Regulatory Policy Committee

Biodiversity net gain

Department for Environment, Food and Rural Affairs

RPC rating: fit for purpose

Description of proposal

Currently, the negative environmental, social and economic impacts from property development are not fully accounted for in developers' decisions. This leads to loss and damage of habitat, biodiversity and other environmental goods. The Department states that the current planning system is not considered to provide a level playing field for developers to deliver biodiversity net gain.

The main aim of the measure is to deliver habitat creation and enhancement whilst ensuring the policy is simple, certain and efficient for developers to follow. Biodiversity net gain is defined in the IA as an overall increase in habitat area and/or quality following a new development.

The Department's chosen approach is to mandate net gain using a specified biodiversity metric. The habitats are to be managed for up to 25-30 years and must satisfy a 10% net gain in biodiversity points before they are granted planning permission by local planning authorities (LPAs), the developer would then have the option between several different actions to deliver net gain.

The proposal will be mandated for new developments, including buildings and structures for any use, including commercial, industrial, institutional, leisure, and housing or other accommodation, where planning permissions from LPAs are required. Exemptions include specific development on infrastructure land by providers or nationally significant infrastructure, householder development and some brownfield sites. The Government has also proposed leniency for smaller sites, to prevent possible disproportionate cost and process burdens such as having to undertake new habitat surveys.

The duty to ensure compliance with net gain lies with LPAs, who will use existing powers to validate and scrutinise applications.

Impacts of proposal

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Costs to developers

The net direct cost to developers of the proposal is estimated at £199m. To calculate this, the Department uses a study taken from a joint RSPB, National Trust and Wildlife Trusts project to assume costs for on-site and off-site habitat creation are £900 per ha for site surveys and £19,698 per ha for creation and 30 years maintenance respectively. The assumption for £900 per ha is based on estimates from NE that conducting a Phase 1 habitat survey on a 1 ha site would take 1-1.5 days of an ecologist's time and a half day for writing the report. 97% of developers are sole proprietors or micro businesses, constituting roughly 35,000 developers. The Department assumes that these micro developers, who employ 80,0000 members of staff, would require one member of staff to be trained resulting in familiarisation costs of £6.3m in year one. The Department states that this is a highly conservative assumption as some developers will use contractors with the necessary expertise to support net gain delivery.

Benefits to developers

The Department states that through the implementation of this proposal, developers will benefit from certainty and a level playing field, resulting from a standardised approach across LPAs. The Department also expects that the streamlined approach could result in savings for developers as a survey found that developers rated the overall complexity and associated costs of dealing with this as the most significant extra cost in the planning process, this isn't however, monetised due to lack of data and evidence.

Indirect benefits to market participants

It is also possible that there will be indirect benefits through biodiversity banks and others who are cost-effective at creating habitat would be able to sell excess habitat at a price to provide a profit. This could also result in developers being incentivised to produce habitat greater than required by their biodiversity units liability. However, there is insufficient evidence to monetise this assumption.

Government costs and benefits

The Department estimates the total annual cost to local government at £6.4m, with £1.1m of this associated to spatial planning. The Department identified the costs to central government through consulting with Natural England (NE). NE estimates that the majority of staff would be advisors at an SEO grade and a small proportion would be managers at Grade 7. The total ongoing cost to central government is, therefore, at £3.1m with an initial £0.5m capital cost.

Wider benefits

The benefits of this proposal are local and national habitat delivery and the accompanying natural capital benefits, which will contribute to delivering a clear benefit to people and local communities. This will also help the government achieve ambitions set out in the 25-year environment plan published by Defra in January 2018. The Department is able to monetise these benefits of gaining ha on page 52 through a central estimate of £1,395.7m. These benefits do not fall within the 10 year appraisal period, as it is expected that developers take 20 years to create the desired habitat condition.

Quality of submission

The RPC welcomes the level of analysis throughout the impact assessment, especially at the primary legislation stage. The Department has monetised benefits where possible and given reasons when not possible and supported assumptions through consultation and evidence. The RPC considers the analysis sufficient for validating the EANDCB. The Department provides a clear rationale, which is explained thoroughly, and provides some evidence for current market failures. While the Department does well to draw on economic theory to support the market failures, the IA could benefit from a clear link to evidence to support the rationale. The IA does state that there are some examples of net gain already in place voluntarily, but due to a lack of regulation and biodiversity metric, intervention is required. The rationale and proposal are consistent with the department's 25-year environmental plan, to leave the environment in a better position than it was found, for the next generation.

The costs to developers and familiarisation costs (6.5 – 6.5.1) are well calculated and presented. When the IA relies on assumptions or lacks data, the Department provides sufficient justification for its decision. Paragraph 6.5.2 contextualises the cost to developers using accessible tables and sufficient evidence. Each table is broken down and the analysis used is explained well and written clearly.

The proposed update to the current biodiversity metric and scores is clearly explained, with good examples of different scenarios. The assumption of the cost per biodiversity unit at £11,000 is satisfactorily supported using Table A2 in the annex 2.

Areas for improvement

Baseline

- The baseline (paragraph 6.2.3) is based on assumptions that would benefit from further strengthening; it is also not clear if these assumptions were supported by evidence drawn from the consultation. The Department argues throughout that it has taken a conservative approach to setting its baseline; the RPC notes that although assuming a lower current achievement of biodiversity net gain will produce an overestimate of business costs, it will also considerably overestimate the benefits of the policy. The Department should set the most appropriate baseline possible, given the available data.

- On page 37, the assumption that 29% of residential developments already deliver net gain is based on evidence that six developers have *some form of habitat mitigation and creation policy.* The Department could improve the IA by explaining more clearly why *some form of habitat mitigation and creation* is taken to mean that all of these developments are achieving full, rather than partial, net gain. The IA also does not appear to consider property density (for example houses with green spaces or flats) of this 29%, which may have an impact on likelihood of offsetting.

- On page 37, the Department assumes that 15% of non-residential developments already deliver net gain, and that although 25% of LPAs are already delivering net gain, the Department has chosen to take the most conservative estimate (15%). The IA would benefit from further explaining how it reached the 25% figure.

Small and micro business assessment (SaMBA)

The SaMBA provides a thorough overview of the number of small and micro businesses in the market for developers, as well as market share. The Department has sufficiently explored how it could mitigate the disproportionate impacts on small and micro businesses. The mitigations include allowing a simpler survey to be completed by a member of staff and proving guidance on how to use 'off the shelf' measures. However, the IA would benefit from quantifying expected alleviation of burden for small and micro businesses following the mitigations. There is also no mention of small or micro landowners, or small or micro-diversity banks. The IA would benefit from a clarifying point on this.

Assumptions

On page 36, the Department states that '*evidence from existing biodiversity off-setting schemes suggests that the majority of mitigation will take place onsite*'. Given

that third-party markets are likely to develop in biodiversity units, this may change once prices for offsetting offsite decrease. While the RPC recognises that the Department was unable to gather evidence on the rate of development of these markets, the assumption appears unlikely. The IA should explore the assumption in its sensitivity analysis and explain that the distribution of onsite versus offsite offsetting may change.

Although the Department supports its assumption of pass-through to landowners with a number of sources, it is not clear that the sources provided are definitive, or that the debate is settled in academia. The IA would, therefore, benefit from sensitivity analysis around this.

The IA would benefit from explaining the impact of housing density on developers' ability to offset habitat loss, and whether this is factored into the 'difficulty' category of the biodiversity metric.

Definitions

The IA would benefit from clearer definitions of industry terms and jargon throughout the IA. For example, it is not entirely clear if non-urban/urban are the same as non-developed/developed. Including clear definitions in an annex could also be helpful in this IA.

International evidence

The Department mentions international current practice, the evidence derived from which could have been drawn upon to support the rationale for intervention. The Department could also draw on evidence from other schemes such as carbon offsetting.

Risks

As one of the SaMBA mitigations presented on page 63, the Department states that a qualified person who has worked or is working on the site would be able to survey the site. The Department should recognise the risk of this potentially resulting in the survey being less effective due to bias. This could work against the aim of the policy to create a level playing field. It is also possible for there to be a degree of ambiguity for different LPAs when enforcing and regulating the biodiversity metric and net gain. Inconsistency between LPAs could also undermine the objective to create a level playing field. The IA would benefit from a discussing these risks.

Although the Department assumes developers will create a more distinctive habitat, the IA would benefit from discussing the risk of developers choosing the lowest cost offsetting-schemes, which could result in a lack of diversity in habitat creation.

The IA would benefit from discussing potential distributive impacts of the likelihood of developers building in more urban areas, where on-site offsetting is more difficult (such as London), choosing the offsite (more costly) option, while developers building in less urban areas can more easily offset onsite. The IA would also benefit from considering the effects these distributional impacts could have on equity.

Departmental assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net direct cost to business (EANDCB)	£170.7 million
Business net present value	-£1,469.1 million
Overall net present value	£8,176.2 million

RPC assessment

Classification	Qualifying regulatory provision (IN)
EANDCB – RPC validated	£170.7 million (2016 prices, 2017 PV)
Business Impact Target (BIT) Score	£853.4 million
Small and micro business assessment	Sufficient

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Delivering biodiversity outcomes

How should biodiversity priorities be identified?

It is likely that mandatory biodiversity net gain would provide the greatest benefit where it improves, extends or connects existing wildlife habitat and contributes to wider ecological networks, helping to meet the 25 Year Environment Plan ambition to deliver Professor Sir John Lawton's vision for more, bigger, better, and more joined-up wildlife habitat[26]. In some local areas, where biodiversity net gain is applied on a voluntary basis, local 'opportunity maps' are used to identify areas where habitat restoration and creation would be of greatest benefit. There is an existing requirement under paragraph 174 of the NPPF to map components of local wildlife-rich habitats and ecological networks, identifying designated sites, connecting habitat corridors and stepping stones, and areas identified by partnerships for habitat restoration or creation.

We propose that the delivery of compensation habitats be aligned with national and local scale strategic habitat objectives, and that government explores how local habitat opportunity mapping might be coordinated and supported through a national habitat mapping framework. In line with government's 25 Year Environment Plan ambitions, these spatial strategies could prioritise wildlife conservation, but also take account of natural capital opportunities and demand for benefits from nature. These maps could also form a useful planning tool for LPAs and developers in identifying the most suitable areas for development (as they do where such maps are already in place locally), and help to align development sector improvements with other types of environmental investment.

20. **The provision of compensatory habitats would need to be guided by habitat opportunity maps. At what scale should these maps be developed?**
    a. **Locally (e.g. local authority or National Character Area)**
    b. **Nationally (i.e. England) as a national framework to be refined, updated and amended locally**
21. **What other measures should be considered to identify biodiversity and natural capital priorities?**

Provision of compensatory habitats

Where net gain for biodiversity cannot be delivered on site, it is possible to create or enhance other sites to achieve biodiversity net gain. An adequate supply of high-quality local compensatory habitat sites would be needed to ensure that developments can proceed without difficulty or delay. Delivering biodiversity outcomes through habitat creation or enhancement is not easy or certain; so it would be essential that providers have the knowledge and expertise to ensure that compensatory habitats are delivered in

[26] Lawton, Professor Sir John (2010), *Making Space for Nature: A review of England's Wildlife Sites and Ecological Network*, http://webarchive.nationalarchives.gov.uk/20130402170324/http://archive.defra.gov.uk/environment/biodiversity/documents/201009space-for-nature.pdf.

the timeframes, and to the quality standards, agreed so that environmental outcomes would be secured.

It would need to be clear that compensatory habitat would be additional to efforts that would have been undertaken without the development's contributions; there should be no 'double counting' of improvements, for example, such as a created biodiversity unit being claimed twice by two different developments. There could, however, be circumstances in which biodiversity units generated through other planning requirements could be counted towards biodiversity net gain. Industry guidance and principles that have been developed for net gain set out a range of principles for compensation habitat, including additionality and recommendations against 'trading down' in habitat distinctiveness terms.

There are a number of different ways in which a developer could source the required biodiversity units – including on another site the developer owns, directly from a landowner, via a land broker or from a habitat bank.

Habitat creation could be secured or delivered in advance of development through the use of **habitat banks**. Habitat banks provide a market-based environmental solution to address loss of biodiversity or ecosystem services. Habitat banking can provide an effective and efficient way to combine many small developer contributions towards larger scale green infrastructure, provide a simple process for developers and a commercial opportunity for landowners and brokers in conservation activity.

Mandating net gain for biodiversity may stimulate the establishment and growth of local habitat creation markets which will trade biodiversity units. If mandatory biodiversity net gain is introduced, we propose that the level of the tariff is set above the cost of local biodiversity units. The intention of this would be to ensure that the market for compensation habitat creation is able to meet anticipated demand and delivers value for money but is not undercut by the tariff (see "Tariff rate" section). We propose that this market could also allow developers who have delivered biodiversity units beyond what is mandatory at a site, to accrue these surplus biodiversity units as credits and / or trade them with other developers.

We also want to consider which mechanisms could assure the delivery of quality compensation sites, both within developments and off site. We are interested in whether a system of accreditation for compensation habitat providers would support this, and how such a scheme could provide certainty without delaying habitat creation and development's access to compensation sites.

22. **Would mandating net gain through the planning system be enough to stimulate the growth of a market for biodiversity units?**
23. **What further measures would help to ensure that the market provides:**
    a. **Sufficient biodiversity units for development?**
    b. **Cost-effective biodiversity units?**

Legacy

Biodiversity net gain should make sure that development delivers improvements in biodiversity; developed sites are rarely reverted to nature and the aim should be that any compensation or mitigation for habitat loss should last for the duration of a development or be established on a permanent basis. Currently, industry principles and common practice of biodiversity net gain suggest that compensatory habitat should be actively managed for 25-30 years. After this period, habitat could in theory be changed to an alternative land use. We are therefore seeking to identify what mechanisms would enable the practical delivery of biodiversity net gain whilst also securing lasting environmental benefits.

In the unlikely scenario that a created or enhanced compensation site was selected for new development, the target condition of the habitat would be used as the baseline for the new development. Records of compensation sites (which could simply be a completed metric) would need to be held by the LPA, local records centre or a national delivery body to facilitate this approach. For example, Green Space Information for Greater London (GiGL) provides a central repository of data to support Transport for London to deliver biodiversity net gain.

There would be some risk of compensation habitat loss to wider land use change decisions, such as reversion to arable or pasture land. There may be potential through new agricultural schemes to prevent this. Other risks, such as clearance by the landowner for various purposes or damage during necessary infrastructure maintenance are also being considered. One model to secure the long-term stewardship of habitats is to transfer the land to a trust with an endowment to fund maintenance, as has been done for some public open spaces with the Milton Keynes Parks Trust and the Land Trust.

In line with our commitment in the 25 Year Environment Plan, we are assessing the potential role of conservation covenants to enable landowners to create a legally-binding obligation with respect to their land that delivers lasting conservation benefits for future generations. This would provide long-term assurance that compensatory habitat will be maintained to the standard required. Covenants would apply to compensatory habitats and not to development sites generally. Working with landowners, conservation groups and other stakeholders we will review and take forward the Law Commission's proposals for a statutory scheme of conservation covenants in England.

24. **Should there be a minimum duration for the maintenance of created or enhanced habitats?**
25. **If so, what should the minimum duration be?**
    a. **Less than 25 years**
    b. **25 to 30 years**
    c. **Longer than 25-30 years**
    d. **Permanent**
26. **Would conservation covenants be useful for securing long term benefits from biodiversity net gain or reducing process and legal costs?**
27. **What safeguards might be needed in the implementation of conservation covenants?**

LOCAL PLAN VIABILITY
SOUTH TYNESIDE COUNCIL

Stakeholder Workshop – September 2021

David Newham MRICS Director

CP Viability Ltd

CP VIABILITY LTD

- Independent advisor
- Viability specialist
- Public sector background
- Regional experience

SCOPE OF WORK

- Review market conditions.
- Adhere to the requirements of the NPPF and Planning Practice Guidance: Viability (“PPG”).
- Consider the impact of proposed policy costs on viability.

PPG – KEY REQUIREMENTS FOR PLAN VIABILITY TESTING (1)

Para 001 – "…policy requirements should be informed by **evidence** of infrastructure and affordable housing need, and a **proportionate** assessment of viability that takes into account all relevant policies, and local and national standards…"

Para 001 – "…affordable housing requirements should be expressed as a single figure rather than a range. Different requirements may be set for different types or location of site or types of development."

PPG – KEY REQUIREMENTS FOR PLAN VIABILITY TESTING (2)

Para 002 – “The price paid for land is not a relevant justification for failing to accord with relevant policies in the plan. Landowners and site purchasers should consider this when agreeing land transactions

Para 003 – “Assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable. Plan makers can use site typologies to determine viability at the plan making stage”.

PPG – KEY REQUIREMENTS FOR PLAN VIABILITY TESTING (3)

Para 004 – typologies are "…the type of sites that are likely to come forward for development over the plan period".

Para 004 – "plan makers can first group sites by shared characteristics such as location, whether brownfield or greenfield, size of site and current and proposed use or type of development. The characteristics used to group sites should reflect the nature of typical sites that may be developed within the plan area."

Para 004 – "Average costs and values can then be used to make assumptions".

PPG – KEY REQUIREMENTS FOR PLAN VIABILITY TESTING (4)

Para 005 – “It is important to consider the specific circumstances of strategic sites. Plan makers can undertake site specific viability assessment for sites that are critical to delivering the strategic priorities of the plan”.

Para 011 – “For broad area-wide or site typology assessment at the plan making stage, average figures can be used.”

PPG – KEY REQUIREMENTS FOR PLAN VIABILITY TESTING (5)

Para 012 – "…build costs based on appropriate data, for example that of the Building Cost Information Service".

Para 012 – "abnormal costs [*and site specific infrastructure costs*], including those associated with treatment for contaminated sites or listed buildings, or costs associated with brownfield, phased or complex sites. These costs should be taken into account when defining benchmark land value."

PPG – KEY REQUIREMENTS FOR PLAN VIABILITY TESTING (6)

Para 013 – “To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner”.

Para 014 – “Existing use value should be informed by market evidence of current uses, costs and values. Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. There may be a divergence between benchmark land values and market evidence...”

PPG – KEY REQUIREMENTS FOR PLAN VIABILITY TESTING (7)

Para 014 – “In plan making, the landowner premium should be tested and balanced against emerging policies”.

Para 015 – “EUV is the value of the land in its existing use. Existing use value is not the price paid and should disregard hope value.”

Para 016 – “The premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements.”

PPG – KEY REQUIREMENTS FOR PLAN VIABILITY TESTING (8)

Para 018 – “For the purpose of plan making an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development. A lower figure may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces risk. Alternative figures may also be appropriate for different development types.”.

EVIDENCE

- Primary and secondary evidence – mix of data provided by the Councils and that identified by CP Viability
- Evidence to include:

1. Individual schemes within South Tyneside (in terms of policy contributions
2. Land registry data, Zoopla, Rightmove, BCIS rates
3. In-house database of individual viability cases undertaken across the wider regions (over 300 individual cases).
4. Area wide studies of regional authorities that have been approved through examination
5. Stakeholder views (ideally with supporting evidence)

RESIDENTIAL-BASIC RESIDENTIAL TYPOLOGIES (1)

Characteristics - Number of dwellings & density

5 houses – small, local builder 30 pnHa 100% gross to net

10 houses – small, local builder 30 pnHa 100% gross to net

30 houses – regional builder 35 pnHa 90% gross to net

80 houses – regional / national builder 35 pnHa 85% gross to net

125 houses - national builder 35 pnHa 80% gross to net

40 retirement apartments – specialist provider 100 pnHa 70% gross to net

100 apartments – specialist developer 400 pnHa 100% gross to net

RESIDENTIAL-BASIC RESIDENTIAL TYPOLOGIES (2)

Characteristics – Dwelling sizes

5 – 60% det 120 sq m 40% semi 80 sq m (3,120 sq m pnHa)

10 – 60% det 120 sq m 40% semi 80 sq m (3,120 sq m pnHa)

30 – 40% det 110 sq m 30% semi 75 sq m 30% terrace 70 sq m (3,063 sq m pnHa)

80 – 40% det 110 sq m 30% semi 75 sq m 30% terrace 70 sq m (3,063 sq m pnHa)

125 – 40% det 110 sq m 30% semi 75 sq m 30% terrace 70 sq m (3,063 sq m pnHa)

40 retirement – average 65 sq m (6,500 sq m pnHa)

100 apartments – average 60 sq m (24,000 sq m pnHa)

RESIDENTIAL-BASIC RESIDENTIAL TYPOLOGIES (3)

Characteristic – Nature of land

Greenfield – previously undeveloped.

Brownfield – previously developed, assumed now cleared

Assumed, for the purposes of the modelling, that greenfield sites would attract reduced abnormal costs compared to brownfield. However, please be aware that the level of abnormals has implications for the corresponding benchmark land value.

RESIDENTIAL – SALES VALUES (1)

Approach to Evidence

- Land Registry data for new build dwellings in all postcode areas within district since Jan 2019. Cross-referenced with EPC register for each property to provide a 'rate per sq m'.
- Rightmove showing current new build units for sale.
- Land Registry data for modern dwellings (but second-hand) in all postcode areas within district since Jan 2019. Cross-referenced with EPC register for each property to provide a 'rate per sq m'.
- Beacon approach – identifying a common property type for the area (in this case a 2/3 bed semi from 70-80 sq m in size) and identifying what that sold for across the different postcode areas of district. Gives an indication of how value fluctuates in different areas.
- Zoopla current average values for various settlement areas in district.

RESIDENTIAL – SALES VALUES (2)

Land Registry New Build evidence / Asking price

- Bedewell Court, Hebburn – BDW (mostly 2020). Av £2,395psm
- The Maples, Hebburn – BDW / Taylor Wimpey (2019). Av £2,415psm
- Westburn Village, Hebburn – Miller (19/20). Av £2,326psm
- Riverside Village, Hebburn – Persimmon (2019). Av £1,770psm
- Ellison Grove, Hebburn – Persona (asking). Av £2,395psm
- The Hawthorns, Hebburn – Keepmoat (asking). Av £2,354psm
- Langdale Grange, Jarrow– Centaurea (asking). Av £2,064psm
- Trinity South, South Shields – Keepmoat (2019). Av £1,718psm
- Seymour Court, South Shields – McCarthy & Stone (2019). Av £2,345psm
- Sandpiper View, East Boldon – Gentoo (2020). Av £2,687psm

RESIDENTIAL – SALES VALUES (3)

Area	Zoopla Current Average Value July 2021	
Jarrow	£	148,754
South Shields	£	155,455
Hebburn	£	162,822
Boldon Colliery	£	171,698
West Boldon	£	221,271
Whitburn	£	259,425
East Boldon	£	264,369
Cleadon	£	417,195

Zoopla Current Average Values (July 21) for key settlements

RESIDENTIAL – SALES VALUES (4)

Location	Pcode	Ex Local Auth	
South Shields	NE33	£	1,196
South Shields	NE34	£	1,245
Hebburn	NE31	£	1,292
Boldon Colliery	NE35	£	1,379
Jarrow	NE32	£	1,474
West Boldon	NE36	£	1,538
Whitburn	SR6	£	1,723
West Boldon	NE35	£	1,737
Cleadon	SR6	£	3,205

Beacon Approach
Semi 70 – 80 sq m
Ex Local Authority
Since Jan 2020

RESIDENTIAL – SALES VALUES (5)

Location	Pcode	Det 110 - 120 sq m	Semi 75 - 80 sq m	Terr 70 sq m
Jarrow	NE32	£ 1,973	£ 2,012	£ 1,890
South Shields	NE33/34	£ 2,021	£ 1,908	£ 1,854
Boldon Colliery	NE35	£ 2,037	£ 2,100	£ -
Hebburn	NE31	£ 2,279	£ 2,105	£ 2,004
Whitburn	SR6	£ 2,597	£ -	£ -
East Boldon	NE36	£ 2,801	£ 2,067	£ 2,183
Cleadon	SR6	£ 3,597	£ -	£ -

Modern 'second hand' sales

Detached 110 – 120 sq m

Semi 75 – 80 sq m

Terrace 70 sq m

Last 12 months

RESIDENTIAL – SALES VALUES (6)

Scenario	Detached 110-120 sqm	Semi 75-85 sqm	Terrace 70 sqm			
Cleadon	£3,500 £402,500	£3,250 £251,875	£3,200 £224,000			
East Boldon / Whitburn	£2,800 £322,000	£2,600 £201,500	£2,550 £178,500			
West Boldon / Boldon Colliery / Hebburn	£2,400 £276,000	£2,350 £182,125	£2,300 £161,000			
South Shields / Jarrow	£2,100 £241,500	£2,050 £158,875	£2,000 £140,000			
Low cost developer	£2,000 £230,000	£1,850 £143,375	£1,800 £126,000			

RESIDENTIAL BUILD COSTS (1)

- Utilise Build Cost Information Service ("BCIS") data. Widely used in the industry and referenced in PPG.
- However, not without limitations. Major of data derived from sub 20 dwelling schemes. Understood that volume house builders do not contribute, therefore the savings that are made through bulk buying materials / labour are not reflected in the data.
- In light of this, median rate typically applied to smaller scale schemes (sub 50). Larger scale (over 50) where it is likely to be delivered by a regional or national volume housebuilder, the lower quartile is routinely applied.
- However, high value areas with higher specification may need to be adjusted.
- 5yr data set preferable, if sample sufficiently big enough.

RESIDENTIAL BUILD COSTS (2)

- Current rates (as at September 2021) £ per sq m

	5yr	10yr	15yr	
Estate housing LQ	£964	£987	£999	
Estate housing median	£1,085	£1,113	£1,127	
Flats LQ	£1,079	£1,148	£1,149	
Flats median	£1,214	£1,288	£1,307	
Retirement flats LQ	£1,244	£1,240	£1,244	
Retirement flats median	£1,335	£1,400	£1,375	

OTHER KEY RESIDENTIAL ASSUMPTIONS

Input	Proposed rate
Standard externals	15% of BCIS rate
Contingency	Greenfield 3% BCIS & externals, Brownfield 5% BCIS & externals
Professional fees	Sub 50 dwellings 8% BCIS & externals, Over 50 6% BCIS & externals
Marketing	Sub 50 dwellings 2% revenue, Over 50 3% revenue
Debit interest	7% sub 20 dwellings, 6% over 20 dwellings

DEVELOPER PROFIT

- PPG refers to a range from 15% to 20% (as well as a reduced rate for affordable units).
- 15% is more applicable to smaller scale schemes implemented by local builders (i.e. 5 & 10 dwellings).
- 17.5% deemed appropriate for mid size 30 dwelling scheme.
- 20% acceptable for 80 and 125 dwellings, as well as retirement flats.
- However, a reduced rate of 6% is deemed appropriate for affordable units.
- For flats, a piecemeal sale would need 20% profit. However, as per PPG, Build to Rent can have a different profit tone, in our experience around 8% to 10% on investment value.

ABNORMAL COSTS

- Difficult to estimate / generalize abnormal costs as they are specific to individual sites.
- Furthermore, the level of abnormal costs would need to be appropriately reflected in the benchmark land value (the general principle being that the higher the abnormals, the lower the benchmark land value).
- However, for the purposes of the modelling it is deemed appropriate to allow some level of abnormal costs, as these are typically shown in viability testing, even for greenfield sites.
- For greenfield sites, for the purposes of the modelling, we propose abnormal costs at a 'spot' figure of £100,000 per net acre.
- For brownfield sites, this is increased to £250,000 per net acre.

BENCHMARK LAND VALUE (1)

- PPG is clear that the approach should be primarily based on the 'existing use value + premium' method.
- For greenfield sites, the underlying existing use value can be based on agricultural uses (or for smaller sites paddock land uses). For 5 and 10 dwelling sites we consider £15,000 per acre to be appropriate. For all other sites £10,000 per acre.
- As for the premium uplift, key appeal decision at Warburton Lane, Trafford in Jan 2021 (PINS ref 3243720). This confirmed that there should be a relationship between the level of abnormal costs and the corresponding premium uplift (as the existing use value is fixed). For a scheme which attracted circa £250,000 to £400,000 per acre in abnormals (the exact figure was disputed) a premium uplift of 10 was deemed appropriate.
- Within the context of abnormals at £100k per acre, we therefore consider a 15 times premium uplift to be reasonable

BENCHMARK LAND VALUE (2)

- For brownfield sites an underlying development value of £100,000 - £200,000 per acre is assumed (dependent on the location of the site).
- Premium uplifts for brownfield sites are different to greenfield (as the existing use value is significantly higher). Typically ranges from 10% to 30% uplift.
- We consider a 20% uplift to provide a reasonable incentive.

