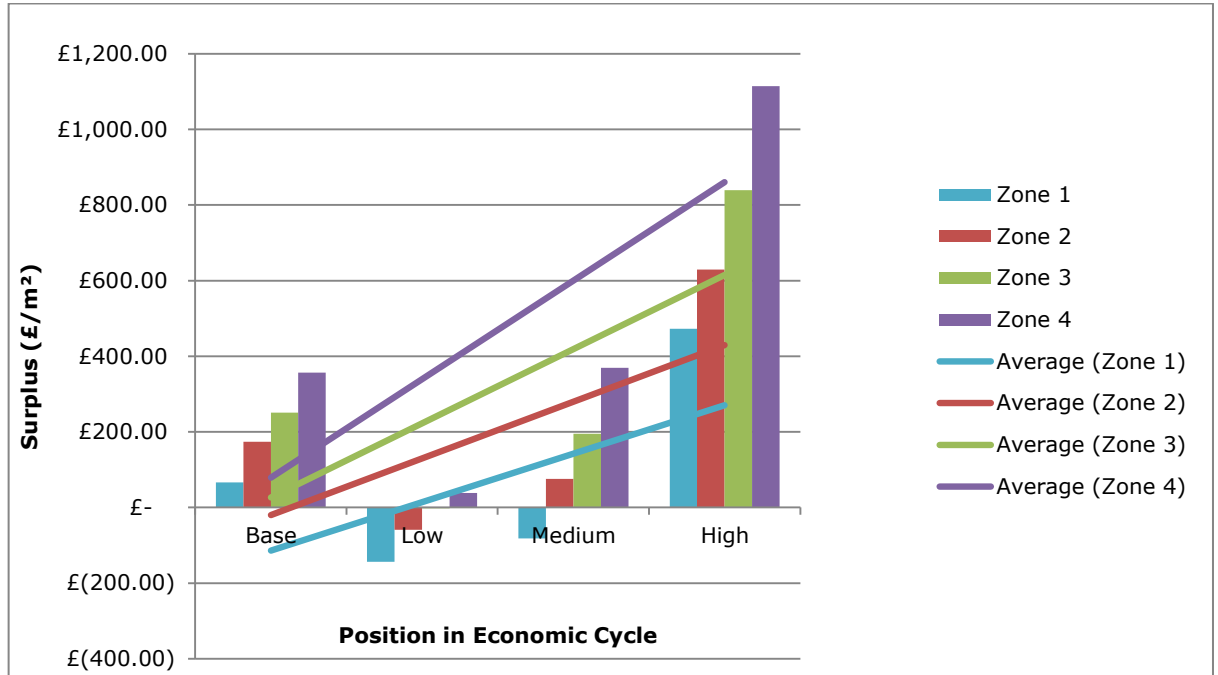


Figure 8.4 - Changes to Viability, Scheme 3 (50 units - 30dph)

- 8.12 The results show that development viability will change depending on economic cycles. Generally, the current assessment levels (base position) used as the basis for the policy consideration represent a reasonable moderate to low position over the series of modelled economic cycles. Accordingly, it is considered that this assessment represents a robust basis for policy consideration which may not have been the case if the current assessments had been at the extremes of the economic variations. Indeed the modelling suggests that whilst the viability of development can change significantly over the course of an economic cycle, throughout a significant portion of the periods examined there was an increase in the viability of development.
- 8.13 The modelling does not seek to predict when economic cycles will take place. It may be the case that in the event of a significantly improved set of economic conditions, the viability of development could increase from its present position to levels which result in increased scope for the Council to implement for example increases to the level of a CIL charge. Clearly that would be a matter for additional real time viability testing at that point, which emphasises the value of ensuring that viability evidence is as up to date as possible.

8.14 As described earlier, there are limitations to this form of analysis and this impact assessment has been undertaken for illustrative purposes in order to assess the robustness of the current viability modelling over various hypothetical economic cycles. It is unlikely that the market will react in exactly the same way in the future as it has behaved in the past. Property prices, land values, build costs and interest rates are all complex variables and are each linked to a number of macro-economic factors and locally specific circumstances. In order then to gauge viability in the future, further viability studies would need to be undertaken at regular intervals. Though this section has attempted to look at the impact of viability by scenario-testing each of the main variables, the results should be taken in the context of the limitations of this type of analysis.

9.0 PLAN VIABILITY AND DELIVERABILITY

9.01 **Core Strategy Policies**

9.02 As outlined in Section 3, the NPPF requires that the Local Plan should be deliverable and the sites and scale of development identified in the Plan should not be subject to such a scale of obligations and Policy burdens that their ability to be viably developed is threatened.

9.03 In preparing this study we have considered the spatial and strategic policies contained within the Core Strategy, together with the proposed housing allocations on which new development will be based, the development management policies that will guide the form, design, quality of development and associated planning obligations and also the site specific policies for the strategic development sites which are an important driver of new development delivery over the plan period.

9.04 **Housing**

9.05 Based on the Draft Local Plan allocations policies and the strategic development sites, we have prepared site specific viability appraisals for a number of the major housing allocations on which the plan relies. Smaller sites have been tested with reference to the generic testing that we have undertaken, which includes the development of 10, 25 and 50 units.

9.06 The Development Management Policies contained within the existing Core Strategy vary in terms of their impact on development. Not all will have direct implications for development viability. A summary of the key policies and their effect on development is contained at Section 2 of this Report.

9.07 Of these policies assessed a number will impact on the form and design of development such as those which require certain standards of design or requirements for open space. Others such as Affordable Housing will place an obligation on the developer which will have a cost implication. Requirements for local infrastructure provision may require a monetary payment either through a S.106 contribution or CIL (which is explored in more detail within the next section).

9.08 In preparing our viability assessments we have firstly considered those policies which guide form and design. The construction cost assessments that have been prepared are fully reflective of Policy requirements in relation to design standards, and on-site open space provision (where required) and drainage management. In relation to new Housing Development we have also assessed the costs associated with achieving the optional National Technical Standards that all non-residential development will be to BREEAM 'very good' standard. In addition and as noted in Appendix 4 which contains the assumptions for the strategic sites testing, we have also considered the requirements for new infrastructure provision on the respective sites, and any site specific S.106/S278 contributions/works required.

- 9.09 Full details of our assumptions are contained within Section 3 of the Report and at Appendices 4, whilst WYG's Report on the Build Cost assumptions is included at Appendix 2. The results of our baseline testing are included at Section 6 of this Report (in Tables 6.2 to 6.13, 6.22, 6.24 and 6.25).
- 9.10 With reference to these tables, the results for the development of entirely market housing in both the Generic and Site Specific testing scenarios undertaken (ie. 0% affordable homes) shows that development is viable in all cases.
- 9.11 In each of the Site Specific scenarios tested, development is viable before any planning obligations are considered in relation to affordable housing or the National Technical Standards.
- 9.12 To further inform our conclusions about viability we have then considered the impact of affordable housing on development viability. Further specific detail regarding the outcome of this is contained at Section 6. In summary, the delivery of affordable housing in line with policy is not viable in all cases, and may put the delivery of some housing sites at risk. The impact of affordable provision is greater on brownfield sites, where in the majority of cases delivery of the Policy requirement is either unviable or where it is viable the result is generally more marginal when assessed at 30 dph. Notwithstanding this, if we assume that development will be provided at 40 dph the full 20% affordable housing provision can be afforded in the vast majority of instances (the sole exception being the development of 50 units at Zone 1). In relation to Greenfield sites these are in most instances able to achieve a Policy compliant level of affordable housing (at up to 40%).
- 9.13 Policy 4 - Affordable and Supported Housing in the Core Strategy provides that where the provision of affordable houses proposed is below the Policy requirements the Council will require applicants to provide evidence by way of a financial appraisal to justify a reduced provision. This viability test provides a level of flexibility in the Plan Policy, and as a result for those sites where viability may be at issue it may be possible to justify a lower level of provision to enable a site to be delivered.
- 9.14 Our viability testing assumes a no grant position. It is possible that Registered Providers may be able to secure funding through the HCA to assist in the delivery of higher numbers of affordable units on sites where viability is at issue.
- 9.15 In relation to new housing development in Rossendale the Council may need to balance the requirements for Affordable Housing, CIL and the optional adoption of National Technical Standards so as not to undermine delivery. However, the respective policies in relation to Affordable Housing and sustainability initiatives do allow a degree of flexibility to accommodate this. CIL on the other hand does not, and once implemented is fixed.
- 9.16 **Employment and Mixed Use Allocations**
- 9.17 The results from our testing indicate that speculative development of employment uses is not currently viable.

- 9.18 In our view the Core Strategy does not place such a burden on new employment development so as to prejudice its future delivery. Issues in relation to viability arise because rents and capital values for employment uses are currently at a low level and in comparison there is a 'gap' with build costs. Traditionally in recent years this gap has been met by public sector funding support or in the case of mixed use schemes cross-subsidised by other more viable forms of development.
- 9.19 Notwithstanding the results of our viability testing it is likely that office and industrial development will come forward on these sites in the future motivated by specific circumstances such as an owner occupier wishing to expand or alternatively with the benefit of public sector funding support.
- 9.20 In respect of the retail typologies considered, convenience retail remains challenging on Brownfield sites and provides limited development surpluses of between -£35 and £152 per sq.m (-2.20% to 9.13% of cost), and in the case of the 3,000 sq.ft unit which provides the greatest surplus it is unclear as to whether supermarkets would look to build out these types of units in the short to medium term as a result of the current trading environment. The development of convenience retail units is viable on Greenfield sites.
- 9.21 Similarly, whilst the development of comparison retail units is unviable in Brownfield locations, viability improves on Greenfield sites, and the development of a 10,000 sq.ft unit is marginal (£31 per sq.m or 2.53% of cost) and a 30,000 sq.ft unit is viable (£206 per sq.m or 7.23% of cost). Whilst on the whole leisure development on the whole remains unviable, the development of food and drink premises is viable on Greenfield Sites (providing a surplus of 153 per sq.m equating to 7.23% of cost). Development on a Brownfield Site provides a marginal deficit of -£46 per sq.m, equating to around 2.01% of costs. Marginal improvements to rents and yields may therefore render the Brownfield development of food and drink premises viable, which may be due to specific requirements within the market.
- 9.22 Our results suggest that Extra Care accommodation built on a speculative basis is unviable at values of £2,800 per sq.m (£260 per sq.ft) or less. At revenues above this level then the development of Extra Care becomes viable. It is likely that such forms of development built for sale on a speculative basis by specialist developers such as McCarthy and Stone are only likely to be delivered in these higher value areas of the Borough. It is not always the case however that extra care accommodation is built on a speculative basis. Many such facilities are purpose built for the operator who may then derive a profit from the operation of the accommodation as opposed to necessarily receiving a profit from the sale of the development itself. If this delivery model is implemented, the viability of Extra Care accommodation significantly improves as a developers profit reduces to a contractors profit. A developer will then typically derive an income from the accommodation which in the majority of instances takes the form of rented accommodation.
- 9.23 Speculative nursing home development remains unviable also, as is the development of Car Showroom accommodation.

9.24 **Summary**

- 9.25 Subject to the comments made above, the overall scale of obligations, standards and Policy burdens contained in the Core Strategy are not of such a scale that cumulatively they threaten the ability of the sites allocated to be developed viably. In certain circumstances there will need to be a balance achieved between the requirements for affordable housing, sustainability initiatives and CIL (if introduced), however there is sufficient flexibility in the Plan policies as currently drafted in relation to affordable housing and sustainability initiatives with a test based on economic viability to allow a relaxation of policy requirements if appropriate.

APPENDIX 1

COMPARABLE EVIDENCE

APPENDIX 1

Introduction

The Report contains an analysis of transactions involving Industrial accommodation within the Borough. This Appendix provides additional information in respect of the accommodation types that have not been fully reviewed within the report, and provides details of property market transactions that support the assumptions that have been made at Section 4 of the Report.

Appendix 1 therefore provides further analysis in respect of:-

- Residential Accommodation
- Residential Land
- Office Accommodation
- Comparison Retail
- Convenience Retail
- Leisure Accommodation
- Agricultural Land

RESIDENTIAL ACCOMODATION (NEW BUILD DEVELOPMENTS)

Development	Area	Description	Price	Source
Healey Walk Persimmon Homes	Whitworth	Development of 97 dwellings, comprising 2/3/4 bed semi-detached and detached units. Active development.	Average sales prices of £1,938 per sq.m (£180 per sq.ft).	Land Registry, Rossendale Website (for Planning Application), Sales Particulars.
Kandel Place BE Boys	Whitworth	Development of 8no 2.5 storey terraced dwellings. Completed and built out.	Average sales prices of £1,938 per sq.m (£180 per sq.ft)	Land Registry, Rossendale Website (for Planning Application), Sales Particulars.
Moorland Gate Harron Homes	Britannia	Development of 29no predominantly 4 bed detached dwellings, although there are a small proportion of 5 bed detached and 3 bed semi-detached units. Completed and built out.	Average sales prices of £1,884 per sq.m (£175 per sq.ft).	Land Registry, Rossendale Website (for Planning Application), Sales Particulars.
Pennine View Wainhomes	Britannia	Development of 100no 3 and 4 bed detached dwellings. Active development.	Average sales prices over the past 24 months have been at around £1,776 per sq.m (£165 per sq.ft).	Land Registry, Rossendale Website (for Planning Application), Sales Particulars.
Erin Rise McDermott Homes/Harron Homes	Bacup	Multiple phased development towards east of Bacup. From inspection development comprises mainly 4 bed dwellings. Completed and built out in 2011.	Final 4 sales reported on Land Registry were sold at an average price of around £1,776 per sq.m (£165 per sq.ft), although recent resales have taken place at around £1,614 per sq.m (£150 per sq.ft)	Land Registry, Rossendale Website (for Planning Application), Sales Particulars.
Hollin Way MCM Construction	Crawshawbooth	Development of 250no larger 4 and 5 bed dwellings. Located on hillside above the A682 Burnley Road. Development remains active, and construction is commencing on a new phase.	Sales over the past 4 years have sold 13no dwellings. Average prices of £2,045 per sq.m (£200 per sq.ft)	Land Registry, Rossendale Website (for Planning Application), Sales Particulars.

