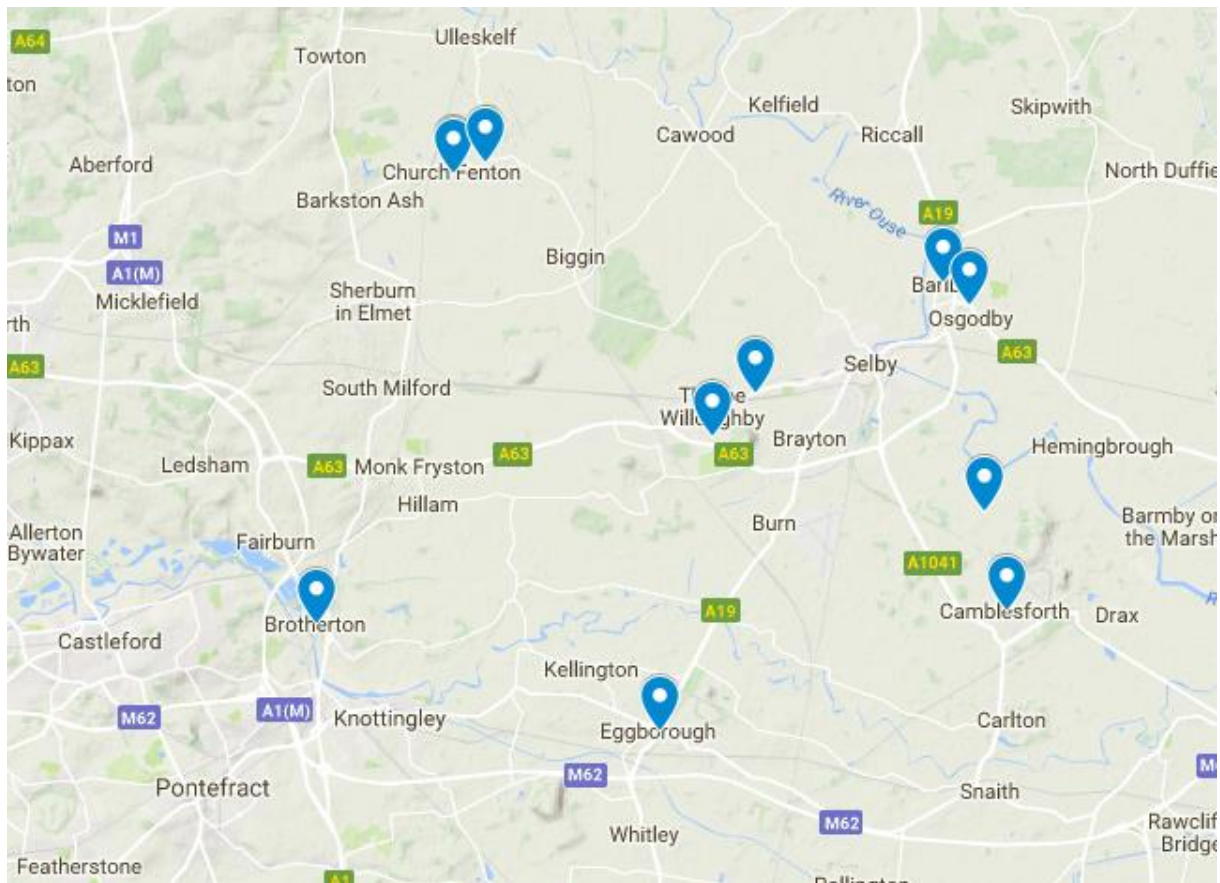


---

# Viability testing of 11 residential development sites in Selby District

---

Completed on behalf of Selby District Council



5<sup>th</sup> May 2017

CP Viability Ltd



*Independent Property Experts*

## 1 INTRODUCTION

- 1.1 CP Viability Ltd (“CPV”) has been instructed by Selby District Council (“the Council”) to undertake individual viability assessments of 11 residential development sites.
- 1.2 In accordance with the RICS, prior to accepting this instruction we can confirm that we undertook a conflict of interest check. Having undertaken this review we are unaware of any conflict of interest that prevents CP Viability from undertaking this instruction. If, at a later date, a conflict is identified we will notify all parties to discuss how this should be managed.
- 1.3 We have assessed the viability of each scheme as at 5<sup>th</sup> May 2017.
- 1.4 David Newham undertook an inspection of the sites on the 25<sup>th</sup> and 26<sup>th</sup> of April 2017.
- 1.5 In accordance with the RICS Guidance on Viability (Guidance Note 1, 2012), our appraisal assumes a hypothetical landowner and a hypothetical developer. The intention of a viability assessment is therefore to identify the approach a ‘typical’ or ‘average’ developer / landowner would take to delivering the site for development. A viability assessment does not therefore seek to reflect the specific circumstances of any particular body (whether landowner or developer).
- 1.6 Each of the 11 sites benefits from an existing planning consent (with one exception, which is pending consideration) and are currently included within the Council’s calculation of its 5 year housing land supply. The sites have been chosen for assessment due to delays in implementation. In this context, CPV have been instructed to prepare residual appraisals for each site to help determine whether viability pressure is a key factor in the lack of delivery.
- 1.7 The sites to be tested are as follows:

Pg	PLAN Selby Ref	Location	Application Reference	No. of houses
5	BROT-D	Lyndale Caravan Park, School Croft, Brotherton	2013/1114/FUL	13
10	CAMB-H	Camblesforth Hall, 1 Brigg Lane, Camblesforth	2011/0032/FUL	14
15	CFAB-C	RAF Church Fenton, Busk Lane, Church Fenton	2015/0318/FUL	39
20	CFAB-B	RAF Church Fenton, Busk Lane, Church Fenton	2013/0811/OUT	65
24	CFEN-C	Land East of Church Street, Church Fenton	2015/0615/OUT	50
28	OSGB-A	Land at Osgodby Garden Centre, Osgodby	2014/1136/OUT	23
33	BALW-F	Morello Garth Park Lane, Barlow	2015/0775/OUT	15
38	SELB-AI	Brooklands, Leeds Road, Selby	2013/1065/FUL	16
43	THRP-I	Land north of Field Lane, Thorpe Willoughby	2013/1041/OUT	51
48	BARL-C	Land north of The Laurels, Barlby	2015/0586/OUT	37
53	EGGB-E	Land East of High Eggborough Lane, Eggborough	2016/0875/FUL (pending)	55

1.8 For each site, the Council has provided a brief summary of the planning history and, where applicable, copies of historic viability assessments. For general information about the sites we have reviewed the online planning portal. We have relied on these various sources of information and have looked to model the viability assessments as closely as possible to the existing planning consent. This assessment does not therefore provide a critique of the proposed development design of each site (i.e. we have not commented on the efficiency of design, density etc). Our role is limited to testing the viability of the proposals as detailed on the relevant planning applications.

1.9 Please note, where there are gaps in the required information we have either undertaken further research or made assumptions based on our experience (where assumptions have been made these are explicitly referred to in our summary).

1.10 The appraisals have been completed using the ARGUS Developer toolkit, an industry leader for modelling development cash flows. The individual appraisals are attached to this report under Appendix 1.

1.11 For our initial viability appraisal testing we have looked to apply the Council's full policy provisions. If a scheme is shown to be unviable with the full policy provision, we have then looked to adjust the level of affordable housing and re-run the appraisal, on an iterative basis, up until the scheme reaches a point deemed to be viable and deliverable (if possible).

1.12 This report reflects the independent views of CP Viability, based on the research undertaken, the evidence identified and the experience of the analysing surveyor. For ease of reference, we have commented on each site individually.

DRAFT

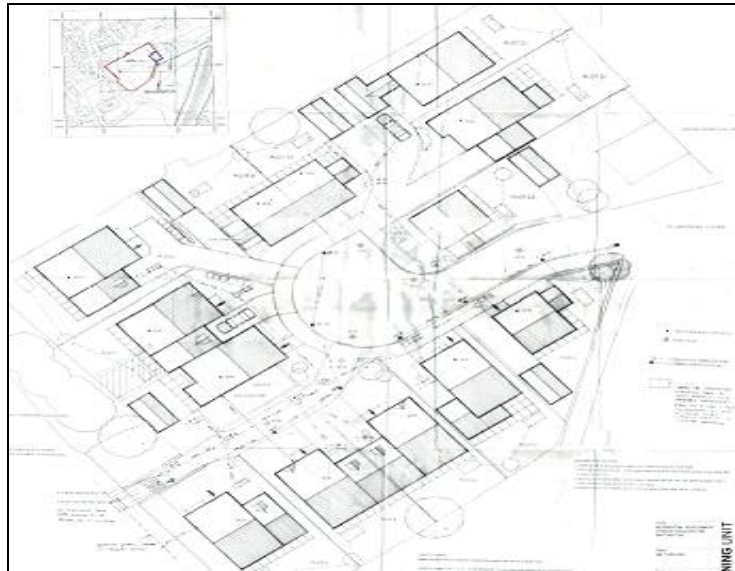
## 2 BROT- D: LYNDALE CARAVAN PARK, SCHOOL CROFT, BROTHERTON



### 2.1 Property Description

2.1.1 The site is located within the village of Brotherton, to the west of Selby District, close to Ferrybridge Power Station and the River Aire. This is situated within an elevated position over Church Street, which adjoins its western boundary. Access is currently provided from School Croft to the east, although this appears to run through third party land (at the time of inspection the access onto the site was blocked by a gate). We have assumed access could be freely attained for future development, without additional cost.