MODELLING

- All viability appraisals will be prepared through ARGUS, an industry leading cash flow toolkit.
- The model will produce a ‘residual land value’. If this is above the separately assessed benchmark land value then the scheme will be deemed to be viable. At this point planning policies (such as affordable housing and S106 contributions) will be introduced on a ‘trial and error’ basis to determine what level of policies can be supported.
- If, before any planning policies are factored in, the residual land value is below the benchmark land value this will be deemed to be unviable and incapable of supporting any planning policies.

BASE APPRAISAL INITIAL OUTCOMES

- 10, 30, 80 & 125 dwelling - 20% affordable housing assumed (50/50 b/w Social Rent and DMS). S106 costs at £5,000 per unit.

Greenfield

- Cleadon, East Boldon / Whitburn & West Boldon / Boldon Colliery / Hebburn are comfortably viable.
- South Shields / Jarrow is unviable.
- Low cost developer is viable for 30, 80, 125.

Brownfield

- Cleadon, East Boldon / Whitburn are comfortably viable. For 30, 80 & 125.
- West Boldon / Boldon Colliery / Hebburn marginally viable.
- South Shields / Jarrow & low cost developer is unviable.

RESIDENTIAL AFFORDABLE HOUSING

- Where a typology is deemed to be viable and capable of supporting Council policies, various tests will be undertaken. This will include adjustments to the mix of affordable housing, including a consideration of more affordable ownership units (in light of NPPF and recent First Homes requirements).
- If for example all AH is DMS, viability will improve as these carry the higher revenues (we will assume 70% of equivalent market value).
- However, if a higher proportion of rented affordable dwellings are required this is likely to increase the viability pressure, as these carry lower revenues. Social rent will be 40% of the equivalent market value and affordable rent 50% of the equivalent market value.

RESIDENTIAL SENSITIVITY TESTING

- The PPG encourages sensitivity testing.
- For the purposes of Local Plan modelling this can involve running 'base' appraisals with key adjustments. For example:
  - (i) A base appraisal may have a 20% developer profit, however the sensitivity could test this at 17.5% to see the impact this has on the overall viability outcome.
  - (ii) Higher density schemes
  - (iii) Percentage adjustments in sales values and costs

COMMERCIAL DEVELOPMENT (1)

- Approach as per the residential modelling (i.e. run residual appraisal and compare residual land value to benchmark land value.
- Typology testing to include:
  - (i) Town centre offices & out of town offices
  - (ii) Small workshops, medium industrial & large industrial
  - (iii) Town centre retail, retail warehouse & supermarket (small)
  - (iv) Cinema
  - (v) Hotel
  - (vi) Leisure development

COMMERCIAL DEVELOPMENT (2)

Type	Site size	Site coverage	GIA (sq m)
Town centre office	0.10 Ha	400%	4,000
Out of town office	0.25 Ha	80%	2,000
Small workshop	1.00 Ha	50%	5,000
Medium industrial	4.00 Ha	50%	20,000
Large industrial	15.00 Ha	50%	75,000
Town centre retail	0.015 Ha	200%	300
Retail warehouse	0.44 Ha	45%	2,000

COMMERCIAL DEVELOPMENT (3)

Type	Site size	Site coverage	GIA (sq m)
Supermarket (small)	0.75 Ha	20%	1,500
Cinema	0.7 Ha	50%	3,500
Hotel	0.5 Ha	70%	3,500
Leisure	5 Ha	70%	35,000

COMMERCIAL DEVELOPMENT – LOGISTICS (1)

- Good news story in logistics.
- Consumers who may not have otherwise shifted to online shopping were forced to during lockdowns. Caused growth in e-commerce to rocket.
- The online grocery sector saw years of growth in the space of just a couple of months over the COVID-19 pandemic. Growth is projected to remain higher going forwards, bringing with it increased demand for logistics space.
- Ground-breaking 15 months for logistics take-up, with many records broken for the sector. Q2 take-up rocketed to over 15m sq ft across 54 deals, the third new high in 5 quarters.
- Availability plummeted 31% QoQ and 42% YoY to just 14.7m sq ft of big box space available in the UK. The UK big box vacancy rate has fallen to just over 2%, which is an all time record low.

Source CBRE "Market Update: UK Logistics" Sept 2021

COMMERCIAL DEVELOPMENT – LOGISTICS (2)

- Supply of units over 100,000 sq ft is now at the lowest level ever recorded in the region. Currently, there is 2.45m sq ft available across 17 separate units. This has pushed the vacancy rate lower to 2.90%, leaving just 0.28 years' worth of supply in the market according to the three-year annual average take-up.
- 88% of the stock is within the 100,000–200,000 sq ft size band, and 12% the 200,000–300,000 sq ft size band.
- The majority of activity in 2021 has stemmed from online retailers, who accounted for 43% of all take-up, and 3PLs, who accounted for 27%.
- *Source Savills "The logistics market in Yorkshire and the North East" July 2021*

COMMERCIAL DEVELOPMENT – RETAIL (1)

- Development market for traditional retail space more challenging.
- House of Commons Briefing Paper May 21 notes that North East region had the highest retail vacancy rate in the UK (20%). More available space to use (refurb) but also suggests imbalance between supply and demand.
- Knight Frank “Retail Property Market Outlook 2021” states “Flexibility and affordability will be the two defining forces of occupier markets in 2021. Manifestations of this will be shorter leases and a continued push towards turnover rents”.
- Retail development will be affected by a market which is currently experiencing a step-change.

COMMERCIAL DEVELOPMENT – OFFICE (1)

- As with the retail sector, the office market is currently experiencing fundamental changes which have been sped up by the Covid-19 pandemic.
- Demand is changing with flexibility again a key occupier requirement.
- However, there are also signs of employers recognising the important role that offices play in bringing staff together. It is not therefore the case that occupiers are going to abandon offices in favour of home-working, as the benefits of an office environment were highlighted during the lockdowns.
- Savills "Spotlight: UK Regional Offices" research paper headline is "There are strong signs of recovery in the UK regional office market". The paper goes on to discuss demand for higher quality accommodation, which provides flexibility in workstations, break out areas, shared locker areas and in-house café stations.
- In this respect, developers will continue to eye opportunities in the sector in the right locations. However, the quality of the accommodation provided will need to be high in order to attract occupiers and furthermore it is likely increased flexibility will need to be provided on lease terms, each of which will impact on viability.

Developers

- Home Builders Federation
- Persimmon Homes
- Taylor Wimpey
- Bellway Homes
- Barratt Homes
- Avant Homes
- Miller Homes
- Home Group
- Persona (may be part of Home Group)
- Keepmoat Homes
- Story Homes
- Gleeson Homes
- Centaurea Homes

Landowners & agents representing landowners/developers

- Barton Willmore
- Church Commissioners
- Banks Group
- Lichfields
- Savills
- Pegasus Group

Housing Associations

- Gentoo Homes
- Karbon Homes

Agents

- Knight Frank
- Lambert Smith Hampton
- HTA Real Estate
- Naylors Chartered Surveyors

Internal

- Housing Strategy
- Asset Management

Questionnaire on Viability Assumptions (Local Plan)

South Tyneside Council

Question 1: Residential Scheme Design

The following assumptions have been made in relation to residential scheme design (please note the following will be tested on both a 'greenfield' basis as well as a 'brownfield' model):

Number of dwellings	Dwellings per net Ha	Gross area Ha	Gross to net ratio	Dwelling type and mix	Capacity (sq m per net Ha)
5 houses	30	0.17	100%	60% det 120 sq m / 40% semi 80 sq m	3,120
10 houses	30	0.33	100%	60% det 120 sq m / 40% semi 80 sq m	3,120
30 houses	35	0.95	90%	40% det 110 sq m / 30% semi 75 sq m / 30% terr 70 sq m	3,063
80 houses	35	2.69	85%	40% det 110 sq m / 30% semi 75 sq m / 30% terr 70 sq m	3,063
125 houses	35	3.57	80%	40% det 110 sq m / 30% semi 75 sq m / 30% terr 70 sq m	3,063
40 retirement flats	100	0.57	70%	100% apartments 65 sq m	6,500
100 apartments	400	0.25	100%	100% apartments 60 sq m	24,000

Do you agree with these assumptions for the purposes of a Local Viability review? ☐ **Yes** ☐ **No** ☐ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

Question 2: Residential Values

The following assumptions have been made in relation to residential revenue:

Area	Detached 110-120 sq m £ per sq m	Semi 75 – 85 sq m £ per sq m	Terrace 70 sq m £ per sq m	Social Rent % of MV	Affordable Rent % of MV	Intermediate % of MV	Discounted Market Sale / First Homes % of MV
Cleadon	£3,500	£3,250	£3,200	30%	40%	60%	70%
East Boldon/Whitburn	£2,800	£2,600	£2,550	40%	50%	65%	70%
West Boldon/Boldon Colliery/Hebburn	£2,400	£2,350	£2,300	40%	50%	65%	70%
South Shields/Jarrow	£2,100	£2,050	£2,000	40%	50%	65%	70%
'Low cost' specialist	£2,000	£1,850	£1,800	50%	60%	70%	70%

Do you agree with these assumptions for the purposes of a Local Plan viability review? ☐ **Yes** ☐ **No** ☐ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

Question 3: Construction Costs

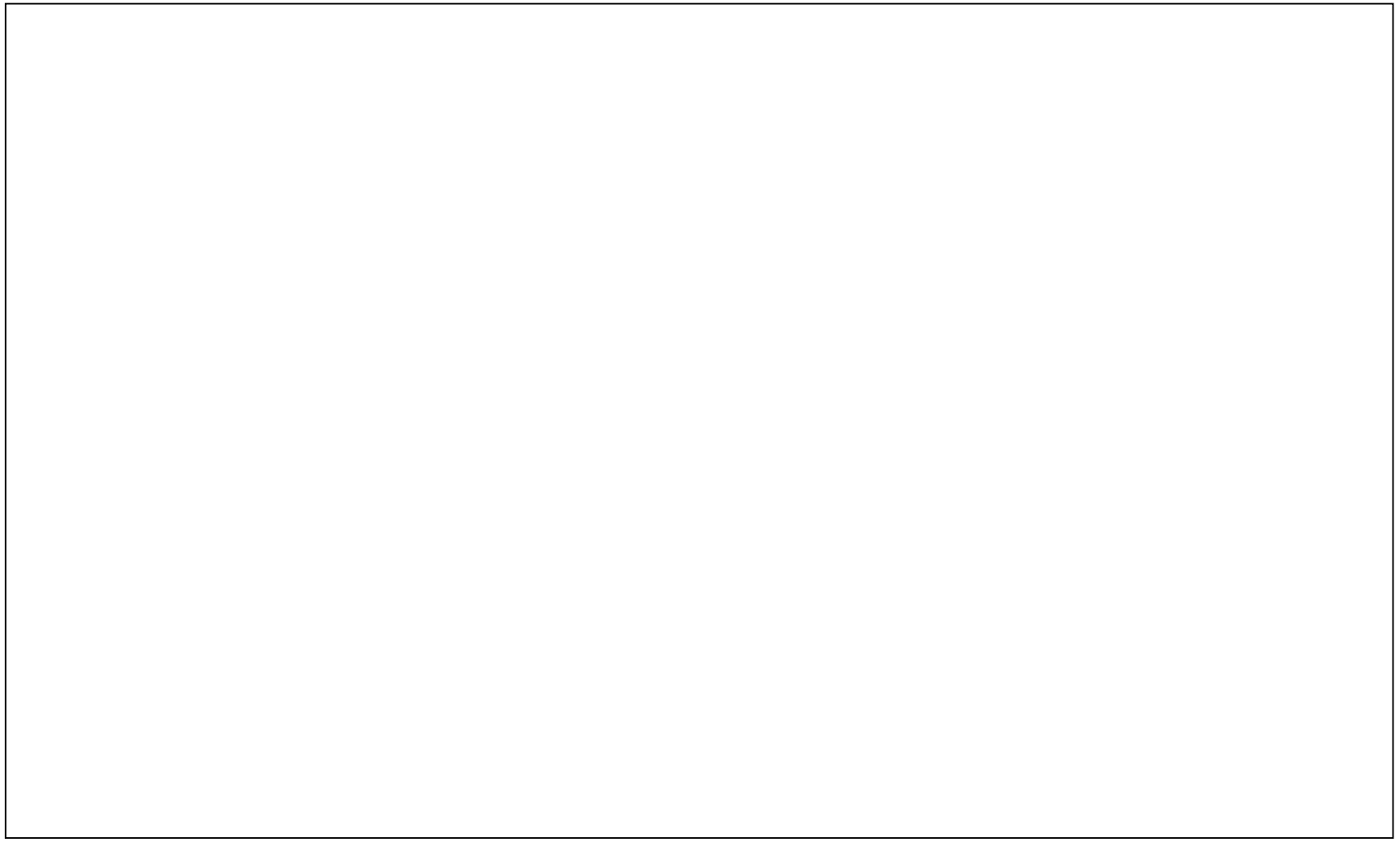
Plot construction relates to all costs associated with a dwelling, from foundations to all works 'above ground' on the structure of the dwelling. This also includes all site preliminaries, as well as a contractor's overheads. However, it excludes all external works, contingency and abnormal costs. These elements therefore need to be allowed for separately.

The following assumptions have been made in relation to construction costs:

Scheme Type	Land type	Plot cost £ per sq m	Externals % of plot cost	Contingency % of plot / externals	Abnormals £ per net Ha
5 & 10 houses	Greenfield	BCIS Median £1,085	15%	3%	£247,100
30, 80 & 125 houses	Greenfield	BCIS Lower Quartile £964	15%	3%	£247,100
Low cost builder	Greenfield	£800	15%	3%	£247,100
Retirement flats	Greenfield	BCIS median £1,335	10%	3%	£247,100
100 flats	Greenfield	BCIS median £1,214	5%	3%	£247,100
5 & 10 houses	Brownfield	BCIS Median £1,085	15%	5%	£617,750
30, 80 & 125 houses	Brownfield	BCIS Lower Quartile £964	15%	5%	£617,750
Low cost builder	Brownfield	£800	15%	5%	£617,750
Retirement flats	Brownfield	BCIS median £1,335	10%	5%	£617,750
100 flats	Brownfield	BCIS median £1,214	5%	5%	£617,750

Do you agree with these assumptions for the purposes of a Local Plan viability review? ☐ **Yes** ☐ **No** ☐ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)



Question 4: Additional Key Appraisal Assumptions

Additional Key Appraisal Assumptions relate to professional fees, marketing costs, finance costs and developer profit.

The following assumptions have been made in relation to additional key appraisal assumptions:

(i) Professional fees for schemes providing 5 / 10 dwellings at 8% of the plot construction costs / externals. For schemes providing 30, 80 and 125 this is decreased to 6%.

(ii) Marketing / disposal costs for schemes providing 5 / 10 dwellings at 2% of revenue. For schemes providing 30, 80 and 125 this is increased to 3%.

(iii) Finance costs (debit interest) for schemes providing 5 / 10 dwellings at 7%. For schemes providing 30, 80 and 125 this is decreased to 6%.

(iv) Developer Profit. For schemes providing 5 / 10 dwellings a rate of 15% on revenue is applied to the market value dwellings, reduced to 6% for the affordable homes. For schemes providing 30 dwellings this is increased to 17.5% on revenue for market value dwellings and 6% for affordable. For schemes providing 80 / 125 dwellings this is increased to 20% on revenue for market value dwellings and 6% for affordable.

Do you agree with these assumptions for the purposes of a Local Plan viability review? ☐ **Yes** ☐ **No** ☐ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

Question 5: Benchmark Land Value

This is the minimum price that a hypothetical landowner would be willing to release a site for development. The methodology for arriving at a suitable benchmark land value is set out in "Planning Practice Guidance: Viability", which is available online https://www.gov.uk/guidance/viability

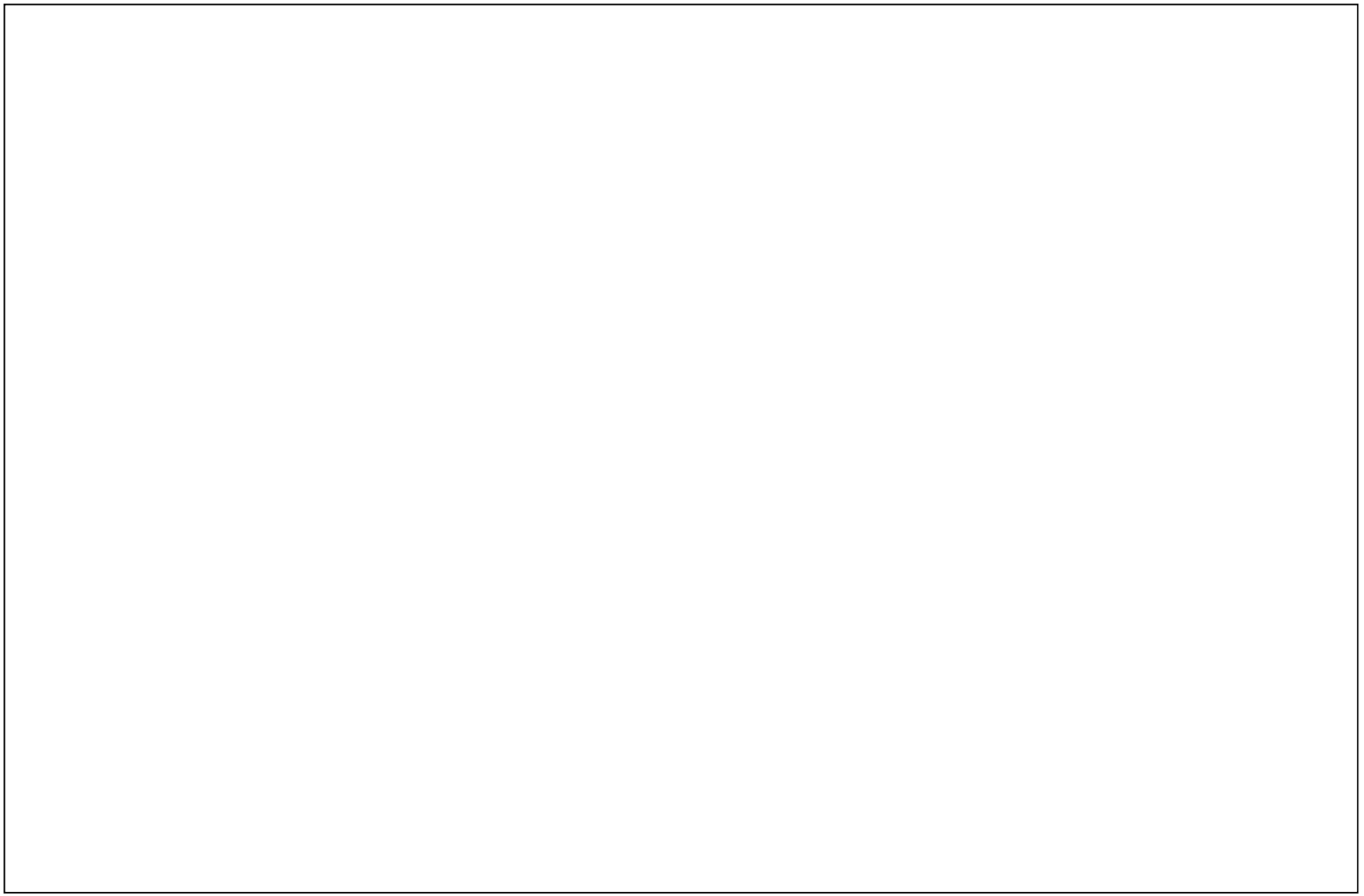
The following assumptions have been made in relation to benchmark land value:

- Greenfield existing use value £24,710 per Ha (£10,000 per acre). Premium uplift (in the context of abnormal costs at £247,100 per net Ha) at 15 times the existing use value. Equates to a greenfield benchmark land value of £370,650 per Ha.

- Brownfield (assuming cleared site) existing use value £370,650 per Ha (£150,000 per acre). Premium uplift (in the context of abnormal costs at £617,750 per net Ha) at 20% above the existing use value. Equates to a brownfield benchmark land value of £444,780 per Ha.

Do you agree with these assumptions for the purposes of a Local Plan viability review? ☐ **Yes** ☐ **No** ☐ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)



Question 6: Commercial Scheme Design

The following assumptions have been made in relation to commercial scheme design:

Type	Gross site area Ha	Site coverage	GIA (sq m)
Town centre office	0.10	400%	4,000
Out of town office	0.25	80%	2,000
Small workshop	1.00	50%	5,000
Medium industrial	4.00	50%	20,000
Large industrial	15.00	50%	75,000
Town centre retail	0.015	200%	300
Retail warehouse	0.44	45%	2,000
Supermarket (small)	0.75	20%	1,500
Cinema	0.70	50%	3,500
Hotel	0.50	70%	3,500
Leisure	5.00	70%	35,000

Do you agree with these assumptions for the purposes of a Local Viability review? ☐ **Yes** ☐ **No** ☐ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

David Newham
& South Tyneside Council

SENT BY EMAIL
davidnewham@cpviability.co.uk
matthew.clifford@southtyneside.gov.uk
21/11/2021

Dear David Newham and Planning Policy Team,

SOUTH TYNESIDE LOCAL PLAN: VIABILITY ASSESSMENT

1. Following the Viability Workshop held in September 2021 the Home Builders Federation (HBF) would like to make the following observations on the Viability Assessment for South Tyneside. A copy of the HBF Viability Assessment Guidance Note has also been included with this response, hopefully, this will also be useful to the Council.

2. The HBF is the principal representative body of the house-building industry in England and Wales. Our representations reflect the views of our membership, which includes multi-national PLC's, regional developers and small, local builders. In any one year, our members account for over 80% of all new "for sale" market housing built in England and Wales as well as a large proportion of newly built affordable housing.

3. It should be noted that the HBF is not a home builder or landowner and as such cannot provide detailed evidence, we are however, in a position to highlight the general concerns of our members.

Proposed Construction Costs

4. The HBF considers that the Council will need to work closely with the home building industry to ensure that the proposed build costs are appropriate and reflects all costs.

Additional Assumptions: Developer return (profit)

5. The HBF acknowledges it can be difficult to agree on an appropriate figure for profit for all development types and developers. The PPG advises that a figure between 15-20% is appropriate. It is noted that the Viability Assessment suggests a figure of 15% - 20% for market homes dependent on the site size and 6% for affordable homes. The HBF considers that affordable housing return is no longer appropriate in relation to First Homes, where it is likely that the risk for delivering these homes will lie with the developer rather than the registered provider, this figure should therefore be significantly increased. The HBF considers that it would be more appropriate to ensure that the overall figure is in the order of 17.5-20% of Gross Development Value (GDV) for a viability assessment, and that the Council consider if a higher figure should be applied for small developments reflecting the greater risk associated with securing finance encountered by smaller developers.

Proposed Benchmark Land Value

6. The HBF considers that it is important that the Council seek to ensure that the Benchmark Land Values (BMLV) identified are realistic and are appropriate and would

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ensure that land continues to come to the market. The HBF would strongly recommend that the Council ensure appropriate engagement with local landowners has taken place.

Future Homes Standard & Updates to Building Regulations

7. The Council may want to consider the implications of potential national policies in relation to accessible dwellings and EV Charging, as well as the Future Homes Standard and Biodiversity Net Gain as these are likely to have implications for viability of development going forward. They may also have implications in relation to site density, layout, lead-in times and electrical capacity, which may also need to be considered as part of this assessment.

8. The HBF is concerned that the costs of introducing the new standards, particularly in relation to heat pump installation are likely to be significantly above existing costs for traditional heating technologies and remain so for the foreseeable future. While it may be argued that this can be offset by landowners' return, it should be noted that other expectations being pursued with similar assumptions, for example electric vehicle charging, biodiversity, water and sewerage infrastructure charges, design, and general debate regarding land value capture all have a cumulative impact on land value and cannot be viewed in isolation. It remains to be seen what compromises landowners are willing to make on values and impact the results of these decisions will have on landowner appetite to sell. Should there be a general lack of willingness to accept lower land valuations, viability will be squeezed, and the volumes of land currently being brought to the planning process by home builders will inevitably be reduced.

Future Engagement

9. I trust that the Council will find these comments useful as it continues to progress its Local Plan. I would be happy to discuss these issues in greater detail or assist in facilitating discussions with the wider house building industry.

10. The HBF would like to be kept informed of all forthcoming consultations upon the Local Plan and associated documents. Please use the contact details provided below for future correspondence.

Yours sincerely,

Joanne Harding
Planning Manager – Local Plan (North)
Email: joanne.harding@hbf.co.uk
Phone: 07972 774 229

HBF LOCAL PLAN VIABILITY GUIDE

Version 1.2: Sept 2019

PART 1: WHAT IS VIABILITY APPRAISAL?

INTRODUCTION

Housing land supply is critical to the Government's housing delivery objectives. A vital part of deliverability is that the development of land must be viable. The Government's approach to viability is clearly set out in the National Planning Policy Guidance (NPPG). It states how viability is critical to the soundness of local plans, the setting of CIL and the delivery of sites for housing. It is important that emerging practice is transparent and simple and that as much as possible of the new methodology can be agreed between all parties involved in housing delivery.

All stakeholders in the planning process are at the start of the journey of understanding and implementing the new approach. The aim of this guidance is a contribution to the emerging practice – putting forward the industry issues that must be addressed in order to ensure that local plans are deliverable and sites come forward for development. Without a robust approach to viability assessment land will be withheld from the market and housing delivery will be threatened, leading to unsound plans and delivery targets not being met.

Throughout this report references are made to "Viability Testing in Local Plans - Advice for planning practitioners". (LGA/HBF - Sir John Harman) June 2012 as "The Harman Report" and the RICS report "Financial Viability in Planning", 2012 as "The RICS Guidance".

WHAT ARE IMPLICATIONS OF THE NEW VIABILITY GUIDANCE?

Viability is now a key issue for local plans and their test for soundness. It is acknowledged that land value must reflect policy requirements, but such requirements must be able to demonstrate that proposed sites in the plan are viable and that policy requirements will not prevent land from being brought to the market by landowners.

With simplification and standardisation at the heart of the new process it is accepted that a typology approach is necessary for plan-wide assessment, However, for specific sites on which the local plan relies to ensure delivery targets are met a more detailed, site specific assessment will usually be required.

Under the new guidance it is necessary to assess at what level of land value landowners will continue to be willing to sell land in the market. This benchmark land value (BLV) must be realistic in terms of existing use value of the land and a reasonable landowner's premium. This is known as EUV+ (existing use value plus a landowner's premium).

All policy requirements (including all development management policy requirements) must be included in the viability assessment. It is also vital that, as recommended in the Harman Report, a reasonable buffer is included within the assessment. Calculations cannot be at the margins of viability, without any buffer, as to do so will threaten the delivery of sites where assumptions change over the life of the plan.

In order to best reflect the policy requirements of local authorities, the risk profile of developers and the land value requirements of landowners, partnership working is essential in order to maximise the chance of delivery matching requirements of the local plan.

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WHAT IS THE LOCAL CONTEXT?

Local context is an assessment of:

- Current and emerging local needs and demands
- Local plan strategy and delivery priorities and intentions
- Spatial characteristics of the local area
- Market and affordability characteristics of the local area
- Current and historic delivery rates
- The policy circumstances under which previous consents that led to delivery were granted.

WHAT ARE THE KEY STAGES OF A LOCAL PLAN VIABILITY ASSESSMENT?

Local plan viability assessment should:

- Follow the guidance in the NPPG
- Facilitate early engagement between all stakeholders, including developers
- Seek to assist understanding by simplifying and standardising inputs
- Address each stage of NPPG's residual appraisal approach in sequence
- Identify reoccurring issues experienced across the country and formulate these into simple questions to be addressed if the process is to be robust
- Finally assess resultant BLV and the issues that must be balanced to ensure the Plan can be found sound, the necessary land supply identified and delivery of dwellings secured

HOW WILL ADDRESSING THESE ISSUES EARLY AND IN PARTNERSHIP LEAD TO BETTER PLANNING?