Development	Area	Description	Price	Source
Higher Mill BE Boys	Rawtenstall	Development of 15no 2.5 storey mews. Development remains active.	In 2014 4 units sold at an average price of £1,722 per sq.m (£160 per sq.ft).	Land Registry, Rossendale Website (for Planning Application), Sales Particulars.
Dale Moor View Taylor Wimpey	Rawtenstall	Former Rossendale General Hospital Site. Development of 139 dwellings. Construction commenced in 2014, and the development remains active.	Sales between October 2014 and January 2015 achieved average sales values of £2,442 per sq.m (£225 per sq.ft).	Land Registry, Rossendale Website (for Planning Application), Sales Particulars.
Woodland Rise Berkshire Homes	Hareholme	Development of 17no smaller semi-detached and mews dwellings. Active development.	According to Land Registry 2no sales have been reported at between £1,496 and £1,626 per sq.m (£139 to £152 per sq.ft).	Land Registry, Rossendale Website (for Planning Application), Sales Particulars.
Holly Mount Hurstwood	Rawtenstall	Development located next to the Asda Superstore fronting the A682 St Marys Way. Comprises townhouses and apartments. Development appears to have been completed.	A total of 19no dwellings sold between 2011 and 2014, at average values of around £1,507 per sq.m (£140 per sq.ft).	Land Registry, Rossendale Website (for Planning Application), Sales Particulars.
Weavers Dene Taylor Wimpey	Helmshore	Development of 74no 2/3/4 bed terraced, semi-detached and detached dwellings on a brownfield site located off Holcombe Road and next to the River Ogden. Development nearing completion.	Land Registry report that a total of 44 units have sold at an average price of £2,153 per sq.m (£200 per sq.ft).	Land Registry, Rossendale Website (for Planning Application), Sales Particulars.
Aldenbrook	Helmshore	Block of 37no apartment completed in 2011.	Based on the EPC unit size areas, average sales between 2011 and 2014 have been at around £2,045 per sq.m (£190 per sq.ft).	Land Registry, Rossendale Website (for Planning Application), Sales Particulars.

RESIDENTIAL LAND

Type/Details	Size (Gross Acres)	Price/Market Price	Source/Date
Land to the South of New Line, Bacup – Moorland Gate, Harron Homes	2.7	£1,600,000 (£599,251 pac) S106 20% AH	Land Registry/ Planning Permission Sold September 2011
Land and Buildings on the North Side of Holcombe Road, Helmshore – Weavers Dene, Taylor Wimpey	5.4	£2,177,987 (£404,079 pac) S106 20% AH	Land Registry/ Planning Permission Sold May 2012
Land on the North West side of Haslingden Road, Rossendale – Dale Moor View, Taylor Wimpey	11.1	£4,782,000 (£429,264 pac) S106 20% AH	Land Registry/ Planning Permission Sold September 2013
Land adjoining 368-370 Rochdale Road, Bacup – Site owned by Prime Structures	0.7	£235,000 (£350,746 pac) S106 Unknown	Land Registry/ Planning Permission Sold October 2014
Land at Bacup Road, Hareholme – Woodland Rise, Berkshire Homes	1.2	£170,000 (£141,667 pac) S106 Unknown	Land Registry/ Planning Permission Sold July 2013
Land to the North of Hall Street, Whitworth, Rochdale – Healey Walk, Persimmon Homes	6.8	£3,250,000 (£474,453 pac) S106 12% AH	Land Registry/ Planning Permission Sold November 2011
Whinberry View Care Home, Bacup Road, Rossendale – Site owned by BE Boys	1.6	£645,000 (£416,129 pac) S106 7% (following appeal)	Land Registry/ Planning Permission Sold October 2014/2006

VOA Market Report

City	Reported £/Hectare	Reported £/Acre
Liverpool	£1,500,000	£605,000
Manchester	£1,350,000	£550,000

OFFICE

Summary of available accommodation within the Borough:-

Hardmans Business Centre, Rawtenstall (Hurstwood)

Asking rents – £108 per sq.m (£10 per sq.ft) for smaller units; £97 per sq.m (£9 per sq.ft) for larger units

- 3: 58 sq.m (623 sq.ft) - £6,230 p.a.
- 4: 79 sq.m (860 sq.ft) - £8,600 p.a.
- 5: 73 sq.m (785 sq.ft) - £7,850 p.a.
- 6: 92 sq.m (990 sq.ft) - £9,900 p.a.
- 7: 76 sq.m (820 sq.ft) - £8,200 p.a.
- 9: 120 sq.m (1,293 sq.ft) - £11,700 p.a.
- 18: 132 sq.m (1,420 sq.ft) - £12,780 p.a.
- 21: 152 sq.m (1,640 sq.ft) - £14,760 p.a.
- 29: 138 sq.m (1,482 sq.ft) - £13,338 p.a.
- 30: 53 sq.m (566 sq.ft) - £5,660 p.a.
- 32: 167 sq.m (1,792 sq.ft) - £16,128 p.a.
- 35: 77 sq.m (831 sq.ft) - £8,310 p.a.

Hurstwood House, New Hall Hey Road – Rawtenstall, Lancashire (Hurstwood)

Asking rents - £172 per sq.m (£16 per sq.ft) for smaller units; £86 per sq.m (£8 per sq.ft) for larger units

- Suite 3 – 22 sq.m (239 sq.ft) - £3,850 p.a.
- Suite 4: 116 sq.m (1,244 sq.ft) - £9,950 p.a.
- Suite 7: 15 sq.m (165 sq.ft) - £2,640 p.a.
- Suite 8: 54 sq.m (583 sq.ft) - £8,000 p.a.

Link 665 Business Centre – Haslingden, Lancashire (Hurstwood)

Asking rents – £108 per sq.m (£10 per sq.ft) for smaller units; £94 per sq.m (8.75 per sq.ft) for larger units

- 1b: 64 sq.m (690 sq.ft) - £6,900 p.a.
- 1c: 70 sq.m (757 sq.ft) - £7,570 p.a.
- 4b: 72 sq.m (780 sq.ft) - £7,800 p.a.
- 5: 86 sq.m(925 sq.ft) - £9,250 p.a.
- 6a: 87 sq.m (937 sq.ft) - £9,370 p.a.
- 12: 74 sq.m (800 sq.ft) - £8,000 p.a.
- 21: 183 sq.m (1,970 sq.ft) - £17,240 p.a.
- 22: 202 sq.m (2,179 sq.ft) - £19,065 p.a.

New Hall Hey Business Centre - Rawtenstall, Lancashire (Hurstwood)

Asking rents – £92 per sq.m (£8.50 per sq.ft)

- Suite 8: 260 sq.m (2,800 sq.ft) - £24,000 p.a.

Hurstdale House Business Centre - Rawtenstall, Lancashire (Hurstwood)

Asking rents c. £161 – £205 per sq.m (£15 - £19 per sq.ft)

- Suite 2: 27 sq.m (288 sq.ft) - £4,320 p.a.
- Suite 4: 20 sq.m (212 sq.ft) - £3,180 p.a.
- Suite 5: 21 sq.m (222 sq.ft) - £3,330 p.a.
- Suite 10: 33 sq.m (357 sq.ft) - £5,355 p.a.
- Suite 11: 33 sq.m (354 sq.ft)- £5,310 p.a.
- Suite 12: 32 sq.m (338 sq.ft) - £5,070 p.a.

Station House – Rawtenstall, Lancashire (Hurstwood)

Asking rents – £161 per sq.m (£15 per sq.ft) for smaller units; £107 per sq.m (£10 per sq.ft) for larger units

Suite 3: 13 sq.m (135 sq.ft) - £2,025 p.a.

Suite 9: 58 sq.m (627 sq.ft) - £6,250 p.a.

Hurstdale House - Rawtenstall, Lancashire (Hurstwood)

Asking rents - £162 per sq.m (£15 per sq.ft)

Suite 2: 27 sq.m (288 sq.ft) - £4,320

Suite 4: 20 sq.m (212 sq.ft) - £3,180

Suite 5: 21 sq.m (222 sq.ft) - £3,330

Suite 10: 22 sq.m (357 sq.ft) - £5,355

Suite 11: 33 sq.m (354 sq.ft) - £5,310

Suite 12: 31 sq.m (338 sq.ft) - £5,070

Rising Bridge Business and Enterprise Village (Lancashire County Council/JLL/Pettys Commercial)

Asking rents - £93 per sq.m (£10 per sq.ft)

1: 322 sq.m (3,464 sq.ft) - £34,640

2: 234 sq.m (2,517 sq.ft) - £25,170

3: 234 sq.m (2,517 sq.ft) - £25,170

4: 234 sq.m (2,517 sq.ft) - £25,170

5: 322 sq.m (3,464 sq.ft) - £34,640

COMPARISON RETAIL

Unit	Location	Tenant	Size (CoStar - Sq.m)	Lease Terms	Rent (£/sq.m)	Date of Letting
29A Burnley Rd E	Newchurch	Mr J Yousaf	41	5 yrs.	£127.21	02/06/2014
31A-31B Burnley Rd E	Newchurch	Scissors	41	3 yrs.	£155.54	01/06/2013
52 Deardengate	Haslingden	The Lagaan Restaurant	93	6 yrs.	£64.59	31/03/2014
13 Deardengate	Haslingden	Rossendale Hospice Trading Ltd	45		£116.37	15/02/2013
3 Pleasant St	Haslingden		44	3 yrs	£79.82	24/11/2014
55-57 Bank St	Rawtenstall	TSB Bank plc	262	10 yrs	£84.04	01/05/2014
66 Bank St	Rawtenstall	Sugarhoneys Boutique Limited	94		£164.06	01/12/2013
95-97 Bank St	Rawtenstall	Luvinit	53		£224.65	01/07/2013
9 Bank St	Rawtenstall	Boots	329	10 yrs	£109.34	01/03/2013
73 Bank St	Rawtenstall	Miss Lyn Nguyen	45	5 yrs	£233.04	01/03/2013
48 Bank St	Rawtenstall	HEAD-WIIG	54	3 yrs	£231.99	31/01/2013
225-227 Bacup Rd	Rawtenstall	Shazeana Ahmed	111	5 yrs	£53.01	27/03/2015
225-227 Bacup Rd	Rawtenstall	Mr Ahmed	111	3 yrs	£53.01	01/02/2014
32 Bacup Rd	Rawtenstall	Rossendale Bait & Tackle	77		£90.35	03/01/2014
6 Rochdale Rd	Bacup	Wishes Galore	39		£159.93	01/04/2014
2 Gladstone St	Bacup	Martin McColl Ltd	442	20 yrs	£56.62	28/02/2014

CONVENIENCE RETAIL

Unit	Tenant	Rent (£/sq.m or £/sq.ft)	Size (VOA)	Lease Terms	Date of Letting
Heywood Way, Salford	Aldi	£160,000 pa (£112 per sq.m or £10.41 per sq.ft)	1,428 sq.m (15,376 sq.ft)	New build Unit. 20 Year Lease.	April 2014
School Lane, Standish, Wigan	Aldi	£215,000 pa (£122 per sq.m or £11.32 per sq.ft)	1,765 sq.m (18,998 sq.ft)	Refurbished former Coop/Somerfield Unit. 20 Year Lease. RR at 5/10 years, capped at 4% and collared at 1%. FRI.	2015
Tarvin Bridge, Chester	Aldi	£485,000 pa (£137 per sq.m or £12.70 per sq.ft)	3,547 sq.m (38,178 sq.ft)	New build Unit. 20 Year Lease. 5 yearly upward only RR at 2.5%.	Sept 2013
London Road, Northwich	Waitrose	£481,500 pa (£141 per sq.m or £13.12 per sq.ft)	3,410 sq.m (36,702 sq.ft)	New build Unit.	Jan 2013
Little Lever, Crossley Street, Bolton	Tesco	£413,000 pa (£151 per sq.m or £14 per sq.ft)	2,741 sq.m (29,500 sq.ft)	New build unit.	April 2015
313 Norris Road, Sale	Tesco	£44,500 pa (£126 per sq.m, or £11.74 per sq.ft)	352.2 sq.m (3,791 sq.ft)	20 year lease. RPI linked RRs. RR at 5/10/15 years. Tenant only break at 10 years. FRI terms.	Jul 2012
70 Bury Street, Heywood	Tesco	£47,000 pa (£151 per sq.m or £14 per sq.ft)	311.8 sq.m (3,356 sq.ft)	20 year lease. RR 5/10/15 years, collared at 1% and capped at 4%. FRI terms.	Jul 2013
20-28 Mill Lane, West Derby, Liverpool	Tesco	£47,000 pa (£132 per sq.m or £12.27 per sq.ft)	355.8 sq.m (3,830 sq.ft)	20 year lease. Tenant only break at year 10. RR 5/10/15 years, collared at 1% and capped at 4%.FRI terms.	Sep 2013
1083 Stockport Road, Levenshulme	Morrisons	£45,000 pa (£114 per sq.m or £10.63 per sq.ft)	393.2 sq.m (4,233 sq.ft)	15 year lease. RR at 5/10 years, capped at 4% and collared at 1%. FRI.	Dec 2013