2.1.2 The land is set out as a caravan park, although it is unclear whether the business is still trading. Upon inspection we noted 4 caravans in situ, 2 of which appeared lived in. The rest of the site comprises a mix of grassland and a tarmac covered driveway. The western boundary was covered by a high tree line. The site extends to circa 0.34 Ha (0.84 acres), on a gross basis.



## 2.2 Development proposals

2.2.1 It is understood the site originally secured a planning consent for the development of 13 dwellings (together with reserved matters approval) in 2008. However, this was not ultimately implemented and has since lapsed. The current full planning consent also proposes 13 new dwellings, summarised as follows:

Type	Beds	Total units	Size (sq m)	Total size (sq m)
Detached	4	2	129.02	258
Detached	3	2	119.69	239
Detached	3	1	116.62	117
Detached	3	2	80.41	161
Link detached	4	3	129.41	388
Link detached	3	1	117.36	117
Semi	3	2	81.42	163
		<b>13</b>		<b>1,443</b>



## 2.3 Gross Development Value (sales revenue)

2.3.1 We have researched house prices in the local area and note a general lack of new build housing within the village of Brotherton. That said, we note a small, modern development situated on School Croft (therefore within the immediate proximity of the subject site. These are considered to be the strongest comparable transactions identified, and can be summarised as follows:

Address	Date of sale	Price	Price per sq m
<b>Terraced</b>			
4 School Croft	Nov-15	£135,000	£1,274
5 School Croft	Feb-16	£142,000	£1,614
8 School Croft	Jul-15	£135,000	£1,274
9 School Croft	Sep-15	£135,000	£1,2,74
10 School Croft	Jul-15	£130,000	£1,226
<b>Semi</b>			
6 School Croft	Oct-15	£140,000	Unknown
7 School Croft	Jul-15	£140,000	Unknown

2.3.2 The above evidence therefore shows relatively modest values in this location. This is consistent with our general research into Brotherton village, which house values are generally lower in this location when compared to the regional average. For example, the Zoopla Zed Index shows a current average value of £148,579, compared to £190,943 in Selby (and its surrounding villages).

2.3.3 Having considered all of the above, we adopted an average sales value of £1,704 per sq m. If anything, we would stress this is considered to be ambitious in the context of the above evidence, but for the purposes of the initial appraisal testing these figures were considered appropriate.

## 2.4 Gross Development Cost (outgoings to implement the development)

- 2.4.1 Given the relatively small size of the proposed scheme, we consider the Build Cost Information Service (“BCIS”) of the RICS to be an appropriate database for benchmarking build costs. The BCIS rate includes the construction of each dwelling, including a contractor’s overhead. However, it excludes external costs, contingency allowance and abnormal works. In this case, we consider the median rate to be appropriate, which rebased to Selby currently equates to £1,057 per sq m.
- 2.4.2 To cover external costs we have adopted an additional 15% of the basic build cost. For contingency we have allowed a further 3% (based on the BCIS cost plus the external works). Both are considered to be in line our experience in the market place for a scheme of this nature.
- 2.4.3 For professional fees we have allowed 8% of the build costs / external works, which is again considered to be appropriate for the size and nature of the scheme.
- 2.4.4 For abnormal costs, we note various items allowed for in a historic viability appraisal (relating to extra over costs for foul and surface water drains, water supply pipes and fire hydrants and excavation of material from site). These costs totalled £25,200. For the purposes of this assessment we have also allowed these cost in our appraisal.
- 2.4.5 For policy contributions, we have taken the figures as shown in the S106 agreement. This includes a recreational open space provision and waste and recycling contribution, totalling £13,546. In this case the S106 states that a nil affordable housing provision has been agreed.
- 2.4.6 For marketing costs, we have allowed 1.5% of sales revenue, plus £600 per dwelling legal fees.



2.4.7 In terms of the benchmark land value, given the nature and location of the site we anticipate a relatively modest figure. We note in the historic viability appraisal the District Valuer adopted a value of £400,000. Furthermore, the applicant referred to a figure of £650,000. Both are considered to be significantly in excess of our expectations given the nature of the site. We have applied £100,000 (or circa £120,000 per gross acre) as being an appropriate figure in this instance, reflecting our view as to the minimum price that a landowner would accept to implement the scheme.

2.4.8 As for profit, for a smaller scheme in this type of location we would anticipate that a local developer / housebuilder would look to implement the project. Typically, more local developers require a lower return when compared to regional or volume housebuilders (as their overheads are lower). For this reason we consider a profit margin equivalent to 15% of the sales revenue to be appropriate.

2.4.9 Based on the above inputs (plus allowances for land purchase costs and banking arrangement fees) we have run a policy compliant ARGUS appraisal based on a sales rate of circa 1 per calendar month.

2.4.10 Our appraisal (as shown in Appendix 1) shows that, based on the above inputs, the scheme only returns a land value of £8,917. This is therefore below our benchmark land value of £100,000 (and significantly below the figure of £400,000 previously adopted by the District Valuer).

**2.4.11 Based on our appraisal testing we therefore conclude that the site is currently unviable, even without affordable housing or any other S106 policy contributions.**

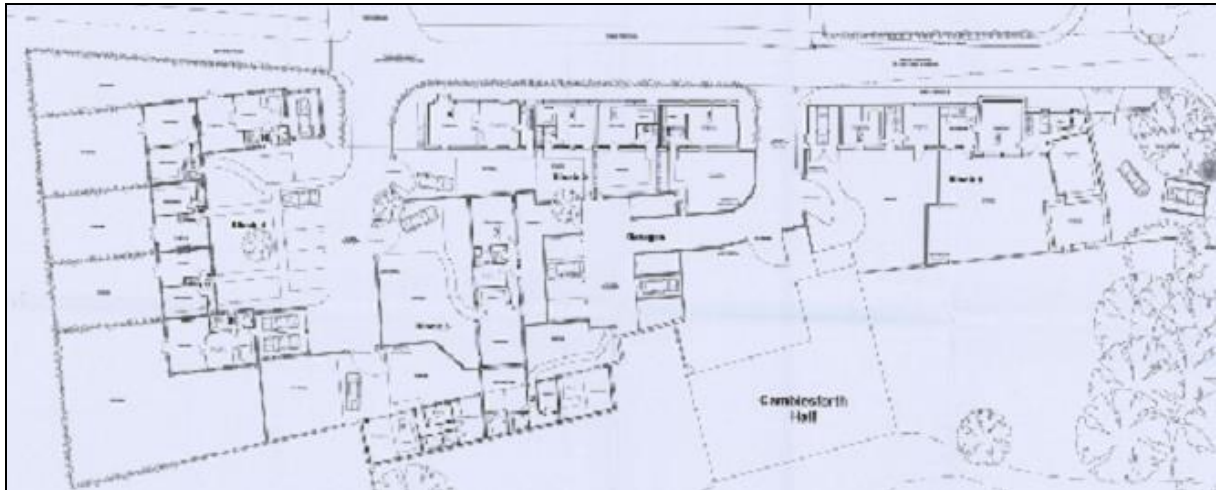
### 3 CAMB-H: CAMBLESFORTH HALL, 1 BRIGG LANE, CAMBLESFORTH



#### 3.1 Property Description

3.1.1 The village of Camblesforth is located circa 5 miles south of Selby, off the A1041. This is within approximately 1.5 miles of Drax Power Station. The site itself forms part of the grounds of Camblesforth Hall, a Grade I Listed period residence. Access from the main highway (Brigg Lane) is via a short track, which is understood to form part of the ownership of the site.

3.1.2 The site currently includes various former agricultural buildings, being of traditional brick construction and most likely to have been used as barns. The condition of the buildings vary, with one building only part standing whilst the others appear in reasonable structural condition, albeit dilapidated. The site extends to circa 0.53 Ha (1.31 acres), on a gross basis.