If the Plan lead system with viability and deliverability at its heart is to work, we need all interested parties to work together, in partnership. The NPPG strongly encourages such an approach in order to strike the right balance between the aspirations of developers / landowners and the aims of the planning system. Failure to work collaboratively risks failing to delivery housing needs and aspirations and failing to significantly boost housing supply.

Advantages of partnership working are to increase understanding, reduce plan making time, improve transparency, provide communities with certainty and, ultimately, deliver better local plans of which we can all be confident that allocated sites will be delivered where, when and how they are expected to be delivered.

Joint working will provide a clear benchmark for development management decision making and will ensure that any consideration of post plan adoption policy formulation (SPD's etc) are unlikely to give rise to further burden that makes development unviable.

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PART 2: A STEP BY STEP APPROACH TO VIABILITY APPRAISAL

a) Sales / Revenue

Viability appraisal should be specific to the local planning authority area and fully evidenced from local examples. Evidence should be drawn from actual prices achieved in sales, derived from the best possible comparable sources. Such comparables must be fully critiqued (new build and second-hand market) / adjusted as necessary so that they can be relied upon to provide a robust position for future sales. Care must be taken to reflect the strong likelihood that within each LPA area there may be geographic variations in value which must be fully understood and applied to both site specific and typology viability work.

Market strength and anticipated sales rate are fundamental components dictating cash flow. Care should also be taken in determining the correct market mix for an area / based on SHMA / local market evidence / settlement & site characteristics.

Affordable housing revenue must also be fully justified against comparable transactions with registered providers and the correct % reductions from OMV must be applied for all types of subsidised/affordable housing (including private sector solutions such as shared ownership and discounted market sale).

Common concerns:

- Sales evidence used is based upon Net Sales Area instead of Gross Internal Area which significantly inflates the price per square foot thus distorting viability work
- The use of headline advertised “For Sale” prices. These prices are usually the aspirational prices for a homebuilder and do not reflect the final price achieved in negotiation with the purchaser which ordinarily involve discounts to secure the purchase.
- Actual sold prices from Land Registry/Hometrack – These prices omit incentives such as extra internal features / carpets / part exchange costs / developer deposits etc.
- Internal areas obtained from Energy Performance Certificates are used in revenue / coverage calculations. However, these generally do not represent actual Gross Internal Area as the calculation methodology is different.

b) Coverage

Coverage assumptions (the quantum of sales coverage per net developable acre (NDA) must be contextual and reflective of the type and form of development envisaged and the context within which it is to be placed. It should be calculated on the basis of coverage per NDA and all parties should agree over what type of floorspace is included or excluded.

It needs to be reflective of all development management policies that will be in play which will affect the eventual scheme coverage (eg: scale, massing, amenity distances, space standards, accessibility standards, site topography, car parking levels, drainage, landscaping, biodiversity net gain etc.)

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Common concerns

- Each site is different and may have major constraints to site coverage within its boundaries, dependent upon its size and scale
- A failure to understand mix and type of homes that achieve very different quantum of coverage per NDA.
- For plan making, reasonable assumptions should be based on the expected nature of the scheme, the local housing need / demand objectives, site context and how the application of development management policies has previously affected coverage.

c) Net Developable Area (NDA)

It is inappropriate to apply generic gross to net rates across entire regions. Discussion should be had in typology work based upon the nature and characteristics of the sites proposed to be allocated in a plan with comparable schemes examined to ensure % gross to net rates are robust. NDA should always be contextual and informed by policy requirements – including open space / sustainable drainage requirements / environmental requirements such as biodiversity net gain and suitable alternative natural green space (SANGS), etc.

Common concerns

- That the approach taken is over simplistic and leads to inaccurate assumptions that are then multiplied across a plan area
- All stakeholders promoting sites should be able to fully engage with the process to ensure that assumptions are realistic and achievable.

d) Costs

Assessment of costs should be based on evidence which is reflective of local market conditions. Costs should seek to be drawn from appropriate published and recognised data sources. All parties involved in site promotion should assist in ensuring all matters are taken into account. A partnership approach must ensure that all costs are accounted for and can be explained transparently and inputted into the viability assessment in a manner that all stakeholders can readily understand.

Unit Build Cost (UBC)

The appropriate data should come from the Building Cost Information Service (BCIS). However, it is important to understand what these published costs actually include and exclude. Careful consideration must be given to the type

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and scale of sites, type of developers, contextual matters that impact upon design and all DM applicable polices. Recognition should be given to regional variation and that build cost inflation will be a key factor in forward planning such that median figures should be only the starting point from which site-specific assessment can be applied.

New build housing is, by its nature, high specification (internal fit out / kitchens / bathrooms / heating) and this is reflected in BCIS which reflects Building Regulations at a particular point in time. Design or specification enhancements above this level fall within abnormal costs (see below). Care should be taken to use the most up to date and correct BCIS categories.

Common concerns

- There is often a lack of understanding about what is included in standard measures of costs. The BCIS cost is only the cost of the house itself and is based upon a flat site with standard foundations.
- BCIS does not account for plot works (drives / paths / fencing / walls / gardens & plot landscaping / connections / detached garages) nor any costs associated with more complex ground / gradient conditions
- Although BCIS does include standard site management / overhead costs this is only to the extent of the items it measures, not full costs.
- BCIS does not account for any site externals or their overhead sums which are explained below.

External costs

These are the base costs usually experienced on a simple, flat, unconstrained, clean site ready for building. It includes standard plot works (again based upon a standard site) covering estate roads and footpaths, sewers, drainage connections, utility provisions and connections, mains connections, street lighting, signage to adoptable standards – all based upon simple connections to existing systems / shallow excavations etc.

Common concerns

- The costs associated with plot and site construction are commonly missed altogether or incorrectly included as part of the unit cost
- The general overheads of a development company are often completely ignored
- There is a difference between a standard cost and an extra over cost as a result of site-specific conditions – both must be accounted for but usually in different places (see abnormals below)
- Any % of unit cost calculation to allow for externals must be very carefully considered in the context of all of the above with comparables used as evidence – if a % range is to be used it must be agreed with local developers and based upon real examples

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Abormal Infrastructure costs

All of the above costs effectively deal with the costs associated with the base construction costs of the houses themselves (Unit build cost) alongside the standard external costs (External costs). Abnormal infrastructure costs are all those costs over and above the standard costs outlined above that are required in order to deal with site specific conditions and meeting all planning and technical requirements.

For example, in relation to external costs detailed above, in addition to the standard cost will be all costs specific to the scheme such as ground conditions / levels and topography / upgrading of utilities if insufficient capacity / drainage / contamination / additional specification required by design or development management policy requirements etc.

There are a huge range of abnormal infrastructure costs that need to be accounted for over and above standard external costs which need to be taken fully into account on a site-specific basis. Any attempt to apply standard rates whilst undertaking plan wide typology viability work should be treated with caution.

The following bullet points give some examples to assist understanding and are not to be treated as exhaustive:

- For larger development sites due recognition needs to be made of the additional cost of, for example, spine roads etc. required to service individual development parcels in addition to the estate roads which will form part of the standard costs
- Ground and enabling works – cut and fill costs associated with topographically challenging sites to allow building plateaus / effective road gradients / capping layers associated with gas / grouting / mine shafts / ground stabilisation / demolition and clearance works / remediation of contamination / subsoil conditions / dealing with groundwater / archaeological investigations / temporary haul routes etc
- On and off-site highway works – extra over road widths for bus routes / cycle route provision / single sided roads / improvements to offsite roundabouts / junctions necessary to mitigate impact / enhanced public realm works / large areas of garage courts etc
- Surface and foul water drainage – attenuation on site via SUDS / tanking / oversized pipes / permeable paving / off site sewage work upgrading / diversions etc
- Utilities – off-site upgrading / need for sub stations / primary sub-station / diversions etc
- Foundations and underbuild – costs associated with pile / raft / extra deep foundations / extra build costs dealing with levels / land retention to unit and plot build
- Ecology and landscape – laying out and maintaining new open space, habitat, screening & bunding associated with the development
- Elevational and sustainability enhancements – in order to address local design requirements / contextual features / local materials / sustainability requirements over and above Building regulations / noise attenuation with increased insulation and window specification etc.

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Common concerns

- Issues associated with effective site development are often hidden within the need to comply with other planning and/or technical requirements and are, therefore, missed or not fully understood. Commonly, only the most visible ones such as sustainable drainage or a need for a link road are picked up regularly.
- Provision needs to be made to deal with situations that may be unclear at the early stages of planning but become hugely important as sites progress
- Understanding as many of these issues early is key but to ignore them is folly – this is a key area for plan makers and developers working in partnership
- Caution is needed and plan assumptions must not be on the margins of viability. A clear buffer must be included within all viability assessments.

Policy Requirements

Policy Requirements in their widest sense also cover a number of the issues identified in the abnormals section above. However, to keep matters simple we have sought to split out the physical / technical matters (in abnormals above which normally come from condition discharge / meeting technical standards) from the monetary / land use items which we aim to pick up here.

- S106 contributions – all costs associated with mitigation payments needed in order to make the development acceptable in planning terms – education / health / sports / art / public transport / police / SANGS / training / ongoing management etc + any associated indexation / fees
- S106 works – all costs associated with works / items required – play areas / allotments / community building / sports pitch / school or school expansion / landscape improvement / local tariffs for net biodiversity gain / SANGS etc
- CIL – all payments required as a result of existing or proposed CIL whilst ensuring that no double counting occurs with S106 items + any associated indexation / fees
- Mix Policy – the effect that specialist housing provision may have on land value that is not covered by affordable costs allowed for in revenue or coverage – requirements for private rented, self-build, extra care, sheltered housing
- Non-residential uses – costs associated with servicing / marketing / construction of local centres etc
- Land / Third Party costs – these are interlinked with contractual matters yet they are regularly occurring issues - eg ensuring clean title / JR & covenant insurance / vacant possession from tenant farmers / mines and minerals payments / ransoms such as Railtrack Shared Value Policy

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Common concerns

- Obvious S106 contributions are very visible. However it is important to also include those matters where it is harder to quantify the cost.
- CIL is particularly difficult to deal with if it is considered after the local plan viability stage. New guidance suggests that CIL should be considered as an integral part of local plan viability assessment. If this is not done it will reopen the widespread use of application level viability assessment (contrary to NPPF) as schemes considered viable at a policy compliant level will no longer be so.

Contingency

All development schemes require a degree of contingency planning built into the viability to cover a wide range of matters. Issues as mundane as bad weather to more complex political policy issues such as quality control/snagging and government proposals for improved customer satisfaction. Due to their uncertainty, these costs are best dealt with as a % of total build costs including fees (Unit, External and Abnormals) with the % being dependent upon the complexity of the scheme and scale of site abnormals to contend with. The actual % should reflect the opinion of independent QS companies and be backed by clear evidence.

Agent Fee costs

All development transactions usually require agents acting on behalf of the parties and an allowance needs to be made for this in overall viability work. Usually this cost is around 1-2% of land value (Harman Review) but local evidence should be obtained including from the Public Sector Estate Departments.

Legal Fees costs

All development transactions require legal representation in order to ensure each party is protected and understands their respective contractual commitments. Again, a standard assumption of 0.75-1.5% of land value (Harman Review) is generally sufficient unless there is robust local evidence to the contrary (although this can be much higher should the land purchase involve multiple landowners).

Marketing Costs (sales)

Housing development is sales driven without which a house builder will not receive the revenue essential for continued investment and build. Advertising and marketing is crucial to this process and allowances must be made for this in viability. This is generally assumed to be 3-5% of the value of the development depending on strength / quality of the market (Harman Review) unless there is robust local evidence to the contrary.

Professional Fees

The development process requires huge input from a wide variety of disciplines from design and engineering to ecologists and archaeologists The process is complex and requires expert opinion and guidance throughout. This must

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be accounted for in viability work with the level dependent upon the complexity of the site, in particular, the extent of abnormal costs.

An allowance of 8% to 10% of all costs and up to 20% for complex sites (Harman Review) should be made unless there is robust local evidence to the contrary.

For larger development sites a range of professional fees associated with the servicing of the land need to be specifically considered – these will be in addition to the fee allowance based off Build Costs.

Discounting should not be applied for larger development companies simply because they have internal resources as this is still an identifiable cost that is not included within the general company overhead. It therefore needs to be accounted for within the viability assessment.

General Finance Costs

The development of land requires significant financial investment on behalf of the developer. This requires finance to be raised at the prevailing market rate, reflective of the risk profile considered appropriate by the particular lending institution. This needs to be allowed for in all viability assessment.

The HCA currently uses a range of 5-7%. The HBF recommends 6.5% to 7% across the whole housebuilding sector. However, this is an annual finance rate and a cashflow will need to be produced. Quantity surveyors vary in their preference for applying this to a 'funds' or a 'cash' position. Industry preference is to use 'funds'. However, should 'cash' be used a 'credit rate' should not be used once the scheme goes 'cash positive'.

e) Profit

A fair and reasonable profit for developers reflective of the particular risk profile of the specific scheme must be secured if viability is to be established. As part of this, an acceptable cash flow (return on capital employed – ROCE) must also be secured which is key to scheme delivery. The Harman review suggested a minimum ROCE of 25% but made it clear that this would depend on site specific risk.

Developers should be incentivised to build and the degree of risk they must take to facilitate this should be reflected in the margin received / planned for as well as ROCE. The NPPG clearly outlines what it considers a reasonable assumption for plan making as 15 – 20% of GDV but stresses that alternative figures can be used dependent upon risk profile.

The RICS Guidance states that not only should the direct risks within the scheme be considered but also the broader market risks such as the strength of the local market. The risk profile of a scheme will be affected by the timing of the delivery, the complexity of the scheme and the cashflow for specific projects, particularly where significant upfront investment is necessary to facilitate development.

Thus, it is unlikely that adoption of a single standard plan wide benchmark would be appropriate as it is unlikely to reflect an appropriate risk profile for specific projects. The NPPG also indicates that where affordable housing guarantees an end sale a reduced level of profile may be justified as risk is significantly reduced.

Achieving an acceptable profit is an essential part of effective scheme delivery – if it is eroded too far this will act as a deterrent to investment or result in no investment at all.

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f) Benchmark Land Value (BLV)

Fundamentally, the application of the step by step approach above arrives at a residual value which is the amount of money left over to purchase the site at a level that ensures policy compliance – this is a key objective of the new NPPG approach.

That value is to be based upon EUV+ whereby the combination of EUV and premium provide a reasonable incentive for a reasonable landowner to bring forward land for development. NPPG states that this will be arrived at via an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. This should assess market evidence, reflect the cost of policy compliance, take account of all site / market specifics and importantly reflect the reasonable expectations of landowners. Alternative use value may also be informative in establishing BLV.

As recognised in the RICS Guidance, achieving a suitable BLV requires a balanced judgement to be made. If that balance is not correct it could lead to a disincentive for owners to bring land to the market. This would seriously undermine the delivery agenda with the aim of significantly boosting supply which requires the widest range and choice of sites possible to maximise market absorption. It is illogical and counterproductive to effective plan making / boosting housing supply to seek to plan at the margins of viability and thus jeopardise site delivery and plan soundness.

Achieving an acceptable land value cannot, therefore, be a one-sided debate and is the key area that all must come together on as early in the process as possible utilising an effective format with senior representation on all sides with the necessary expertise and evidence to back up key viability judgements / assumptions.

Common concerns

- The circumstances of each and every owner is different – some need to sell, some don't / some have a requirement to reinvest, some don't / some can act independently, some cannot. These are all important matters that help to establish reasonable incentive to sell.
- Land is a hugely important / unique commodity and as such it cannot be treated in the same way as most other commodities It involves legacy issues / personal attachment issues / local community issues / inheritance issues / lifespan issues in an ever changing world. All of these matters are also important in establishing what is a reasonable incentive to sell.
- Taxation must also be factored in – inheritance tax planning / corporation tax / Capital Gains Tax must be taken into account when determining reasonable incentive. There is a probable 20% impact from CGT on all land transactions.
- Fundamentally, there is little understanding of landowner considerations within the planning process yet without it the plan led system and housing delivery will be undermined.

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PART 3: CONCLUSION AND USE OF THIS GUIDANCE

CONCLUSION

The aim of this guidance is to set out a clear interpretation of the NPPG. It encourages early collaboration between all interested parties in order to understand the components of Plan viability. Consistency is the key, as is the need to ensure legitimate costs are fully accounted for in a transparent manner that all stakeholders can understand. It provides a platform for establishing a Plan led evidence base and where there is disagreement, a format that an EIP can use to focus debate and discussion having agreed as much as possible via Statements of Common Ground.

Dealing with this vital issue via an industry wide, HBF methodology, allows for this consistency and continuity with all stakeholders. We hope that it will assist in reducing delays to the plan making process and make the best use of resources in both plan making and again at EIP.

The principles adopted herein are equally applicable to plan-wide or site-specific viability assessment. With more strategic sites this work should also be accompanied by cashflow information to ensure all key projects are deliverable.

RECOMMENDED USE OF THIS GUIDANCE

- To act as a starting point for Plan led viability and stakeholder involvement.
- To help ensure that the methodological approach of all parties is consistent and straightforward.
- To ensure that LPA expert appointments are instructed to work on this consistent basis
- To provide a basis of narrowing differences down early in the process to assist more informed decision making and more robust plan formulation.
- To act as a checklist / platform for Plan examination at EIP that is transparent / understandable to all, thus allowing focused debate and speedier / better decision making.

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Questionnaire on Viability Assumptions (Local Plan)

South Tyneside Council

Question 1: Residential Scheme Design

The following assumptions have been made in relation to residential scheme design (please note the following will be tested on both a 'greenfield' basis as well as a 'brownfield' model):

Number of dwellings	Dwellings per net Ha	Gross area Ha	Gross to net ratio	Dwelling type and mix	Capacity (sq m per net Ha)
5 houses	30	0.17	100%	60% det 120 sq m / 40% semi 80 sq m	3,120
10 houses	30	0.33	100%	60% det 120 sq m / 40% semi 80 sq m	3,120
30 houses	35	0.95	90%	40% det 110 sq m / 30% semi 75 sq m / 30% terr 70 sq m	3,063
80 houses	35	2.69	85%	40% det 110 sq m / 30% semi 75 sq m / 30% terr 70 sq m	3,063
125 houses	35	3.57	80%	40% det 110 sq m / 30% semi 75 sq m / 30% terr 70 sq m	3,063
40 retirement flats	100	0.57	70%	100% apartments 65 sq m	6,500
100 apartments	400	0.25	100%	100% apartments 60 sq m	24,000

Do you agree with these assumptions for the purposes of a Local Viability review? ☐ **Yes** ☐ **No** **X Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

It is our understanding that the gross to net ratio does not take into account the impact of mandatory biodiversity net gain (BNDG) requirements which are likely to become law in 2023. Whilst I appreciate that BDNG mitigation can be delivered off-site or via credits, the preference is to deliver BNDG mitigation on-site which is likely to have an impact on site coverage. Whilst I appreciate BDNG is not well understood at the present time and it is very difficult to undertake specific site assessments at plan viability stage, I think that there needs to be some recognition of BDNG in your viability assumptions.

https://www.local.gov.uk/pas/topics/environment/biodiversity-net-gain#biodiversity-net-gain-now
https://www.savills.co.uk/research_articles/229130/319716-0

In terms of house sizes my understanding is that your assumptions do not take into account Nationally Described Space Standards – having spoken with STC, I'm aware that no decision has been made as to whether NDSS will be adopted as prescribed standard in the

The emerging Local Plan – it is imperative that STC's Viability Testing reflects the polices in the STC Plan therefore I would suggest that the plan wide viability appraisal should be sensitivity tested to understand the impact of NDSS.

https://www.gov.uk/government/publications/technical-housing-standards-nationally-described-space-standard

Do you intend to test and large scale strategic development sites?

Question 2: Residential Values

The following assumptions have been made in relation to residential revenue:

Area	Detached 110-120 sq m £ per sq m	Semi 75 – 85 sq m £ per sq m	Terrace 70 sq m £ per sq m	Social Rent % of MV	Affordable Rent % of MV	Intermediate % of MV	Discounted Market Sale / First Homes % of MV
Cleadon	£3,500	£3,250	£3,200	30%	40%	60%	70%
East Boldon/Whitburn	£2,800	£2,600	£2,550	40%	50%	65%	70%
West Boldon/Boldon Colliery/Hebburn	£2,400	£2,350	£2,300	40%	50%	65%	70%
South Shields/Jarrow	£2,100	£2,050	£2,000	40%	50%	65%	70%
'Low cost' specialist	£2,000	£1,850	£1,800	50%	60%	70%	70%

Do you agree with these assumptions for the purposes of a Local Plan viability review? **X Yes** ☐ **No** ☐ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

Question 3: Construction Costs

Plot construction relates to all costs associated with a dwelling, from foundations to all works 'above ground' on the structure of the dwelling. This also includes all site preliminaries, as well as a contractor's overheads. However, it excludes all external works, contingency and abnormal costs. These elements therefore need to be allowed for separately.

The following assumptions have been made in relation to construction costs:

Scheme Type	Land type	Plot cost £ per sq m	Externals % of plot cost	Contingency % of plot / externals	Abnormals £ per net Ha
5 & 10 houses	Greenfield	BCIS Median £1,085	15%	3%	£247,100
30, 80 & 125 houses	Greenfield	BCIS Lower Quartile £964	15%	3%	£247,100
Low cost builder	Greenfield	£800	15%	3%	£247,100
Retirement flats	Greenfield	BCIS median £1,335	10%	3%	£247,100
100 flats	Greenfield	BCIS median £1,214	5%	3%	£247,100
5 & 10 houses	Brownfield	BCIS Median £1,085	15%	5%	£617,750
30, 80 & 125 houses	Brownfield	BCIS Lower Quartile £964	15%	5%	£617,750
Low cost builder	Brownfield	£800	15%	5%	£617,750
Retirement flats	Brownfield	BCIS median £1,335	10%	5%	£617,750
100 flats	Brownfield	BCIS median £1,214	5%	5%	£617,750

Do you agree with these assumptions for the purposes of a Local Plan viability review? ☐ **Yes** ☐ **No** **X Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

The costs detailed above are reasonable but do not take into account the impact of 'Future Homes Standards' https://www.housing.org.uk/news-and-blogs/news/new-future-homes-standard-building-regulations/

In the short term, with much more of an immediate impact, there will be an interim uplift to Part L building regulations taking effect from June 2022. All new homes will be required to produce 31 per cent fewer carbon emissions. However many house builders are more focused on building to the 2025 standards. Estimates of additional costs required to implement the uplift to Part L standards (from 2022) range from £3,000 to £5,000 per unit, according to the major housebuilders and MHCLG. Although costs to achieve the 2025 standards will be significantly higher. These are not abnormal costs they are direct development costs and need to be acknowledge in the plan wide viability testing.

Question 4: Additional Key Appraisal Assumptions

Additional Key Appraisal Assumptions relate to professional fees, marketing costs, finance costs and developer profit.

The following assumptions have been made in relation to additional key appraisal assumptions:

(i) Professional fees for schemes providing 5 / 10 dwellings at 8% of the plot construction costs / externals. For schemes providing 30, 80 and 125 this is decreased to 6%.

(ii) Marketing / disposal costs for schemes providing 5 / 10 dwellings at 2% of revenue. For schemes providing 30, 80 and 125 this is increased to 3%.

(iii) Finance costs (debit interest) for schemes providing 5 / 10 dwellings at 7%. For schemes providing 30, 80 and 125 this is decreased to 6%.

(iv) Developer Profit. For schemes providing 5 / 10 dwellings a rate of 15% on revenue is applied to the market value dwellings, reduced to 6% for the affordable homes. For schemes providing 30 dwellings this is increased to 17.5% on revenue for market value dwellings and 6% for affordable. For schemes providing 80 / 125 dwellings this is increased to 20% on revenue for market value dwellings and 6% for affordable.

Do you agree with these assumptions for the purposes of a Local Plan viability review? ☐ **Yes** ☐ **No** **X Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

No allowance has been made for S.106 and S.278 works which could be significant and need to be included in the viability test – I would suggest that this should reflect emerging polices to be included in the draft Local plan.

In terms of site acquisition costs you will need to include SDLT, Agent Fees (say 1.5% of Land value), Legal Fees (say 0.75% of Land Value) and Planning Costs in your appraisal?

Question 5: Benchmark Land Value

This is the minimum price that a hypothetical landowner would be willing to release a site for development. The methodology for arriving at a suitable benchmark land value is set out in "Planning Practice Guidance: Viability", which is available online https://www.gov.uk/guidance/viability

The following assumptions have been made in relation to benchmark land value:

- Greenfield existing use value £24,710 per Ha (£10,000 per acre). Premium uplift (in the context of abnormal costs at £247,100 per net Ha) at 15 times the existing use value. Equates to a greenfield benchmark land value of £370,650 per Ha.

- Brownfield (assuming cleared site) existing use value £370,650 per Ha (£150,000 per acre). Premium uplift (in the context of abnormal costs at £617,750 per net Ha) at 20% above the existing use value. Equates to a brownfield benchmark land value of £444,780 per Ha.

Do you agree with these assumptions for the purposes of a Local Plan viability review? ☐ **Yes** ☐ **No** **X Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

Whilst the proposed BLV reflects guidance I have a fundamental disagreement that BLV actually reflects *"minimum price that a hypothetical landowner would be willing to release a site for development"*

Question 6: Commercial Scheme Design

The following assumptions have been made in relation to commercial scheme design:

Type	Gross site area Ha	Site coverage	GIA (sq m)
Town centre office	0.10	400%	4,000
Out of town office	0.25	80%	2,000
Small workshop	1.00	50%	5,000
Medium industrial	4.00	50%	20,000
Large industrial	15.00	50%	75,000
Town centre retail	0.015	200%	300
Retail warehouse	0.44	45%	2,000
Supermarket (small)	0.75	20%	1,500
Cinema	0.70	50%	3,500
Hotel	0.50	70%	3,500
Leisure	5.00	70%	35,000

Do you agree with these assumptions for the purposes of a Local Viability review? ☐ **Yes** ☐ **No** ☐ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

Questionnaire on Viability Assumptions (Local Plan)

South Tyneside Council

Question 1: Residential Scheme Design

The following assumptions have been made in relation to residential scheme design (please note the following will be tested on both a 'greenfield' basis as well as a 'brownfield' model):

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40 retirement flats	100	0.57	70%	100% apartments 65 sq m	6,500
100 apartments	400	0.25	100%	100% apartments 60 sq m	24,000

Do you agree with these assumptions for the purposes of a Local Viability review? ☐ **Yes** ☐ **No** ☐ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

The site wide gross to net ratio for a site of 125 units looks high, especially as biodiversity net gain and SUDS need to be accounted for.

Dwelling sizes do not comply with national space standards, which we understand the Council wish to adopt as policy.

The SHMA identifies the need for bungalows, so these also need to be included for within the dwelling type and mix.

Need to include for a typology of up to 200 units, after with any larger strategic sites assessed on an individual basis.

Happy with both the capacity and density assumptions, which look reasonable.

Question 2: Residential Values

The following assumptions have been made in relation to residential revenue:

Area	Detached 110-120 sq m £ per sq m	Semi 75 – 85 sq m £ per sq m	Terrace 70 sq m £ per sq m	Social Rent % of MV	Affordable Rent % of MV	Intermediate % of MV	Discounted Market Sale / First Homes % of MV
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'Low cost' specialist	£2,000	£1,850	£1,800	50%	60%	70%	70%

Do you agree with these assumptions for the purposes of a Local Plan viability review? ☐ **Yes** ☐ **No** ☐ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

We broadly agree with the value assumptions you have adopted.

For a larger sites of over 200 units or for strategic sites, we would anticipate marginally reduced values in order to sustain a constant sales rate and as a site may provide for more than one sales outlet.

Question 3: Construction Costs

Plot construction relates to all costs associated with a dwelling, from foundations to all works 'above ground' on the structure of the dwelling. This also includes all site preliminaries, as well as a contractor's overheads. However, it excludes all external works, contingency and abnormal costs. These elements therefore need to be allowed for separately.

The following assumptions have been made in relation to construction costs:

Scheme Type	Land type	Plot cost £ per sq m	Externals % of plot cost	Contingency % of plot / externals	Abnormals £ per net Ha
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Retirement flats	Brownfield	BCIS median £1,335	10%	5%	£617,750
100 flats	Brownfield	BCIS median £1,214	5%	5%	£617,750

Do you agree with these assumptions for the purposes of a Local Plan viability review? ☐ **Yes** ☐ **No** ☐ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

Plot costs are on the low side, but are broadly reasonable.