Unit	Tenant	Area	Yield	Capital Value	Date
Garratt Way, Gorton, Manchester	Aldi	1,519 sq.m (16,347 sq.ft)	5.7%	£2,010 per sq.m £195 per sq.ft	July 2012
Spring Street, Bury	Asda	4,805 sq.m (51,723 sq.ft)	5.8%	£2,831 per sq.m £263 per sq.ft	Dec 2013
Heywood Way, Salford	Aldi	1,428 sq.m (15,376 sq.ft)	6.5%	£1,615 per sq.m £150 per sq.ft	April 2014
26-28 Highgate, Kendal	Tesco	455 sq.m (4,900 sq.ft)	6.7%	£1,550 per sq.m £144 per sq.ft	Oct 2014
385 Ashton Road, Oldham	Tesco	372 sq.m (4,000 sq.ft)	NA	£1,572 per sq.m £146 per sq.ft	Jan 2012
200 Accrington Road, Burnley	Farmfoods	1,243 sq.m (13,380 sq.ft)	7.5%	£1,022 per sq.m £95 per sq.ft	Dec 2013
School Lane, Standish, Wigan	Aldi	1,765 sq.m (18,998 sq.ft)	5.4%	£2,153 per sq.m £200 per sq.ft	June 2015
Little Lever, Crossley Street, Bolton	Tesco	2,741 sq.m (29,500 sq.ft)	5.1%	£2,960 per sq.m £275 per sq.ft	April 2015
Edgeley Road, Stockport	Morrison's	8,244 sq.m (88,745 sq.ft)	5.9%	£1,045 per sq.m £97 per sq.ft	Dec 2014
42-44 Hare Hill Road, Little-borough	Sainsbury's	418 sq.m (4,500 sq.ft)	NA	£1,400 per sq.m £130 per sq.ft	Jan 2013

LEISURE

HOTEL ACCOMMODATION

Type/Details	Size (rooms) and Age	Rent/Capital Value	Yield/Yield Indication	Source
Mercure Foxfield Country Hotel Whalley Road Clitheroe BB7 9HY	44 Rooms	Sold for £1,200,000 in October 2014	NA	CoStar. Sold for £27,273 per room (Freehold)
Travelodge Bradford Road Keighley BD21 4BB	43 rooms - built in 1910	Sold for £1,700,000 in July 2011	7%	CoStar. Sold for 39,535 per room (Freehold)
Travelodge Leeds Road, Huddersfield. HD1 6NW.	62 rooms - built in 2011	Sold for £2,550,000 in January 2014.	7.21%	CoStar. Sold for £41,129 per room (Freehold)
Park Inn Hotel, Leigh Sports Village, Sale Way, Leigh. WN7 4JY	135 rooms - Built in 2008	Sold for £2,400,000 in June 2014.	Sold with option of obtaining VP. Management agreement due to expire.	CoStar. Sold for £17,788 per room (Long Leasehold)
Travelodge Bolton Central, River Street, Bolton. BL2 1BX.	80 rooms - Built in	Sold for £3,750,000 in November 2013.	7%	CoStar. Sold for £46,875 per room (Freehold)

FOOD AND DRINK ACCOMMODATION

Type/Details	Size (sq.m)	Rent/Capital Value	Yield/Yield Indication	Source
Kentucky Fried Chicken Hyndburn Road Accrington BB5 4EQ	243	Unit sold for £800,000 in February 2012 which equated to a value of £3,302 per sq.m. Unit was let at a rent of £54,200 per annum equating to £223 per sq.m	6.4%	EI Group
Burger King 25 Broadway Accrington BB5 1ES	390	Unit within shopping centre let at a rent of £100,000 per annum, equating to a rent of £256 per sq.m	NA Leasehold	- CoStar
Kentucky Fried Chicken Kemp Street Middleton	372	Newbuild unit let at a rent of £73,500 per annum from 1 December 2014. Rent amounts to £198 per sq.m.	NA Leashold	- CoStar
McDonalds, Worthington Way, Wigan. WN3 6XA	202	Unit sold for £810,000 on 05/12/2013, which equates to £4,010 per sq.m. Unit was let at a rent of £56,576 per annum equating to £280 per sq.m	6.6%	CoStar
Frankie and Bennys, Charon Way Warrington	334	Unit sold from an asking price of £1,300,000 on 15/01/2013, which equated to £3,892 per sq.m. Unit was let at £90,750 per annum, equating to £270 per sq.m	6.6%	CoStar

Within recent work acting against a Pub Operator, rental ranges of between £17.50 and £20.00 per sq.ft have been quoted in respect of recent lettings of new build premises across

AGRICULTURAL LAND

Description of Deals
Bolton Marshall are currently marketing 2.1 hectares (5.1 acres) of grazing/amenity land located in Shawclough at a price of £50,000, which equates to £24,369 per hectare (£9,862 per acre).
Windle Beech Winthrop sold around 2.1 hectares (5.1 acres) of enclosed grazing land at Bamford towards the west of Rochdale for £100,220 in March 2014, which equated to a price of around £48,650 per hectare (£19,690 per acre). The site has two separate access points from a private road leading up to Bamford Hall. The site appears to be relatively flat.
A linear plot of grassland at Buckstones Road in Oldham sold at auction for £6,500 in July 2013. The plot amounted to around 2.9 hectares (1.2 acres), and the price paid equated to a price of around £13,610 per hectare (£5,510 per acre). The site comprises a footpath and watercourse, and from the plans provided and external inspection it is unclear as to whether the site is fully enclosed. The site traverses around a field sitting beneath the B6197 (Buckstones Road).
Richard Turner & Sons are currently marketing 6.5 hectares (16 acres) of grassland which is located within close proximity to the village of Wardle towards the north of Rochdale. The site is being marketed at a price of £160,000, which equates to a value of around £14,710 per hectare (£10,000 per acre).
Kirkham Commercial is currently marketing 0.22 hectares (0.55 acres) of grassland which is located towards the South West of Intake Lane in Greenfield, near Oldham. The small portion of land is located within close proximity to moorlands. The asking price of £7,000 equates to £31,820 per hectare (£12,730 per acre).
A 0.65 hectare (1.6 acre) plot referred to as 'Land at Top O Th Meadows' at Waterweed in Oldham sold for £17,500 in November 2012. The price paid equates to a value of around £26,860 per hectare (£10,870 per acre). The plot sold at auction and comprises a gently undulating plot used as grazing land.

RICS/RAC Rural Land Market Survey H1 2014 North West of England

Type	Reported £/Acre
Arable	£8,625
Pastoral	£7,875

RICS Property Market Report January 2011 North West of England

Type	Reported £/Acre
Dairy Lancashire (Equipped- Inc. Buildings)	£6,750
Mixed Lancashire (Equipped- Inc. Buildings)	£7,000
Dairy Lancashire (Unequipped- Exc. Buildings)	£6,000
Mixed Lancashire (Unequipped- Exc. Buildings)	£6,600

APPENDIX 2

WYG BUILD COST REPORT



Keppie Massie

Rossendale Local Plan

Report concerning estimated
construction costs used in the
Economic Viability Assessments

19 August 2015



Document Control

Document: Brief report concerning estimated construction costs used in the Economic Viability Assessments

Project: Local Plan EVA, Rossendale

Client: **Keppie Massie**

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APPENDIX A – Cost summaries for Houses

APPENDIX B – Cost summaries for flats

APPENDIX C – Cost Summaries for non-residential developments



1 Introduction

WYG have supported Keppie Massie with their work for Rossendale Council in respect of development viability assessments for a number of types of development in order to test Local Plan viability.

WYG's work has been in respect of the construction costs of the different types of development anticipated and tested and this report details the methodology adopted and gives summaries of the construction cost data prepared.

The developments have been divided into two basic categories: residential and non-residential. These are considered separately.

Within the residential category we have consider costs generically and for specific developments

2 Generic residential developments

2.1 Range of developments

Residential developments have been split into three categories based on development density and within each several different sizes of development have been used, based on the requirements of Rossendale Council and for each of these a typical level of specification has been costed. The densities adopted are as follows:

30 dwellings per hectare

40 dwellings per hectare

Each density has been costed on a green and brownfield basis. Further details are provided below.

Net site areas have been derived for each development typology based on the assumed densities as follows:

Scheme	Dwelling Nos	30 dph	40 dph
1	10 No	3,333m2	2,500 m2
2	25 No	8,333 m2	6,250 m2
3	50 No	16,667 m2	12,500 m2
4	75 No	25,000 m2	18,700 m2
5	100 No	33,333 m2	25,000m2

Table 1 – Net site areas

A mix of accommodation for each development scenario has been used as follows:

SCHEME	DWELLING TYPES	GFA/DWG	30 DPH		40 DPH	
			NO	GFA	NO	GFA
Scheme 1 10 dwellings	1b terraced	48 m ²	0 No	0 m ²	0 No	0 m ²
	2b Semi	59 m ²	1 No	59 m ²	1 No	59 m ²
	3B semi	88 m ²	4 No	352 m ²	1 No	352 m ²
	4b detached	116 m ²	4 No	464 m ²	0 No	464 m ²
	4B+ detached	146 m ²	1 No	146 m ²	0 No	146 m ²
	TOTAL AREA			1,021 m ²		1,021 m ²
Scheme 2 25 dwellings	1b terraced	48 m ²	0 Nr	0 m ²	0 Nr	0 m ²
	2b Semi	59 m ²	8 Nr	177 m ²	1 Nr	177 m ²
	3B semi	88 m ²	33 Nr	968 m ²	2 Nr	968 m ²
	4b detached	116 m ²	30 Nr	1160 m ²	1 Nr	1160 m ²
	5b detached	146 m ²	4 Nr	146 m ²	0 Nr	146 m ²
	TOTAL AREA			2,451 m ²		2,451 m ²
Scheme 3 50 dwellings	1b terraced	48 m ²	0 Nr	0 m ²	0 Nr	0 m ²
	2b Semi	59 m ²	5 Nr	295 m ²	3 Nr	295 m ²
	3b semi	88 m ²	22 Nr	1,936 m ²	5 Nr	1,936 m ²
	4b detached	116 m ²	20 Nr	2,320 m ²	2 Nr	2,320 m ²
	5b detached	146 m ²	3 Nr	438 m ²	0 Nr	438 m ²
	TOTAL AREA			4,989 m ²		4,989 m ²
Scheme 4 75 dwellings	1b terraced	46 m ²	0 No	0 m ²	1 Nr	0 m ²
	2b Semi	65 m ²	8 Nr	472 m ²	8 Nr	472 m ²
	3b semi	86 m ²	33 Nr	2,904 m ²	11 Nr	2,904 m ²
	4b detached	116 m ²	30 Nr	3,480 m ²	4 Nr	3,480 m ²
	5b detached	158 m ²	4 Nr	584 m ²	1 Nr	584 m ²
	TOTAL AREA			7,440 m ²		7,440 m ²
Scheme 5 100 dwellings	1b terraced	46 m ²	0 No	0 m ²	2 Nr	0 m ²
	2b Semi	65 m ²	10 Nr	590 m ²	15 Nr	590 m ²
	3b semi	86 m ²	45 Nr	3,960 m ²	23 Nr	3,960 m ²
	4b detached	116 m ²	40 Nr	4,640 m ²	7 Nr	4,640 m ²
	5b detached	158 m ²	5 Nr	730 m ²	3 Nr	730 m ²
	TOTAL AREA			9,920 m ²		9,920 m ²

Table 2 – Accommodation mix details.

The construction cost assessments for each development scenario are shown in tabulated form in Appendix A.

Also costed are two different sizes of development of new build flats.

The table below summarises the apartment development typologies that we have assessed.



10 Nr New flats on 2 floors (without a lift)		
2B Flats,	10 No	80.68 m2 (inc common area)
Total gross floor area	10 No	807 m2
50 Nr new flats on 3 floors, (including lift)		
1B Flats,	10 No	65.74 m2 (inc common area)
2B Flats,	30 No	81.68 m2 (inc common area)
3B Flats,	10 No	117.19 m2 (inc common area)
Total gross floor area	50 No	4,280 m2

Table 3 – Accommodation in flats

The cost details for flats are shown in tabulated form in Appendix B.

2.2 Costing methodology - Houses

Costs for the buildings:

- The dwellings themselves are costed based on their floor area. All dwellings are assumed to have two floors of the same area. The substructure costs that have been adopted are based on a rate per m2 that has been applied to the footprint area and are for normal substructures comprising simple strip footings founded at a nominal depth of 1m. Rates per m2 are derived from data held by WYG based on a large range of housing projects carried out in recent years.
- Superstructure costs have been calculated on a rate per m2 basis and applied to the gross internal floor area for each dwelling. These too are derived from data held by WYG. Each different floor area has a different rate/m2 to reflect the differing costs per m2 as the dwelling size varies.