### 3.2 Development proposals

3.2.1 The planning permission is a full consent to x 9 converted dwellings and x 5 new dwellings (giving 14 in total). We have established areas for the new build dwellings, through withdrawn sales brochure from Croft Residential. However, we have not been provided with areas for the converted dwellings and as such have estimated the areas using the online measurement tool on Google maps. The accommodation tested in the appraisal is summarised below:

Type	Beds	Total units	Total size (sq m)
Block 1 – conversion to 2 storey semi	3	2	325
Block 2 – conversion to 2 storey terrace	2 or 3	4	425
Block 3 – conversion to GF terrace	2	3	305
Block 4 – new build plot 10	4	1	138.42
Block 4 – new build plots 11 and 12	3	2	101.26
Block 4 – new build plot 13	3	1	120.77
Block 4 – new build plot 14	4	1	139.35
		<b>14</b>	<b>1,656</b>

### 3.3 Gross Development Value (sales revenue)

3.3.1 We have researched house prices in the local area and note a general lack of new build housing within the village of Camblesforth. We have subsequently researched second hand sales, which shows a range of values from £62,000 to £430,000, through 119 transactions since Jan 2014. However, the majority of the sales identified are not considered to be particularly satisfactory for comparable purposes, as the second hand sales tend to be from standard house types. The subject property will offer a unique product and, in our view, is likely to attract a premium over most 'standard' house types. In terms of how much of a premium, we note that only 6 sales have been recorded in excess of £300,000 since Jan 2014, summarised below:

Address (Camblesforth)	Date of sale	Price	Property description
74 Brigg Lane	Sep-16	£307,000	Large 5b detached
Cobble Croft, Selby Rd	Jun-14	£350,000	3b detached bungalow, large plot
1 Chapel Court	Jul-16	£350,000	6b detached
Chester Court Lodge	Jul-16	£395,000	Large 4b detached, large plot
Grange Lodge, Brigg Lane	Jun-16	£400,000	4b detached bungalow, large plot
Cobblewood Farm	Mar-16	£430,000	3b bungalow, large plot

3.3.2 All of the above are detached properties, either with 4 plus bedrooms, or situated on a large plot. The subject comprises a mix of terraces and semi-detached dwellings, and whilst some premium is likely we do not anticipate prices in excess of £300,000 will be achievable for the majority.

3.3.3 Having considered all of the above, our adopted sales values equate to an average of £1,754 per sq m.

### 3.4 Gross Development Cost (outgoings to implement the development)

- 3.4.1 Given the relatively small size of the proposed scheme, we consider the Build Cost Information Service (“BCIS”) of the RICS to be an appropriate database for benchmarking build costs. The BCIS rate includes the construction of each dwelling, including a contractor’s overhead. However, it excludes external costs, contingency allowance and abnormal works. In this case, for the new build dwellings, we consider the median rate to be appropriate, which rebased to Selby currently equates to £1,057 per sq m. For the conversion costs, the BCIS median rate is currently £811 per sq m.
- 3.4.2 To cover external costs we have adopted an additional 10% of the basic build cost. For contingency we have allowed a further 5% (based on the BCIS cost plus the external works). Both are considered to be in line our experience in the market place for a scheme of this nature.
- 3.4.3 For professional fees we have allowed 8% of the build costs / external works, which is again considered to be appropriate for the size and nature of the scheme.
- 3.4.4 In terms of abnormals, we have made allowances for what are considered to be the most likely costs, in this case asbestos removal, demolition and some ecology works.
- 3.4.5 For policy contributions, we have taken the figures as shown in the S106 agreement. This includes a waste and recycling contribution, totalling £13,874. In this case, from our review of the planning file, it appears that a nil affordable housing provision applies.
- 3.4.6 For marketing costs, we have allowed 1.5% of sales revenue, plus £600 per dwelling legal fees.

- 3.4.7 In terms of the benchmark land value, given the nature and location of the site we consider a figure of £400,000 to be reasonable.
- 3.4.8 As for profit, for a smaller scheme in this type of location we would anticipate that a local developer / housebuilder would look to implement the project. Typically, more local developers require a lower return when compared to regional or volume housebuilders (as their overheads are lower). For this reason we consider a profit margin equivalent to 15% of the sales revenue to be appropriate.
- 3.4.9 Based on the above inputs (plus allowances for land purchase costs and banking arrangement fees) we have run a policy compliant ARGUS appraisal based on a sales rate of circa 1 per calendar month.
- 3.4.10 Our appraisal (as shown in Appendix 1) shows that, based on the above inputs, the scheme returns a land value of £381,970. This is therefore marginally below our benchmark land value of £400,000.
- 3.4.11 Based on our appraisal testing we therefore conclude that the site is currently marginally viable.**



## 4 CFAB- C: RAF CHURCH FENTON, BUSK LANE, CHURCH FENTON



### 4.1 Property Description

4.1.1 The village of Church Fenton is located circa 10 miles to the north west of Selby and 7 miles south of Tadcaster. The main access to the village is via the A162. The site itself forms part of the redundant Church Fenton airbase. This is situated on the west side of Busk Lane, to the north of the village centre. It is understood the site formally housed the officers mess buildings. The site has direct access from Busk Lane.

4.1.2 The land has been cleared, although we noted various foundations remain in situ, as well part of an access road / parking area. The site extends to circa 3.03 Ha (7.49 acres), on a gross basis, with a net developable area of 2.12 Ha (5.24 acres).



## 4.2 Development proposals

4.2.1 Whilst the site benefits from a full planning permission, we understand Bellway Homes currently are seeking to vary the consent to provide the following accommodation. However, as this application is pending consideration we have adopted the consented accommodation schedule:

Type	Beds	Total units	Size (sq m)	Total size (sq m)
Type A	5	5	153.29	766
Type B	5	3	144	432
Type C	5	2	131.92	264
Type D	4	7	124.49	871
Type E	4	6	117.98	708
Type F	3	6	97.55	585
Type G	3	10	81.75	818
		<b>39</b>		<b>4,445</b>

### 4.3 Gross Development Value (sales revenue)

4.3.1 We have researched house prices in the local area and note the ongoing Eagle Manor (Berkley Deveer) scheme within Church Fenton. A couple of units are currently sold subject to contract, whilst others are being advertised as available. These are summarised below:

Address	Position	Asking Price	Price per sq m
<b>Detached</b>			
The Austen	Sold STC	£425,000	£2,589
The Churchill	Sold STC	£370,000	£2,801
<b>Semi</b>			
The Woodhouse (x 6)	Available	£230,000	£2,459

4.3.2 The above evidence therefore shows relatively high values in this location. This is consistent with our general research into Church Fenton village, which house values are generally higher in this location when compared to the regional average. For example, the Zoopla Zed Index shows a current average value of £254,170, compared to £190,943 in Selby (and its surrounding villages).

4.3.3 We also note a historic viability appraisal undertaken by the District Valuer in 2015, which adopts an average sales price of £2,500 per sq m.

4.3.4 Having considered all of the above, our adopted sales values equate to an average sales value of £2,559 per sq m. This takes into account other development activity in the village and potential future competition.

#### 4.4 Gross Development Cost (outgoings to implement the development)

- 4.4.1 Given the size of the proposed scheme, we consider the Build Cost Information Service (“BCIS”) of the RICS to be an appropriate database for benchmarking build costs. The BCIS rate includes the construction of each dwelling, including a contractor’s overhead. However, it excludes external costs, contingency allowance and abnormal works.
- 4.4.2 For a scheme of this size it is likely a regional or national housebuilder would implement the consent, in which case there would be savings on the build costs (due to the economies of scale associated with larger housebuilders over materials and labour). For this reason, the lower quartile BCIS rate can often be regarded as being more appropriate for benchmarking when considering schemes likely to be implemented by larger house builders. However, in this case the subject site is in a higher value area where the specification is likely to be increased. For this reason we consider it appropriate to adopt the BCSI median rate of £1,057 sq m, despite this being a scheme likely to attract larger house builders.
- 4.4.3 To cover external costs we have adopted an additional 15% of the basic build cost. For contingency we have allowed a further 3% (based on the BCIS cost plus the external works). Both are considered to be in line our experience in the market place for a scheme of this nature.
- 4.4.4 For professional fees we have allowed 6% of the build costs / external works, which is again considered to be appropriate for the size and nature of the scheme.
- 4.4.5 For abnormal costs, we note various items allowed for in the historic viability appraisal (abnormal foundations, pumping station, storm attenuation and site break up). These costs totalled £411,279. For the purposes of this assessment we have also allowed these cost in our appraisal.

- 4.4.6 For policy contributions, we have taken the figures as shown in the historic viability appraisal, totalling £154,000. In this case, an according to the officer's report on the planning file, a reduced on-site affordable housing provision of 25% has been agreed.
- 4.4.7 For marketing costs, we have allowed 2.5% of sales revenue, plus £600 per dwelling legal fees.
- 4.4.8 In terms of the benchmark land value, given the nature and location of the site, particularly the extent of abnormal costs, and our experience of undertaking viability appraisals of sites across the region we have adopted a benchmark land value of £1.4million. This equates to circa £265,000 per net developable acre.
- 4.4.9 As for profit, for a scheme in this size and location, and acknowledging the conclusions of Inspector at the Flaxley Rd, Selby planning appeal in Autumn 2016, we consider a profit margin equivalent to 20% of the sales revenue to be appropriate for the market value units, reduced to 6% on cost for the affordable units.
- 4.4.10 Based on the above inputs (plus allowances for land purchase costs and banking arrangement fees) we have run a policy compliant ARGUS appraisal based on a sales rate of circa 2 per calendar month.
- 4.4.11 Our appraisal (as shown in Appendix 1) shows that, based on the above inputs, the scheme is viable with the agreed affordable housing provision of circa 25%.
- 4.4.12 Based on our appraisal testing we therefore conclude that the site is currently viable, even with the agreed level of affordable housing and other S106 policy contributions.**



## 5 CFAB- B: RAF CHURCH FENTON, BUSK LANE, CHURCH FENTON



### 5.1 Property Description

5.1.1 This is located adjacent to the CFAB-C Church Fenton site (see above in section 4).

5.1.2 The land was formerly used as part of Church Fenton Airbase. The area is now disused, although there remains variety of buildings on site, all of which would be cleared as part of any development. The site subject to development extends to circa 2.96 Ha (7.31 acres), on a gross basis, with a net developable area of 2.44 Ha (6.03 acres).