Agree with external costs of 15%.

We would also expect to see a contingency of 5% for greenfield sites, given the shortage of labour, due to Brexit and Covid is increasing build costs. Also whilst many greenfield sites may appear clean in this region they are regularly subject to historic mining works or ground conditions which can unexpectedly increase build costs.

Abnormal costs look reasonable, given 15% has been included for infrastructure.

Question 4: Additional Key Appraisal Assumptions

Additional Key Appraisal Assumptions relate to professional fees, marketing costs, finance costs and developer profit.

The following assumptions have been made in relation to additional key appraisal assumptions:

(i) Professional fees for schemes providing 5 / 10 dwellings at 8% of the plot construction costs / externals. For schemes providing 30, 80 and 125 this is decreased to 6%.

(ii) Marketing / disposal costs for schemes providing 5 / 10 dwellings at 2% of revenue. For schemes providing 30, 80 and 125 this is increased to 3%.

(iii) Finance costs (debit interest) for schemes providing 5 / 10 dwellings at 7%. For schemes providing 30, 80 and 125 this is decreased to 6%.

(iv) Developer Profit. For schemes providing 5 / 10 dwellings a rate of 15% on revenue is applied to the market value dwellings, reduced to 6% for the affordable homes. For schemes providing 30 dwellings this is increased to 17.5% on revenue for market value dwellings and 6% for affordable. For schemes providing 80 / 125 dwellings this is increased to 20% on revenue for market value dwellings and 6% for affordable.

Do you agree with these assumptions for the purposes of a Local Plan viability review? ☐ **Yes** ☐ **No** ☐ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

Note neither part L or future homes standards have been included for.

Professional costs appear low, we would expect 10% for a small scheme and 8% for a larger scheme of 125 units + . Whilst we appreciate there is a saving for larger schemes due to the house builders economies of scale we consider these percentages are generally too low give they need to include for promotion costs through the local plan process.

Acquisition costs need to be included in the appraisal, we would expect costs of 1.5% for agent and 0.5% for legal.

Developers profit is too low for schemes of 5-10 homes and up to 30 homes. Most small developers will need to obtain funding for their development, which under usual circumstances will require a redbook valuation. Most banks won't lend to small developers unless the scheme achieves a minimum profit of 20% of GDV, so the assumption of 15% is too low. At this level the developers wouldn't be able to obtain funding and the development wouldn't progress.

Happy with the profit assumptions for 80 /125 units.

Question 5: Benchmark Land Value

This is the minimum price that a hypothetical landowner would be willing to release a site for development. The methodology for arriving at a suitable benchmark land value is set out in "Planning Practice Guidance: Viability", which is available online https://www.gov.uk/guidance/viability

The following assumptions have been made in relation to benchmark land value:

- Greenfield existing use value £24,710 per Ha (£10,000 per acre). Premium uplift (in the context of abnormal costs at £247,100 per net Ha) at 15 times the existing use value. Equates to a greenfield benchmark land value of £370,650 per Ha.

- Brownfield (assuming cleared site) existing use value £370,650 per Ha (£150,000 per acre). Premium uplift (in the context of abnormal costs at £617,750 per net Ha) at 20% above the existing use value. Equates to a brownfield benchmark land value of £444,780 per Ha.

Do you agree with these assumptions for the purposes of a Local Plan viability review? ☐ **Yes** ☐ **No** ☐ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

£150,000 per acre or £370,650 per ha as a benchmark land value is at the lower end of our expectations and does not reflect the land market, although we appreciate viability does not always reflect commercial deals which are agreed. We consider an 18x profit rate would be more suitable.

Question 6: Commercial Scheme Design

The following assumptions have been made in relation to commercial scheme design:

Type	Gross site area Ha	Site coverage	GIA (sq m)
Town centre office	0.10	400%	4,000
Out of town office	0.25	80%	2,000
Small workshop	1.00	50%	5,000
Medium industrial	4.00	50%	20,000
Large industrial	15.00	50%	75,000
Town centre retail	0.015	200%	300
Retail warehouse	0.44	45%	2,000
Supermarket (small)	0.75	20%	1,500
Cinema	0.70	50%	3,500
Hotel	0.50	70%	3,500
Leisure	5.00	70%	35,000

Do you agree with these assumptions for the purposes of a Local Viability review? ☐ **Yes** ☐ **No** ☐ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

Questionnaire on Viability Assumptions (Local Plan)

South Tyneside Council

Question 1: Residential Scheme Design

The following assumptions have been made in relation to residential scheme design (please note the following will be tested on both a 'greenfield' basis as well as a 'brownfield' model):

Number of dwellings	Dwellings per net Ha	Gross area Ha	Gross to net ratio	Dwelling type and mix	Capacity (sq m per net Ha)
5 houses	30	0.17	100%	60% det 120 sq m / 40% semi 80 sq m	3,120
10 houses	30	0.33	100%	60% det 120 sq m / 40% semi 80 sq m	3,120
30 houses	35	0.95	90%	40% det 110 sq m / 30% semi 75 sq m / 30% terr 70 sq m	3,063
80 houses	35	2.69	85%	40% det 110 sq m / 30% semi 75 sq m / 30% terr 70 sq m	3,063
125 houses	35	3.57	80%	40% det 110 sq m / 30% semi 75 sq m / 30% terr 70 sq m	3,063
40 retirement flats	100	0.57	70%	100% apartments 65 sq m	6,500
100 apartments	400	0.25	100%	100% apartments 60 sq m	24,000

Do you agree with these assumptions for the purposes of a Local Viability review? ☐ **Yes** ☒ **No** ☐ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

The gross to net ratios for 80 houses and 125 houses appear to be too high. At this scale of development, sites are often required to accommodate items such as sustainable urban drainage infrastructure (e.g. swales and ponds), public open space and strategic planting on-site. In the future they will also be required to accommodate 10% Biodiversity Net Gain. These items often reduce the net developable area of a site below 80%.
We would question the assumption that a 100 apartment scheme would have a 100% gross to net ratio given the expectation for at least an element of open space, car parking and other ancillary uses.

With regard to the dwellings per net Ha this is clearly an approximate figure, however it will need to be reviewed further once there is clarity on the Council's approach to Nationally Described Space Standards and Building Regulations M4(2) and M4(3). All of these requirements are likely to decrease the overall dwellings per hectare figure as they increase the overall size of new build homes.

From a design perspective we consider the assumption of 30% terraced units to be too high. In our experience in the region Local Planning Authorities dissuade applicants from providing a number of consecutive on-street parking spaces and as a result this reduces the amount of terraced units across a site.

The Environment Bill is expected to introduce a requirement for new development to deliver a biodiversity net gain of at least 10%. Where feasible this will be delivered on-site and is likely to further reduce the gross-net ratio for new build homes. We would ask how this legal requirement has been factored into the assumptions stated above?

We would also like clarity on precisely what has been included in the Council's definition of 'net developable' area as this often varies from organisation to organisation.

Question 2: Residential Values

The following assumptions have been made in relation to residential revenue:

Area	Detached 110-120 sq m £ per sq m	Semi 75 – 85 sq m £ per sq m	Terrace 70 sq m £ per sq m	Social Rent % of MV	Affordable Rent % of MV	Intermediate % of MV	Discounted Market Sale / First Homes % of MV
Cleadon	£3,500	£3,250	£3,200	30%	40%	60%	70%
East Boldon/Whitburn	£2,800	£2,600	£2,550	40%	50%	65%	70%
West Boldon/Boldon Colliery/Hebburn	£2,400	£2,350	£2,300	40%	50%	65%	70%
South Shields/Jarrow	£2,100	£2,050	£2,000	40%	50%	65%	70%
'Low cost' specialist	£2,000	£1,850	£1,800	50%	60%	70%	70%

Do you agree with these assumptions for the purposes of a Local Plan viability review? ☐ **Yes** ☐ **No** ☒ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

Barratt David Wilson (BDW) has extensive experience of development within South Tyneside, in recent years through our developments at Bedewell Court and the Maples.

In our view the Hebburn area, whilst an attractive market for many, is not in the same value bracket as West Boldon and Boldon Colliery. Hebburn has been the focus of new development in South Shields over recent years and the influx of new homes has supported a strong housing market in this part of the borough. However the strength of Hebburn's housing market has been supported by the lack of new build delivery in areas such as West Boldon, Boldon Colliery and Cleadon. This lack of delivery has primarily been due to planning constraints given the extent of the Green Belt in the east of South Tyneside.

To provide further clarity for future stages of the Local Plan Viability Assessment we suggest that a plan is provided to define the geographical areas considered to constitute the listed sub-areas.

Question 3: Construction Costs

Plot construction relates to all costs associated with a dwelling, from foundations to all works 'above ground' on the structure of the dwelling. This also includes all site preliminaries, as well as a contractor's overheads. However, it excludes all external works, contingency and abnormal costs. These elements therefore need to be allowed for separately.

The following assumptions have been made in relation to construction costs:

Scheme Type	Land type	Plot cost £ per sq m	Externals % of plot cost	Contingency % of plot / externals	Abnormals £ per net Ha
5 & 10 houses	Greenfield	BCIS Median £1,085	15%	3%	£247,100
30, 80 & 125 houses	Greenfield	BCIS Lower Quartile £964	15%	3%	£247,100
Low cost builder	Greenfield	£800	15%	3%	£247,100
Retirement flats	Greenfield	BCIS median £1,335	10%	3%	£247,100
100 flats	Greenfield	BCIS median £1,214	5%	3%	£247,100
5 & 10 houses	Brownfield	BCIS Median £1,085	15%	5%	£617,750
30, 80 & 125 houses	Brownfield	BCIS Lower Quartile £964	15%	5%	£617,750
Low cost builder	Brownfield	£800	15%	5%	£617,750
Retirement flats	Brownfield	BCIS median £1,335	10%	5%	£617,750
100 flats	Brownfield	BCIS median £1,214	5%	5%	£617,750

Do you agree with these assumptions for the purposes of a Local Plan viability review? ☐ **Yes** ☒ **No** ☐ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

BDW don't consider that the assumptions stated are relevant given the glaring omission of future changes to Building Regulations – namely through Part L enhancements and Future Homes Standards. These future changes are timetabled by the Government and are expected to be introduced in 2022 and 2025 respectively, resulting in significant implications for the majority of new homes delivered throughout the Plan Period. The changes are being introduced on a plot-by-plot basis, which means that sites mid-way through development upon introduction will be required to comply with the new standards from the point of introduction – i.e. sites can't be 'locked in' to previous requirements simply by commencing development.

The Government's projections are for changes to Part L to cost an average of £5,370 per detached, semi and terraced house ('The Future Homes Standard – Regulatory Impact Assessment', issued by MHCLG, 1st October 2019) and it is expected that the cost of complying with the Future Homes Standard will be double this. In addition to the physical costs and supply chain challenges of complying with these regulations (including PV panels, waste water heat recovery systems, mechanical ventilation and underfloor heating) the industry also needs to upskill its workforce (both construction and customer care) to install and maintain the enhanced technologies.

Using the Council's 35 dwellings per net hectare assumption stated in question 1, the assumptions in table 3 underestimate build costs post 2022 (Part L) by £187,950 per hectare and post 2025 (Future Homes Standard) by approximately £375,900.

In the stakeholder presentation with STC this matter was discussed and there was a supposition that some of the cost increase would be covered by an increase in sales revenues. We dispute this claim and would ask that clear evidence is provided to justify this claim if it is to form part of the Council's viability assessment. In our vast experience across the country increased sustainability measures contained within a house (often within the fabric) have a negligible impact on sales revenues.

These is a fundamental miscalculation which jeopardises the deliverability and soundness of the emerging Local Plan. The comments below are made to inform the progression of the Local Plan, however they are all made notwithstanding the above comments.

Plot Cost
The BCIS is a rolling study of build costs and is constantly updated. As such whilst prices are quoted in the above table there should be an acknowledgement that the figure is likely to change and viability work will need to be updated (along with other inputs) as the Plan progresses.

Contingency
The assumptions identify a 2% differential on contingency between brownfield and greenfield. We would ask for this to be further evidenced as in our experience greenfield sites often contain as many items relying on 'contingency' as brownfield. We consider 5% to be an appropriate contingency allowance for both brown and greenfield sites.

Abnormals
Establishing a standardised cost for abnormals is a difficult process given the fact by their very nature they are site-specific. As much as any other area of the viability assessment the abnormal costs should be supported by evidence. In this case we have not been provide with any evidence to support the Council's assumptions of £247,100 and £617,750 per net hectare.
As part of the County Durham Plan Examination in Public the HBF provided evidence of abnormal costs on 15 sites. This research (attached) found that across the 11 greenfield sites abnormals were £459,000 per net hectare and across 4 brownfield sites were £711,000 per hectare. This is clear evidence from a nearby authority that the abnormal assumptions being proposed by STC substantially underestimate abnormal costs.

Question 4: Additional Key Appraisal Assumptions

Additional Key Appraisal Assumptions relate to professional fees, marketing costs, finance costs and developer profit.

The following assumptions have been made in relation to additional key appraisal assumptions:

(i) Professional fees for schemes providing 5 / 10 dwellings at 8% of the plot construction costs / externals. For schemes providing 30, 80 and 125 this is decreased to 6%.

(ii) Marketing / disposal costs for schemes providing 5 / 10 dwellings at 2% of revenue. For schemes providing 30, 80 and 125 this is increased to 3%.

(iii) Finance costs (debit interest) for schemes providing 5 / 10 dwellings at 7%. For schemes providing 30, 80 and 125 this is decreased to 6%.

(iv) Developer Profit. For schemes providing 5 / 10 dwellings a rate of 15% on revenue is applied to the market value dwellings, reduced to 6% for the affordable homes. For schemes providing 30 dwellings this is increased to 17.5% on revenue for market value dwellings and 6% for affordable. For schemes providing 80 / 125 dwellings this is increased to 20% on revenue for market value dwellings and 6% for affordable.

Do you agree with these assumptions for the purposes of a Local Plan viability review? ☐ **Yes** ☒ **No** ☐ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

i) There is no clear rationale as to why larger residential schemes carry a proportionately smaller cost for professional fees. Larger schemes are often more complex, require significantly more technical and planning information and therefore the percentage for both larger and smaller schemes should be consistent, at 8%.

ii) The increase in marketing and disposal costs for larger schemes is agreed with given the need for show homes, show arenas and permanent sales staff on-site.

iv) For larger developments we consider a developer profit of 20% to be appropriate. However 6% for affordable units should only apply to social/affordable rental units and not intermediate products (e.g. discounted market sale and First Homes). On these larger schemes intermediate products are sold by the developer at a specified discount to market value and are subject to occupancy criteria. Therefore the sales risk on these units lies directly with the developer and is comparable to open market units. Intermediate products are required to form 10% of overall quantum of development across the site in line with the NPPF. On this basis developer profit on intermediate products should be 20%.

Question 5: Benchmark Land Value

This is the minimum price that a hypothetical landowner would be willing to release a site for development. The methodology for arriving at a suitable benchmark land value is set out in "Planning Practice Guidance: Viability", which is available online https://www.gov.uk/guidance/viability

The following assumptions have been made in relation to benchmark land value:

- Greenfield existing use value £24,710 per Ha (£10,000 per acre). Premium uplift (in the context of abnormal costs at £247,100 per net Ha) at 15 times the existing use value. Equates to a greenfield benchmark land value of £370,650 per Ha.

- Brownfield (assuming cleared site) existing use value £370,650 per Ha (£150,000 per acre). Premium uplift (in the context of abnormal costs at £617,750 per net Ha) at 20% above the existing use value. Equates to a brownfield benchmark land value of £444,780 per Ha.

Do you agree with these assumptions for the purposes of a Local Plan viability review? ☐ **Yes** ☒ **No** ☐ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

Please refer back to our comments in response to question 3, particularly in relation to abnormal costs. On this basis we do not agree that the proposed benchmark land values are correct as the level of abnormal costs has been substantially underestimated.

We have substantial concerns over the setting of benchmark land values where there are numerous concerns over earlier inputs, for example upcoming legislative changes in the form of Building Regulations and Biodiversity Net Gain which have not been incorporated into the wider assessment.

A major concern over the benchmark land values being proposed is their impact on deliverability. South Tyneside is a highly constrained borough with extensive tracts of Green Belt, numerous ecologically sensitive habitats and a widespread industrial heritage. The emerging Local Plan is likely to identify a number of development sites which are considered sufficient to meet development needs – if these come forward in line with the proposed trajectory then there are no problems with this approach. However experience in the region (for example in North Tyneside, Gateshead and Durham) demonstrates that allocated sites do not always come forward 'on time'. In many authorities there is scope for windfall sites to come forward outside of site allocations, however given the constraints in South Tyneside

this is unlikely to be the case.

Another critical part of establishing a benchmark land value will be liaison with local landowners and their agents. We understand that this consultation forms part of that process and it would be useful to understand the range of consultation with landowners and the feedback provided.

Question 6: Commercial Scheme Design

The following assumptions have been made in relation to commercial scheme design:

Type	Gross site area Ha	Site coverage	GIA (sq m)
Town centre office	0.10	400%	4,000
Out of town office	0.25	80%	2,000
Small workshop	1.00	50%	5,000
Medium industrial	4.00	50%	20,000
Large industrial	15.00	50%	75,000
Town centre retail	0.015	200%	300
Retail warehouse	0.44	45%	2,000
Supermarket (small)	0.75	20%	1,500
Cinema	0.70	50%	3,500
Hotel	0.50	70%	3,500
Leisure	5.00	70%	35,000

Do you agree with these assumptions for the purposes of a Local Viability review? ☐ **Yes** ☐ **No** ☐ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

n/a

HBF/DCC Viability Review

Abnormal Costs – Site Examples

Developer	BDW North East		
Site Name & Location	Burnopfield Cricket Club		
DCC Delivery Area	North West		
Greenfield / Brownfield	Brownfield		
Number of Homes	56		
Site Size – net developable hectare	1.21		
Abnormal Item & Costs	**Total Cost**	**£**	**Measure**
Ground Conditions			
Grouting	£	£	
Below Ground Drainage Attenuation (excluding above ground SUDs)	£	£	
Non-standard Foundations	£ 58,240	£	Deepened foundations to 56no plots
Contamination Remediation	£	£	
Gas Protection	£	£	
Mining Legacy	£	£	
Archaeological Excavations	£	£	
Mines and Minerals	£	£	
Design			
Ground Enabling Works (Cut and Fill)	£	£	
Enhanced Design Specification above BCIS	£	£	
Retaining Walls	£ 140,283	£	432lm of retaining walls ranging from 150mm to 2100mm in height
Demolition / Clearance Works	£ 113,252	£	Demolition and clearance of existing building and materials
Extra Over Road widths (bus routes etc)	£	£	
Cycle Route Provision	£	£	
Permeable Paving	£	£	
Noise mitigation (not plot specific)	£	£	
Ecology and POS Landscaping	£	£	
Utilities			
Drainage Infrastructure – SUDS/tanking/oversized pipes	£	£	
Surface and Foul Water Diversions	£	£	
Offsite Sewage Upgrades	£	£	
Offsite Utility Upgrades	£	£	

Substations	£	£	
Electrical Diversions	£	£	
Other	£	£	
Temporary Haul Routes	£	£	
Off-site Highway Works	£ 92,267	£	Upgrade of existing site entrance estate road, including additional drainage required
Road Capping Layers	£ 19,402	£	350mm capping layer to 1,373m2 of road
Road & Footpath Finishes (e/o)	£	£	
TOTAL	£ 423,444	[redacted]	
Abnormals net developable per acre	£ 141,620.07		
Abnormal cost per net developable hectare	£ 349,953.72		

HBF/DCC Viability Review

Abnormal Costs – Site Examples

Developer	BDW North East		
Site Name & Location	Mount Oswald 2A, Durham City		
DCC Delivery Area	Durham City		
Greenfield / Brownfield	Greenfield		
Number of Homes	105		
Site Size – net developable hectare	3.20		
Abnormal Item & Costs	**Total Cost**	**£**	**Measure**
Ground Conditions			
Grouting	£	£	
Below Ground Drainage Attenuation (excluding above ground SUDs)	£	£	
Non-standard Foundations	£ 186,039	£	Additional foundation depths to 105 plots and B&B floors to 30 plots
Contamination Remediation	£	£	
Gas Protection	£	£	
Mining Legacy	£	£	
Archaeological Excavations	£	£	
Mines and Minerals	£	£	
Design			
Ground Enabling Works (Cut and Fill)	£	£	
Enhanced Design Specification above BCIS	£	£	
Retaining Walls	£	£	
Demolition / Clearance Works	£	£	
Extra Over Road widths (bus routes etc)	£	£	
Cycle Route Provision	£	£	
Permeable Paving	£	£	
Noise mitigation (not plot specific)	£ 143,598	£	Noise mitigation measures to 11no plots
Ecology and POS Landscaping	£ 23,422	£	Landscaping to POS
Utilities			
Drainage Infrastructure – SUDS/tanking/oversized pipes	£ 269,745	£	367lm of 1500mm dia pipes
Surface and Foul Water Diversions	£	£	
Offsite Sewage Upgrades	£	£	
Offsite Utility Upgrades	£ 35,438	£	Off-site gas main
Substations	£	£	

Electrical Diversions	£	£	
Other	£	£	
Temporary Haul Routes	£	£	
Off-site Highway Works	£	£	
Road Capping Layers	£ 167,055	£	600mm deep capping layer to 4,451m2 of road
Road & Footpath Finishes (e/o)	£ 137,174	£	1,810m2 of block paving to adoptable roads, 1,768lm of Charnwood kerbs to footpaths plus additional commuted sum for adoption from DCC
TOTAL	£ 962,471		
Abnormals net developable per acre	£ 188,720		
Abnormal cost per net developable hectare	£ 300,772		

*Excludes highways infrastructure serving the development cell and Section 106 costs

HBF/DCC Viability Review

Abnormal Costs – Site Examples

Developer	BDW North East		
Site Name & Location	Bogma Hall Farm, Coxhoe		
DCC Delivery Area	Central		
Greenfield / Brownfield	Greenfield		
Number of Homes	151		
Site Size – net developable hectare	4.29		
Abnormal Item & Costs	**Total Cost**	**£**	**Measure**
Ground Conditions			
Grouting	£	£	
Below Ground Drainage Attenuation (excluding above ground SUDs)	£	£	
Non-standard Foundations	£ 181,926	£	Deep trench fill foundation and B&B floors
Contamination Remediation	£	£	
Gas Protection	£	£	
Mining Legacy	£	£	
Archaeological Excavations	£	£	
Mines and Minerals	£	£	
Design			
Ground Enabling Works (Cut and Fill)	£	£	
Enhanced Design Specification above BCIS	£	£	
Retaining Walls	£ 270,264	£	846lm of retaining walls ranging from flag on edge to 2.1m in height
Demolition / Clearance Works	£	£	
Extra Over Road widths (bus routes etc)	£	£	
Cycle Route Provision	£	£	
Permeable Paving	£	£	
Noise mitigation (not plot specific)	£ 9,726	£	Enhanced glazing to 38no plots
Ecology and POS Landscaping	£ 68,618	£	Lanscaping to on-site POS areas and fees associated with MANCO

Utilities			
Drainage Infrastructure – SUDS/tanking/oversized pipes	£ 282,686	£	221lm of box culverts and oversized pipes
Surface and Foul Water Diversions	£	£	
Offsite Sewage Upgrades	£	£	
Offsite Utility Upgrades	£ 53,118	£	Off-site gas and electric re-inforcement
Substations	£	£	
Gas Diversions	£ 27,414	£	Gas diversion
Other	£	£	
Temporary Haul Routes	£	£	
Off-site Highway Works	£ 210,000	£	S278 works
Road Capping Layers	£ 124,684	£	600mm capping layer to 1,000m2 of road and 270mm capping to 6,236m2 of road
Others (add rows)	£	£	
TOTAL	£ 1,228,436	[redacted]	
Abnormals net developable per acre	£ 115,890.19		
Abnormal cost per net developable hectare	£286,348.72		

HBF/DCC Viability Review

Abnormal Costs – Site Examples

Developer	Bellway Homes		
Site Name & Location	Dalton Heights, Seaham		
DCC Delivery Area	North East		
Greenfield / Brownfield	Greenfield		
Number of Homes	75		
Site Size – net developable hectare	2.48ha (6.14 acres)		
Abnormal Item & Costs	**Total Cost**	**£**	**Measure**
Ground Conditions			
Grouting	£		
Below Ground Drainage Attenuation (excluding above ground SUDs)	£	-	
Non-standard Foundations	£789,960	-	Stiffened raft foundation to all 75 plots and additional underbuild to same
Contamination Remediation	£	-	
Gas Protection	£	-	
Mining Legacy	£	-	
Archaeological Excavations	£52,911	-	Surveys, trenching, analysis including on-site welfare, plant and equipment
Mines and Minerals	£	-	
Design	£	-	
Ground Enabling Works (Cut and Fill)	£121,102	-	Cutting/ filling and carting of surplus material to contour site allowing construction of roads, footpaths, retaining walls, gardens, paths and drives.
Enhanced Design Specification above BCIS	£	-	
Retaining Walls	£283,596	-	611m of retaining walls up to 2400mm high
Demolition / Clearance Works	£	-	
Extra Over Road widths (bus routes etc)	£	-	
Single Sided Roads	£	-	
Garage Courts	£	-	
Cycle Route Provision	£	-	
Permeable Paving	£	-	
Noise mitigation (not plot specific)	£9,600	-	64lm acoustic fencing upgrading to boundary
Ecology and POS Landscaping	£238,919	-	Landscaping to PoS and equipped play area including paths, planting and maintenance, equipped play area includes for equipment, safety flooring and fencing
Utilities	£	-	

Drainage Infrastructure – SUDS/tanking/oversized pipes	£119,145	Strom water attenuation, Suds basin & swales, Works to improve existing water course. Includes in pipe storage, 104m @ 375mm dia, hydro brake, 2100mm Flow control chamber and disposal of excess arising's. Suds basin with 2nr headwalls and 5nr swales with 2nr headwalls Cleaning out of existing culvert downstream of our storm outlet
Surface and Foul Water Diversions	£	-
Offsite Sewage Upgrades	£	-
Offsite Sewes	£35,000	- Directional drilling of offsite sewer; 73m crossing a highway and through an estate road with restricted access
Offsite Utility Upgrades	£11,093	- Extending of network to service this site
Substations	£27,500	- Provision of 1nr substation
Electrical Diversions	£	-
Other	£	-
Temporary Haul Routes	£	-
Off-site Highway Works	£52,680	- White lining, signage, extending footpath and an agricultural access
Reinforcement of road areas (geogrid)	£	-
Capping to roads incl. e/o dig & capping and disposal	£46,222	- 275mm capping of extra stone
Others (add rows)	£	-
TOTAL	£1,787,728	[redacted]
Abnormals net developable per acre	£291,161	
Abnormal cost per net developable hectare	£720,858	

HBF/DCC Viability Review

Abnormal Costs – Site Examples

Developer	Bellway Homes		
Site Name & Location	Mount Oswald; Durham		
DCC Delivery Area	Central		
Greenfield / Brownfield	Greenfield		
Number of Homes	54		
Site Size – net developable hectare	2.93ha (7.24 acres)		
Abnormal Item & Costs	**Total Cost**	**£**	**Measure**
Ground Conditions			
Grouting	£		
Below Ground Drainage Attenuation (excluding above ground SUDs)	£53,175	- E/O cost for oversized pipes; 375m & 450mm diam. - Off-site FW sewers; e/o for constructing in carriageway, new mh and reinstatement of haul road	
Non-standard Foundations	£231,850	- Extra depth foundations - Carting away of 813m3 of additional material associated with the above - Raft foundations to plots 18 & 19 - Raised floor levels/ exposed bwk - Additional underbuild - Block and beam floors	
Contamination Remediation	£		
Gas Protection	£		
Mining Legacy	£		
Archaeological Excavations	£	-	
Mines and Minerals	£	-	
Design			
Ground Enabling Works (Cut and Fill)	£25,000	- Cut/ Filling to contours to allow construction of roads, footpaths, retaining walls, gardens	
Enhanced Design Specification above BCIS	£303,695	- Enhancement to standard	
Retaining Walls	£14,948	- Independent retaining walls; 238lm - Carting away of cut material associated with the above.	
Demolition / Clearance Works	£5,000	- Removal of localised hot spot	
Extra Over Road widths (bus routes etc)	£		