Costs for the external works etc.:

- These are density based following an assessment of plot size from density
- Estate roads and footpaths; area and costs assessed from plot size; include kerbs, street lighting and road drainage. Rates and prices are from our cost data and published data
- Work within curtilage is assessed based on areas derived from the plot size and include boundaries, parking area, paving, grassed and planting areas. Rates and prices are from our cost data and published data
- Drainage and incoming service supplies costs are assessed on a cost / dwelling basis and include plot drainage and an allowance for mains drainage, using typical costs



- Public Open space: costs are based on areas defined by Rossendale Council. Works will include allowances for grass, trees and future maintenance.

Costs for other matters:

- Preliminaries are costed on a cost per week for a period based on the sales rate
- Fees for design, planning etc are based on % of the construction costs
- Adjustment for costs to reflect the size of the development; large developments are more economic than small ones.
- Depending on the site typology costs for abnormal works will be included on the basis of cost/dwelling or cost/m² of the site. These could include allowance for poor ground conditions or similar works or costly site clearance.
- Contingencies are included at 5%
- As profit will be included elsewhere within the viability appraisal, it is not included within construction costs

A number of items are excluded from the overall rate per sq m assessment and are included elsewhere as appropriate by Keppie Massie in preparing the viability assessments. These include

- Costs for abnormals, except as stated in relation to previously developed/brownfield sites, Code for Sustainable Homes and sustainability works, Section 278 works or similar, off-site works and incoming infrastructure/service reinforcement

2.3 Costing methodology – Flats

- Generally as for houses.
- Floor areas include common areas
- External areas are assumed based on the areas regarded as necessary per flat
- Exclusions are as houses. In addition the cost assessment for flats does not include estate roads as this form of development is costed on the basis of a 'stand alone' development served by existing roads, or roads developed separately.



2.4 Outline Specification assumed

WYG have assumed the following outline specification for the purposes of assessing the construction costs

Generally	
Building regulations	All works will comply with the current Building Regulations in force.
NHBC	All works will comply with the current NHBC requirements (or similar) in force.
Code for Sustainable Homes	It has been assumed the dwellings will comply with level 4 of the Code for Sustainable Homes on specific sites.
Substructures	
Foundations (normal)	Standard strip footings at nominally 1m deep have been assumed to the external walls and party walls.
Ground floors	In situ concrete with insulation and screed over.
Superstructures	
Staircases	Standard timber stairs with timber balustrades. Concrete stairs to flats
Upper floors	Chipboard floor boarding on timber joists. Concrete floors to flats complying with acoustic and fire requirements of the Building Regulations
External walls	Facing brick, with some detailing, externally; cavity fully filled with insulation, and blockwork inner skin.
Roof	Pitched roof with concrete tiles and trussed timber structure.
Roof insulation	400mm fibreglass quilt at ceiling level.
Rainwater installation	uPVC gutters and downpipes. Rainwater harvesting assumed on specific sites
Windows	uPVC framed windows with double glazing.
External doors	uPVC or similar front and rear doors.
Internal walls and partitions	Generally of studwork within dwellings, with insulation and plasterboard. Party walls in concrete blockwork to meet the acoustic and fire requirements of the Building Regulations
Internal doors	Hollow core doors with timber veneer appearance and ironmongery, frames in softwood, gloss painted. Doors to and within flats will be fire rated in accordance with the Building Regulations.
Floor finishes	No applied floor finishes; painted softwood skirtings. Carpet finish to common areas of flats.



Wall finishes	Plasterboard dry lining with skim and emulsion paint finishes. Ceramic tiling included as splashbacks in bathrooms and in shower areas to 1.8m high.
Ceiling finishes	Plasterboard with skim and emulsion paint finish.
Fittings	Kitchen fittings of medium to basic quality; no white goods or appliances.
Sanitary fittings	Bath in white acrylic, WCs and wash basins in white ceramic with taps, wastes etc.
Plumbing installation	Soil and waste pipework in uPVC generally boxed in. Hot and cold water pipework in plastic pipework with insulation.
Heating installation	Gas fired high efficiency combination condensing boiler with radiators, controls etc.
Electrical installation	Wiring for power and lighting. Switches and socket outlets in white plastic. All fittings with Low energy lamps. No decorative fittings included. Smoke detectors included.
TV aerial installation	Cable points in Living Room and Main bedroom; containment to roof space or aerial point. No aerial included.
Telephone installation	Conduit installation to points in Living Room and Main Bedroom to all units.
Lift installation	Not included except within the larger flat development
Externally	
House drives	Black tarmacadam on suitable base and sub-base.
Paving	Pre-cast concrete flags on compacted granular fill generally.
Grassed areas	Topsoil with grass seed generally (turf to front gardens). Topsoil thickness 150mm
Fencing - rear	In treated softwood and as indicated on the drawings/site plan
Fencing - front	None; open plan assumed except where railings are indicated on the site plan
Roads and footpaths	Adopted roads to adoption standards in black tarmacadam with street lighting, concrete kerbs and road drainage. Footpaths in precast concrete flags to adoptable standards. Roads to courts and parking areas and access to flats assumed to be non-adopted but to similar specification to adopted roads.
Drainage	Drainage in UPVC pipework with inspection chambers and manholes. Collector drains and drains beyond curtilage are to be adopted.



Incoming services	Service supplies for <ul style="list-style-type: none"> • Gas • Electricity • Water • Telephone – duct only from road
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Table 4 – Specification details

3 Site specific residential developments

3.1 Sites costed

The following sites have been costed to allow their viability to be tested

Site	Number of dwellings included	Approx site area
Site A (Crawshawbooth)	48 Nr	16000 m2
Site B (Crawshawbooth)	57 Nr	19000 m2
Site C (Crawshawbooth)	84 Nr	28000 m2
Site D (Rawtenstall)	63 Nr	21000 m2
Site E (Rawtenstall)	48 Nr	16000 m2
Site F (Rawtenstall)	100 Nr	50000 m2
Site G (Rawtenstall)	78 Nr	26000 m2
Site H (Newchurch)	60 Nr	20000 m2
Site I (Bacup)	81 Nr	27000 m2
Site J (Bacup)	78 Nr	26000 m2
Site K (Bacup)	54 Nr	18000 m2
Site L (Helmshore)	150 Nr	50000 m2

Table 5 – Details of specific residential sites



The accommodation to be provided on each site is as follows

SITE	2 Bed Semi	3 Bed Semi	4 Bed Det	4 Bed+ Det	Total
Site A (Crawshawbooth)	5 No	22 No	19 No	3 No	49 No
Site B (Crawshawbooth)	6 No	25 No	23 No	3 No	57 No
Site C (Crawshawbooth)	8 No	38 No	34 No	4 No	84 No
Site D (Rawtenstall)	7 No	28 No	25 No	3 No	63 No
Site E (Rawtenstall)	5 No	22 No	19 No	2 No	48 No
Site F (Rawtenstall)	10 No	45 No	40 No	5 No	100 No
Site G (Rawtenstall)	8 No	35 No	31 No	4 No	78 No
Site H (Newchurch)	6 No	27 No	24 No	3 No	60 No
Site I (Bacup)	8 No	37 No	32 No	4 No	81 No
Site J (Bacup)	9 No	34 No	30 No	5 No	78 No
Site K (Bacup)	5 No	24 No	22 No	3 No	54 No
Site L (Helmshore)	15 No	67 No	60 No	8 No	150 No

Table 6 – Accommodation assumed for specific residential sites

3.2 Costing methodology

The costing methodology follows the principles of the generic sites and is based on the density.

In these cases, however, the individual site density is calculated from the number of dwellings and the site areas shown above and then. As with generic sites, the costs for the external areas are then based on quantities derived from the actual density.

The costs for the dwellings are then assessed using the costs per m² that were used for the costing of the generic sites.

Specific allowances are then made for factors that have been identified for each site, based on site visits and specific local knowledge and data.. The factors considered are as follows:

- Levels
- Site access
- Flood risk
- Contamination
- Poor ground
- Clearance



Each of these factors has been given a grade from the detail shown below. Each grade represents a cost per m2 of the dwelling floor area for works that may be needed. While this approach is to some extent subjective, it is difficult to conceive of a more robust approach without undertaking costly and, in some cases, intrusive research or investigations.

<u>Poor ground</u>		Cost per m2
0	Piling (8m deep)	£ 44.30 /m2
1	Vibro-compaction	£ 22.15 /m2
2	Increased foundation depth	£ 13.29 /m2
3	None	£ 0.00 /m2

Table 7 – Graded costs for poor ground

<u>Extra clearance</u>		Cost per m2
	Major demolition	£ 16.61 /m2
1	Significant demolition	£ 13.29 /m2
2	Medium/Large demolition	£ 9.97 /m2
3	Medium demolition	£ 6.65 /m2
4	Slabs + some demolition	£ 3.32 /m2
5	None	£ 0.00 /m2

Table 8 – Graded costs for extra site clearance

<u>Contamination</u>		Cost per m2
0	Major contamination	£ 44.30 /m2
1	Significant contamination	£ 27.69 /m2
2	Medium/bad contamination	£ 11.08 /m2
3	Medium contamination	£ 4.43 /m2
4	Light contamination	£ 2.22 /m2
5	No contamination	£ 0.00 /m2

Table 9 – Graded costs for contamination

<u>Flood risk</u>		Cost per dwelling
0	Severe problems	£2,769
1	Major risk	£1,661
2	Medium risk	£1,108
3	Intermediate risk	£554
4	Minor allowance	£277
5	No risk	£0

Table 10 – Graded costs for flood risk

In addition further allowances have been made for compliance with Level 4 of the Code for Sustainable Homes and for Rainwater Harvesting.

4 Non-residential developments

4.1 Range of developments

A number of different non –residential development types have been costed, as shown in the table below:

Type	Location	Floor area (ft2)	Floor area (m2)	Site areas (m2)
Offices	Out of Town	5,000 ft2	464 m2	559 m2
Offices	Out of Town	20,000 ft2	1,857 m2	2,200 m2
Offices	Out of Town	10,000 ft2	929 m2	1,108 m2
Industrial B2/B8	All areas	5,000 ft2	464 m2	698 m2
Industrial B2/B8	All areas	10,000 ft2	929 m2	1,381 m2
Industrial B2/B8	All areas	20,000 ft2	1,857 m2	2,740 m2
Industrial B2/B8	All areas	50,000 ft2	4,643 m2	9,583 m2
Industrial B2/B8	All areas	100,000 ft2	9,287 m2	19,116 m2
Industrial B2/B8	All areas	250,000 ft2	484,395 m	44,984 m2
Retail (Food store - Convenience)	All areas	3,000 ft2	279 m2	644 m2
Retail (Food store - Convenience)	All areas	10,000 ft2	929 m2	2,267 m2
Retail (Food store - Convenience)	All areas	30,000 ft2	2,786 m2	6,752 m2
Retail (Food store - Convenience)	All areas	50,000 ft2	4,643 m2	11,229 m2
Non food retail (Out of Town)	All areas	3,000 ft2	279 m2	278 m2
Non food retail (Out of Town)	All areas	10,000 ft2	929 m2	1,891 m2
Non food retail (Out of Town)	All areas	30,000 ft2	2,786 m2	5,627 m2
Gymnasium	All areas	10,000 ft2	929 m2	1,816 m2
Hotel	All areas	30,000 ft2	2,786 m2	2,734 m2
Food and Drink (Pub/Restaurant)	All areas	5,000 ft2	464 m2	1,670 m2
Residential Institutional (50 Bed)	All areas	44,000 ft2	4,086 m2	2,565 m2
Care/Nursing Home (50 Bed)	All areas	30,000 ft2	2,786 m2	2,297 m2

Table 5 – Non residential developments – areas of buildings and sites

The costs are given in tabulated form in Appendix C.



4.2 Costing methodology

Costs for the buildings:

- Normal substructures and superstructures based on costs per m2 from BCIS for buildings of the same type and comparable size. BCIS data adjusted for location and brought up to date

Costs for the external works etc.:

- Areas based on parking requirements with allowances for circulation and landscaped areas, footpaths etc.

Costs for other matters

- Preliminaries are costed within the costs per m2 derived from BCIS for the buildings.
- Fees for design, planning etc are based on a % of the construction costs
- Contingencies will be included at 5%
- Profit is included within the costs
- Abnormal works will be included on the basis of cost/m2 of the building or cost/m2 of the site. These would include allowance for poor ground conditions or similar.

Exclusions

- Costs for abnormal works except as stated in relation to previously developed/brownfield sites, and sustainability works, Section 278 works or similar, off-site works and incoming infrastructure. These matters are dealt with elsewhere in the appraisals by Keppie Massie.



5 Contingencies

WYG have included within the costs for all schemes, whether residential or non-residential, an allowance for unknowns and risk in the amount of 5% which we consider is reasonable.