## 5.2 Development proposals

5.2.1 The site benefits from a full planning permission, although we understand Harron Homes have submitted a reserved matters application. We have not been provided with a detailed accommodation schedule, although broadly we understand the proposed house types to extend to the following areas:

Type	Beds	Total units	Size (sq m)	Total size (sq m)
Hadleigh	2	3	74	222
Bamburgh	3	8	81	648
Salcombe	4	8	147	1,176
Birkwith	4	5	119	595
Settle	4	10	143	1,430
Nidderdale	4	9	131	1,179
Ingleton	4	3	148	444
Windsor	4	11	136	1,496
Warkworth	4	5	172	860
Portchester	5	3	174	522
		<b>65</b>		<b>8,572</b>

### 5.3 Gross Development Value (sales revenue)

5.3.1 We have adopted the same approach as used for the CFAB-C site (see above section 4). Allowing for some smaller units, our adopted sales values equate to an average sales value of £2,476 per sq m. This takes into account other development activity in the village and potential future competition.

### 5.4 Gross Development Cost (outgoings to implement the development)

5.4.1 We have adopted the same basic build costs as CFAB-C (see above section 4).

5.4.2 For abnormal costs, we have allowed for demolition and ground floor raising works, totalling circa £50,000 per net developable acre.

5.4.3 For policy contributions, we have taken the figures as shown in the S106 agreement, totalling £241,351. In this case, an on-site affordable housing provision of 40% is required.

5.4.4 All other costs, including the profit margin, are in line with CFAB-C (see above section 4).

5.4.5 In terms of the benchmark land value, we have taken into account the slightly reduced abnormal costs compared to CFAB-C, but also the higher affordable housing provision of 40% (rather 25%). We subsequently consider a benchmark land value equivalent to £250,000 per net acre to be appropriate for this site.

5.4.6 Based on the above inputs (plus allowances for land purchase costs and banking arrangement fees) we have run a policy compliant ARGUS appraisal based on a sales rate of circa 2 per calendar month.

5.4.7 Our appraisal (as shown in Appendix 1) shows that, based on the above inputs, the scheme is viable with an onsite affordable housing provision of circa 40%.

**5.4.8 Based on our appraisal testing we therefore conclude that the site is currently viable, even with the full level of affordable housing and other S106 policy contributions.**

DRAFT

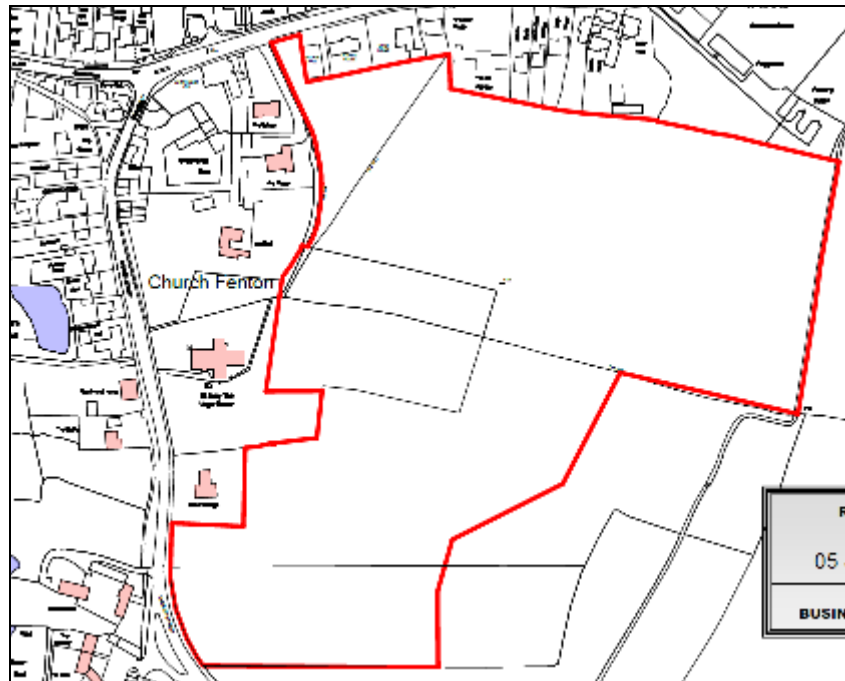
## 6 CFEN- C: LAND EAST OF CHURCH STREET, CHURCH FENTON



### 6.1 Property Description

6.1.1 This is located close to the centre Church Fenton village, circa 0.5miles from the CFAB-C Church Fenton site (see above in section 4).

6.1.2 The site comprises undeveloped grassland, currently used for agricultural purposes, extending to circa 7.4 Ha (18.29 acres), on a gross basis, with a net developable area of 1.44 Ha (3.56 acres).



## 6.2 Development proposals

6.2.1 The site benefits from an outline planning permission for the development of 50 dwellings, therefore the full extent of the proposed housing has yet to be agreed. For the purposes of our assessment we have therefore adopted the following units and average areas:

Type	Beds	Total units	Average Size (sq m)	Total size (sq m)
Market value	Mix	30	110	3,300
Affordable	Mix	20	85	1,700
		<b>50</b>		<b>5,000</b>

### 6.3 Gross Development Value (sales revenue)

6.3.1 We have adopted the same approach as used for the CFAB-C site (see above section 4). Allowing for some smaller units, our adopted sales values equate to an average sales value of £2,500 per sq m. This takes into account other development activity in the village and potential future competition.

### 6.4 Gross Development Cost (outgoings to implement the development)

6.4.1 We have adopted the same basic build costs as CFAB-C (see above section 4).

6.4.2 For abnormal costs, we have allowed for £100,000 per net Ha (or £40,000 per net developable acre).

6.4.3 For policy contributions, we have taken the figures as shown in the S106 agreement, totalling £193,950. In this case, an on-site affordable housing provision of 40% is required.

6.4.4 All other costs, including the profit margin, are in line with CFAB-C (see above section 4).

6.4.5 In terms of the benchmark land value, we have taken into account the slightly reduced abnormal costs compared to CFAB-C, but also the higher affordable housing provision of 40% (rather 25%). We subsequently consider a benchmark land value equivalent to £250,000 per net acre to be appropriate for this site.

6.4.6 Based on the above inputs (plus allowances for land purchase costs and banking arrangement fees) we have run a policy compliant ARGUS appraisal based on a sales rate of circa 2 per calendar month.



6.4.7 Our appraisal (as shown in Appendix 1) shows that, based on the above inputs, the scheme is viable with an onsite affordable housing provision of circa 40%.

**6.4.8 Based on our appraisal testing we therefore conclude that the site is currently viable, even with the full level of affordable housing and other S106 policy contributions.**

DRAFT

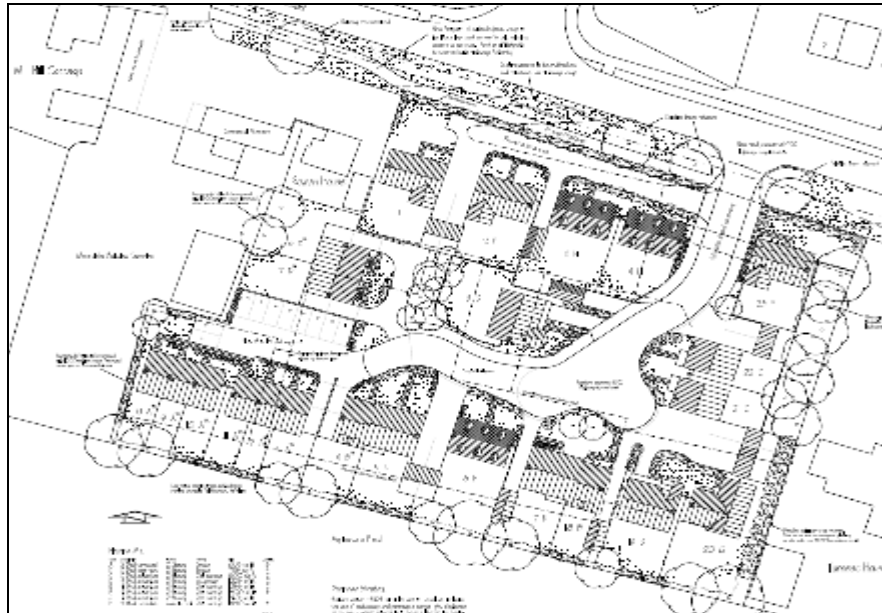
## 7 OSGB-A: LAND AT OSGODBY GARDEN CENTRE, OSGODBY



### 7.1 Property Description

7.1.1 The village of Osgodby is located circa 2 miles to the north east of Selby. The main access roads into the village are the A19 and the A63. The site itself is currently open as a garden centre, which is currently trading as Selby Garden Centre. This has a frontage onto the A63 Hull Road.