Single Sided Roads	£17,400	- Section from entrance of development; right hand side no development
Garage Courts	£	
Cycle Route Provision	£	
Permeable Paving	£	
Noise mitigation (not plot specific)	£20,336	- Acoustic fence to Western boundary
Ecology and POS Landscaping	£151,428	- - - - Tree removal & Capital works to tree belt on Western Boundary - Tree protection works - Bat box provision - POS forming, landscaping, maintenance
Utilities		
Drainage Infrastructure – SUDS/tanking/oversized pipes	£	
Surface and Foul Water Diversions	£	
Offsite Sewage Upgrades	£	-
Offsite Utility Upgrades	£	-
Substations	£	-
Electrical Diversions	£1,977	- Bt diversion
Other	£	
Temporary Haul Routes	£18,988	- Construction accessto mitigate disruption to existing residents
Off-site Highway Works	£	-
Reinforcement of road areas (geogrid)	£17,400	-
Capping to roads incl. e/o dig & capping and disposal	£97,872	-
Others (add rows)	£	
TOTAL	£959,069	
Abnormals net developable per acre	£132,468	
Abnormal cost per net developable hectare	£327,327	

HBF/DCC Viability Review

Abnormal Costs – Site Examples

Developer	Miller Homes	
Site Name & Location	The Oaklands, School Aycliffe	
DCC Delivery Area	South	
Greenfield / Brownfield	Greenfield	
Number of Homes	101	
Site Size – net developable hectare	2.55ha - 6.30ac	
Abnormal Item & Costs	**Total Cost**	**Measure**
Ground Conditions		
Grouting	See below	- Part of non-standard founds
Below Ground Drainage Attenuation (excluding above ground SUDs)	£	
Non-standard Foundations	£59,797	- Claymaster - 900mm underbuild - 1.5m trenchfill – 7no plots
Contamination Remediation	£	£
Gas Protection	£	£
Mining Legacy	£	£
Archaeological Excavations	£	£
Mines and Minerals	£	£
Design		
Ground Enabling Works (Cut and Fill)	£138,603	- Cut and Fill
Enhanced Design Specification above BCIS	£130,800	- 34no plot acoustics - Elevational treatments
Retaining Walls	£198,590	- Retaining Walls
Demolition / Clearance Works	£	
Extra Over Road widths (bus routes etc)	£	£
Single Sided Roads	£	£
Garage Courts	£	£
Cycle Route Provision	£	£
Permeable Paving	£	£
Noise mitigation (not plot specific)	£	£
Ecology and POS Landscaping	£60,850	- Tree/Hedge removal - Tree Protection - Landscaping to POS
Utilities		
Drainage Infrastructure – SUDS/tanking/oversized pipes	£	-
Surface and Foul Water Diversions	£	-
Offsite Sewage Upgrades	£	-
Offsite Utility Upgrades	£2,000	- Gas
Substations	£30,000	- Substation
Electrical Diversions	£20,000	- Diversion Works
Other		
Temporary Haul Routes	£	£

Play Area	£50,000	- Play Area
Entrance Feature	£10,000	- Entrance Feature
		-
TOTAL	£700,640	[redacted]
Abnormals net developable per acre	£111,213	
Abnormal cost per net developable hectare	£274,807	

Please note there is no contingency allowed for in these figures

HBF/DCC Viability Review

Abnormal Costs – Site Examples

Developer	Persimmon Homes		
Site Name & Location	Eldon Whins, Newton Aycliffe		
DCC Delivery Area	South		
Greenfield / Brownfield	Greenfield		
Number of Homes	72		
Site Size – net developable hectare	1.7ha (4.21 acres)		
Abnormal Item & Costs	**Total Cost**	**£**	**Measure**
Ground Conditions			
Grouting	£		
Below Ground Drainage Attenuation (excluding above ground SUDs)	£124,600	- 12m 600mm pipe - Culvert under road - Hydrobreak - 270m Offsite foul drainage upgrade and associated traffic management - 4no. Manholes	
Non-standard Foundations	£153,515	- Extra depth foundations to 35no units ranging from 1.2m-2.5m additional depth - Carting of 735m3 of additional material associated with the above - 1 layer mesh to all 72 units - Raised floor levels to 12no. units - Block and beam floors to 30no. units	
Contamination Remediation	£		
Gas Protection	£		
Mining Legacy	£		
Archaeological Excavations	£9,245	- Archaeological Trial trenching cost covering attendance by Archaeologists, plant and welfare.	
Mines and Minerals	£10,000	- Mines and Minerals insurance premium	
Design			
Ground Enabling Works (Cut and Fill)	£		
Enhanced Design Specification above BCIS	£		
Retaining Walls	£45,540	- 330m of retaining walls up to 500mm - Carting away of 660m3 of cut material associated with the above.	

Demolition / Clearance Works	£	
Extra Over Road widths (bus routes etc)	£	
Single Sided Roads	£	
Garage Courts	£	
Cycle Route Provision	£	
Permeable Paving	£	
Noise mitigation (not plot specific)	£	
Ecology and POS Landscaping	£56,558	- Vegitation clearance, erection of Newt Fence and Traps and 30 days of GCN trapping attendance. - Enhancments to Cobblers Hall Plantation - Bird and Bat box provision - Sky Lark Plot creation - Pre –commencement Badger Survey - 10m structural planting strip
Utilities		
Drainage Infrastructure – SUDS/tanking/oversized pipes	£	
Surface and Foul Water Diversions	£	
Offsite Sewage Upgrades	£50,000	- Payment to 3rd party for proportional cost of shared offsite drainage upgrade
Offsite Utility Upgrades	£239,669	- Cost to service the site with utilities
Substations	£25,000	- Provision of 1no substation on site.
Electrical Diversions	£	
Other	£	
Temporary Haul Routes	£	
Off-site Highway Works	£397,565	- Construction of Roundabout and associated 278 works including footpath extensions/upgrades, Bus stop shelter upgrades.
Others (add rows)	£	
TOTAL	£1,111,692	[redacted]
Abnormals net developable per acre	£264,059	
Abnormal cost per net developable hectare	£653,936	

HBF/DCC Viability Review

Abnormal Costs – Site Examples

Developer	Charles Church / Persimmon Homes		
Site Name & Location	Easington Greyhound Stadium		
DCC Delivery Area	East		
Greenfield / Brownfield	Brownfield		
Number of Homes	47		
Site Size – net developable hectare	1.48ha (net) – 3.67 acre (net)		
Abnormal Item & Costs	**Total Cost**	**£**	**Measure**
Ground Conditions			
Grouting	£		
Below Ground Drainage Attenuation (excluding above ground SUDs)	£46,015	- Form 10m3 Carlow Tank and cart of related material - 120m up sized 1200mm pipe	
Non-standard Foundations	£291,691	- Deepened foundations to 38no. plots ranging from additional 1.2-2.5m depth. - Vibro piling to 9no plots - Pile Mat - Deepened foundations to 9no garages. - Two layer mesh reinforcements to 9 no units - CS2 Rhino Plast to 47no. units - Extra over cost of block and beam floor to 47no units - Screeding to 47no. units.	
Contamination Remediation	£53,987	- Extra over cost to remove non hazardous material from roan and foundations. - 275mm capping to rads - 600mm clean cap to gardens - Remediation Strategy and Validation certificate cost.	
Gas Protection	£		
Mining Legacy	£		
Archaeological Excavations	£5,804	- Photographic Recording of the Former Greyhound Stadium and Trial Trenching across the site.	
Mines and Minerals	£4,256	- Mines and Minerals Insurance	
Design			
Ground Enabling Works (Cut and Fill)	£		
Enhanced Design Specification above BCIS	£		
Retaining Walls	£103,156	- 574m of retaining walls ranging from 300mm-900mm	

		- 16no steps and ramps associated with retaining walls to facilitate access. - 758m3 of cut and fill associated with the above and cart of extra resultant material.
Demolition / Clearance Works	£65,429	- Demolition of existing Greyhound Stadium building and outbuildings - Associated Asbestos removal.
Extra Over Road widths (bus routes etc)	£	
Single Sided Roads	£	
Garage Courts	£	
Cycle Route Provision	£	
Permeable Paving	£23,500	- Permeable paving provided to all properties 47no. drives/ parking spaces
Noise mitigation (not plot specific)	£	
Ecology and POS Landscaping	£	
Utilities		
Drainage Infrastructure – SUDS/tanking/oversized pipes	£218,372	- Pumping Station onsite
Surface and Foul Water Diversions	£	
Offsite Sewage Upgrades	£310,183	- Offsite SW drain 171m with Manhole - Rising Main
Offsite Utility Upgrades	£13,949	- Gas and Electric connections to site
Substations	£	
Electrical & BT Diversions	£55,000	- Diversion of existing electrical and BT infrastructure
Other	£	
Temporary Access	£1,404	- Temporary Access to allow retained onsite bungalow continued access until new road in place.
Off-site Highway Works	£46,363	- Off site highway work required entailing Bus stop upgrades and TRO to reduce speed limit with associated new signage, white lining surface dressing and dragons teeth gateway markings.
Temporary Electrical supply	£7,880	- Generator rental cost and fuel to power retained onsite bungalow until new electrical infrastructure through site in place.
3rd Party Land – Easement Drainage	£20,000	- Cost of agreeing and compensating 3rd party land

		owner in relation to Deed of Easement to drain site across adjacent farm land.
NGN connection	£3,702	- NGN connection
TOTAL	£1,270,691	[redacted]
Abnormals net developable per acre	£346,237	
Abnormal cost per net developable hectare	£858,575	

HBF/DCC Viability Review

Abnormal Costs – Site Examples

Developer	Persimmon Homes	
Site Name & Location	Aykley Heads, Durham City	
DCC Delivery Area	Central	
Greenfield / Brownfield	Brownfield	
Number of Homes	206	
Site Size – net developable hectare	5.25 ha (net) / 12.97 acres (net)	
Abnormal Item & Costs	**Total Cost**	
Ground Conditions		
Grouting	£	
Below Ground Drainage Attenuation (excluding above ground SUDs)	£3,600	- Extra over drainage to shared Access
Non-standard Foundations	£705,309	- Vibro piling to proportion of dwellings - Load piling Rig 4no visits - Extra over costs forTrench fill foundations extra over width / double ring beam / suspended slabs to 181 houses, 72 garages and 12 apartments - Extra over costs for block and beam flooring to 40 units.
Contamination Remediation	£130,000	- Cart away of contaminates
Gas Protection	£20,000	- 40no units requiring gas protections measures
Mining Legacy	£	
Archaeological Excavations	£	
Mines and Minerals	£	
Design		
Ground Enabling Works (Cut and Fill)	£	
Enhanced Design Specification above BCIS	£483,789	- Additional costs for enhanced design due to sites Durham City location and expectations of LPA for Design; covers extra over costs to achieve enhanced specification including for balconies and enhanced; Brickwork, Glazing Metal work, Deck and Joinery.
Retaining Walls	£101,350	- 280m Crib walling sub 1m - 310m of gabion baskets ranging from 1m-2m heights.
Demolition / Clearance Works	£1,274,748	- Tree Removal

		- Excess aggregates from demolition retrieved and crushed - Water usage for demolition - Demolition and clearance of all structures including foundations, hardstanding, removal of contaminates and crushing of materials associated with former Police HQ buildings and site.
Extra Over Road widths (bus routes etc)	£	
Single Sided Roads	£	
Garage Courts	£	
Cycle Route Provision	£	
Permeable Paving	£	
Noise mitigation (not plot specific)	£	
Ecology and POS Landscaping	£74,088	- GCN and Bat Natural England Licence - GCN Newt Trapping ecology attendance and cost of purchase and installation of Newt fencing and traps. - Making good surrounding Landscape / Tree belt areas
Utilities		
Drainage Infrastructure – SUDS/tanking/oversized pipes	£	
Surface and Foul Water Diversions	£	
Offsite Sewage Upgrades	£2,310	- Offsite Sewer requisition
Offsite Utility Upgrades	£	
Substations	£	
Electrical Diversions	£	
Other	£	
Temporary Haul Routes	£	
Off-site Highway Works	£10,000	- Improvements to former Police HQ site entrance.
Earth moving and topsoil	£293,325	- Spoil movements on site - Importation of clay 450mm fill per plot - Importation of topsoil 150mm fill per plot - Allowance for additional topsoil where levels require making up.
TOTAL	£3,098,519	
Abnormals net developable per acre	£238,898	
Abnormal cost per net developable hectare	£590,194	

HBF/DCC Viability Review

Abnormal Costs – Site Examples

Developer	Persimmon Homes	
Site Name & Location	West House Farm, Sacriston	
Greenfield - Brownfield	Greenfield	
DCC Delivery Area	North	
Number of Homes	200	
Site Size – net developable hectare	5.46 ha (13.52 acres)	
Abnormal Item & Costs	**Total Cost**	
Ground Conditions		
Grouting	£750,000	- Cost to remediate coal mining legacy of across whole site
Below Ground Drainage Attenuation (excluding above ground SUDs)	£67,753	- 10no manholes - Pipe to existing culvert and new manhole - 163mc excavation and construct filter strip - Offsite 225mm pipe and offsite 225mm pipe in road at 5.85m depth.
Non-standard Foundations	£907,664	- 24no units Deepened foundations due to hedge/treeline - 53 units Deepened foundations due to levels - Extra over cost of reinforced slab - Vibro foundations to 200no. plots - Pot and Beam slab to 200no units
Contamination Remediation	£	
Gas Protection	£240,000	- Gas protection and screed to 200no. units
Mining Legacy	£	
Archaeological Excavations	£	
Mines and Minerals	£28,000	- Mines and Minerals insurance premium
Design		
Ground Enabling Works (Cut and Fill)	£58,014	- Cut and Fill associated with retaining walls listed below
Enhanced Design Specification above BCIS	£	
Retaining Walls	£497,199	- 333m of 1.5-2m Brick and concrete reinforcement retaining walls

		- 1,280m of brick retaining walls ranging from 450mm-900mm - 893m of 300mm flag on end retaining structures
Demolition / Clearance Works	£12,400	- Tree clearance and grubbing up of roots
Extra Over Road widths (bus routes etc)	£	
Single Sided Roads	£	
Garage Courts	£	
Cycle Route Provision	£	
Permeable Paving	£	
Noise mitigation (not plot specific)	£	
Ecology and POS Landscaping	£61,220	- Creation of 3 acre Habitat mitigation area - Footpath connection to Habitat mitigation area - Repairing of existing track / path - 10m wide buffer scrub planting
Utilities		
Drainage Infrastructure – SUDS/tanking/oversized pipes	£	
Surface and Foul Water Diversions	£	
Offsite Sewage Upgrades	£	
Offsite Utility Upgrades	£65,703	- Gas and Electric supply to site
Substations	£20,000	- Construction of 1no. substation
Electrical Diversions	£	
Other	£	
Temporary Haul Routes	£	
Off-site Highway Works	£74,950	- Construct footpath to front of site and associated kerbing, repositioning of street lights and relocation of bus stop. - Crossing Island and road widening to facilitate - S278 offsite public footpath creation.
Road Closure / Traffic Management	£7,500	- Traffic management to facilitate offsite drainage improvements.
TOTAL	£2,790,403	[redacted]
Abnormals net developable per acre	£206,390	
Abnormal cost per net developable hectare	£511,062	

HBF/DCC Viability Review

Abnormal Costs – Site Examples

Developer	Persimmon Homes	
Site Name & Location	Whinney Hill, Durham City	
DCC Delivery Area	Central	
Greenfield / Brownfield	Brownfield	
Number of Homes	75	
Site Size – net developable hectare	1.47 ha (net) – 3.65 acre (net)	
Abnormal Item & Costs	**Total Cost**	**Measure**
Ground Conditions		
Grouting	£	£
Below Ground Drainage Attenuation (excluding above ground SUDs)	£151,003	- Form Attenuation Tank - Cart Away material - 160m of 1200mm/225mm pipe - 10no. Manholes - 1no Hydrobrake - Connection to existing network
Non-standard Foundations	£418,066	- 594m3 additional depth - 61 no. Plot and Beam flooring - Piling to apartment blocks - Piling to 4no. dwellings - Pile mat - Extra Over cost of Split Level foundations to 31no. dwellings
Contamination Remediation	£77,500	- Remediation Strategy - Remediation Management - Removal of contaminate - Japanese knotweed treatment
Gas Protection	£	£
Mining Legacy	£	£
Archaeological Excavations	£	£
Mines and Minerals	£	£
Design		
Ground Enabling Works (Cut and Fill)	£630,304	- Full site regrade and carting of surplus material. - Cutting / filling and carting of surplus material to form roads, footpaths, retaining walls, Gardens, paths, drives.
Enhanced Design Specification above BCIS	£	£
Retaining Walls	£176,207	- 470m of retaining walls ranging from 450mm – 750mm

		- 318m of crib walls ranging from 1m-2.5m - Forming steps in retaining walls.
Demolition / Clearance Works	£86,000	- Demolition of former school building - Type 2 and Type 3 Asbestos Survey - Removal of Coal Tar
Extra Over Road widths (bus routes etc)	£	£
Single Sided Roads	£	£
Garage Courts	£	£
Cycle Route Provision	£	£
Permeable Paving	£	£
Noise mitigation (not plot specific)	£	£
Ecology and POS Landscaping	£	£
Utilities		
Drainage Infrastructure – SUDS/tanking/oversized pipes	£	£
Surface and Foul Water Diversions	£	£
Offsite Sewage Upgrades	£	£
Offsite Utility Upgrades	£	£
Substations	£	£
Electrical Diversions	£	£
Other	£	
Temporary Haul Routes	£	£
Off-site Highway Works	£	£
		-
TOTAL	£1,539,080	[redacted]
Abnormals net developable per acre	£421,665	
Abnormal cost per net developable hectare	£1,046,993	

HBF/DCC Viability Review

Abnormal Costs – Site Examples

Developer	Taylor Wimpey North East	
Site Name	Middlewood Moor, Usher Moor	
DCC Delivery Area	Central Durham	
Greenfield / Brownfield	Greenfield	
Number of Homes	167	
Site Size – net developable hectare	5.37	
Abnormal Item & Costs	**Total Cost**	**Measure**
Ground Conditions		
Grouting	£0	
Below Ground Drainage Attenuation (excluding above ground SUDs)	£0	
Non-standard Foundations	£548,218	-Average depth across the site 0.85m above standard. - 5,678m3 of additional spoil to be disposed off site. -51no plots to be suspended slab. -70no plots to be block and beam.
Contamination Remediation	£10,000	-Contamination hotspot identified within the SI. Provision to remove.
Gas Protection	£0	
Mining Legacy	£0	
Archaeological Excavations	£10,000	-Trial trenching required as per estimate from consultant.
Mines and Minerals	£0	
Design		
Ground Enabling Works (Cut and Fill)	£320,182	-Nett cut of 20,389m3. - 12,514m3 to remain on site, 7,875m3 to be taken off site.
Enhanced Design Specification above BCIS	£0	
Retaining Walls	£810,681	-2,515m of retaining walls ranging from 0.3m to 1.6m.
Demolition / Clearance Works	£49,230	-Demolition of existing allotments and small holdings as per quote.
Extra Over Road widths (bus routes etc)	£0	
Single Sided Roads	£0	
Garage Courts	£0	
Cycle Route Provision	£5,000	-Provision required from Local Authority.
Permeable Paving	£0	
Noise mitigation (not plot specific)	£0	
Ecology and POS Landscaping	£115,500	-Tree removal.

		-Bat and bird box provision, -Japanese knotweed to be removed from site. -Buffer planting strip (£78,500)
Utilities		
Drainage Infrastructure – SUDS/tanking/oversized pipes	£639,068	-227m storm drainage at a depth exceeding 3m. -218m watercourse culvert. -2no hydrobrakes.
Surface and Foul Water Diversions	£50,382	-Diversion works required at the site entrance.
Offsite Sewage Upgrades	£124,925	-375m drainage. -9no manholes. -Reinstate road following completion 1,890m2.
Offsite Utility Upgrades	£0	
Substations	£50,000	-Site requirement for 1no substation.
Electrical Diversions	£	
Other	£0	
Temporary Haul Routes	£150,000	-Site requirement provision.
Off-site Highway Works	£	
Others (add rows)		
Rock	£200,000	-Provision, rock picked up within the SI.
Capping layer	£197,291	-Requirement as per CBR results < 3%.
TOTAL	£3,280,477	[redacted]
Abnormals net developable per acre	£247,218	
Abnormal cost per net developable hectare	£610,890	

HBF/DCC Viability Review

Abnormal Costs – Site Examples

Developer	Taylor Wimpey North East	
Site Name	Eden Drive, Sedgefield	
DCC Delivery Area	South East Durham	
Greenfield / Brownfield	Greenfield	
Number of Homes	197	
Site Size – net developable hectare	7.30	
Abnormal Item & Costs	**Total Cost**	**Measure**
Ground Conditions		
Grouting	£0	
Below Ground Drainage Attenuation (excluding above ground SUDs)	£300,000	-683m3 and 375m3 attenuations cells. Includes additional disposal of spoil generated.
Non-standard Foundations	£539,385	-Average depth across the site 0.5m above standard allowance. -3,940m3 additional spoil to be removed. -Suspended slabs to 120no plots.
Contamination Remediation	£0	
Gas Protection	£0	
Mining Legacy	£0	
Archaeological Excavations	£50,000	-Strip and record required, estimate given by consultant.
Mines and Minerals	£0	
Design		
Ground Enabling Works (Cut and Fill)	£378,783	-1,412m3 cut, 26,510m3 fill, 25,098m3 import requirement. -18,836m3 topsoil excess following site strip.
Enhanced Design Specification above BCIS	£0	
Retaining Walls	£287,037	-128m flag on edge. -548m 0.3m to 0.45m. -520m 0.525m to 1.8m. -Includes for footings.
Demolition / Clearance Works	£0	
Extra Over Road widths (bus routes etc)	£0	
Single Sided Roads	£0	
Garage Courts	£0	
Cycle Route Provision	£0	
Permeable Paving	£0	
Noise mitigation (not plot specific)	£11,100	-23no plots with enhanced glazing.

		-130m acoustic fence to plot boundaries.
Ecology and POS Landscaping	£28,750	-Existing tree/hedgerow protection. -Bat and bird box provision. -Remove/prune existing vegetation in build cells.
Utilities		
Drainage Infrastructure – SUDS/tanking/oversized pipes	£682,377	-647m drainage between 375mm and 1200mm. 22no manholes between 1500mm and 2400mm. -2no hydrobrakes. -3no headwalls. -95m water course culvert. -1,431m3 SUDS pond including access track.
Surface and Foul Water Diversions	£75,000	-Grub up and divert existing land drainage/sewers within the site boundary. Not plotted but know so provision for works.
Offsite Sewage Upgrades	£0	
Offsite Utility Upgrades	£0	
Substations	£50,000	-Requirement for 1no substation on site
Electrical Diversions	£200,000	-Overheads to be grounded through site. Based on estimate from NPG quote on another site.
Other	£0	
Temporary Haul Routes	£100,000	-Site requirement.
Off-site Highway Works	£0	
Others (add rows)	0	
Capping layer	£145,600	-9,334m2 at 0.3m deep due to CBR's of < 3%.
Groundwater	£25,000	-Minimal picked up in the SI, provision.
Gas governor	£35,000	-Requirement for 1no gas governor on site
TOTAL	£2,908,032	[redacted]
Abnormals net developable per acre	£161,211	
Abnormal cost per net developable hectare	£398,361	

HBF/DCC Viability Review

Abnormal Costs – Site Examples

Developer	Taylor Wimpey North East	
Site Name	Pelton Fell	
DCC Delivery Area	North Durham	
Greenfield / Brownfield	Greenfield	
Number of Homes	165	
Site Size – net developable hectare	6.03	
Abnormal Item & Costs	**Total Cost**	**Measure**
Ground Conditions		
Grouting	£0	
Below Ground Drainage Attenuation (excluding above ground SUDs)	£254,388	-Attenuation tanks (640m3 and 320m3) inc disposal of additional generated materal.
Non-standard Foundations	£587,679	-Average depth of founds to 165 plots 0.5m deeper than standard. -3,300m3 of additional material to be disposed off site. -Block and beam floors to all plots.
Contamination Remediation	£25,000	-Provision for the removal of localised lead picked up on the SI
Gas Protection	£0	
Mining Legacy	£0	
Archaeological Excavations	£0	
Mines and Minerals	£0	
Design		
Ground Enabling Works (Cut and Fill)	£389,328	-10,358m3 cut, 13,149m3 fill, 2,741m3 import balance. 15,883m3 topsoil to dispose due to site generated excess.
Enhanced Design Specification above BCIS	£0	
Retaining Walls	£396,285	-598m retaining walls ranging from 0.3m to 0.45m and 762m ranging from 0.6m to 1.7m. -Includes 165m2 of exposed facings.
Demolition / Clearance Works	£0	
Extra Over Road widths (bus routes etc)	£52,500	-6.5m spine road required through site, 525m of additional carriageway.
Single Sided Roads	£0	
Garage Courts	£0	

Cycle Route Provision	£0	
Permeable Paving	£0	
Noise mitigation (not plot specific)	£0	
Ecology and POS Landscaping	£125,000	-Form and landscape 2no new ponds. -Dress and seed 13acres of open space, protect existing trees and hedgerows to perimeter of site. -Bird and at box provision.
Utilities		
Drainage Infrastructure – SUDS/tanking/oversized pipes	£187,635	-266m of drainage ranging from 450mm to 2100mm. -4no SUDS ponds -10no headwalls
Surface and Foul Water Diversions	£121,680	-526m of foul drainage into existing carriageway for POC. -7no manholes to the above. -Re-instate carriageway once complete.
Offsite Sewage Upgrades	£0	
Offsite Utility Upgrades	£0	
Substations	£50,000	-Site requirement for 1no substation
Electrical Diversions	£0	
Other	£0	
Temporary Haul Routes	£100,000	-Provision for site requirement.
Off-site Highway Works	£105,000	-402m2 of new footpath. -650m2 new road construction. -2800m2 plane off and relay existing carriageway. -206m drainage. -5no manholes.
Others (add rows)		
Pumping station	£150,000	-Site requirement for 1no pumping station
Offsite highway works	£480,000	-Provision due to unconfirmed cost of service diversions.
Services protection at site entrance	£40,000	-Site requirement due to services crossing proposed site entrance. Lower/protect 3no existing services.
Gas Governor	£35,000	-Site requirement for 1no gas governor
TOTAL	£3,099,495	[redacted]
Abnormals net developable per acre	£208,020	
Abnormal cost per net developable hectare	£514,012	

Questionnaire on Viability Assumptions (Local Plan)

South Tyneside Council

Question 1: Residential Scheme Design

The following assumptions have been made in relation to residential scheme design (please note the following will be tested on both a 'greenfield' basis as well as a 'brownfield' model):

Number of dwellings	Dwellings per net Ha	Gross area Ha	Gross to net ratio	Dwelling type and mix	Capacity (sq m per net Ha)
5 houses	30	0.17	100%	60% det 120 sq m / 40% semi 80 sq m	3,120
10 houses	30	0.33	100%	60% det 120 sq m / 40% semi 80 sq m	3,120
30 houses	35	0.95	90%	40% det 110 sq m / 30% semi 75 sq m / 30% terr 70 sq m	3,063
80 houses	35	2.69	85%	40% det 110 sq m / 30% semi 75 sq m / 30% terr 70 sq m	3,063
125 houses	35	3.57	80%	40% det 110 sq m / 30% semi 75 sq m / 30% terr 70 sq m	3,063
40 retirement flats	100	0.57	70%	100% apartments 65 sq m	6,500
100 apartments	400	0.25	100%	100% apartments 60 sq m	24,000

Do you agree with these assumptions for the purposes of a Local Viability review? ☐ **Yes** ☐ **No** ☒ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

As per our comments at the session, we would suggest a further scenario is run on 250 houses. We do not believe that site specific viability assessments should be run for housing allocations under 300 dwellings as the level of infrastructure required to support such allocations is likely to be fairly consistent regardless of the site's location across the council area.