APPENDIX A – Summaries of costs for generic residential sites - houses



**ROSSENDALE COUNCIL
CIL ECONOMIC VIABILITY APPRAISAL - TYPICAL COSTS FOR RESIDENTIAL - HOUSES**

Summary for density 30 dwellings per hectare (Low Sales rates)

12 May 2015

GREEN FIELD SITE - Intermediate quality				
	Total Cost	Av Cost per dwelling	Av cost per m2	Sales rate and Construction period
Scheme 1 10 dwellings	£ 1,131,726	£ 113,173	£ 1,108	n/a/m 8 months
Scheme 2 25 dwellings	£ 2,759,779	£ 110,391	£ 1,126	1/m 29 months
Scheme 3 50 dwellings	£ 5,358,442	£ 107,169	£ 1,074	1.5/m 37 months
Scheme 4 75 dwellings	£ 7,915,777	£ 105,544	£ 1,064	2/m 42 months
Scheme 5 100 dwellings	£ 10,270,260	£ 102,703	£ 1,035	2/m 54 months
BROWN FIELD SITE - Intermediate quality				
	Total Cost	Av Cost per dwelling	Av cost per m2	Sales rate and Construction period
Scheme 1 10 dwellings	£ 1,196,023	£ 119,602	£ 1,171	n/a/m 8 months
Scheme 2 25 dwellings	£ 2,916,049	£ 116,642	£ 1,190	1/m 29 months
Scheme 3 50 dwellings	£ 5,665,196	£ 113,304	£ 1,136	1.5/m 37 months
Scheme 4 75 dwellings	£ 8,390,364	£ 111,872	£ 1,128	2/m 42 months
Scheme 5 100 dwellings	£ 10,881,459	£ 108,815	£ 1,097	2/m 54 months

Note: construction periods are based on the Sales Rates stated with and include a lead in to first sale of 4 months. Scheme 1 of 10 dwellings is too small to be constructed to a sales rate and is assumed to have a period based on optimum construction time.

Assumptions

Floor areas as provided

Site areas derived from densities required

Fees - variable depending on project size

Contingencies - 5% throughout

No abnormal development costs

VAT excluded from all costs

Contractor's profit excluded

No allowance for Code for Sustainable Homes compliance

See notes and specification details attached



**ROSSENDALE COUNCIL
CIL VIABILITY APPRAISAL - TYPICAL COSTS FOR RESIDENTIAL - HOUSES**

Summary for density 40 dwellings per hectare (Low Sales rates)

12 May 2015

GREEN FIELD SITE - Intermediate quality				
	Total Cost	Av Cost per dwelling	Av cost per m2	Sales rate and Construction period
Scheme 1 10 dwellings	£ 1,114,908	£ 111,491	£ 1,092	n/a/m 8 months
Scheme 2 25 dwellings	£ 2,714,912	£ 108,596	£ 1,108	1/m 29 months
Scheme 3 50 dwellings	£ 5,271,597	£ 105,432	£ 1,057	1.5/m 37 months
Scheme 4 75 dwellings	£ 7,701,063	£ 102,681	£ 1,035	2/m 42 months
Scheme 5 100 dwellings	£ 10,077,070	£ 100,771	£ 1,016	2/m 54 months
BROWN FIELD SITE - Intermediate quality				
	Total Cost	Av Cost per dwelling	Av cost per m2	Sales rate and Construction period
Scheme 1 10 dwellings	£ 1,174,883	£ 117,488	£ 1,151	n/a/m 8 months
Scheme 2 25 dwellings	£ 2,860,410	£ 114,416	£ 1,167	1/m 29 months
Scheme 3 50 dwellings	£ 5,556,961	£ 111,139	£ 1,114	1.5/m 37 months
Scheme 4 75 dwellings	£ 8,120,956	£ 108,279	£ 1,092	2/m 42 months
Scheme 5 100 dwellings	£ 10,640,543	£ 106,405	£ 1,073	2/m 54 months

Note: construction periods are based on the Sales Rates stated with and include a lead in to first sale of 4 months. Scheme 1 of 10 dwellings is too small to be constructed to a sales rate and is assumed to have a period based on optimum construction time.

Assumptions

Floor areas as provided

Site areas derived from densities required

White goods

Floor finishes

Sundries

VAT excluded from all costs

Contractor's profit excluded

No allowance for Code for Sustainable Homes compliance

See notes and specification details attached



**ROSSENDALE COUNCIL
LOCAL PLAN ECONOMIC VIABILITY APPRAISAL**

TYPICAL COSTS FOR RESIDENTIAL - FLATS

28 April 2015

Scheme of 10 units on two floors; infill site off existing roads off; no lift

1b flat			0.00 m ²
2b flat	10 Nr	69.68 m ²	696.80 m ²
Average GFA/ unit =			69.68 m ²
Addition for common areas			11.00 m ²
Total GFA			80.68 m ²

Costs for single flat

Substructures	80.68 m ²	£ 78.12 /m ²	£6,302
Superstructures	80.68 m ²	£ 708.63 /m ²	£57,172
Total		£ 787 /m ²	£63,474

External works

Entrance roads	0 m ²		
Footpath to entrance road	0 m ²		
Road crossing	1 Nr	£2,790	£2,790
Car parking; tarmacadam; 1 space / flat +	21 m ²	£ 55.80 /m ²	£1,161
Kerbs, lighting and drainage to above	21 m ²	£ 21.20 /m ²	£441
Paving, paths etc; assumed at 12 m ² / flat	12 m ²	£ 35.71 /m ²	£429
Grassed area	10 m ²	£ 8.93 /m ²	£89
Bin stores	1 Nr	£279	£279
Allowance for fences, railings and gates	1 Nr	£558	£558
Site clearance	83 m ²	£ 3.91 /m ²	£326
Drainage including attenuation	1 Nr	£2,678	£2,678
Incoming services	1 Nr	£4,185	£4,185
Preliminaries (cost per unit per week)	30 weeks	£418	£12,554

Total Costs of single flat

Fees	7.50%	£6,672
Contingencies	5.00%	£4,782

TOTAL FOR SINGLE FLAT

Less Contractor's profit and overheads included	-7.00%	-£7,029
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TOTAL COSTS FOR SINGLE FLAT

£93,389

SCHEME COST FOR 10 No FLATS

£933,890

Cost/m²

£1,157.52

Site area	1012 m²
Average site area per flat	101 m²



APPENDIX B Summaries of costs for generic residential sites - flats



**ROSSENDALE COUNCIL
LOCAL PLAN ECONOMIC VIABILITY APPRAISAL**

TYPICAL COSTS FOR RESIDENTIAL - FLATS

28 April 2015

Scheme of 50 units on three floors including lift; off existing road (no access road included)

	1B	10 Nr		2B	30 Nr		3B	10 Nr		TOTALS
GFA/ unit =	55.74 m2			69.68 m2			102.19 m2			
Addition for common areas (inc lift)	10.00 m2			12.00 m2			15.00 m2			
Total GFA for each type	65.74 m2			81.68 m2			117.19 m2			4280 m2
<u>Costs for single flat</u>										
Substructures	66.00 m2	£ 57.66 /m2	£3,805	82.00 m2	£ 57.66 /m2	£4,728	117.00 m2	£ 57.66 /m2	£6,746	£247,350
Superstructures	66.00 m2	£ 691.89 /m2	£45,665	82.00 m2	£ 691.89 /m2	£56,735	117.00 m2	£ 691.89 /m2	£80,951	£2,968,199
Lift	66.00 m2	£ 10.04 /m2	£663	82.00 m2	£ 10.04 /m2	£824	117.00 m2	£ 10.04 /m2	£1,175	£43,087
Total		£ 759.59 /m2	£50,133		£ 759.59 /m2	£62,286		£ 759.59 /m2	£88,872	£3,258,636
External works										
Entrance road	15 m2	£ 61.38 /m2	£921	15 m2	£ 61.38 /m2	£921	15 m2	£ 61.38 /m2	£921	£46,033
Footpath to entrance road	12 m2	£ 39.06 /m2	£469	12 m2	£ 39.06 /m2	£469	12 m2	£ 39.06 /m2	£469	£23,435
Road crossing		£2,789.87	£0		£2,789.87	£0		£2,789.87	£0	£0
Car parking; tarmacadam; 1 space / flat + 60% circulation	21 m2	£ 55.80 /m2	£1,161	21 m2	£ 55.80 /m2	£1,161	21 m2	£ 55.80 /m2	£1,161	£58,029
Kerbs, lighting and drainage to above	21 m2	£ 21.20 /m2	£441	21 m2	£ 21.20 /m2	£441	21 m2	£ 21.20 /m2	£441	£22,051
Paving, paths etc; assumed at 12 m2 / flat	12 m2	£ 35.71 /m2	£429	12 m2	£ 35.71 /m2	£429	12 m2	£ 35.71 /m2	£429	£21,426
Grassed area	10 m2	£ 8.93 /m2	£89	10 m2	£ 8.93 /m2	£89	10 m2	£ 8.93 /m2	£89	£4,464
Bin stores	1 Nr	£278.99	£279	1 Nr	£278.99	£279	1 Nr	£278.99	£279	£13,949
Allowance for fences, railings and gates	1 Nr	£557.97	£558	1 Nr	£557.97	£558	1 Nr	£557.97	£558	£27,899
Site clearance	118 m2	£ 3.91 /m2	£460	118 m2	£ 3.91 /m2	£460	118 m2	£ 3.91 /m2	£460	£22,987
Drainage including attenuation	1 Nr	£2,678.28	£2,678	1 Nr	£2,678.28	£2,678	1 Nr	£2,678.28	£2,678	£133,914
Incoming services	1 Nr	£4,184.81	£4,185	1 Nr	£4,184.81	£4,185	1 Nr	£4,184.81	£4,185	£209,240
Preliminaries (cost per unit per week)	60 weeks	£167.39	£10,044	60 weeks	£167.39	£10,044	60 weeks	£167.39	£10,044	£502,177
Total Costs of single flat			£71,845			£83,998			£110,584	£4,344,240
Fees		7.00%	£5,029		7.00%	£5,880		7.00%	£7,741	£304,097
Contingencies		5.00%	£3,844		5.00%	£4,494		5.00%	£5,916	£232,417
TOTAL FOR SINGLE FLAT			£80,718			£94,372			£124,241	£4,880,753
Less Contractor's profit and overheads included		7.00%	£5,650		7.00%	£6,606		7.00%	£8,697	£341,653
TOTAL COSTS FOR SINGLE FLAT			£86,368			£100,978			£132,938	
SCHEME COST FOR 50 No FLATS			£863,680			£3,029,346			£1,329,380	£5,222,406
Cost/m2			£ 1,314 /m2			£ 1,236 /m2			£ 1,134 /m2	£ 1,220 /m2
Site area			6049 m2							
Average site area per flat			121 m2							