7.1.2 The site extends to circa 0.7 Ha (1.73 acres), on a gross basis.



## 7.2 Development proposals

7.2.1 The site benefits from an outline planning permission for 23 dwellings, therefore the full extent of the proposed housing has yet to be agreed. However, an indicative schedule of accommodation is shown on the planning file, summarised below:

Type	Beds	Total units	Size (sq m)	Total size (sq m)
Type A	2	6	56.20	337
Type B	3	4	72.93	292
Type C	3	2	74.32	149
Type D	4	2	113.80	228
Type E	4	2	114.73	229
Type F	4	3	120.77	362
Type G	4	1	137.03	137
Type H	5	3	153.29	460
		<b>23</b>		<b>2,194</b>

### 7.3 Gross Development Value (sales revenue)

7.3.1 We have researched house prices in the local area and note a general lack of house sales within Osgodby. The nearest new build development identified is at the nearby village of Barlby:

Address	Date of Sale	Sold price	Price per sq m
<b>Detached</b>			
1 Riverside Avenue	Sep-16	£292,995	£2,616
6 Riverside Avenue	Nov-16	£334,995	£2,233
<b>Semi</b>			
4 Church View	Jul-16	£174,000	£2,451
5 Church View	Apr-16	£170,000	£2,394
<b>Terrace</b>			
1 Church View	Nov-16	£165,000	£2,324
2 Church View	Aug-16	£154,000	£2,169
3 Church View	Aug-16	£165,000	£2,324

7.3.2 In addition, we note the Barley Fields, Barratt Homes scheme in Barlby. Currently there is a 4 bed detached house (Layton type) available at an asking price of £331,995 and a further 4 bed detached house (Heathfield) for £259,995.

7.3.3 We also note in Apr 2016 Vernon & Co undertook a viability appraisal of The Laurels, Barlby (see below section 11), which comprises 35 dwellings. The average price adopted equated to just over £1,950 per sq m. Furthermore, in Sept 2016 the District Valuer also undertook a viability assessment of The Laurels. The average price adopted equated to just over £2,000 per sq m.

7.3.4 The Zoopla Zed Index shows a current average value of £201,080 in Osgodby, compared to £171,647 in Barlby. This would suggest that values achievable in Barlby would at least be achieved in Osgodby, if not improved upon.

7.3.5 Finally, we have also considered the sales values accepted by the Planning Inspector at the Flaxley Rd, Selby appeal from Autumn 2016.

7.3.6 Having considered all of the above, our adopted sales values equate to an average sales value of just under £2,100 per sq m.

#### 7.4 Gross Development Cost (outgoings to implement the development)

7.4.1 Given the size of the proposed scheme, we consider the Build Cost Information Service (“BCIS”) of the RICS to be an appropriate database for benchmarking build costs. The BCIS rate includes the construction of each dwelling, including a contractor’s overhead. However, it excludes external costs, contingency allowance and abnormal works. In this case, we consider the median rate to be appropriate, which rebased to Selby currently equates to £1,057 per sq m.

7.4.2 To cover external costs we have adopted an additional 15% of the basic build cost. For contingency we have allowed a further 3% (based on the BCIS cost plus the external works). Both are considered to be in line our experience in the market place for a scheme of this nature.

7.4.3 For professional fees we have allowed 6% of the build costs / external works, which is again considered to be appropriate for the size and nature of the scheme.

7.4.4 For abnormal costs, we have allowed £50,000 for general demolition.

7.4.5 For policy contributions, we have taken the figures as shown in the S106 agreement, totalling £105,357. In this case, according to the officer’s report on the planning file, an on-site affordable housing provision of 40% is required.

- 7.4.6 For marketing costs, we have allowed 2.5% of sales revenue, plus £600 per dwelling legal fees.
- 7.4.7 In terms of the benchmark land value, this is particularly difficult to judge as ultimately the underlying value will be based on the trading business. As we do not have access to the profit and loss accounts of the business we are therefore unable to provide a more robust indication of the benchmark land value. Instead, we have adopted a rate per acre approach, based on our experience of undertaking appraisals across the region. We are of the view that a benchmark land value in the region of £225,000 to £250,000 per net acre is appropriate for this site (giving a benchmark land value in the region of £400,000).
- 7.4.8 As for profit, for a scheme in this size and location, and acknowledging the conclusions of Inspector at the Flaxley Rd, Selby planning appeal in Autumn 2016, we consider a profit margin equivalent to 20% of the sales revenue to be appropriate for the market value units, reduced to 6% on cost for the affordable units.
- 7.4.9 Based on the above inputs (plus allowances for land purchase costs and banking arrangement fees) we have run a policy compliant ARGUS appraisal based on a sales rate of circa 2 per calendar month.
- 7.4.10 Our appraisal (as shown in Appendix 1) shows that, based on the above inputs, the scheme is viable only with a nil affordable housing provision.
- 7.4.11 Based on our appraisal testing we therefore conclude that the site is currently viable, but only if the level of affordable housing is reduced to zero (albeit with the other S106 contributions remaining at their policy levels).**



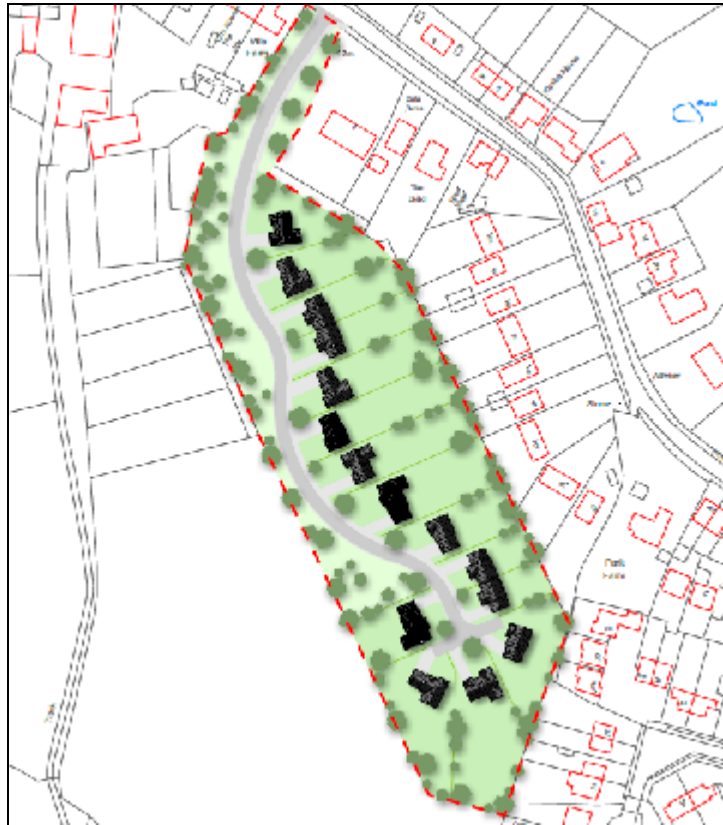
## 8 BALW-F: MORELLO GARTH PARK LANE, BARLOW



### 8.1 Property Description

8.1.1 The village of Barlow is located circa 4 miles to the south east of Selby, around 0.5 miles from the River Ouse. The main access into the village is via the A1041. The site itself comprises as detached dwelling (known as 'Morello Garth'), accessed off Park Lane, together with undeveloped fields to the rear. It is understood that as part of the proposals Morello Garth would be demolished in order to provide an adequate access onto the development.

8.1.2 The site, including the Morello Garth plot, extends to circa 1.89 Ha (4.67 acres), on a gross basis, with a net developable area of 1.80 Ha (4.45 acres).



## 8.2 Development proposals

8.2.1 The site benefits from an outline planning permission for 15 dwellings, therefore the full extent of the proposed housing has yet to be agreed. For the purposes of our assessment we have therefore adopted the following units and average areas:

Type	Beds	Total units	Average Size (sq m)	Total size (sq m)
Detached	Mix	11	130	1,430
Semi	Mix	4	90	360
		<b>23</b>		<b>1,790</b>

### 8.3 Gross Development Value (sales revenue)

8.3.1 We have researched house prices in the local area and note a general lack of new build housing within the village of Barlow. We have subsequently researched second hand sales, which shows a range of values from £76,000 to £340,000, through 31 transactions since 2014. The average price paid equated to £1,873 per sq m (showing a range of £679 per sq m to £3,178 per sq m). However, we note that only 3 sales have been recorded in excess of £300,000 since Jan 2014.