Question 2: Residential Values

The following assumptions have been made in relation to residential revenue:

Area	Detached 110-120 sq m £ per sq m	Semi 75 – 85 sq m £ per sq m	Terrace 70 sq m £ per sq m	Social Rent % of MV	Affordable Rent % of MV	Intermediate % of MV	Discounted Market Sale / First Homes % of MV
Cleadon	£3,500	£3,250	£3,200	30%	40%	60%	70%
East Boldon/Whitburn	£2,800	£2,600	£2,550	40%	50%	65%	70%
West Boldon/Boldon Colliery/Hebburn	£2,400	£2,350	£2,300	40%	50%	65%	70%
South Shields/Jarrow	£2,100	£2,050	£2,000	40%	50%	65%	70%
'Low cost' specialist	£2,000	£1,850	£1,800	50%	60%	70%	70%

Do you agree with these assumptions for the purposes of a Local Plan viability review? ☐ **Yes** ☐ **No** ☒ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

In our previous viability response in 2019, we stated that current market evidence suggested an average price of £205 per square feet or £2,207 per square metre in Whitburn. This was based on median house prices for Whitburn of £136,500 with an uplift of 15% for new build and premium giving a range of £159k-£196k. We acknowledge that house prices have increased over the past 18 months but £2,800 per square metre does seem high for Whitburn for detached properties and we would suggest the Whitburn revenues are reduced slightly.

We note the discussion on Whitburn at the workshop. We do believe there is a clear difference in land values between Cleadon and the next tier of settlements including Whitburn and East Boldon. We would be concerned if Whitburn was categorised in the same values as Cleadon as this doesn't reflect market evidence of sales values in the two villages.

Question 3: Construction Costs

Plot construction relates to all costs associated with a dwelling, from foundations to all works 'above ground' on the structure of the dwelling. This also includes all site preliminaries, as well as a contractor's overheads. However, it excludes all external works, contingency and abnormal costs. These elements therefore need to be allowed for separately.

The following assumptions have been made in relation to construction costs:

Scheme Type	Land type	Plot cost £ per sq m	Externals % of plot cost	Contingency % of plot / externals	Abnormals £ per net Ha
5 & 10 houses	Greenfield	BCIS Median £1,085	15%	3%	£247,100
30, 80 & 125 houses	Greenfield	BCIS Lower Quartile £964	15%	3%	£247,100
Low cost builder	Greenfield	£800	15%	3%	£247,100
Retirement flats	Greenfield	BCIS median £1,335	10%	3%	£247,100
100 flats	Greenfield	BCIS median £1,214	5%	3%	£247,100
5 & 10 houses	Brownfield	BCIS Median £1,085	15%	5%	£617,750
30, 80 & 125 houses	Brownfield	BCIS Lower Quartile £964	15%	5%	£617,750
Low cost builder	Brownfield	£800	15%	5%	£617,750
Retirement flats	Brownfield	BCIS median £1,335	10%	5%	£617,750
100 flats	Brownfield	BCIS median £1,214	5%	5%	£617,750

Do you agree with these assumptions for the purposes of a Local Plan viability review? ☒ **Yes** ☐ **No** ☐ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

Question 4: Additional Key Appraisal Assumptions

Additional Key Appraisal Assumptions relate to professional fees, marketing costs, finance costs and developer profit.

The following assumptions have been made in relation to additional key appraisal assumptions:

(i) Professional fees for schemes providing 5 / 10 dwellings at 8% of the plot construction costs / externals. For schemes providing 30, 80 and 125 this is decreased to 6%.

(ii) Marketing / disposal costs for schemes providing 5 / 10 dwellings at 2% of revenue. For schemes providing 30, 80 and 125 this is increased to 3%.

(iii) Finance costs (debit interest) for schemes providing 5 / 10 dwellings at 7%. For schemes providing 30, 80 and 125 this is decreased to 6%.

(iv) Developer Profit. For schemes providing 5 / 10 dwellings a rate of 15% on revenue is applied to the market value dwellings, reduced to 6% for the affordable homes. For schemes providing 30 dwellings this is increased to 17.5% on revenue for market value dwellings and 6% for affordable. For schemes providing 80 / 125 dwellings this is increased to 20% on revenue for market value dwellings and 6% for affordable.

Do you agree with these assumptions for the purposes of a Local Plan viability review? ☐ **Yes** ☐ **No** ☒ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

We broadly agree with the assumptions. We still consider professional fees of 8% for all size sites is realistic rather than 6%.

Question 5: Benchmark Land Value

This is the minimum price that a hypothetical landowner would be willing to release a site for development. The methodology for arriving at a suitable benchmark land value is set out in "Planning Practice Guidance: Viability", which is available online https://www.gov.uk/guidance/viability

The following assumptions have been made in relation to benchmark land value:

- Greenfield existing use value £24,710 per Ha (£10,000 per acre). Premium uplift (in the context of abnormal costs at £247,100 per net Ha) at 15 times the existing use value. Equates to a greenfield benchmark land value of £370,650 per Ha.

- Brownfield (assuming cleared site) existing use value £370,650 per Ha (£150,000 per acre). Premium uplift (in the context of abnormal costs at £617,750 per net Ha) at 20% above the existing use value. Equates to a brownfield benchmark land value of £444,780 per Ha.

Do you agree with these assumptions for the purposes of a Local Plan viability review? ☐ **Yes** ☐ **No** ☒ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

In line with recent guidance, we consider a more realistic assumption for benchmark land value to be 20 times existing use value (EUV £10,000 per acre), which would strike the right balance to incentivise landowners to make sites available. This must be considered in the context of infrastructure and affordable housing requirements as set out in paragraph 34 of the NPPF, which are often increased following the Local Plan process, and meet the tests set out in paragraph 57 of the NPPF.

Question 6: Commercial Scheme Design

The following assumptions have been made in relation to commercial scheme design:

Type	Gross site area Ha	Site coverage	GIA (sq m)
Town centre office	0.10	400%	4,000
Out of town office	0.25	80%	2,000
Small workshop	1.00	50%	5,000
Medium industrial	4.00	50%	20,000
Large industrial	15.00	50%	75,000
Town centre retail	0.015	200%	300
Retail warehouse	0.44	45%	2,000
Supermarket (small)	0.75	20%	1,500
Cinema	0.70	50%	3,500
Hotel	0.50	70%	3,500
Leisure	5.00	70%	35,000

Do you agree with these assumptions for the purposes of a Local Viability review? ☐ **Yes** ☐ **No** ☐ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

N/A

Questionnaire on Viability Assumptions (Local Plan)

South Tyneside Council

Question 1: Residential Scheme Design

The following assumptions have been made in relation to residential scheme design (please note the following will be tested on both a 'greenfield' basis as well as a 'brownfield' model):

Number of dwellings	Dwellings per net Ha	Gross area Ha	Gross to net ratio	Dwelling type and mix	Capacity (sq m per net Ha)
5 houses	30	0.17	100%	60% det 120 sq m / 40% semi 80 sq m	3,120
10 houses	30	0.33	100%	60% det 120 sq m / 40% semi 80 sq m	3,120
30 houses	35	0.95	90%	40% det 110 sq m / 30% semi 75 sq m / 30% terr 70 sq m	3,063
80 houses	35	2.69	85%	40% det 110 sq m / 30% semi 75 sq m / 30% terr 70 sq m	3,063
125 houses	35	3.57	80%	40% det 110 sq m / 30% semi 75 sq m / 30% terr 70 sq m	3,063
40 retirement flats	100	0.57	70%	100% apartments 65 sq m	6,500
100 apartments	400	0.25	100%	100% apartments 60 sq m	24,000

Do you agree with these assumptions for the purposes of a Local Viability review? ☐ **Yes** ☐ **No** ☒ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

The use of a typology approach is supported which is in accordance with Planning Practice Guidance (PPG) (Ref ID: 10-004-20190509). Notwithstanding, we question whether the above list reflects the full range of scheme typologies that could come forward in South Tyneside throughout the Local Plan period. In order to comment in greater depth, it would be helpful to review the rationale for the selection of the above typologies and, in particular, the justification for:

a) having a 125 home scheme as the upper size threshold; and
b) the selection of gross to net ratios

In general, we would recommend that the testing of an additional residential scheme above the existing 125 homes threshold would be helpful. The inclusion of a 250 home typology would better reflect the full breadth of possible scheme sizes that could be delivered in the Borough. Furthermore, we question whether a gross to net ratio of 80%+ for the larger schemes is too high, especially within the context of the need to reflect emerging ecological requirements surrounding Biodiversity Net Gain. This gross to net assumption may also be too high within the context of the highest value areas towards the south of the Borough where the type of housing development may necessitate a lower density than 35 dwellings per net hectare.

Question 2: Residential Values

The following assumptions have been made in relation to residential revenue:

Area	Detached 110-120 sq m £ per sq m	Semi 75 – 85 sq m £ per sq m	Terrace 70 sq m £ per sq m	Social Rent % of MV	Affordable Rent % of MV	Intermediate % of MV	Discounted Market Sale / First Homes % of MV
Cleadon	£3,500	£3,250	£3,200	30%	40%	60%	70%
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South Shields/Jarrow	£2,100	£2,050	£2,000	40%	50%	65%	70%
'Low cost' specialist	£2,000	£1,850	£1,800	50%	60%	70%	70%

Do you agree with these assumptions for the purposes of a Local Plan viability review? ☐ **Yes** ☐ **No** ☒ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

Accepting that there will inevitably be variations in the market within different 'value areas', the general approach suggested here (using average values across a small number of value areas) is supported and is one that is appropriate to an 'area-wide' exercise such as this. In broad terms, the value areas set out above reflect the housing market in South Tyneside; nevertheless, we would welcome there to be evidence published (a map preferably) which demarcates the boundaries between different value areas. We would urge the Council to use flexibility when considering issues of viability for sites that may straddle different value areas – or indeed in exceptional circumstances where a site is clearly distinct from the value area that it is located in.

Generally, we would request that the Council publishes evidence for the average values set out above, including the methodology for doing so. This would allow for a more meaningful interrogation of these values. We note that an appropriate approach for an exercise of this nature is to cross-reference Land Registry house price records with the Energy Performance Certificate (EPC) register, but we would encourage there to be greater transparency on the methodology employed.

Question 3: Construction Costs

Plot construction relates to all costs associated with a dwelling, from foundations to all works 'above ground' on the structure of the dwelling. This also includes all site preliminaries, as well as a contractor's overheads. However, it excludes all external works, contingency and abnormal costs. These elements therefore need to be allowed for separately.

The following assumptions have been made in relation to construction costs:

Scheme Type	Land type	Plot cost £ per sq m	Externals % of plot cost	Contingency % of plot / externals	Abnormals £ per net Ha
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Low cost builder	Brownfield	£800	15%	5%	£617,750
Retirement flats	Brownfield	BCIS median £1,335	10%	5%	£617,750
100 flats	Brownfield	BCIS median £1,214	5%	5%	£617,750

Do you agree with these assumptions for the purposes of a Local Plan viability review? ☐ **Yes** ☐ **No** ☒ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

Without commenting on the specific values presented here, the use of BCIS data is appropriate for an area-wide assessment and is supported in general terms. We would, however, make reference in broad terms to the introduction of new standards and policies at the national level which will inevitably impact on the viability of development in the future. Such added costs are those that relate to the provision of accessible dwellings, the installation of electric vehicle charging points, as well as the Future Homes Standard. The Council should be aware of the increasing cost burden incumbent on housebuilders going forward and the potential risk to the viability/deliverability of sites. The Council should therefore ensure that the local plan viability assessment makes some allowance for these additional costs over and above the base build cost assumptions which are outlined above.

The application of a tiered rate for contingency is supported to reflect the potentially greater risk profile for brownfield sites (relative to greenfield sites). We ask for clarity on the wording of the contingency allowance – should this read: *"% of plot + externals"*?

Lichfields' research suggests that a rate of 10-20% of build costs for external works is a typical range in area-wide viability assessment work, also allowing for the application of a tiered rate within that to account for different site typologies. The approach/rates suggested are consistent with this and are generally supported. Linked to our comments on Question 1 (Residential Scheme Design) we would suggest that an additional, larger housing typology is tested. It may be appropriate to test a higher externals allowance – up to 20% - for a larger housing typology, especially when testing a 'greenfield model'.

The application of a tiered rate for abnormal development costs is supported – with a higher allowance for brownfield sites. We acknowledge the inherent difficulty in standardising costs that are yet to be fully understood and welcome the inclusion of an allowance for greenfield sites. In order to interrogate the figures more meaningfully, it would useful to see any supporting evidence to justify the figures of £247,100 and £617,750 per net hectare for greenfield and brownfield sites respectively.

Question 4: Additional Key Appraisal Assumptions

Additional Key Appraisal Assumptions relate to professional fees, marketing costs, finance costs and developer profit.

The following assumptions have been made in relation to additional key appraisal assumptions:

(i) Professional fees for schemes providing 5 / 10 dwellings at 8% of the plot construction costs / externals. For schemes providing 30, 80 and 125 this is decreased to 6%.

(ii) Marketing / disposal costs for schemes providing 5 / 10 dwellings at 2% of revenue. For schemes providing 30, 80 and 125 this is increased to 3%.

(iii) Finance costs (debit interest) for schemes providing 5 / 10 dwellings at 7%. For schemes providing 30, 80 and 125 this is decreased to 6%.

(iv) Developer Profit. For schemes providing 5 / 10 dwellings a rate of 15% on revenue is applied to the market value dwellings, reduced to 6% for the affordable homes. For schemes providing 30 dwellings this is increased to 17.5% on revenue for market value dwellings and 6% for affordable. For schemes providing 80 / 125 dwellings this is increased to 20% on revenue for market value dwellings and 6% for affordable.

Do you agree with these assumptions for the purposes of a Local Plan viability review? ☐ **Yes** ☐ **No** ☒ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

Referring to Lichfields' research which points towards 8-10% being a typical range to account for professional fees in a local plan viability context, we suggest that a 6% allowance for schemes of >30 homes is too low. For much larger, strategic housing developments where economies of scale are more likely to be achieved across the variety of professions that support the planning, design and project management process, a lower allowance may be appropriate. However, we do not feel that the housing sites likely to be developed in South Tyneside are of a scale at which such efficiencies could reasonably be made and therefore we support the inclusion of a higher professional fees allowance.

We broadly support the approach to marketing/disposal costs, citing Lichfields' research which indicates that a range of 2.5 – 3.5% of Gross Development Value (GDV) is typical. However, we note that the 2% assumption for smaller schemes falls outside of this range and question why these costs would be proportionately less compared with larger schemes. Similarly, we broadly support the assumptions on finance costs which are consistent with the evidence presented in Lichfields' research into various viability assumptions in a local plan context.

In relation to developer profit, there is a need for area-wide viability assessments to set profit at a level that reflects developer risk and therefore incentivises housing delivery. This inevitably varies according to economic conditions, delivery timings and site typologies – with larger, more complex sites generally exposed to higher levels of risk. If developer profit is set too low, it can act as a deterrent to investment. Lichfields' research has shown the overwhelming majority of area-wide studies adopted a rate of 20% of GDV for market housing, and typically 6% of GDV for affordable housing. However, the adoption of a single area wide standard/benchmark can be inappropriate, and it is recommended that flexibility is built into account for the differential levels of risk across site typologies. We note that the approach set out above factors in the highest profit margins for market housing (20%) for the largest schemes (80 and 125 homes). This approach is consistent with Lichfields' analysis and is supported.

Question 5: Benchmark Land Value

This is the minimum price that a hypothetical landowner would be willing to release a site for development. The methodology for arriving at a suitable benchmark land value is set out in "Planning Practice Guidance: Viability", which is available online https://www.gov.uk/guidance/viability

The following assumptions have been made in relation to benchmark land value:

- Greenfield existing use value £24,710 per Ha (£10,000 per acre). Premium uplift (in the context of abnormal costs at £247,100 per net Ha) at 15 times the existing use value. Equates to a greenfield benchmark land value of £370,650 per Ha.

- Brownfield (assuming cleared site) existing use value £370,650 per Ha (£150,000 per acre). Premium uplift (in the context of abnormal costs at £617,750 per net Ha) at 20% above the existing use value. Equates to a brownfield benchmark land value of £444,780 per Ha.

Do you agree with these assumptions for the purposes of a Local Plan viability review? ☒ **Yes** ☐ **No** ☐ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

Question 6: Commercial Scheme Design

The following assumptions have been made in relation to commercial scheme design:

Type	Gross site area Ha	Site coverage	GIA (sq m)
Town centre office	0.10	400%	4,000
Out of town office	0.25	80%	2,000
Small workshop	1.00	50%	5,000
Medium industrial	4.00	50%	20,000
Large industrial	15.00	50%	75,000
Town centre retail	0.015	200%	300
Retail warehouse	0.44	45%	2,000
Supermarket (small)	0.75	20%	1,500
Cinema	0.70	50%	3,500
Hotel	0.50	70%	3,500
Leisure	5.00	70%	35,000

Do you agree with these assumptions for the purposes of a Local Viability review? ☐ **Yes** ☐ **No** ☐ **Partly**

If NO or PARTLY, please explain your reasons (and attach any supporting evidence to this document)

n/a

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29 October 2021

Planning Policy
South Tyneside Council
Town Hall & Civic Offices
Westoe Road
South Shields
Tyne & Wear
NE33 2RL

Dear Sir/Madam,

Re: Local Plan Consultation – Questionnaire on Viability Assumptions.

Thank you for the opportunity to comment on the viability assumptions questionnaire circulated amongst key stakeholders. Following review of the questionnaire and input assumptions, we would raise the following key points which should be taken into account in progressing the viability work in support of the Local Plan.

Forthcoming Policy and Building Standards

A big concern which will be shared by all developers is the absence emerging policy and buildings standards, which are an essential input into the viability assumption work. The next 5 years will see a number of changes in the house building industry requiring developers to factor in Part L Building Regulations, Future Homes Standards and Biodiversity Net Gain. All these factors are scheduled to come into force in the early stages of the Local Plan period and must be a consideration when assessing viability across the entirety of the Local Plan period.

Building Regulations part L will start coming into force in 2023. We welcome the Council's acknowledgment that this is a separate cost over and above BCIS and is not reflected in the current rate, therefore is a cost which needs to be factored in to viability work. The viability work should have regard to Government reviews including the MHCLG "The Future Homes Standard: 2019 Consultation on changes to Part L (conservation of fuel and power) and Part F (ventilation) of the Building Regulations for new dwellings". Viability work should encompass a full assessment of this requirement, for which Government papers recognise that the cost increase in this respect would be in the region of £4,500 - £5,000 per plot. Viability work should also encompass costs of the emerging Future Homes Standards from 2025 onwards and the Governments push for a zero carbon agenda.

We welcome that the Council acknowledge the need to consider Biodiversity Net Gain within the viability work. There are multiple aspects to consider in light of this. The main issue is the impact on coverage within the site as a consequence of the need and provision of more ecological mitigation land. Consequently, this would reduce the net to gross percentage for any site typology.

Alternatively developers may need to acquire additional land for biodiversity off sets or make an off site payments to off set for developments.

Costs factored in to off site payments and the acquisition of land should represent a realistic cost analysis for habitat types and ongoing management. The acquisition cost of offsite land, or adjacent land will not be a current open market agricultural rate as sellers will, no doubt, inflate the value as it will benefit a residential developer. There will also be delays to the development process of acquiring this land, which needs to be factored in.

It cannot be assumed that the forthcoming requirements can be somewhat be absorbed by pushing up the value of dwellings. Trends show that the average income of home owners has not changed however house values have already increased. The affordability ratio is therefore already changing and this should not be further exacerbated.

It is of key important that the viability work in support of the Local Plan is robust and the above factors are appropriately factored in to viability work. The Local Plan will otherwise need to over allocate sites in order to meet the housing requirement, whilst balancing the above implications resulting from emerging policy and building standards.

Abnormals

It is not clear how CP Viability have derived the abnormals assumptions however we continue to stress that the assumptions should be a realistic figure. As part of the Durham Local Plan Examination, the Home Builders Federation produced a lot of background work in support of abnormals and provided real life evidence. This evidence base should also be relied upon as part of the ongoing viability work for South Tyneside to ensure that the assumptions are not significantly underestimated and assumptions on land owners returns are correct. Please refer to the evidence base provided by the HBF in relation to this consultation.

Relationship between viability work and Local Plan preparation

The viability work at this stage is theoretical and requires policy officers to utilise this as one part of their evidence base in the progress of the Local Plan. There must be a key focus on deliverability within the Borough as part of the preparation of the Local Plan and its evidence base. South Tyneside does not have capacity for windfall sites to come forward in order to plug housing delivery gaps across the plan period and therefore it is essential that the supporting viability work in support of the plan is robust or the plan would otherwise need to over allocate sites.

Should you need to discuss this response further, please do not hesitate to conact me on the details below.

Yours sincerely,
For and on behalf of
Persimmon Homes

Nicola Reed
Development Planner

P19-2166

29 October 2021

David Newham
CP Viability Limited

By Email Only To: davidnewham@cpviability.co.uk

Dear David,

Response to Questionnaire on Viability Assumptions

Following the presentation that was given in September 2021 in relation to your ongoing viability work to support South Tyneside in its plan-making process, we write to you on behalf of our Client, Bellway Homes Limited (North East), in response to the questionnaire that has been circulated.

Our Client is a national housebuilder who is active within South Tyneside and the wider region. It has a land interest in Hebburn which it is currently promoting through the emerging Local Plan and as such, is a key stakeholder in this process. Having a robust approach to viability is clearly a key component of presenting a sound Local Plan at a future plan examination. We therefore welcome the opportunity to respond to the questions below.

Question 1: Residential Scheme Design

Do you agree with these assumptions for the purposes of a Local Viability review?

It was commented upon during the presentation that a typology with a larger number of dwellings would be helpful given the changing characteristics between a typical 125 dwelling scheme and larger sites of around 250 – 300 dwellings; particularly regarding elements such as upfront infrastructure requirements, phasing and/or the number of outlets (and when they will start to emerge).

It was noted that it was agreed during the presentation to examine a typology involving a

larger number of dwellings and we look forward to reviewing this in due course. This is on the basis that a separate exercise is undertaken for those strategic sites which are to be allocated in the Local Plan (which may have more specific requirements). These should be subject to their own viability assessments and, where possible, the Council should work with the promoters/developers of those sites to ensure the inputs/assumptions are as accurate as possible.

It is also noted that the larger typologies presented assume that 30% of dwellings on these sites would be terraced housing. Based on experience to date in bringing forward development in this area of the country, we would regard this as being too high. Whilst the number of such properties would vary from site to site based on local market characteristics, on the larger sites (which typically would be on the edge of settlements) we would envisage that the mix would skew more towards detached and semi-detached house types with an average of 15terraced housing. This is based on the experience that our Client has in bringing forward development in and around South Tyneside.

Question 2: Residential Values

Do you agree with these assumptions for the purposes of a Local Plan viability review?

Setting residential values as accurately as possible is a key part in ensuring that a viability assessment is robust. It is noted that data has been sought on sales prices from recent developments, albeit it has been acknowledged that in some areas of the Borough there has not been significant development in recent years.

As this is the case, we do feel that this exercise needs to be approached with caution as a small sample size could provide distorted figures, plus if there are few sites coming forward currently, pent-up demand may drive values higher in the short term but in the longer-term values may fall once supply is less constrained (i.e.. when the Local Plan is adopted).

It is noted that for Hebburn, that the assumptions put residential values on a par with East and West Boldon. We consider this to be overly optimistic when it comes to residential values and that values are more likely to reflect those achieved in Jarrow and South Shields which share more characteristics as an urban area in the Borough compared to East and West Boldon which form part of the Borough's generally more prosperous urban fringe. Whilst a number of examples have been provided for recent new build projects in Hebburn, it is considered that the point about pent-up demand, from both the lack of supply and the Covid 19 pandemic applies in this instance as allocated and windfall sites in the town have been relatively scarce over recent years and certainly not at a rate that would meet

the demand for new build housing in the area. Therefore, attempting to benchmark residential land values in this way and at this point in time will inevitably lead to inflated figures. It would be expected that as the new Local Plan comes forward and additional sites are allocated, that a better balance between demand and supply will be achieved which is likely to lower residential values.

It is noted that the second-hand market has been analysed for additional data, although again it is not clear as to the sample sized used. The presentation noted typical second-hand residential values in this instance are £1,292/sq. m - £2,105/sq. m. Whilst new build homes will attract higher residential values (a 'new build premium'), there seems to be a large disparity between the second-hand market and the corresponding assumption being used (c. £2,350/sq. m). Again, this needs clearer justification as we are currently unconvinced about the robustness of this assumption and the implications of the point regarding pent up demand on values.

Question 3: Construction Costs

Do you agree with these assumptions for the purposes of a Local Plan viability review?

We agree that in the absence of other data, that the BCIS provides a useful starting point and that this is referenced specifically in Central Government's Planning Practice Guidance (PPG, Reference ID 10-012-20180724). We also agree that whilst useful, the BCIS does have its limitations given that it is based on a small section of data. This has meant that an assumption has been made that build costs for larger 'volume' house builders largely equates to the lower quartile BCIS figure.

It should also be noted that there has recently been a large increase in build costs over the last 12 months, including both material and subcontractor / labour rates. For example, from the end of May 2021 to present, timber has increased by 25-30%, with steel increasing by 10% and lintels by approximately 30%. Whilst it is correct that longer term trends should be used when examining build costs, this will need to be monitored in case these higher costs become a more permanent fixture. In addition, the impending changes to Building Regulations should be considered, with the interim uplift in 2023 resulting in approximately £4,500 per plot increase in cost and the 2025 Future Homes Standard resulting in around £10,500 increase (when compared to current Regulations).

It is noted that assumptions for abnormal costs vary depending on whether a site is Greenfield or Brownfield. Whilst as a generalised approach, Brownfield sites are more likely to have higher abnormal costs, Greenfield sites can equally be afflicted with high abnormal

costs. This is especially the case in authorities such as South Tyneside which have a mining/industrial legacy which affect Greenfield as well as Brownfield sites.

The current assumptions show a difference in abnormal costs of £370,650 per net hectare between Brownfield and Greenfield sites. This is a noticeable difference, and we would envisage that in reality, there would not be such a large distinction between abnormal costs between Brownfield and Greenfield sites. It is expected that to reduce the gap, the greenfield cost would increase rather than the brownfield cost decreasing.

Question 4: Additional Key Appraisal Assumptions

Do you agree with these assumptions for the purposes of a Local Plan viability review?

We note that a developer profit of 15-20% and 6% for affordable homes has been assumed. The PPG advises that a figure between 15-20% is appropriate (Reference ID 10-018-20190509) but does allow flexibility for local planning authorities to examine alternative figures.

We agree with the point made by the Home Builders Federation (HBF) that with the increasing emphasis from Central Government regarding affordable home ownership (with the introduction of requirements such as First Homes) that the risk for delivering affordable housing is lying increasingly with the developer rather than the Registered Provider. On this basis an assumption of 17.5-20% profit would be more appropriate.

We would also question the assumption relating to professional fees. In our clients experience, professional fees do not reduce for larger sites due to the complexities of progressing them through the planning system. Therefore we would dispute the reduction from 8% to 6% and as a minimum we would expect around 9% for smaller sites and 8% for larger sites.

Indeed, it is imperative that new policy emanating from Central Government is fed in as key assumptions in relation to viability. This includes (but is not limited to):

- The requirement to provide 10% Biodiversity Net Gain (BNG) for new development (coming through the Environment Bill and will be a requirement over the plan period) which can be met on-site or off-site. An on-site requirement may affect net developable areas, whilst an off-site contribution will be an additional cost to the developer.

- The introduction of a First Homes requirement, which has changed the way in which affordable tenures are prioritised and will affect both developer profit (as outlined above) and will influence the overall housing mix on development sites.

- The introduction of Future Homes which has an increase emphasis on carbon reduction measures, the need to incorporate elements such as electric vehicle charging points, heat pumps and further requirements in relation to accessible dwellings. All of which will have cost implications for the developer which are unlikely to be fully off-set by being able to charge higher sale prices (as these items become 'the norm' rather than premium features).

As set out by the HBF, it remains to be seen what compromises landowners are willing to make on values and the impact the results of these decisions will have on landowner appetite to sell. As the PPG suggests, the premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land (Reference ID: 10-013-20190509).

Should there be a general lack of willingness to accept lower land valuations, viability will be materially affected, and this is likely to affect the ability of our Client to deliver new homes in South Tyneside.

Question 5: Benchmark Land Value

Do you agree with these assumptions for the purposes of a Local Plan viability review?