APPENDIX C Summaries of costs for non-residential sites



Type	Location	No floors	Floor area (ft2)	Floor area (m2)	Site area (ft2)	Site areas (m2)	Base cost	Extra cost for Brownfield site	Total for Brownfield site	TOTAL COST	BREEAM assumed addition for Very good	OVERALL TOTAL COST	Fee % included	Constrn period
Offices	All areas	2 Nr	5,000 ft2	464 m2	6,023 ft2	559 m2	£ 1,778 /m2	£ 49.22 /m2	£ 1,827 /m2	£848,450	0.5%	£852,692	12%	7 months
Offices	All areas	2 Nr	20,000 ft2	1,857 m2	23,688 ft2	2,200 m2	£ 1,629 /m2	£ 49.15 /m2	£ 1,678 /m2	£3,116,926	0.5%	£3,132,510	12%	10 months
Offices	All areas	2 Nr	10,000 ft2	929 m2	11,928 ft2	1,108 m2	£ 1,480 /m2	£ 49.18 /m2	£ 1,529 /m2	£1,420,116	0.5%	£1,427,217	11%	14 months
Industrial B2/B8	All areas	1 Nr	5,000 ft2	464 m2	7,519 ft2	698 m2	£ 814 /m2	£ 50.23 /m2	£ 864 /m2	£401,297	0.3%	£402,501	9%	4 months
Industrial B2/B8	All areas	1 Nr	10,000 ft2	929 m2	14,870 ft2	1,381 m2	£ 768 /m2	£ 50.18 /m2	£ 818 /m2	£759,823	0.3%	£762,102	8%	6 months
Industrial B2/B8	All areas	1 Nr	20,000 ft2	1,857 m2	29,504 ft2	2,740 m2	£ 621 /m2	£ 50.14 /m2	£ 671 /m2	£1,246,540	0.3%	£1,250,280	7%	8 months
Industrial B2/B8	All areas	1 Nr	50,000 ft2	4,643 m2	103,187 ft2	9,583 m2	£ 634 /m2	£ 52.13 /m2	£ 686 /m2	£3,185,967	0.3%	£3,195,525	7%	10 months
Industrial B2/B8	All areas	1 Nr	100,000 ft2	9,287 m2	205,844 ft2	19,116 m2	£ 624 /m2	£ 52.11 /m2	£ 676 /m2	£6,278,900	0.3%	£6,297,737	6%	12 months
Industrial B2/B8	All areas	1 Nr	250,000 ft2	23,217 m2	484,392 ft2	44,984 m2	£ 615 /m2	£ 51.70 /m2	£ 667 /m2	£15,478,796	0.3%	£15,525,233	6%	14 months
Retail (Food store - Convenience)	All areas	1 Nr	3,000 ft2	279 m2	6,937 ft2	644 m2	£ 1,211 /m2	£ 52.97 /m2	£ 1,264 /m2	£352,147	0.7%	£354,612	8%	5 months
Retail (Food store - Convenience)	All areas	1 Nr	10,000 ft2	929 m2	24,406 ft2	2,267 m2	£ 1,124 /m2	£ 53.41 /m2	£ 1,177 /m2	£1,093,430	0.7%	£1,101,084	7%	9 months
Retail (Food store - Convenience)	All areas	1 Nr	30,000 ft2	2,786 m2	72,707 ft2	6,752 m2	£ 1,038 /m2	£ 53.35 /m2	£ 1,091 /m2	£3,040,532	0.7%	£3,061,815	5%	10 months
Retail (Food store - Convenience)	All areas	1 Nr	50,000 ft2	4,643 m2	120,916 ft2	11,229 m2	£ 990 /m2	£ 53.33 /m2	£ 1,043 /m2	£4,844,588	0.7%	£4,878,500	7%	12 months
Non food retail (Out of Town)	All areas	1 Nr	3,000 ft2	279 m2	2,989 ft2	278 m2	£ 1,212 /m2	£ 52.15 /m2	£ 1,264 /m2	£352,197	0.7%	£354,662	8%	5 months
Non food retail (Out of Town)	All areas	1 Nr	10,000 ft2	929 m2	20,367 ft2	1,891 m2	£ 1,075 /m2	£ 52.04 /m2	£ 1,127 /m2	£1,046,655	0.7%	£1,053,982	7%	8 months
Non food retail (Out of Town)	All areas	1 Nr	30,000 ft2	2,786 m2	60,589 ft2	5,627 m2	£ 885 /m2	£ 51.98 /m2	£ 937 /m2	£2,610,459	0.7%	£2,628,732	6%	10 months
Gymnasium	All areas	1 Nr	10,000 ft2	929 m2	19,552 ft2	1,816 m2	£ 1,221 /m2	£ 51.76 /m2	£ 1,273 /m2	£1,181,986	1.0%	£1,193,806	12%	9 months
Hotel	All areas	2 Nr	30,000 ft2	2,786 m2	29,437 ft2	2,734 m2	£ 1,487 /m2	£ 48.46 /m2	£ 1,535 /m2	£4,277,855	1.0%	£4,320,634	12%	12 months
Food and Drink (Pub/Restaurant)	All areas	2 Nr	5,000 ft2	464 m2	17,979 ft2	1,670 m2	£ 1,822 /m2	£ 57.32 /m2	£ 1,879 /m2	£872,640	1.0%	£881,366	12%	11 months
Residential Institutional (50 Bed)	All areas	3 Nr	44,000 ft2	4,086 m2	27,625 ft2	2,565 m2	£ 1,474 /m2	£ 47.27 /m2	£ 1,521 /m2	£6,216,178	1.5%	£6,309,421	12%	15 months
Care/Nursing Home (50 Bed)	All areas	2 Nr	30,000 ft2	2,786 m2	24,733 ft2	2,297 m2	£ 1,661 /m2	£ 47.93 /m2	£ 1,709 /m2	£4,761,146	1.5%	£4,832,563	12%	12 months
Car Showroom	All areas	1 Nr	10,000 ft2	929 m2	90,937 ft2	8,445 m2	£ 2,317 /m2	£ 75.93 /m2	£ 2,393 /m2	£2,222,262	1.0%	£2,244,484	5%	8 months

APPENDIX 3

WYG SITE SPECIFIC BUILD COST REPORTS



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site A

8 December 2015

Residential development - Cost details - (Site area -16000 M2)

Dwellings	No	GFA	Rate	Cost	
1 Bed semi		50 m2	£ 671 /m2	£33,560	
2 Bed terrace		59 m2	£ 624 /m2	£36,791	
2 Bed Semi	5 Nr	59 m2	£ 671 /m2	£39,601	
3 Bed Semi	22 Nr	88 m2	£ 649 /m2	£57,116	
3 Bed Detached		88 m2	£ 697 /m2	£61,307	
4 Bed Semi	19 Nr	116 m2	£ 637 /m2	£73,876	
4 Bed + Detached	2 Nr	146 m2	£ 659 /m2	£96,216	
1 bed flats		59 m2	£ 703 /m2	£41,496	
2 Bed flat		71 m2	£ 683 /m2	£48,520	
Total cost	48 Nr	4727 m2			£3,050,639
Addition for Code for Sustainable Homes	0				£0
Rainwater Harvesting					£0
External works within curtilages					£181,015
External works out side curtilages					£304,296
Drainage (Incl Attenuation)					£255,189
Incoming Services (excl Substation)					£186,075
Abnormals					
Costs for levels (Intermediate)					£53,164
Poor ground (None)					£0
Extra clearance (Significant demolition)					£212,657
Flood risk (No risk)					£0
Contamination (No contamination)					£0
Public Open space - 0m2 - 0% of total area					£0
Allowance for special site access (Minor complexity)					£26,582
Quality addition	Base quality				£0
Site Specific works - see following sheet					£0
Preliminaries (Sales Rate - 1/m)		226 weeks			£722,157
TOTAL					£4,991,775
Fees		7.00%			£349,424
Contingencies		5.00%			£267,060
Less: Profit and Overhead reduction		6.00%			-£336,496

OVERALL COST	£5,271,763
Cost per dwelling	£109,828
Cost per m2	£ 1,115 /m2
Non - Residential Developments - See following sheet	£0

Notes

Costs exclude: Land purchase, legal costs, marketing, finance costs, VAT, Section 278 works or other off-Costs are at June 2015 levels and exclude inflation



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site A

8 December 2015

Site Specific works

Total of site specific works

£0

Non-residential Developments

Total of non-residential developments

£0



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site B

8 December 2015

Residential development - Cost details - (Site area -19000 M2)

Dwellings	No	GFA	Rate	Cost
1 Bed semi		50 m2	£ 671 /m2	£33,560
2 Bed terrace		59 m2	£ 624 /m2	£36,791
2 Bed Semi	6 Nr	59 m2	£ 671 /m2	£39,601
3 Bed Semi	25 Nr	88 m2	£ 649 /m2	£57,116
3 Bed Detached		88 m2	£ 697 /m2	£61,307
4 Bed Semi	23 Nr	116 m2	£ 637 /m2	£73,876
4 Bed + Detached	3 Nr	146 m2	£ 659 /m2	£96,216
1 bed flats		59 m2	£ 703 /m2	£41,496
2 Bed flat		71 m2	£ 683 /m2	£48,520
Total cost	57 Nr	5660 m2		£3,653,309

Addition for Code for Sustainable Homes 0	£0
Rainwater Harvesting	£0
External works within curtilages	£214,916
External works out side curtilages	£361,352
Drainage (Incl Attenuation)	£303,036
Incoming Services (excl Substation)	£220,964
Abnormals	
Costs for levels (Intermediate)	£63,133
Poor ground (None)	£0
Extra clearance (None)	£0
Flood risk (No risk)	£0
Contamination (No contamination)	£0
Public Open space - 0m2 - 0% of total area	£0
Allowance for special site access (Minor complexity)	£31,566
Quality addition Base quality	£0
Site Specific works - see following sheet	£0
Preliminaries (Sales Rate - 1/m) 265 weeks	£846,769

TOTAL £5,695,046

Fees	6.00%	£341,703
Contingencies	5.00%	£301,837
Less: Profit and Overhead reduction	6.00%	-£380,315

OVERALL COST	£5,958,271
Cost per dwelling	£104,531
Cost per m2	£ 1,053 /m2

Non - Residential Developments - See following sheet £0

Notes

Costs exclude: Land purchase, legal costs, marketing, finance costs, VAT, Section 278 works or other off-Costs are at June 2015 levels and exclude inflation



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site B

8 December 2015

Site Specific works

Total of site specific works

£0

Non-residential Developments

Total of non-residential developments

£0



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site C

8 December 2015

Residential development - Cost details - (Site area -28000 M2)

Dwellings	No	GFA	Rate	Cost
1 Bed semi		50 m2	£ 671 /m2	£33,560
2 Bed terrace		59 m2	£ 624 /m2	£36,791
2 Bed Semi	8 Nr	59 m2	£ 671 /m2	£39,601
3 Bed Semi	38 Nr	88 m2	£ 649 /m2	£57,116
3 Bed Detached		88 m2	£ 697 /m2	£61,307
4 Bed Semi	34 Nr	116 m2	£ 637 /m2	£73,876
4 Bed + Detached	4 Nr	146 m2	£ 659 /m2	£96,216
1 bed flats		59 m2	£ 703 /m2	£41,496
2 Bed flat		71 m2	£ 683 /m2	£48,520
Totals	84 Nr	8344 m2		£5,383,875
Addition for Code for Sustainable Homes 0				£0
Rainwater Harvesting				£0
External works within curtilages				£317,257
External works out side curtilages				£532,519
Drainage (Incl Attenuation)				£446,580
Incoming Services (incl Substation)				£405,631
Abnormals				
Costs for levels (Level)				£0
Poor ground (Piling (8m deep))				£213,579
Extra clearance (Major demolition)				£465,187
Flood risk (Medium risk)				£93,037
Contamination (Medium contamination)				£21,656
Public Open space - 0m2 - 0% of total area				£0
Allowance for special site access (Minor complexity)				£46,519
Quality addition	Base quality			£0
Site Specific works - see following sheet				£0
Preliminaries (Sales Rate - 2/m)		200 weeks		£1,022,531
TOTAL				£8,948,371
Fees		6.00%		£536,902
Contingencies		5.00%		£474,264
Less: Profit and Overhead reduction		6.00%		-£597,572

OVERALL COST	£9,361,965
Cost per dwelling	£111,452
Cost per m2	£ 1,122 /m2
Non - Residential Developments - See following sheet	£0

Notes

Costs exclude: Land purchase, legal costs, marketing, finance costs, VAT, Section 278 works or other off-Costs are at June 2015 levels and exclude inflation



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site C

8 December 2015

Site Specific works

Total of site specific works

£0

Non-residential Developments

Total of non-residential developments

£0



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site D

8 December 2015

Residential development - Cost details - (Site area -21000 M2)

Dwellings	No	GFA	Rate	Cost
1 Bed semi		50 m2	£ 671 /m2	£33,560
2 Bed terrace		59 m2	£ 624 /m2	£36,791
2 Bed Semi	7 Nr	59 m2	£ 671 /m2	£39,601
3 Bed Semi	28 Nr	88 m2	£ 649 /m2	£57,116
3 Bed Detached		88 m2	£ 697 /m2	£61,307
4 Bed Semi	25 Nr	116 m2	£ 637 /m2	£73,876
4 Bed + Detached	3 Nr	146 m2	£ 659 /m2	£96,216
1 bed flats		59 m2	£ 703 /m2	£41,496
2 Bed flat		71 m2	£ 683 /m2	£48,520
Totals	63 Nr	6215 m2		£4,012,011
Addition for Code for Sustainable Homes 0				£0
Rainwater Harvesting				£0
External works within curtilages				£237,303
External works out side curtilages				£399,389
Drainage (Incl Attenuation)				£334,935
Incoming Services (excl Substation)				£244,223
Abnormals				
Costs for levels (Intermediate)				£69,778
Poor ground (None)				£0
Extra clearance (Significant demolition)				£279,112
Flood risk (No risk)				£0
Contamination (No contamination)				£0
Public Open space - 0m2 - 0% of total area				£0
Allowance for special site access (Medium complexity)				£104,667
Quality addition	Base quality			£0
Site Specific works - see following sheet				£100,000
Preliminaries (Sales Rate - 2.5/m)		127 weeks		£650,356
TOTAL				£6,431,774
Fees		6.00%		£379,906
Contingencies		5.00%		£335,584
Less: Profit and Overhead reduction		6.00%		-£422,836

OVERALL COST	£6,724,429
Cost per dwelling	£106,737
Cost per m2	£ 1,082 /m2
Non - Residential Developments - See following sheet	£0

Notes

Costs exclude: Land purchase, legal costs, marketing, finance costs, VAT, Section 278 works or other off-Costs are at June 2015 levels and exclude inflation



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site D

8 December 2015

Site Specific works	
Additional allowance for extended site access	£100,000
Total of site specific works	£100,000

Non-residential Developments	
Total of non-residential developments	£0



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site E

8 December 2015

Residential development - Cost details - (Site area -16000 M2)

Dwellings	No	GFA	Rate	Cost
1 Bed semi		50 m2	£ 671 /m2	£33,560
2 Bed terrace		59 m2	£ 624 /m2	£36,791
2 Bed Semi	5 Nr	59 m2	£ 671 /m2	£39,601
3 Bed Semi	22 Nr	88 m2	£ 649 /m2	£57,116
3 Bed Detached		88 m2	£ 697 /m2	£61,307
4 Bed Semi	19 Nr	116 m2	£ 637 /m2	£73,876
4 Bed + Detached	2 Nr	146 m2	£ 659 /m2	£96,216
1 bed flats		59 m2	£ 703 /m2	£41,496
2 Bed flat		71 m2	£ 683 /m2	£48,520
Totals	48 Nr	4727 m2		£3,050,639
Addition for Code for Sustainable Homes 0				£0
Rainwater Harvesting				£0
External works within curtilages				£181,015
External works out side curtilages				£304,296
Drainage (Incl Attenuation)				£255,189
Incoming Services (excl Substation)				£186,075
Abnormals				
Costs for levels (Intermediate)				£53,164
Poor ground (None)				£0
Extra clearance (Significant demolition)				£212,657
Flood risk (Intermediate risk)				£26,582
Contamination (No contamination)				£0
Public Open space - 0m2 - 0% of total area				£0
Allowance for special site access (Medium complexity)				£79,746
Quality addition	Base quality			£0
Site Specific works - see following sheet				£0
Preliminaries (Sales Rate - 2.5/m)		101 weeks		£517,436
TOTAL				£4,866,800
Fees		7.00%		£340,676
Contingencies		5.00%		£260,374
Less: Profit and Overhead reduction		6.00%		-£328,071