8.3.2 The Zoopla Zed Index shows a current average value of £219,514 in Barlow, compared to circa £190,000 in Selby. This would suggest that Barlow remains a reasonably attractive location, in the context of the general area.

8.3.3 Finally, we have also considered the sales values accepted by the Planning Inspector at the Flaxley Rd, Selby appeal from Autumn 2016.

8.3.4 Having considered all of the above, our adopted sales values equate to an average sales value of just under £2,100 per sq m.

### 8.4 Gross Development Cost (outgoings to implement the development)

8.4.1 Given the size of the proposed scheme, we consider the Build Cost Information Service ("BCIS") of the RICS to be an appropriate database for benchmarking build costs. The BCIS rate includes the construction of each dwelling, including a contractor's overhead. However, it excludes external costs, contingency allowance and abnormal works. In this case, we consider the median rate to be appropriate, which rebased to Selby currently equates to £1,057 per sq m.

- 8.4.2 To cover external costs we have adopted an additional 15% of the basic build cost. For contingency we have allowed a further 3% (based on the BCIS cost plus the external works). Both are considered to be in line our experience in the market place for a scheme of this nature.
- 8.4.3 For professional fees we have allowed 8% of the build costs / external works, which is again considered to be appropriate for the size and nature of the scheme.
- 8.4.4 For abnormal costs, we have allowed £30,000 for general demolition.
- 8.4.5 For policy contributions, we have taken the figures as shown in the S106 agreement, totalling £3,225. In this case, as detailed in the S106 agreement, an on-site affordable housing provision of 40% is required.
- 8.4.6 For marketing costs, we have allowed 1.5% of sales revenue, plus £600 per dwelling legal fees.
- 8.4.7 In terms of the benchmark land value, we note the detached dwelling property only has been marketed recently at an asking price of £500,000. Taking into account the underlying value of the detached dwelling and the land to the rear we would therefore expect the benchmark land value for the whole site to be in excess of this figure. In this case, we consider a benchmark land value of £750,000 to be appropriate (circa £170,000 per net developable acre).
- 8.4.8 As for profit, for a smaller scheme in this type of location we would anticipate that a local developer / housebuilder would look to implement the project. Typically, more local developers require a lower return when compared to regional or volume housebuilders (as their overheads are lower). For this reason we consider a profit margin equivalent to 15% of the sales revenue to be appropriate.

8.4.9 Based on the above inputs (plus allowances for land purchase costs and banking arrangement fees) we have run a policy compliant ARGUS appraisal based on a sales rate of circa 1.25 per calendar month.

8.4.10 Our appraisal (as shown in Appendix 1) shows that, based on the above inputs, the scheme only returns a land value of £549,705. This is therefore below our benchmark land value of £750,000.

**8.4.11 Based on our appraisal testing we therefore conclude that the site is currently unviable, even without affordable housing or any other S106 policy contributions.**

DRAFT

## 9 SELB-AI: BROOKLANDS, LEEDS ROAD, SELBY

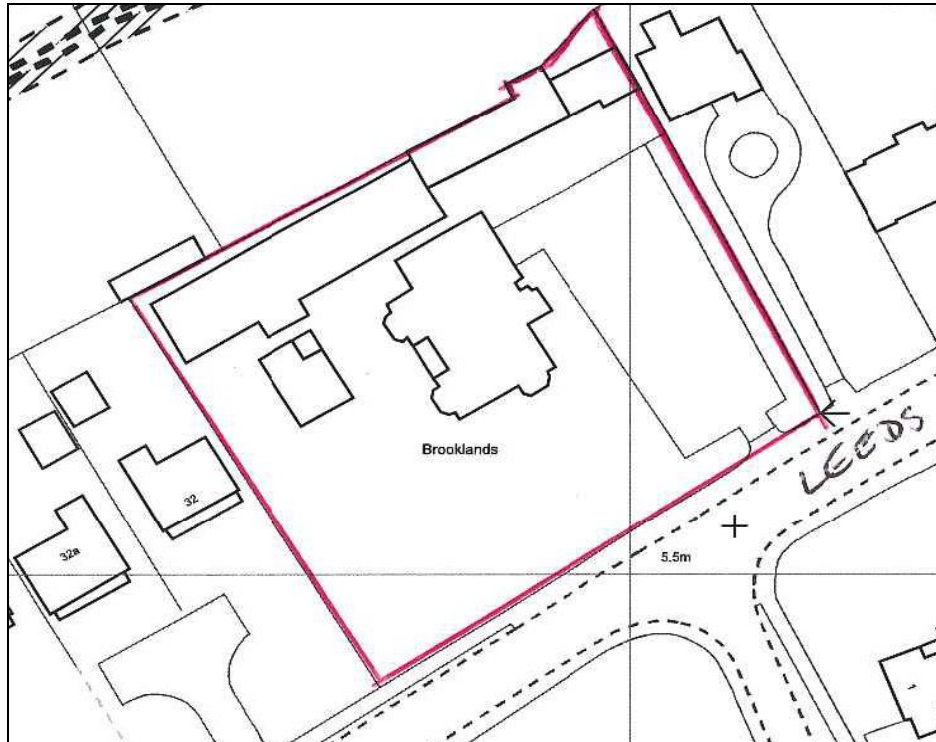


### 9.1 Property Description

9.1.1 The property is located on Leeds Road, approximately 0.5 miles to the west of Selby town centre. The site includes a substantial Grade II Listed property, currently trading as “The Grange” care home.

9.1.2 The site extends to circa 0.38 Ha (0.93 acres), on a gross basis.





## 9.2 Development proposals

9.2.1 The planning permission is a full consent to convert the existing building into 16 flats (6 of which are located in the older, main building, a further 10 in a more modern building). We have not been provided with areas for the converted apartments and as such we have adopted average areas for apartments based on our experience. The accommodation tested in the appraisal is summarised below:

Type	Beds	Total units	Total size (sq m)
Older building – 1 bed	1	2	120
Older building – 2 bed	2	4	300
More modern building – 1 bed	1	2	100
More modern building – 2 bed	2	8	520
		<b>16</b>	<b>1,040</b>



### 9.3 Gross Development Value (sales revenue)

9.3.1 We have researched prices in the local area and note a general lack of converted flat sales. The only converted scheme identified is summarised as follows:

Address (Camblesforth)	Date of sale	Price	£ per sq m
Flat 11, Westfield House, Doncaster Rd	Jan-16	£89,000	£1,745
Flat 12, Westfield House, Doncaster Rd	Apr-16	£126,000	£1,086
Flat 7, Westfield House, Doncaster Rd	Oct-15	£92,000	£1,878

9.3.2 We have also identified other, purpose built flats sales across YO8 postcode since 2015 and have identified a broad average value rate of circa £1,600 to £1,700 per sq m (for second hand sales).

9.3.3 Having considered all of the above, and also the good location of the property and attractive nature of the main building, our adopted sales values equate to an average of £2,000 per sq m.

### 9.4 Gross Development Cost (outgoings to implement the development)

9.4.1 Given the relatively small size of the proposed scheme, we consider the Build Cost Information Service ("BCIS") of the RICS to be an appropriate database for benchmarking build costs. The BCIS rate includes the construction of each dwelling, including a contractor's overhead. However, it excludes external costs, contingency allowance and abnormal works. In this case, for flat conversion works, we consider the median rate to be appropriate, which rebased to Selby currently equates to £945 per sq m.

- 9.4.2 To cover external costs we have adopted an additional 5% of the basic build cost. For contingency we have allowed a further 5% (based on the BCIS cost plus the external works). Both are considered to be in line our experience in the market place for a scheme of this nature.
- 9.4.3 For professional fees we have allowed 10% of the build costs / external works, which is again considered to be appropriate for the size and nature of the scheme.
- 9.4.4 In terms of abnormals, we have adopted a nil figure for the purposes of our initial testing.
- 9.4.5 For policy contributions, we have taken the figures as shown in the S106 agreement, totalling £17,576. In this case, the S106 agreement states that an affordable housing commuted sum of £297,158 applies.
- 9.4.6 For marketing costs, we have allowed 1.5% of sales revenue, plus £600 per dwelling legal fees.
- 9.4.7 In terms of the benchmark land value, this is particularly difficult to judge as ultimately the underlying value will be based on the trading business. As we do not have access to the profit and loss accounts of the business we are therefore unable to provide a more robust indication of the benchmark land value. However, given the nature of the building and from our experience of dealing with other large period properties on this nature, we consider a benchmark of £500,000 to be appropriate.
- 9.4.8 As for profit, apartment schemes are still generally regarded as being a higher risk than housing projects. Despite this being a relatively small scheme (in terms of the number of dwellings), which would usually attract a lower profit margin, given the risks of a conversion scheme to flats we have therefore applied a profit rate of 20%.

9.4.9 Based on the above inputs (plus allowances for land purchase costs and banking arrangement fees) we have run a policy compliant ARGUS appraisal based on a sales rate of just under 1 per calendar month.