Establishing a Benchmark Land Value (BLV) is another important component in assessing the viability of a Local Plan. It is noted that the methodology in the PPG has been used for arriving at the BLV assumptions put forward, however the PPG also states:

> ***"In order to establish benchmark land value, plan makers, landowners, developers, infrastructure and affordable housing providers should engage and provide evidence to inform this iterative and collaborative process."*** (Reference ID: 10-013-20190509)

We therefore seek assurances that the assumptions put forward through this consultation process are not a *fait accompli* but rather the start of an '*iterative and collaborative process*' as set out in the PPG.

As outlined in our response to the previous question, the premium for the landowner has to be large enough to provide an incentive for them sell (considered against other options). If the BLV assumption is inaccurate then this will mean developers will be see viability

squeezed and this can have the effect of fundamentally undermining housing delivery in the Borough.

We would request that our comments in relation to the previous questions are fed into the assumptions regarding BLV. Overall, we consider that the assumptions for BLV of £10,000 per acre for EUV on greenfield sites is acceptable. However, it is considered that applying a multiplier of 15x is not going to incentivise landowners to release the land. Whilst the PPG and other guidance has changed, it is considered that landowner and land agent expectations have not altered therefore there is a genuine danger that land will simply not be released.

Question 6: Commercial Scheme Design

Do you agree with these assumptions for the purposes of a Local Viability review?

We do not have any comments in relation to this question.

We trust that this feedback will prove useful in being able to refine the current assumptions. As viability in plan-making is clearly an iterative process, we are keen for further engagement to be undertaken and we are happy to have further conversations concerning the viability work.

Yours sincerely,

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ECONOMICS

RICS®

UK Residential Market Survey

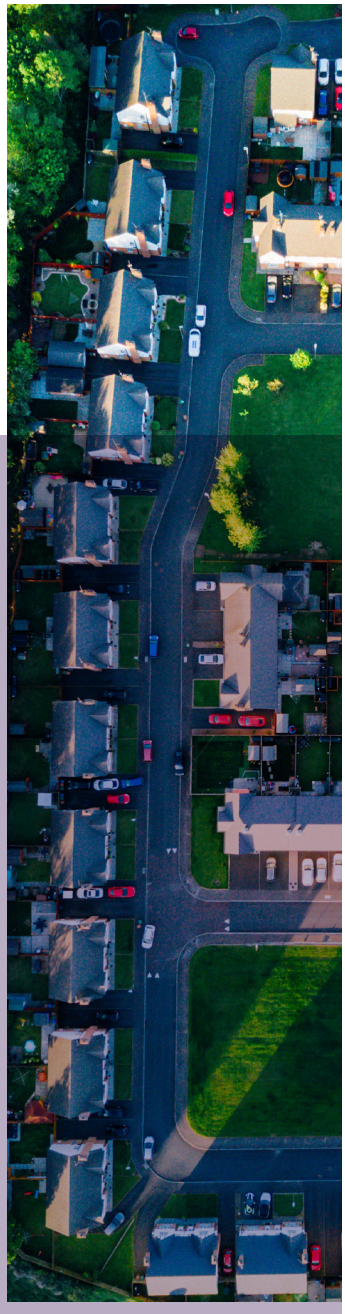
October 2021

ECONOMICS

Lack of stock continues to hold back activity

- Sales soften over the month, but buyer enquiries return to positive growth
- Lack of stock remains an issue, with new instructions falling once again
- House prices continue to rise across the UK

The October 2021 RICS UK Residential Survey results point to another small dip in the volume of sales agreed over the month. That said, with demand picking up slightly and near term sales expectations modestly positive, it looks as if sales will at least stabilise going forward. Still weighing on the market however, the lack of available supply continues to present would-be buyers with limited choice, and remains a key factor underpinning strong house price growth.



At the headline level, a net balance of +10% of contributors noted an improvement in new buyer enquiries over the latest survey period. This is up from a neutral reading of +1% previously and signals the first outright rise in buyer demand (albeit modest) since June 2021.

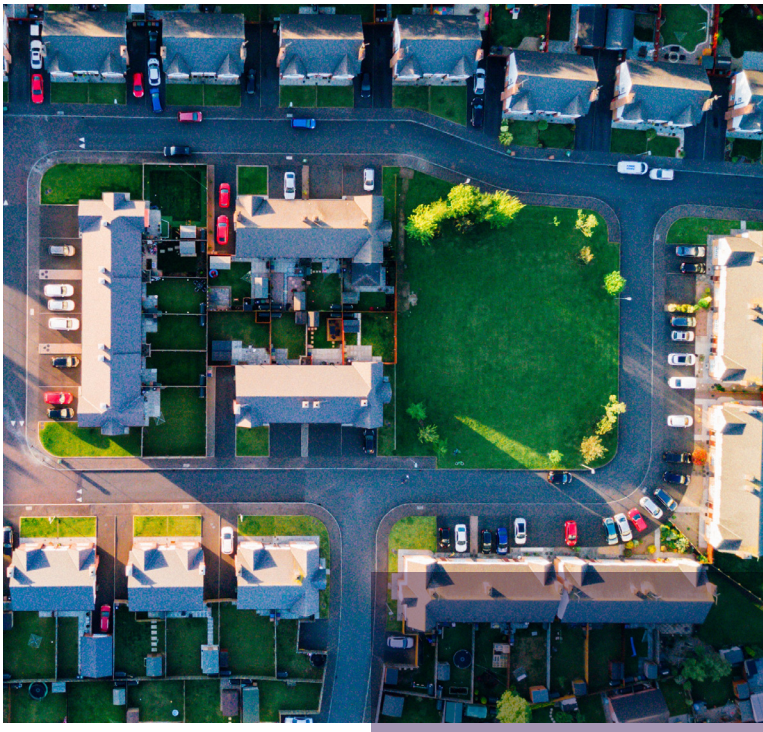
Although buyer enquiries picked up, this has yet to translate into an upturn in sales. Nationally, a net balance of -9% of respondents reported a reduction in agreed sales during October, marking the fourth consecutive negative reading for this metric (following strong growth cited earlier in the year during the Stamp Duty concession window). Nevertheless, the latest figure represents the least negative return throughout this stretch, and is up from -13% in September.

Looking ahead, sales expectations for the coming three months remain slightly positive, with the net balance coming in at +10% (little changed from +12% previously). At the twelve-month horizon, the headline sales expectations net balance of +4% is indicative of a flat to marginally positive trend anticipated. When disaggregated, some parts of the UK are expected to see a firm rise in transactions, with the North of England, London, Scotland and Northern Ireland all displaying a more upbeat twelve-month outlook than

the headline average.

Back at the national level, the depressed flow of new instructions being listed on the market of late remains widely referenced as a factor holding back activity. Indeed, the new instructions series has now been stuck in negative territory for seven months in succession, with the latest net balance standing at -20% (compared to -33% last time). Given this, average stock levels on estate agents book have fallen from close to 42 in March to just 37 according to the latest feedback.

The lack of supply available on the market is not only holding back sales momentum, but it also a significant factor behind house price growth being sustained at a strong rate. Indeed, during October, a headline net balance of +70% of respondents saw an increase in house prices, with the pace of growth more or less matching that seen over the past three months (in net balance terms). Furthermore, virtually all regions/countries of the UK continue to see sharply rising house prices.



With regards to the twelve-month outlook, a headline net balance of +69% of respondents still foresee a further increase in house prices, with this measure showing no sign of easing over recent months. Again, all parts of the UK are expected to see house prices continuing to rise over this timeframe.

In the lettings market, tenant demand trends remain firm, evidenced by a net balance of +49% of respondents reporting an increase in the three months to October (part of the seasonally adjusted quarterly series). As such, tenant demand has now risen in each of the last six quarters. Conversely, landlord instructions continue to weaken noticeably, with the latest net balance falling to -31% from an already negative reading of -20% last quarter.

On the back of this mismatch between supply and demand, near term rental growth expectations remain elevated, as a net balance of +54% of contributors anticipate rents rising over the coming three months. Interestingly, London now displays amongst the strongest expectations on this measure (net balance +74%). This represents a substantial turnaround considering rental expectations were firmly planted in negative territory across the capital between Q2 2020 and Q2 2021.

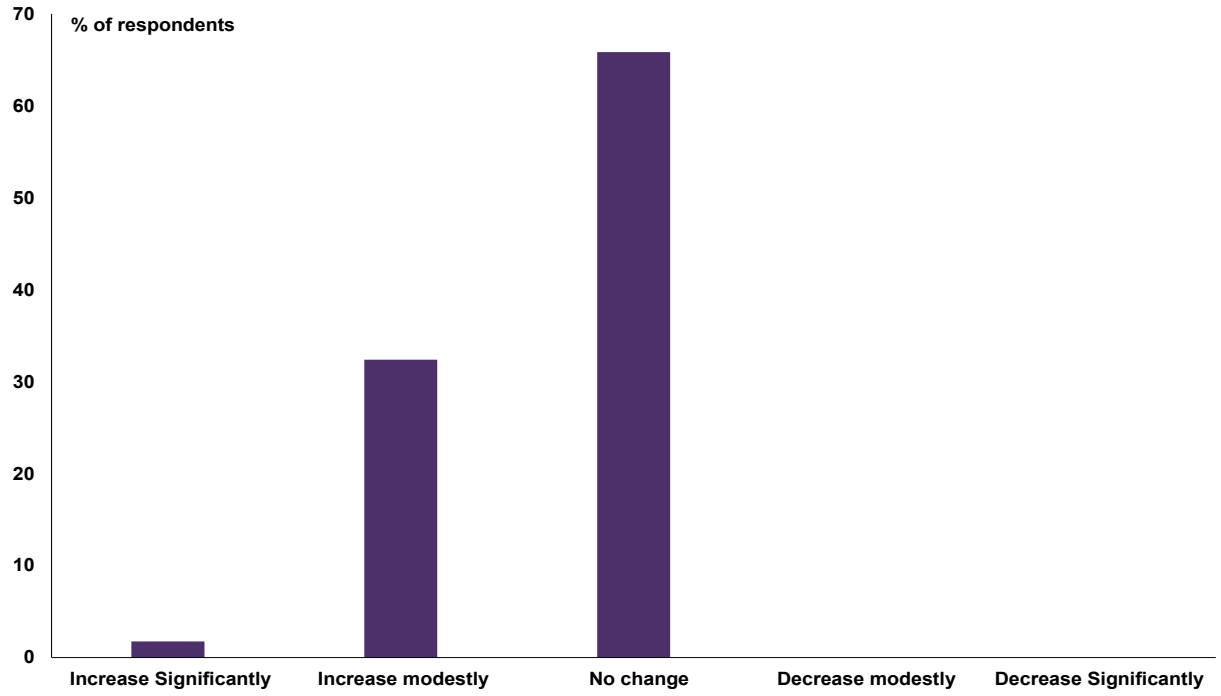
RICS UK Residential Market Survey: COP26 Edition

In the run up to COP26, the RICS UK October 2021 Residential Market Survey was used to draw on the expert opinions of professionals operating in the housing sector on a range of sustainability and climate related issues. The feedback suggests that such factors appear to be influencing the market, but only to a limited extent.

On balance, contributors note an increase in demand for energy efficient homes (Figure 1). Around one-third of those responding to the survey stated that buyer demand for energy efficient homes has risen over the past twelve months. That said, the majority report only a modest up-tick in buyer appetite as opposed to a significant pick-up. The remaining two-thirds of respondents noted no change in buyer appetite for energy efficient homes in the past year, leaving the share of contributors suggesting that demand for such homes had fallen during the same period at virtually zero.

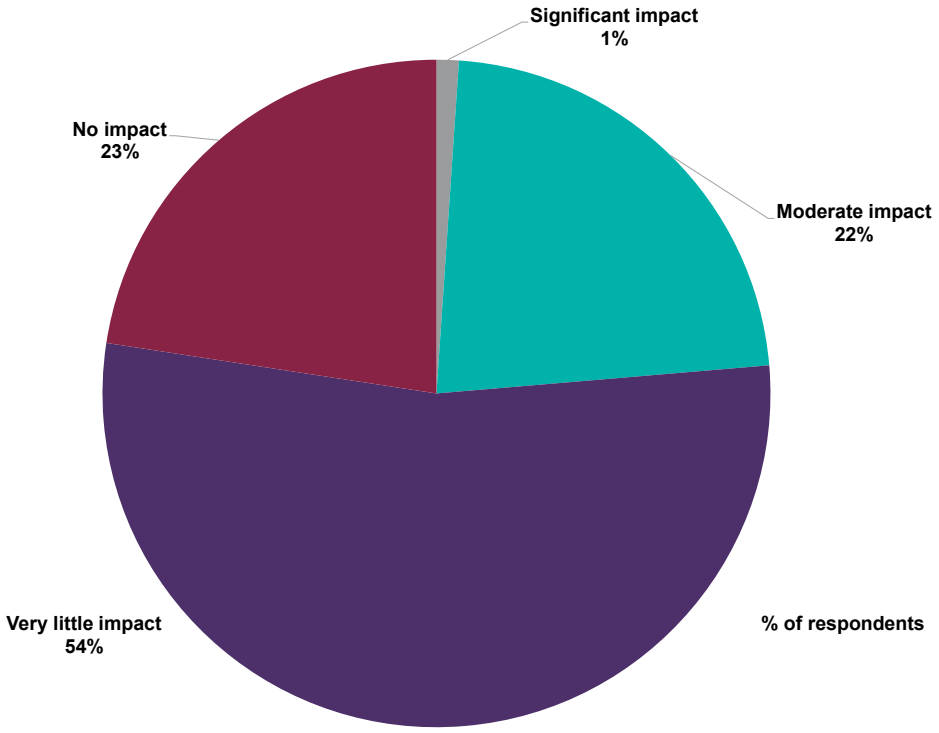
Furthermore, the majority of professionals surveyed (around 54%) state that a property's energy efficiency rating has "very little impact" on its selling price. Meanwhile, around 23% believe that energy efficiency rating has no impact on the selling price whatsoever. However, just under one-quarter of respondents see things differently, with energy performance ratings in their view having a modest influence on prices (as shown in Figure 2).

Nonetheless, it seems that the tide could turn in the coming years. Nearly three-quarters of



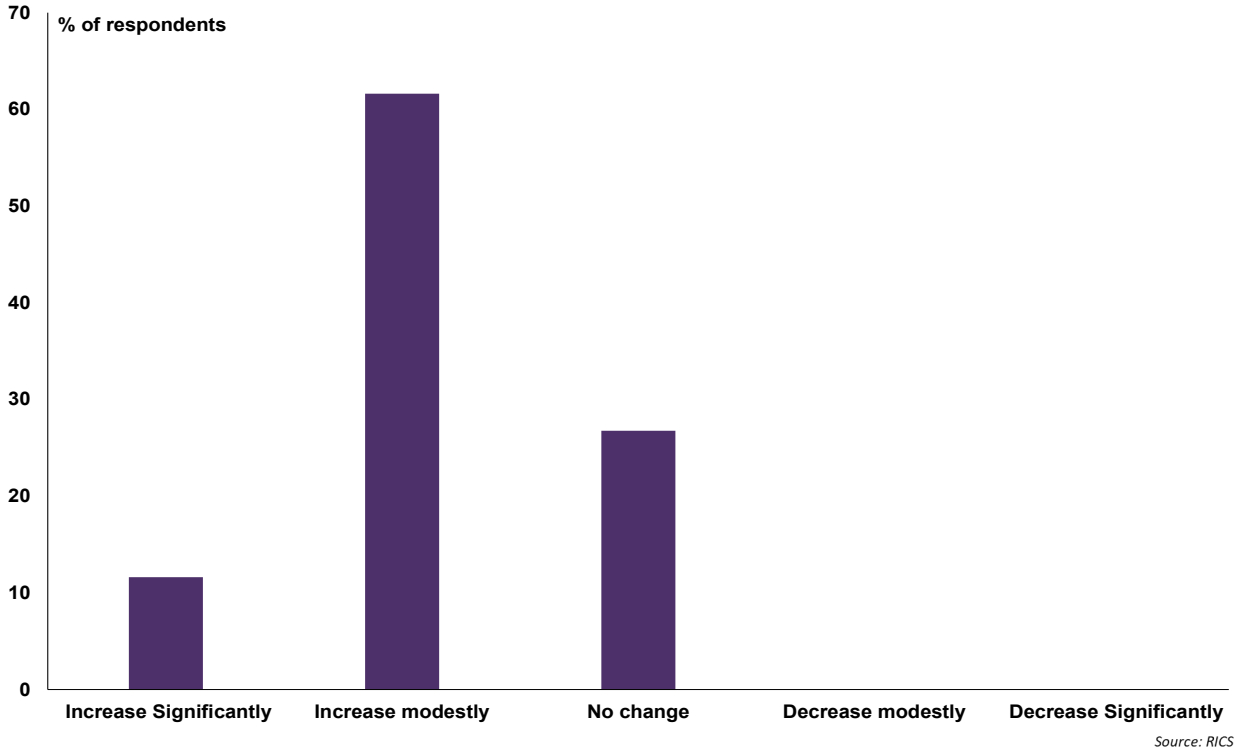
Source: RICS

Figure 1 Change in demand for energy efficient homes in the past year



Source: RICS

Figure 2 Impact of energy efficiency ratings on selling price



Source: RICS

Figure 3 How is willingness to pay for highly energy efficient/zero carbon homes likely to change in the next three years

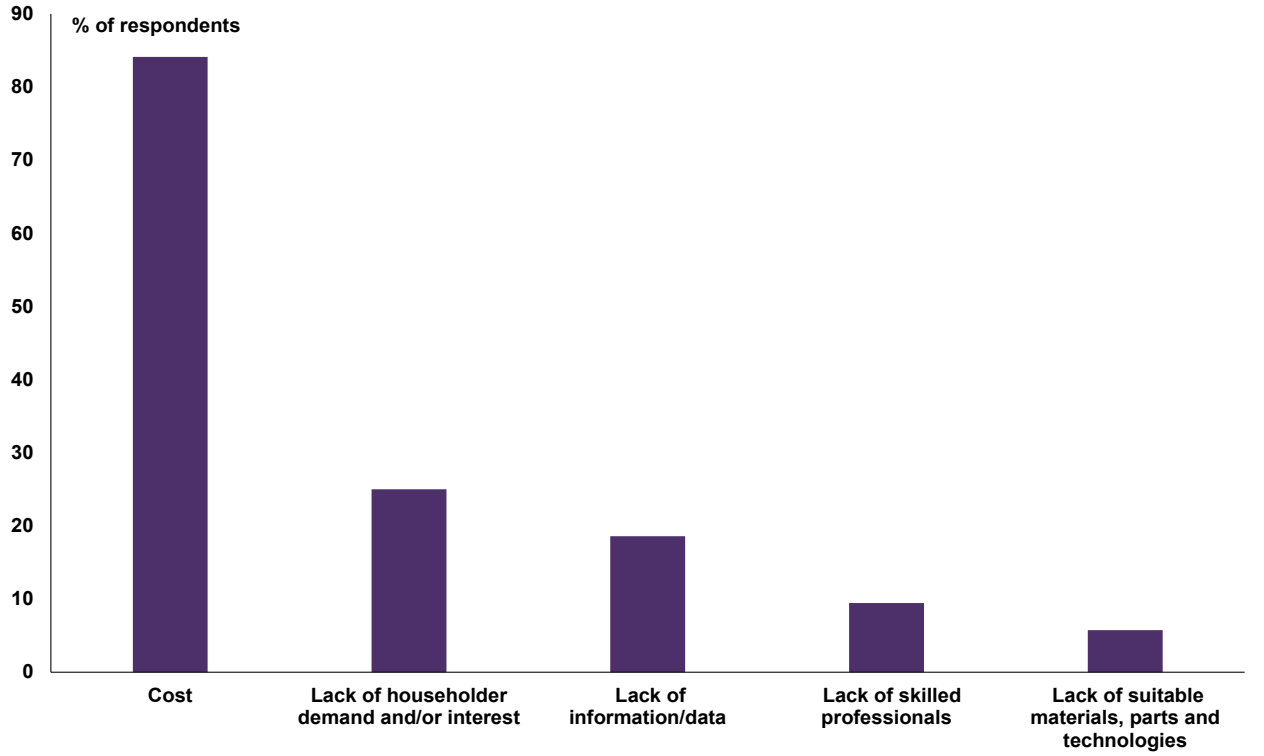
professionals surveyed believe that willingness to pay for highly energy efficient and zero carbon homes is likely to rise over the next three years (as indicated in Figure 3).

When disaggregated, around 62% feel there will be a modest rise in the willingness to pay for highly energy efficient and zero carbon homes over the coming years, while around 11% anticipate a significant pick-up.

With respect to pinpointing the principle barriers to making energy efficiency improvements in homes, feedback overwhelmingly suggests that cost is the most significant hurdle. Indeed, around 85% of professionals state that cost is the main barrier currently preventing households from making energy efficiency improvements in their homes. Around one-quarter identify lack of householder demand and interest as an obstacle while almost one-fifth believe that it is lack of information/data (shown in Figure 4).

Interestingly, the share of respondents pointing to a shortage of skilled professionals as a barrier is under 10%, while only around 5% see lack of suitable materials, parts and technologies to be an obstacle.

This suggests that additional government funding and investment alongside new financial solutions appealing to homeowners, landlords and investors could pave the way for decarbonising UK homes.



Source: RICS

Figure 3 Barriers preventing households from making energy efficiency improvements*

*Contributors were asked what they considered to be the top two barriers

Methodology

About:

The RICS Residential Market Survey is a monthly sentiment survey of Chartered Surveyors who operate in the residential sales and lettings markets.

Regions:

The 'headline' national readings cover England and Wales.

Specifically the 10 regions that make up the national readings are: 1) North 2) Yorkshire and Humberside 3) Nort West 4) East Midlands 5) West Midlands 6) East Anglia 7) South East 8) South West 9) Wales 10) London.

The national data is regionally weighted.

Data for Scotland and Northern Ireland is also collected, but does not feed into the 'headline' readings.

Questions asked:

1. How have average prices changed over the last 3 months? (down/ same/ up)
2. How have new buyer enquiries changed over the last month? (down/ same/ up)
3. How have new vendor instructions changed over the last month? (down/ same/ up)
4. How have agreed sales changed over the last month? (down/ same/ up)
5. How do you expect prices to change over the next 3 months? (down/ same/ up)
6. How do you expect prices to change over the next 12 months? (% band, range options)
7. How do you expect prices to change over the next 5 years? (% band, range options)
8. How do you expect sales to change over the next 3 months? (down/ same/ up)
9. How do you expect sales to change over the next 12 months? (down/ same/ up)
10. Total sales over last 3 months i.e. post cotract exchange (level)?
11. Total number of unsold houses on books (level)?
12. Total number of sales branches questions 1 & 2 relate to (level)?
13. How long does the average sales take from listing to completion (weeks)?
14. How has tenant demand changed over the last 3 months? (down/ same/ up)
15. How have landlords instructions changed over the last 3 months? (down/ same/ up)
16. How do you expect rents to change over the next 3 months? (down/ same/ up)
17. How do you expect average rents, in your area, to change over the next 12 months? (% band, range options)
18. What do you expect the average annual growth rate in rents will be over the next 5 years in your area? (% band, range options)

- Questions 6, 7, 17 and 18 are broken down by bedroom number viz. 1-bed, 2-bed, 3-bed, 4-bed or more. Headline readings weighted according to CLG English Housing Survey.

Net balance data:

- Net balance = Proportion of respondents reporting a rise in prices minus those reporting a fall (if 30% reported a rise and 5% reported a fall, the net balance will be 25%).
- The net balance measures breadth (how widespread e.g. price falls or rises are on balance), rather than depth (the magnitude of e.g. price falls or rises).
- Net balance data is opinion based; it does not quantify actual changes in an underlying variable.
- Net balance data can range from -100 to +100.
- A positive net balance implies that more respondents are seeing increases than decreases (in the underlying variable), a negative net balance implies that more respondents are seeing decreases than increases and a zero net balance implies an equal number of respondents are seeing increases and decreases.
- Therefore, a -100 reading implies that no respondents are seeing increases (or no change), and a +100 reading implies that no respondents are seeing decreases (or no change).
- In the case of the RICS price balance, a reading of +10 should not be interpreted as RICS saying that house prices are going up by 10%, but that 10% more surveyors reported increases rather than decreases in prices (over the last three months).
- A change from +30 to +60 does not mean that the variable grew by 30% in one period and by 60% in the next period, but it does indicate that twice as many surveyors reported an increase compared to a decrease than in the previous period.
- Likewise, if we get a reading dropping from +90 to +5, this still means that more respondents are reporting increases than decreases overall, but the breadth of those reporting increases has fallen dramatically; meanwhile, a shift in the reading from -90 to -5 still means that more respondents are reporting decreases than increases overall, but the breadth of those reporting decreases has fallen dramatically.

Seasonal adjustments:

The RICS Residential Market Survey data is seasonally adjusted using X-12.

Next embargo date:

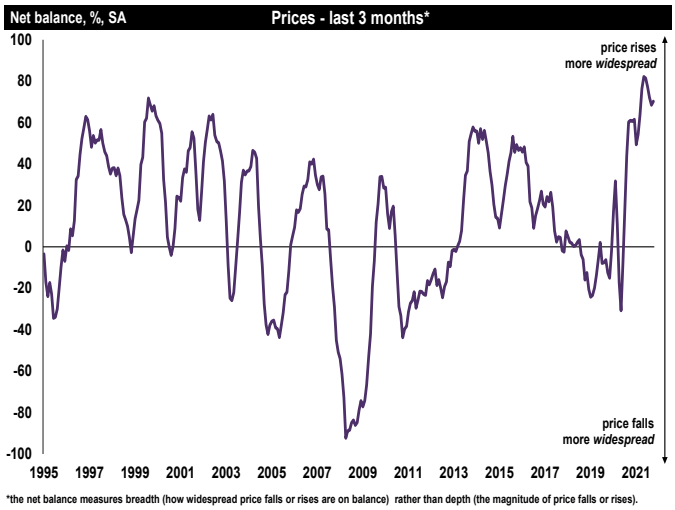
November survey: 9 December

Number of responses to this month's survey:

This survey sample covers 510 branches coming from 295 responses.

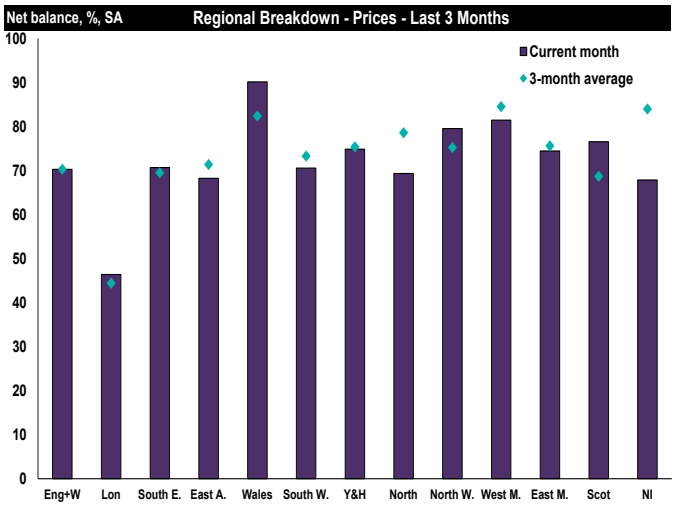
Sales market charts

National Prices - Past three months

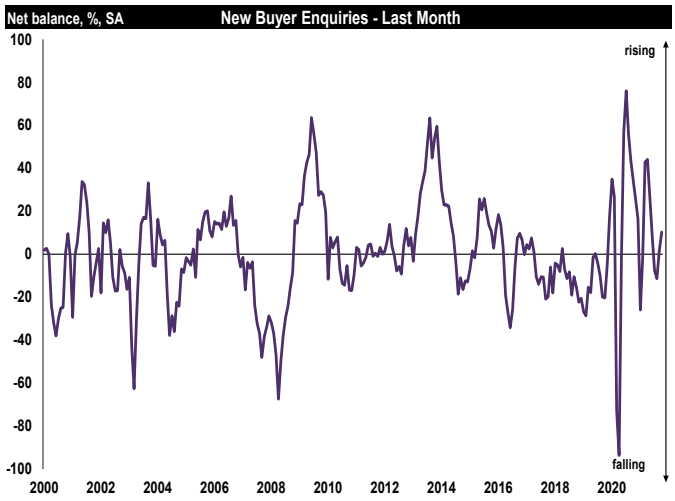


*the net balance measures breadth (how widespread price falls or rises are on balance) rather than depth (the magnitude of price falls or rises).