OVERALL COST	£5,139,779
Cost per dwelling	£107,079
Cost per m2	£ 1,087 /m2
Non - Residential Developments - See following sheet	£0

Notes

Costs exclude: Land purchase, legal costs, marketing, finance costs, VAT, Section 278 works or other off-Costs are at June 2015 levels and exclude inflation



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site E

8 December 2015

Site Specific works

Total of site specific works

£0

Non-residential Developments

Total of non-residential developments

£0



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site F

8 December 2015

Residential development - Cost details - (Site area -50000 M2)

Dwellings	No	GFA	Rate	Cost
1 Bed semi		50 m2	£ 671 /m2	£33,560
2 Bed terrace		59 m2	£ 624 /m2	£36,791
2 Bed Semi	10 Nr	59 m2	£ 671 /m2	£39,601
3 Bed Semi	45 Nr	88 m2	£ 649 /m2	£57,116
3 Bed Detached		88 m2	£ 697 /m2	£61,307
4 Bed Semi	40 Nr	116 m2	£ 637 /m2	£73,876
4 Bed + Detached	5 Nr	146 m2	£ 659 /m2	£96,216
1 bed flats		59 m2	£ 703 /m2	£41,496
2 Bed flat		71 m2	£ 683 /m2	£48,520
Totals	100 Nr	9920 m2		£6,402,363
Addition for Code for Sustainable Homes 0				£0
Rainwater Harvesting				£0
External works within curtilages				£440,224
External works out side curtilages				£776,428
Drainage (Incl Attenuation)				£531,643
Incoming Services (incl Substation)				£467,656
Abnormals				
Costs for levels (Medium steep slopes)				£166,138
Poor ground (None)				£0
Extra clearance (Slabs + some demolition)				£166,138
Flood risk (Minor allowance)				£27,690
Contamination (No contamination)				£0
Public Open space - 0m2 - 0% of total area				£0
Allowance for special site access (Intermediate complexity)				£110,759
Quality addition	Base quality			£0
Site Specific works - see following sheet				£375,000
Preliminaries (Sales Rate - 2.5/m)		191 weeks		£1,222,781
TOTAL				£10,686,820
Fees		6.00%		£618,709
Contingencies		5.00%		£546,526
Less: Profit and Overhead reduction		6.00%		-£688,623

OVERALL COST	£11,163,433
Cost per dwelling	£111,634
Cost per m2	£ 1,125 /m2
Non - Residential Developments - See following sheet	£0

Notes

Costs exclude: Land purchase, legal costs, marketing, finance costs, VAT, Section 278 works or other off-Costs are at June 2015 levels and exclude inflation



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site F

8 December 2015

Site Specific works

Work to areas not being developed	25000 m2 £ 15 /m2	£375,000
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Total of site specific works

£375,000

Non-residential Developments

Total of non-residential developments

£0



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site G

8 December 2015

Residential development - Cost details - (Site area -26000 M2)

Dwellings	No	GFA	Rate	Cost
1 Bed semi		50 m2	£ 671 /m2	£33,560
2 Bed terrace		59 m2	£ 624 /m2	£36,791
2 Bed Semi	8 Nr	59 m2	£ 671 /m2	£39,601
3 Bed Semi	35 Nr	88 m2	£ 649 /m2	£57,116
3 Bed Detached		88 m2	£ 697 /m2	£61,307
4 Bed Semi	31 Nr	116 m2	£ 637 /m2	£73,876
4 Bed + Detached	4 Nr	146 m2	£ 659 /m2	£96,216
1 bed flats		59 m2	£ 703 /m2	£41,496
2 Bed flat		71 m2	£ 683 /m2	£48,520
Totals	78 Nr	7732 m2		£4,990,898
Addition for Code for Sustainable Homes	0			£0
Rainwater Harvesting				£0
External works within curtilages				£295,492
External works out side curtilages				£497,641
Drainage (Incl Attenuation)				£419,998
Incoming Services (incl Substation)				£386,248
Abnormals				
Costs for levels (Intermediate)				£86,392
Poor ground (None)				£0
Extra clearance (Slabs + some demolition)				£86,392
Flood risk (Severe problems)				£215,980
Contamination (Medium contamination)				£20,216
Public Open space - 0m2 - 0% of total area				£0
Allowance for special site access (Substantial complexity)				£172,784
Quality addition	Base quality			£0
Site Specific works - see following sheet				£0
Preliminaries (Sales Rate - 2.5/m)		155 weeks		£990,171
TOTAL				£8,162,212
Fees		6.00%		£489,733
Contingencies		5.00%		£432,597
Less: Profit and Overhead reduction		6.00%		-£545,073

OVERALL COST	£8,539,469
Cost per dwelling	£108,095
Cost per m2	£ 1,104 /m2
Non - Residential Developments - See following sheet	£0

Notes

Costs exclude: Land purchase, legal costs, marketing, finance costs, VAT, Section 278 works or other off-Costs are at June 2015 levels and exclude inflation



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site G

8 December 2015

Site Specific works

Total of site specific works

£0

Non-residential Developments

Total of non-residential developments

£0



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site H

8 December 2015

Residential development - Cost details - (Site area -20000 M2)

Dwellings	No	GFA	Rate	Cost	
1 Bed semi		50 m2	£ 671 /m2	£33,560	
2 Bed terrace		59 m2	£ 624 /m2	£36,791	
2 Bed Semi	6 Nr	59 m2	£ 671 /m2	£39,601	
3 Bed Semi	27 Nr	88 m2	£ 649 /m2	£57,116	
3 Bed Detached		88 m2	£ 697 /m2	£61,307	
4 Bed Semi	24 Nr	116 m2	£ 637 /m2	£73,876	
4 Bed + Detached	3 Nr	146 m2	£ 659 /m2	£96,216	
1 bed flats		59 m2	£ 703 /m2	£41,496	
2 Bed flat		71 m2	£ 683 /m2	£48,520	
Totals	60 Nr	5952 m2			£3,841,418
Addition for Code for Sustainable Homes 0					£0
Rainwater Harvesting					£0
External works within curtilages					£226,429
External works out side curtilages					£380,370
Drainage (Incl Attenuation)					£318,986
Incoming Services (excl Substation)					£232,594
Abnormals					
Costs for levels (Slight slopes)					£39,873
Poor ground (None)					£0
Extra clearance (Slabs + some demolition)					£66,455
Flood risk (No risk)					£0
Contamination (Light contmaination)					£7,725
Public Open space - 0m2 - 0% of total area					£0
Allowance for special site access (Intermediate complexity)					£66,455
Quality addition	Base quality				£0
Site Specific works - see following sheet					£0
Preliminaries (Sales Rate - 1/m)		278 weeks			£888,307
TOTAL					£6,068,613
Fees			6.00%		£364,117
Contingencies			5.00%		£321,636
Less: Profit and Overhead reduction			6.00%		-£405,262

OVERALL COST	£6,349,104
Cost per dwelling	£105,818
Cost per m2	£ 1,067 /m2
Non - Residential Developments - See following sheet	£0

Notes

Costs exclude: Land purchase, legal costs, marketing, finance costs, VAT, Section 278 works or other off-Costs are at June 2015 levels and exclude inflation



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site H

8 December 2015

Site Specific works

Total of site specific works

£0

Non-residential Developments

Total of non-residential developments

£0



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site I

8 June 2015

Residential development - Cost details - (Site area -27000 M2)

Dwellings	No	GFA	Rate	Cost
1 Bed semi		50 m2	£ 671 /m2	£33,560
2 Bed terrace		59 m2	£ 624 /m2	£36,791
2 Bed Semi	8 Nr	59 m2	£ 671 /m2	£39,601
3 Bed Semi	37 Nr	88 m2	£ 649 /m2	£57,116
3 Bed Detached		88 m2	£ 697 /m2	£61,307
4 Bed Semi	32 Nr	116 m2	£ 637 /m2	£73,876
4 Bed + Detached	4 Nr	146 m2	£ 659 /m2	£96,216
1 bed flats		59 m2	£ 703 /m2	£41,496
2 Bed flat		71 m2	£ 683 /m2	£48,520
Totals	81 Nr	8024 m2		£5,179,006
Addition for Code for Sustainable Homes 0				£0
Rainwater Harvesting				£0
External works within curtilages				£305,743
External works out side curtilages				£513,500
Drainage (Incl Attenuation)				£430,631
Incoming Services (incl Substation)				£394,001
Abnormals				
Costs for levels (Intermediate)				£89,715
Poor ground (None)				£0
Extra clearance (None)				£0
Flood risk (No risk)				£0
Contamination (No contamination)				£0
Public Open space - 0m2 - 0% of total area				£0
Allowance for special site access (Major complexity)				£269,144
Quality addition	Base quality			£0
Site Specific works - see following sheet				£0
Preliminaries (Sales Rate - 1.5/m)		252 weeks		£1,030,697
TOTAL				£8,212,438
Fees		6.00%		£492,746
Contingencies		5.00%		£435,259
Less: Profit and Overhead reduction		6.00%		-£548,427

OVERALL COST	£8,592,017
Cost per dwelling	£106,074
Cost per m2	£ 1,071 /m2
Non - Residential Developments - See following sheet	£0

Notes

Costs exclude: Land purchase, legal costs, marketing, finance costs, VAT, Section 278 works or other off-site costs, removal of asbestos



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site I

8 June 2015

Costs are at June 2015 levels and exclude inflation

Total of site specific works	£0

Non-residential Developments	
Total of non-residential developments	£0



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site J

8 December 2015

Residential development - Cost details - (Site area -26000 M2)

Dwellings	No	GFA	Rate	Cost
1 Bed semi		50 m2	£ 671 /m2	£33,560
2 Bed terrace		59 m2	£ 624 /m2	£36,791
2 Bed Semi	9 Nr	59 m2	£ 671 /m2	£39,601
3 Bed Semi	35 Nr	88 m2	£ 649 /m2	£57,116
3 Bed Detached		88 m2	£ 697 /m2	£61,307
4 Bed Semi	31 Nr	116 m2	£ 637 /m2	£73,876
4 Bed + Detached	5 Nr	146 m2	£ 659 /m2	£96,216
1 bed flats		59 m2	£ 703 /m2	£41,496
2 Bed flat		71 m2	£ 683 /m2	£48,520
Totals	80 Nr	7937 m2		£5,126,715
Addition for Code for Sustainable Homes 0				£0
Rainwater Harvesting				£0
External works within curtilages				£298,671
External works out side curtilages				£500,781
Drainage (Incl Attenuation)				£425,314
Incoming Services (incl Substation)				£390,125
Abnormals				
Costs for levels (Medium steep slopes)				£132,911
Poor ground (None)				£0
Extra clearance (None)				£0
Flood risk (No risk)				£0
Contamination (No contamination)				£0
Public Open space - 0m2 - 0% of total area				£0
Allowance for special site access (Intermediate complexity)				£88,607
Quality addition	Base quality			£0
Site Specific works - see following sheet				£125,000
Preliminaries (Sales Rate - 1.5/m)		249 weeks		£1,018,882
TOTAL				£8,107,005
Fees		6.00%		£478,920
Contingencies		5.00%		£423,046
Less: Profit and Overhead reduction		6.00%		-£533,038

OVERALL COST	£8,475,933
Cost per dwelling	£105,949
Cost per m2	£ 1,068 /m2
Non - Residential Developments - See following sheet	£0

Notes

Costs exclude: Land purchase, legal costs, marketing, finance costs, VAT, Section 278 works or other off-Costs are at June 2015 levels and exclude inflation



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site J

8 December 2015

Site Specific works	
Allowance for landscape mitigation	£125,000
Total of site specific works	£125,000

Non-residential Developments	
Total of non-residential developments	£0



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site K

8 December 2015

Residential development - Cost details - (Site area -18000 M2)

Dwellings	No	GFA	Rate	Cost
1 Bed semi		50 m2	£ 671 /m2	£33,560
2 Bed terrace		59 m2	£ 624 /m2	£36,791
2 Bed Semi	5 Nr	59 m2	£ 671 /m2	£39,601
3 Bed Semi	24 Nr	88 m2	£ 649 /m2	£57,116
3 Bed Detached		88 m2	£ 697 /m2	£61,307
4 Bed Semi	22 Nr	116 m2	£ 637 /m2	£73,876
4 Bed + Detached	3 Nr	146 m2	£ 659 /m2	£96,216
1 bed flats		59 m2	£ 703 /m2	£41,496
2 Bed flat		71 m2	£ 683 /m2	£48,520
Totals	54 Nr	5397 m2		£3,482,716
Addition for Code for Sustainable Homes 0				£0
Rainwater Harvesting				£0
External works within curtilages				£204,042
External works out side curtilages				£342,333
Drainage (Incl Attenuation)				£287,087
Incoming Services (excl Substation)				£209,334
Abnormals				
Costs for levels (Intermediate)				£59,810
Poor ground (None)				£0
Extra clearance (Slabs + some demolition)				£59,810
Flood risk (Minor allowance)				£14,952
Contamination (No contamination)				£0
Public Open space - 0m2 - 0% of total area				£0
Allowance for special site access (Intermediate complexity)				£59,810
Quality addition	Base quality			£0
Site Specific works - see following sheet				£100,000
Preliminaries (Sales Rate - 1/m)		252 weeks		£805,232
TOTAL				£5,625,127
Fees		6.00%		£331,508
Contingencies		5.00%		£292,832
Less: Profit and Overhead reduction		6.00%		-£368,968