9.4.10 Our appraisal (as shown in Appendix 1) shows that, based on the above inputs, the scheme returns a land value of only £151,415, even when affordable housing commuted sum is removed. This is therefore significantly below our benchmark land value of £500,000.

**9.4.11 Based on our appraisal testing we therefore conclude that the site is currently unviable, even without affordable housing or any other S106 policy contributions.**

DRAFT

## 10 THRP-I: LAND NORTH OF FIELD LANE, THORPE WILLOUGHBY



### 10.1 Property Description

10.1.1 The village of Thorpe Willoughby is located circa 3 miles to the south west of Selby. The main access to the village is via the A63. The site itself comprises a specialist pig breeding facility, which includes a range of single and two storey buildings and open storage. At the time of inspection the facility appeared to still be operating. The land is accessed directly from Field Lane (which itself runs broadly parallel to the A63). It is understood the development proposals would involve the demolition of all existing buildings on site.

10.1.2 The site extends to circa 2.13 Ha (5.26 acres), on a gross basis, with a net developable area of 1.63 Ha (4.02 acres).



## 10.2 Development proposals

10.2.1 The site benefits from an outline planning permission for 51 dwellings. We note a viability assessment was undertaken by Cushman and Wakefield in Nov 2016, which tested 77 dwellings. However, for the purposes of this assessment we have based our appraisal on the existing planning consent for 51 dwellings. As this is at outline stage the full extent of the proposed housing has yet to be agreed. For the purposes of our assessment we have therefore adopted the following units and average areas:

Type	Beds	Total units	Average Size (sq m)	Total size (sq m)
Market value	Mix	43	100	4,300
Affordable rent	Mix	8	85	680
		<b>51</b>		<b>4,980</b>

### 10.3 Gross Development Value (sales revenue)

10.3.1 We have researched new build house prices within Thorpe Willoughby and have identified 46 sales since Jan 2015 (all comprising detached dwellings), with an average size of 134 sq m showing an average sales price of £2,225 per sq m.

10.3.2 We also note the values attributed by Cuishman and Wakefield in their viability appraisal from Nov 2016. This shows an average sales price of £2,045 per sq m.

10.3.3 Finally, we have also considered the sales values accepted by the Planning Inspector at the Flaxley Rd, Selby appeal from Autumn 2016.

10.3.4 Having considered all of the above, and making adjustments from the comparable evidence to reflect the fact the subject site is likely to include terraced and semi-detached dwellings (rather than just detached units), our adopted sales values equate to an average sales value of £2,050 per sq m. This takes into account other development activity in the village and potential future competition.

### 10.4 Gross Development Cost (outgoings to implement the development)

10.4.1 Given the size of the proposed scheme, we consider the Build Cost Information Service ("BCIS") of the RICS to be an appropriate database for benchmarking build costs. The BCIS rate includes the construction of each dwelling, including a contractor's overhead. However, it excludes external costs, contingency allowance and abnormal works.

- 10.4.2 For a scheme of this size it is likely a regional or national housebuilder would implement the consent, in which case there would be savings on the build costs (due to the economies of scale associated with larger housebuilders over materials and labour). For this reason, the lower quartile BCIS rate can often be regarded as being more appropriate for benchmarking when considering schemes likely to be implemented by larger house builders. We have therefore used the current lower quartile rate in Selby of £940 per sq m.
- 10.4.3 To cover external costs we have adopted an additional 15% of the basic build cost. For contingency we have allowed a further 3% (based on the BCIS cost plus the external works). Both are considered to be in line our experience in the market place for a scheme of this nature.
- 10.4.4 For professional fees we have allowed 6% of the build costs / external works, which is again considered to be appropriate for the size and nature of the scheme.
- 10.4.5 For abnormal costs, we note various items allowed for in the historic viability appraisal (abnormal foundations, remediation, demolition and removal of asbestos). Making adjustments to reflect the smaller scheme (we are appraising 51 dwellings as opposed to 77 adopted by Cushman and Wakefield), the abnormal costs adopted in our appraisal total £426,000.
- 10.4.6 For policy contributions, we have taken the figures as shown in the historic viability appraisal, totalling £187,500. In this case, it is understood a 40% affordable housing provision is required.
- 10.4.7 For marketing costs, we have allowed 2.5% of sales revenue, plus £600 per dwelling legal fees.



10.4.8 In terms of the benchmark land value, given the nature and location of the site, particularly the extent of abnormal costs, and our experience of undertaking viability appraisals of sites across the region we have adopted a benchmark land value of £850,000. This equates to circa £211,000 per net developable acre.

10.4.9 As for profit, for a scheme in this size and location, and acknowledging the conclusions of Inspector at the Flaxley Rd, Selby planning appeal in Autumn 2016, we consider a profit margin equivalent to 20% of the sales revenue to be appropriate for the market value units, reduced to 6% on cost for the affordable units.

10.4.10 Based on the above inputs (plus allowances for land purchase costs and banking arrangement fees) we have run a policy compliant ARGUS appraisal based on a sales rate of circa 2 per calendar month.

10.4.11 Our appraisal (as shown in Appendix 1) shows that, based on the above inputs, the scheme is unviable at policy level, and only reaches a point of being viable if the affordable housing provision is reduced to circa 15%.

**10.4.12 Based on our appraisal testing we therefore conclude that the site is viable with a reduced affordable housing provision of circa 15%.**

## 11 BARL-C: LAND NORTH OF THE LAURELS, BARLBY



### 11.1 Property Description

11.1.1 The village of Barlby is located circa 2 miles to the north east of Selby, situated close to Osgodby. The main access roads into the village is the A19. The site itself comprises undeveloped grassland.

11.1.2 The site extends to circa 1.2 Ha (1.12 acres), on a gross basis, or 1.12 Ha (2.77 acres) on a net developable basis.



## 11.2 Development proposals

11.2.1 The site benefits from an outline planning permission for 35 dwellings, therefore the full extent of the proposed housing has yet to be agreed. However, an indicative schedule of accommodation is shown on the planning file, summarised below:

Type	Beds	Total units	Size (sq m)	Total size (sq m)
Whixley	4	3	113.34	340
Bedale	4	4	110.55	442
Middleham	4	3	100.61	302
Denby	3	3	83.61	251
Hepton	3	4	74.60	298
Affordable	2	10	74.97	750
Affordable	3	8	85	680
		<b>35</b>		<b>3,063</b>

### 11.3 Gross Development Value (sales revenue)

11.3.1 We have researched house prices in the local area and note the following in the village of Barlby:

Address	Date of Sale	Sold price	Price per sq m
<b>Detached</b>			
1 Riverside Avenue	Sep-16	£292,995	£2,616
6 Riverside Avenue	Nov-16	£334,995	£2,233
<b>Semi</b>			
4 Church View	Jul-16	£174,000	£2,451
5 Church View	Apr-16	£170,000	£2,394
<b>Terrace</b>			
1 Church View	Nov-16	£165,000	£2,324
2 Church View	Aug-16	£154,000	£2,169
3 Church View	Aug-16	£165,000	£2,324

11.3.2 In addition, we note the Barley Fields, Barratt Homes scheme in Barlby. Currently there is a 4 bed detached house (Layton type) available at an asking price of £331,995 and a further 4 bed detached house (Heathfield) for £259,995.

11.3.3 We also note in Apr 2016 Vernon & Co undertook a viability appraisal of the site. The average price adopted equated to just over £1,950 per sq m. Furthermore, in Sept 2016 the District Valuer also undertook a viability assessment of The Laurels. The average price adopted equated to just over £2,000 per sq m.

11.3.4 Finally, we have also considered the sales values accepted by the Planning Inspector at the Flaxley Rd, Selby appeal from Autumn 2016.

11.3.5 Having considered all of the above, and reflecting the indicative mix of dwellings, our adopted sales values equate to an average sales value of just under £2,000 per sq m.

#### 11.4 Gross Development Cost (outgoings to implement the development)

11.4.1 Given the size of the proposed scheme, we consider the Build Cost Information Service (“BCIS”) of the RICS to be an appropriate database for benchmarking build costs. The BCIS rate includes the construction of each dwelling, including a contractor’s overhead. However, it excludes external costs, contingency allowance and abnormal works.

11.4.2 For a scheme of this size it is likely a regional or national housebuilder would implement the consent, in which case there would be savings on the build costs (due to the economies of scale associated with larger housebuilders over materials and labour). For this reason, the lower quartile BCIS rate can often be regarded as being more appropriate for benchmarking when considering schemes likely to be implemented by larger house builders. We have therefore used the current lower quartile rate in Selby of £940 per sq m.

11.4.3 To cover external costs we have adopted an additional 15% of the basic build cost. For contingency we have allowed a further 3% (based on the BCIS cost plus the external works). Both are considered to be in line our experience in the market place for a scheme of this nature.

11.4.4 For professional fees we have allowed 6% of the build costs / external works, which is again considered to be appropriate for the size and nature of the scheme.

11.4.5 Based on the historic viability appraisals, we are of the view that there appears to be no specific abnormal costs associated with the scheme.

11.4.6 For policy contributions, we have taken the figures as shown in the S106 agreement, totalling £143,038. In this case, as shown in the S106 agreement, an on-site affordable housing provision of 40% is required.

11.4.7 For marketing costs, we have allowed 2.5% of sales revenue, plus £600 per dwelling legal fees.

11.4.8 In terms of the benchmark land value, given the nature and location of the site, particularly the extent of abnormal costs, and our experience of undertaking viability appraisals of sites across the region we have adopted a benchmark land value equivalent to circa £200,000 per net developable acre (or £554,000).

11.4.9 As for profit, for a scheme in this size and location, and acknowledging the conclusions of Inspector at the Flaxley Rd, Selby planning appeal in Autumn 2016, we consider a profit margin equivalent to 20% of the sales revenue to be appropriate for the market value units, reduced to 6% on cost for the affordable units.

11.4.10 Based on the above inputs (plus allowances for land purchase costs and banking arrangement fees) we have run a policy compliant ARGUS appraisal based on a sales rate of circa 2 per calendar month.

11.4.11 Our appraisal (as shown in Appendix 1) shows that, based on the above inputs, the scheme is unviable at policy level, and only reaches a point of being viable if the affordable housing provision is reduced to circa 17% (this is therefore in line with the conclusions of DVS).

**11.4.12 Based on our appraisal testing we therefore conclude that the site is viable with a reduced affordable housing provision of circa 17%.**

## 12 EGGB-E: LAND EAST OF HIGH EGGBOROUGH LANE, EGGBOROUGH

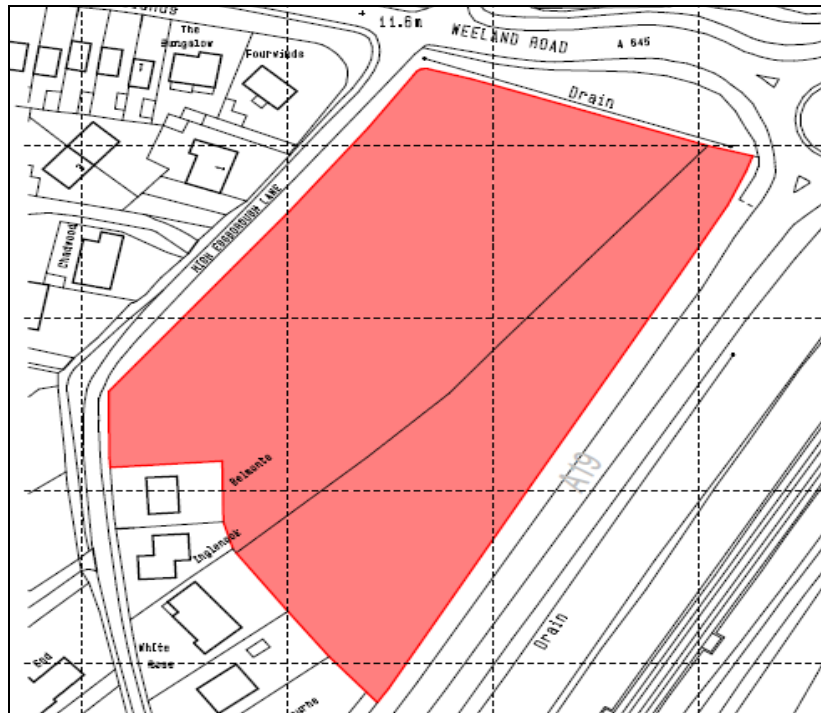


### 12.1 Property Description

12.1.1 The village of Eggborough is located circa 7 miles to the south west of Selby. The main access to the village is via the A19, although the village is also only a short distance from Junction 34 of the M62. The site itself comprises undeveloped grassland.

12.1.2 The site extends to circa 1.29 Ha (3.18 acres), on a gross basis.





## 12.2 Development proposals

12.2.1 The site benefits from an outline planning permission for 54 dwellings, therefore the full extent of the proposed housing has yet to be agreed. However, an indicative schedule of accommodation is shown on a history viability appraisal (undertaken by Vernon & Co in Jan 17):

Type	Beds	Total units	Size (sq m)	Total size (sq m)
Coppergate	3	18	80.64	1,451
Stonegate	3	9	75.53	680
Fishergate	3	5	92.90	465
Hungate	2	17	59.55	1,012
2 bed	2	3	72.00	216
3 bed	3	2	78.31	157
		<b>54</b>		<b>3,981</b>

### 12.3 Gross Development Value (sales revenue)

12.3.1 We have researched house prices in the local area and note the following new build transactions in Eggborough since Jan 2015:

Address	No. of sales	Average £ per sq m
Detached 95 sq m	9	£2,180
Detached 97 sq m	8	£2,227
Detached 99 sq m	4	£2,258
Detached 100 sq m	5	£2,324
Detached 101 sq m	3	£2,221
Detached 106 sq m	4	£2,136
Detached 114 sq m	5	£2,128
Detached 125 sq m	10	£2,031
Detached 141 sq m	3	£1,986
Semi 81 sq m	7	£1,809
Terrace 70 sq m	6	£1,864
Terrace 81 sq m	2	£1,747

12.3.2 We also note the Vernon & Co viability appraisal shows an average sales price of just under £2,000 per sq m.

12.3.3 Having considered all of the above, and taking into account the indicative mix of the scheme (being a high proportion of semi-detached dwellings), our adopted sales values equate to an average sales value of just over £2,000 per sq m.

### 12.4 Gross Development Cost (outgoings to implement the development)

12.4.1 Given the size of the proposed scheme, we consider the Build Cost Information Service ("BCIS") of the RICS to be an appropriate database for benchmarking build costs. The BCIS rate includes the construction of each dwelling, including a contractor's overhead. However, it excludes external costs, contingency allowance and abnormal works.

12.4.2 For a scheme of this size it is likely a regional or national housebuilder would implement the consent, in which case there would be savings on the build costs (due to the economies of scale associated with larger housebuilders over materials and labour). For this reason, the lower quartile BCIS rate can often be regarded as being more appropriate for benchmarking when considering schemes likely to be implemented by larger house builders. We have therefore used the current lower quartile rate in Selby of £940 per sq m.

12.4.3 To cover external costs we have adopted an additional 15% of the basic build cost. For contingency we have allowed a further 3% (based on the BCIS cost plus the external works). Both are considered to be in line our experience in the market place for a scheme of this nature.

12.4.4 For professional fees we have allowed 6% of the build costs / external works, which is again considered to be appropriate for the size and nature of the scheme.

12.4.5 For abnormal costs, we note various items allowed for in a historic viability appraisal (relating to extra over costs for carting materials off site, off site road improvements, surface water attenuation and lifting site levels). These costs totalled £695,606. For the purposes of this assessment we have also allowed these cost in our appraisal.

12.4.6 For policy contributions, we have taken the figures as shown in the historic viability appraisal, totalling £18,510, plus a CIL allowance of £139,324. In this case we understand on-site affordable housing provision of 40% is required.

12.4.7 For marketing costs, we have allowed 2.5% of sales revenue, plus £600 per dwelling legal fees.

12.4.8 In terms of the benchmark land value, given the nature and location of the site, particularly the extent of abnormal costs, and our experience of undertaking viability appraisals of sites across the region we have adopted a benchmark land value of £500,000. This equates to circa £160,000 per net developable acre.

12.4.9 As for profit, for a scheme in this size and location, and acknowledging the conclusions of Inspector at the Flaxley Rd, Selby planning appeal in Autumn 2016, we consider a profit margin equivalent to 20% of the sales revenue to be appropriate for the market value units, reduced to 6% on cost for the affordable units.

12.4.10 Based on the above inputs (plus allowances for land purchase costs and banking arrangement fees) we have run a policy compliant ARGUS appraisal based on a sales rate of just over 2 per calendar month.

12.4.11 Our appraisal (as shown in Appendix 1) shows that, based on the above inputs, the scheme is only viable if the affordable housing provision is reduced to zero.

**12.4.12 Based on our appraisal testing we therefore conclude that the site is currently viable, but only if the affordable housing provision is reduced to zero.**

## 13 SUMMARY

13.1 By way of a brief summary, our appraisal testing shows the following:

Number of schemes	Outcome	Cumulative number of dwellings
2	Viable with full policy	115
3	Viable with reduced affordable housing	151
3	Viable with nil affordable housing	91
3	Unviable	44

13.2 We therefore conclude that 8 of the sites (delivering a cumulative total of 357 dwellings) are either currently viable or can be put into a position of viability through the reduction of the affordable housing provision. From a viability perspective, we conclude that it is appropriate to include these sites within the Council's 5 Year Housing Land Supply assessment.

13.3 Only 3 of the sites (delivering a cumulative total of 44 dwellings) are deemed to be unviable in the current market, even if the Council takes measures to reduce the S106 obligations. Our recommendation would be to remove these 3 sites from the Council's 5 Year Housing Land Supply assessment, at least until market conditions improve.

David Newham MRICS RICS Registered Valuer



CP Viability Ltd

May 2017