OVERALL COST	£5,880,498
Cost per dwelling	£108,898
Cost per m2	£ 1,090 /m2
Non - Residential Developments - See following sheet	£0

Notes

Costs exclude: Land purchase, legal costs, marketing, finance costs, VAT, Section 278 works or other off-Costs are at June 2015 levels and exclude inflation



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site K

8 December 2015

Site Specific works	
Allowance for Section 278 works (HGV mitigation)	£100,000
Total of site specific works	£100,000

Non-residential Developments	
Total of non-residential developments	£0



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site L

8 December 2015

Residential development - Cost details - (Site area -50000 M2)

Dwellings	No	GFA	Rate	Cost
1 Bed semi		50 m2	£ 671 /m2	£33,560
2 Bed terrace		59 m2	£ 624 /m2	£36,791
2 Bed Semi	15 Nr	59 m2	£ 671 /m2	£39,601
3 Bed Semi	67 Nr	88 m2	£ 649 /m2	£57,116
3 Bed Detached		88 m2	£ 697 /m2	£61,307
4 Bed Semi	60 Nr	116 m2	£ 637 /m2	£73,876
4 Bed + Detached	8 Nr	146 m2	£ 659 /m2	£96,216
1 bed flats		59 m2	£ 703 /m2	£41,496
2 Bed flat		71 m2	£ 683 /m2	£48,520
Totals	150 Nr	14909 m2		£9,623,094
Addition for Code for Sustainable Homes 0				£0
Rainwater Harvesting				£0
External works within curtilages				£566,073
External works out side curtilages				£950,926
Drainage (Incl Attenuation)				£797,464
Incoming Services (incl Substation)				£661,484
Abnormals				
Costs for levels (Slight slopes)				£99,683
Poor ground (None)				£0
Extra clearance (Slabs + some demolition)				£166,138
Flood risk (Minor allowance)				£41,535
Contamination (No contamination)				£0
Public Open space - 0m2 - 0% of total area				£0
Allowance for special site access (Intermediate complexity)				£166,138
Quality addition	Base quality			£0
Site Specific works - see following sheet				£0
Preliminaries (Sales Rate - 2.5/m)		278 weeks		£1,776,614
TOTAL				£14,849,150
Fees		6.00%		£890,949
Contingencies		5.00%		£787,005
Less: Profit and Overhead reduction		6.00%		-£991,626

OVERALL COST	£15,535,477
Cost per dwelling	£103,570
Cost per m2	£ 1,042 /m2
Non - Residential Developments - See following sheet	£0

Notes

Costs exclude: Land purchase, legal costs, marketing, finance costs, VAT, Section 278 works or other off-Costs are at June 2015 levels and exclude inflation



ROSSENDALE - FUTURE DEVELOPMENT APPRAISAL - CONSTRUCTION COSTS

Site L

8 December 2015

Site Specific works

Total of site specific works

£0

Non-residential Developments

Total of non-residential developments

£0

APPENDIX 4

SITE SPECIFIC APPRAISAL ASSUMPTIONS

Site Specific Testing Summaries

Site Name	Location	Area (HA)	Density	Dwelling Capacity	Revenues	Sales Per Month	Land Value (£/pac)	Land Value
Site A (Crawshawbooth)	RAWTENSTALL	1.6	30	48	£190	1.0	£200,000	£790,720
Site B (Crawshawbooth)	RAWTENSTALL	1.9	30	57	£190	1.0	£200,000	£938,980
Site C (Crawshawbooth)	RAWTENSTALL	2.8	30	84	£190	2.0	£350,000	£2,421,580
Site D (Rawtenstall)	RAWTENSTALL	2.1	30	63	£210	2.0	£250,000	£1,897,275
Site E (Rawtenstall)	RAWTENSTALL	1.6	30	48	£200	2.5	£250,000	£1,288,400
Site F (Rawtenstall)	RAWTENSTALL	5	30	100	£210	2.5	£250,000	£2,738,575
Site G (Rawtenstall)	RAWTENSTALL	2.6	30	78	£200	2.5	£250,000	£1,956,150
Site H (Newchurch)	RAWTENSTALL	2	30	60	£160	1.0	£150,000	£741,300
Site I (Bacup)	BACUP	1.5	30	45	£160	1.5	£150,000	£1,300,755
	BACUP	1.2	30	36				
Site J (Bacup)	BACUP	2.6	30	78	£160	1.5	£150,000	£963,690
Site K (Bacup)	BACUP	1.8	30	54	£160	1.0	£150,000	£667,170
Site L (Helmshore)	HELMSHORE	5	30	150	£210	2.5	£250,000	£3,088,750

APPENDIX 5

STAKEHOLDER CONSULTATION ATTENDEES

Kate McClean	Kate.McClean@taylorwimpey.com	01925 849573	Taylor Wimpey
Gareth Fort	GarethFort@rossendalebc.gov.uk	2480	RBC
Ruth Cook	Ruth.cook@rochdale.gov.uk	01706 924362	Rochdale BC
TBC	cculshaw@peel.co.uk	0161 6298357	Peel
Crispian Logue	C.Logue@bury.gov.uk		Bury MBC
Bernadette McQuillan	Bernadette.McQuillan@cbre.com	0161 2335676	CBRE
Brian Sheasby	Brian.Sheasby@lancashire.gov.uk	01772 532243	LCC
Gareth Smith	Gareth Smith <gareth@barnfieldconstruction.co.uk>		Barnfield
Tracy Clavell Bate	tracy.bate@barnfieldconstruction.co.uk		Barnfield
Faiyaz Laly	Laly, Faiyaz < Faiyaz.Laly@lancashire.gov.uk >		LCC
David Bailey	David Bailey < David.Bailey@leahough.co.uk >	01772 458866	Lea Hough Chartered Surveyors
Claire Morris	claire@mulburycare.com	01925 748530	Mulbury Care
Crispian Logue	C.Logue@bury.gov.uk		Bury MBC - POLICY
Bethan Frost	bethanfrost@rossendalebc.gov.uk		RBC - CONSERVATION
Adrian Smith	AdrianSmith@rossendalebc.gov.uk		RBC - POLICY
Nat Rahmani	NathaeleRahmani@rossendalebc.gov.uk		RBC - POLICY
Neil Birtles	NeilBirtles@rossendalebc.gov.uk		RBC - DC
Rebecca Lawlor	RebeccaLawlor@rossendalebc.gov.uk		RBC - Strategic Housing

APPENDIX 6

STAKEHOLDER RESPONSES

Analysis of Representations Received following the Rossendale Stakeholder Consultation Event on 27 November 2014



Respondent	Date	Unit Mix	Unit Sizes	Tenures	Densities	Land Values	Revenues	Costs	Developers Profit	Sales Rates	Miscellaneous
Pegasus Planning (on behalf of Taylor Wimpey UK Ltd)	24/12/2014	Suggests larger schemes in excess of 100 units are considered. Also suggests that the development of 5 dwellings is considered due to the volume of smaller developments within the Borough. States that TW developments at Weavers Dene and Dale Moor View largely align with KM assumptions, although suggest that TW currently building lower proportions of 3 bed units and higher proportions of 4 bed units.	Consider unit sizes to be slightly high. 2 bed units built to approx 600 sq.ft, 3 bed units built to approx 870 sq.ft, and 4 bed units to around 1,200 sq.ft. TW commented that they are currently not building out any five bed dwellings. Pegasus comment that whilst TW are currently not developing apartments in Rossendale, in the NW sizes range between 600-645 sq.ft.		Recommended that densities lower than 30dph are tested to "ensure that a true picture of the development likely to come forward within Rossendale is captured". Pegasus states that densities of less than 20dph are likely on Greenfield sites with topographical constraints. Notwithstanding this, Pegasus notes that both Weavers Dene and Dale Moor View have been built out at 34dph. State that it is rare for smaller sites to achieve 100% site coverage, and state that a 90% deduction for site of between 0.4 and 2 hectares should be reviewed. Pegasus acknowledges that 70-75% gross to net deduction for larger sites is considered appropriate.	Pegasus states that the issue of Land Value is the principal concern and the methodology's main flaw. Pegasus states that threshold land values of between £200,000 and £300,000 are below the values adopted in recent studies, which include Lancaster, Bolton, South Ribble, Chorley, Preston and Trafford. Pegasus state that there should be no differences in land values for Greenfield and Brownfield Sites.	TW confirmed values that have recently received on their two developments within the Borough.	Pegasus states that opening up costs need to be accounted for, which the Harman Guidance suggests can range between £17,000 and £23,000 per plot in respect of Greenfield Sites. Suggests that deductions for contractors profit is not normal, and state that this should be explained along with a provision of evidence to support the construction costs.	20% of GDV considered reasonable for larger developments. Pegasus state that on the basis that the presentation does not identify the differentiation between larger and smaller schemes it is therefore considered inappropriate.	Average Sales rates of between 2 and 3 dwellings per month considered reasonable, although Pegasus recommends the use of variable rates.	Acquisition costs considered reasonable, although Pegasus states that they are towards the lower end of the scale identified in respect of Harman Guidance. Sales and marketing costs at 3.5% too low, and should be to the order of 4.5%. Finance costs considered reasonable.
Turley (on behalf of Peel Holdings)	22/12/2014	Recommends testing larger units in excess of 100 units. States that whilst the development mix is realistic for larger sites, this may not be for smaller sites of below 40-50 units.				Turley state that the land values put forward are unrealistically low.	Advocate the use of net sales prices (exclusive of developers incentives). Suggests that the social rented property values at 45% appears to be high.		Recommend 20% of GDV across all sites.	State that the adopted sales rates unclear from the evidence provided, and requests to see local market evidence based on current and recent development activity to support the rates adopted.	NG states that planning fees:- "should be calculated based on the development yield (units) rather than as a proportion of development cost. This would represent a more accurate approach. The present approach is unclear and substantiated" Suggests that finance costs of 7% should be adopted.
House Builders Federation	11/12/2014	Recommended that further typologies in excess of 100 dwellings and below 10 dwellings are tested, reflecting the unit sizes that are likely to come forward.			HBF states that a more cautious approach should be adopted relative to the SHLAA methodology, as for example HBF cites that it is rare that smaller sites achieve 100% site coverage.	HBF states that whilst:- The HBF has not undertaken an assessment of base land inputs... it is recommended that inputs are 'sense checked' against recent transactions. Furthermore, HBF also states that the residential value zones should be mirrored by expectations within the base land inputs.	Recommend use of net sales values accounting for incentives.	Recommended that build cost components separated for greater transparency. Noted that costs may increase as a result of improvements to Building Regulations and increased sustainability.	HBF states that whilst 20% of GDV is acceptable for larger developments, 15% for smaller developments is considered low. Recommends a blended 20% figure across all forms of development.	Average Sales rates of between 2 and 3 dwellings per month considered optimistic, although HBF recommends the use of variable rates.	Acquisition costs considered reasonable, although HBF states that they are towards the lower end of the scale identified in respect of Harman Guidance.
Lea Hough Chartered Surveyors	11/12/2014	Lea Hough states that the unit mix adopted is considered reasonable.	Lea Hough state these are reasonable, although state that on an individual site basis- particularly for example, in scenarios where small brownfield sites are being brought forward the mix and dwelling size is more likely to be smaller, whereas on better areas the opposite would be true.		Lea Hough suggest that the densities that KM propose to test are considered reasonable, although that they expect delivery typically towards the higher end of the prescribed range. In respect of the net site areas, Lea Hough advises that 80% as opposed to 75% should be used as a gross to net ratio.	Lea Hough reasons that the Harmon Guidance comments on the use of threshold land values and does not reflect market actualities. Lea Hough therefore states that "in our view the use of comparable evidence should form the basis of any assessment of the 'release' value of land, rather than a reliance on threshold value."	Lea Hough state that Market Housing Revenues of £200 per sq.ft are considered high and the Affordable Revenues are similarly high based on the percentages put forward in the presentation.	Lea Hough state that headline build cost considered reasonable, although notes that:- - In certain points of the Borough the LPA may require non-standard construction materials including stone and slate. In such instances, Lea Hough suggests a £5-10 per sq.ft premium may need to be added. - Comments on the clarity of the application of Abnormal Costs, which may include foundation treatments, service infrastructure, earthworks, and surface water drainage and attenuation.	Lea Hough consider that a variance of 5% between smaller and larger schemes is potentially too high.	Suggests that Marketing and Sales fees of between 4% and 4.5% would be more robust (relative to the 3.5% adopted by KM).	
Barnfield Construction	27/12/2014										Suggested that there are current industrial requirements within the immediate area for units of up to 100,000 sq.ft. Noted from presentation that KM only propose to test units of up to 50,000 sq.ft., and suggest that on the basis of the above that larger industrial units should be tested.