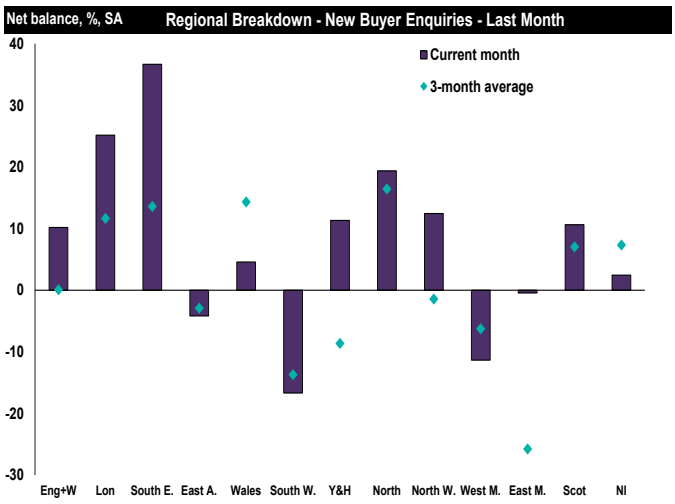
Regional Prices - Past three months



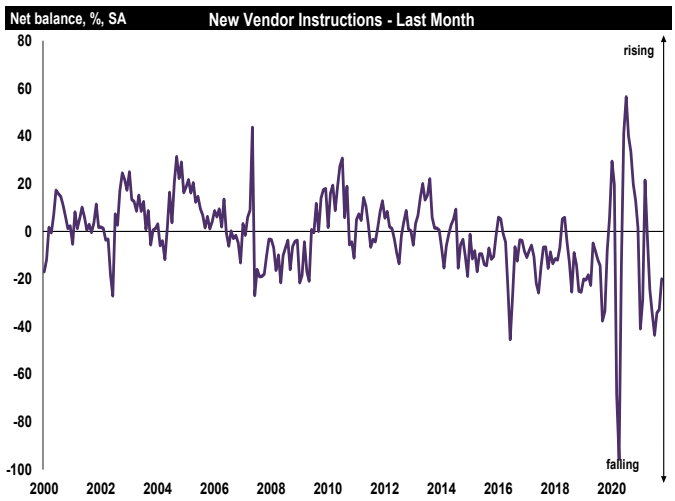
National Enquiries - Past month



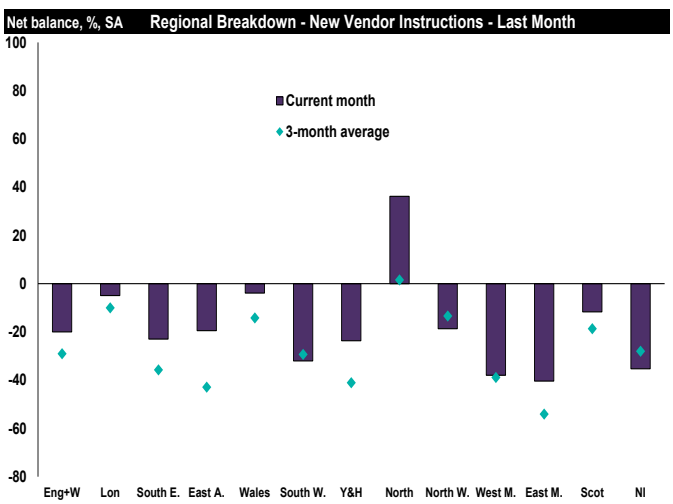
Regional New Buyer Enquiries - Past month



National New Vendor Instructions - Past month

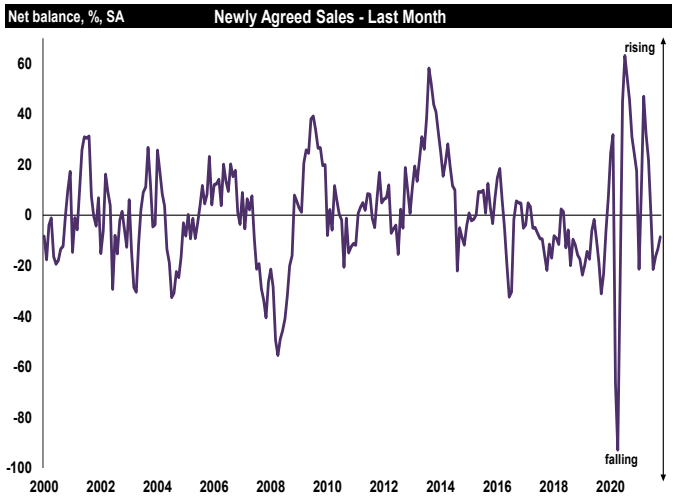


Regional New Vendor Instructions - Past month

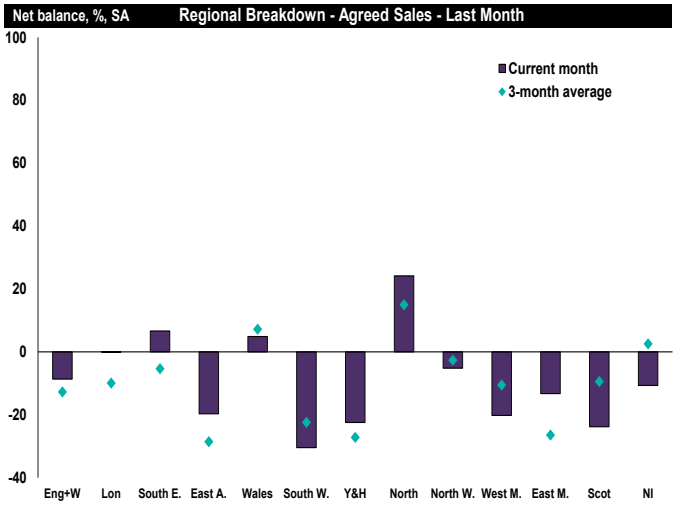


Sales market charts

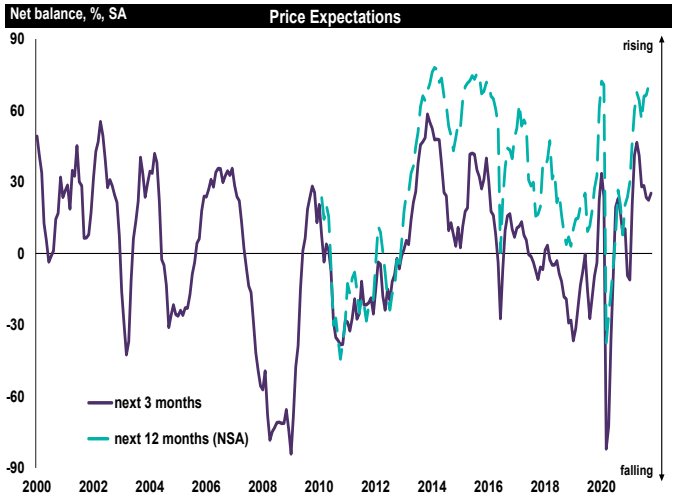
National Newly Agreed Sales - Past month



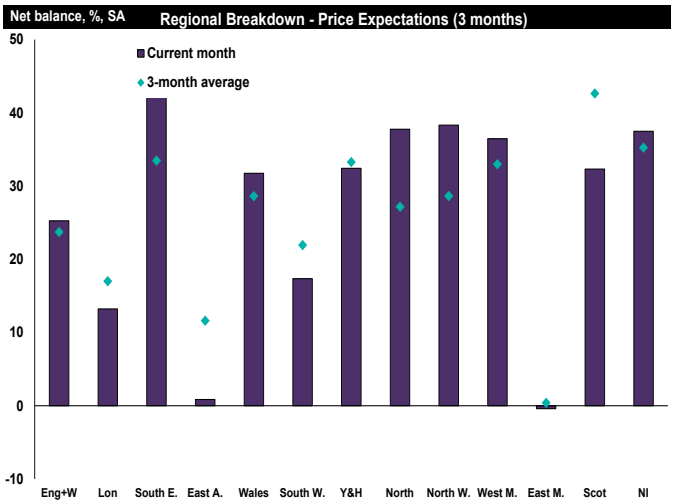
Regional Newly Agreed Sales - Past month



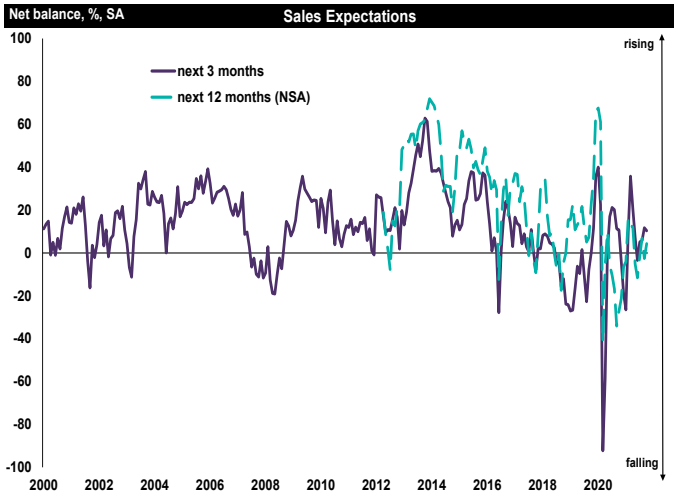
National Price Expectations - Three and twelve month expectations



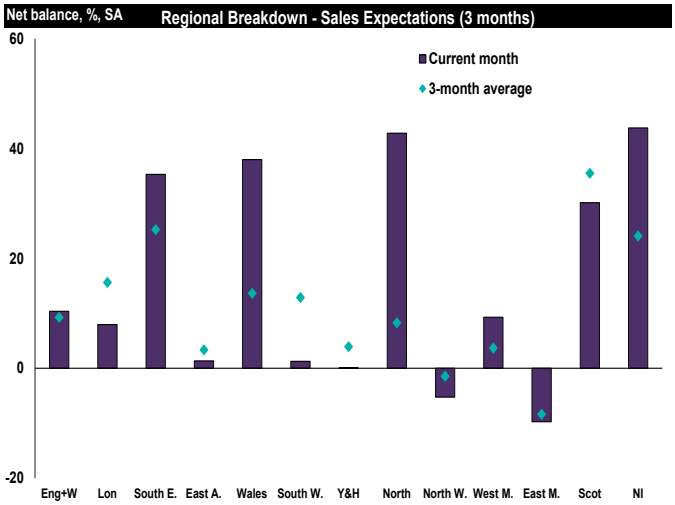
Regional Price Expectations - Next three months



National Sales Expectations - Three and twelve month expectations

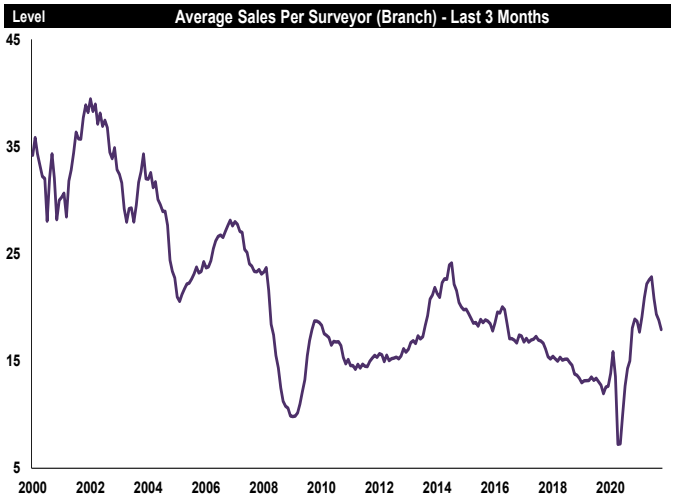


Regional Sales Expectations - Next three months

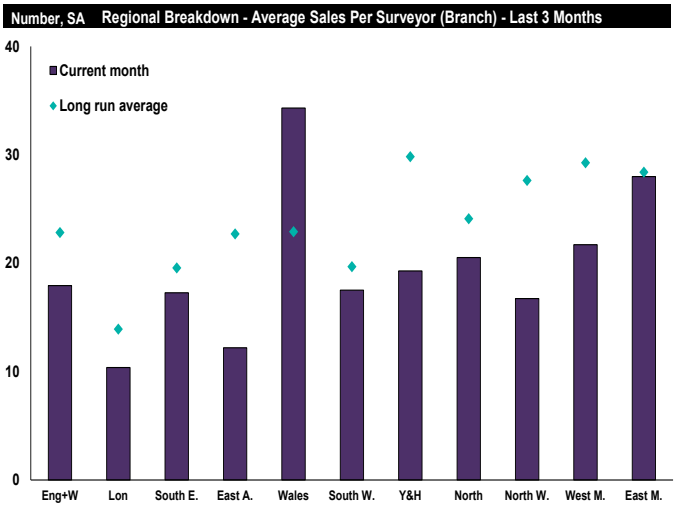


Sales market charts

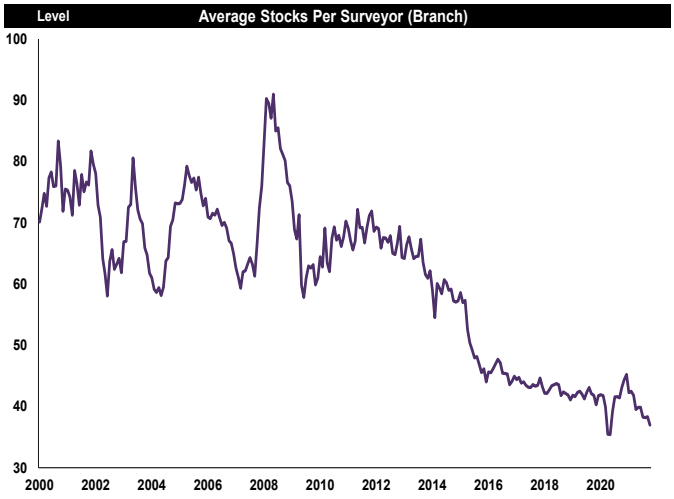
National Average Sales Per Surveyor - Past three months



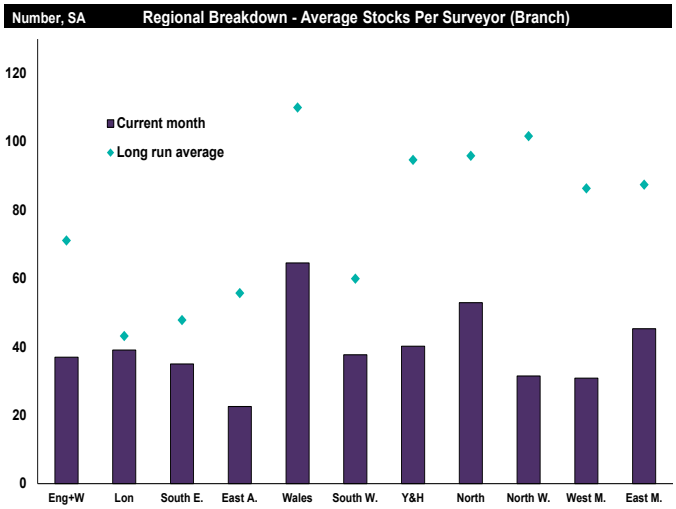
Regional Average Sales Per Surveyor - Past three months



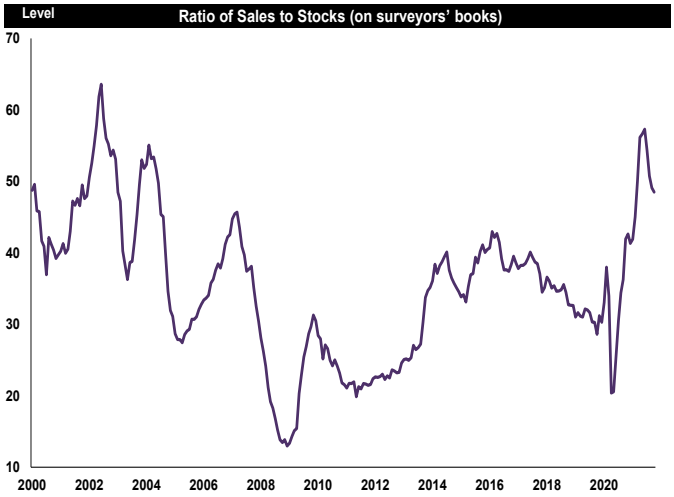
National Average Stocks Per Surveyor



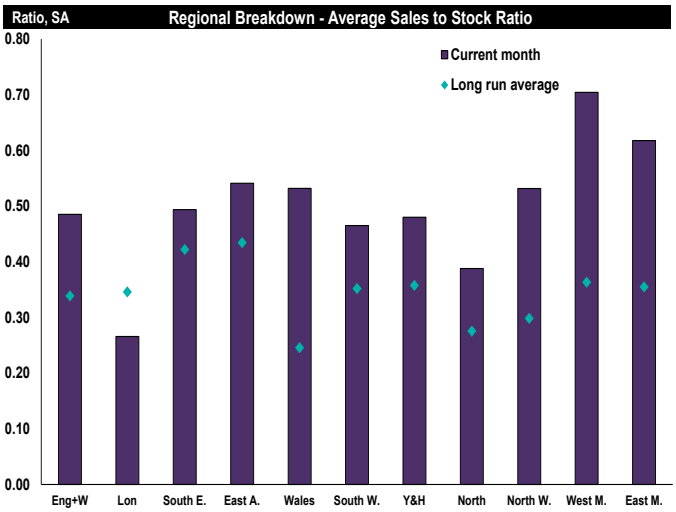
Regional Average Stock Per Surveyor



National Sales to Stock Ratio

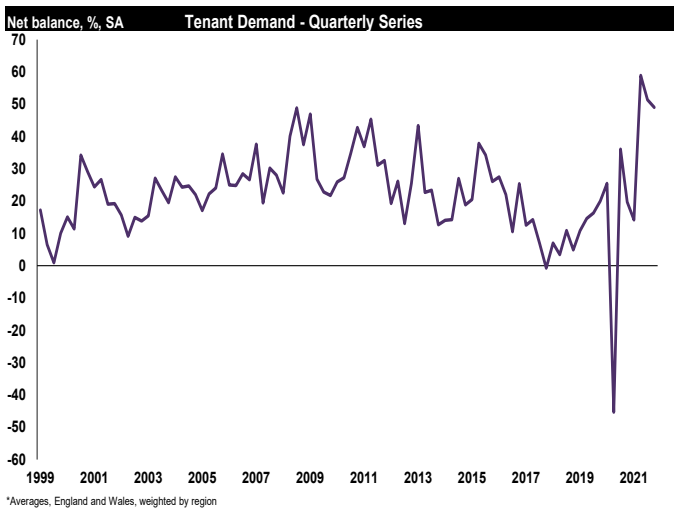


Regional Sales to Stock Ratio



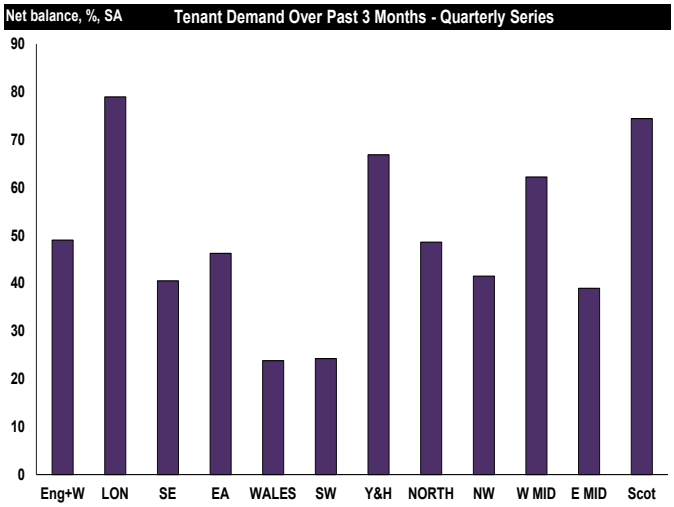
Lettings market charts

National Tenant Demand - Past three months

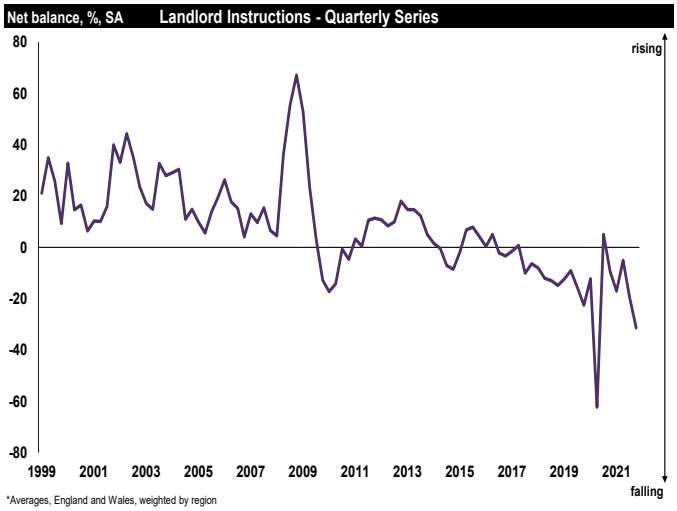


*Averages, England and Wales, weighted by region

Regional Tenant Demand - Past three months

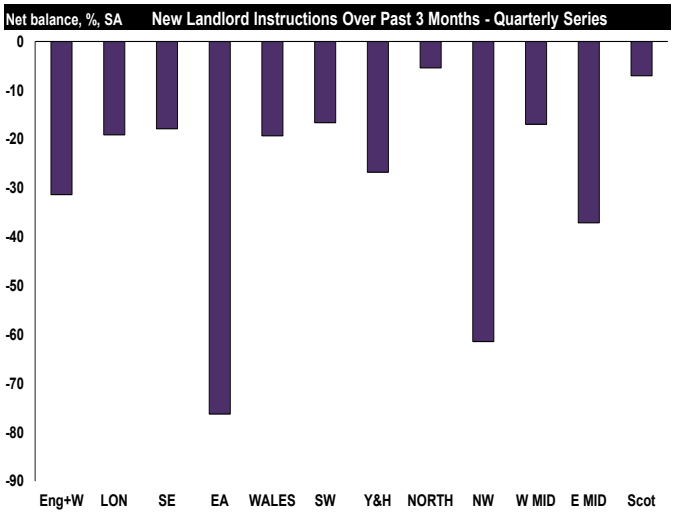


National New Landlord Instructions - Past three months

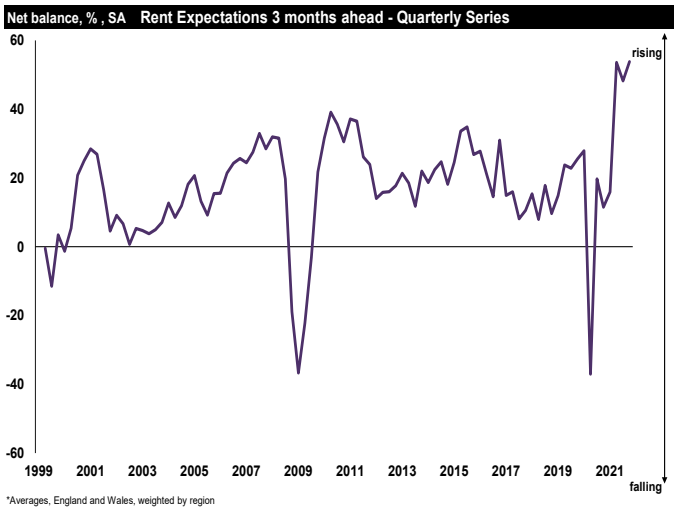


*Averages, England and Wales, weighted by region

Regional New Landlord Instructions - Past three months

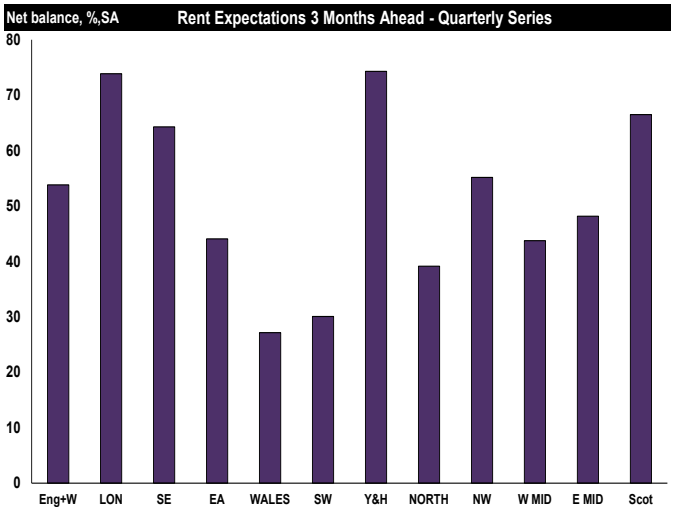


National Rent Expectations - Next three months



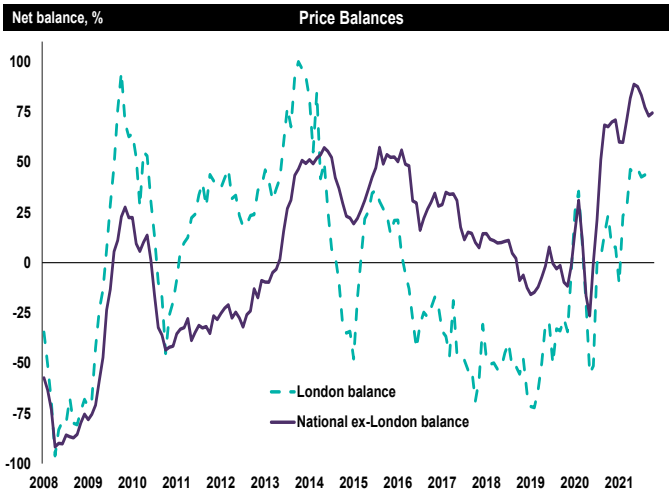
*Averages, England and Wales, weighted by region

Regional Rent Expectations - Next three months

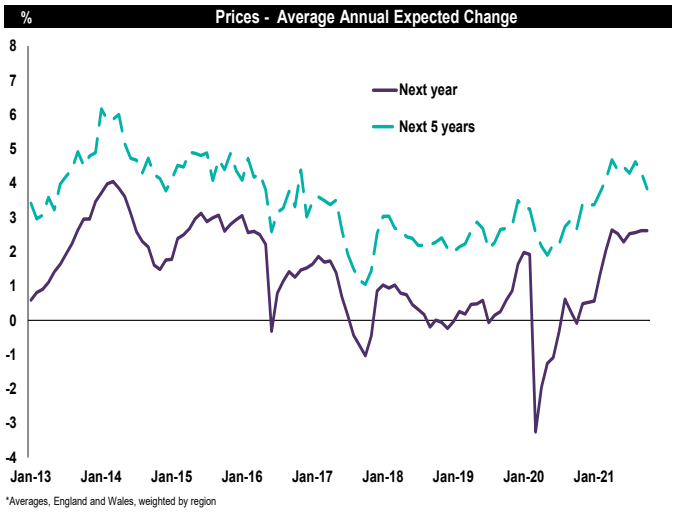


Expectations and other data

National Price Balance (excluding London) and London Price Balance - Past three months

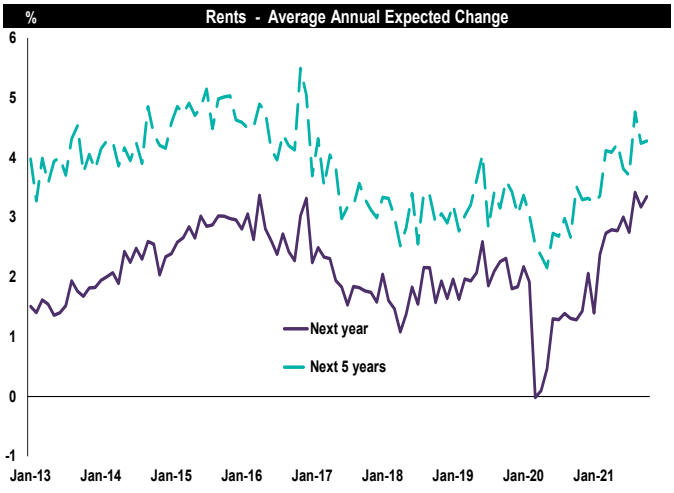


National Average Annual Expected Price Change (point estimate) - Next one and five years



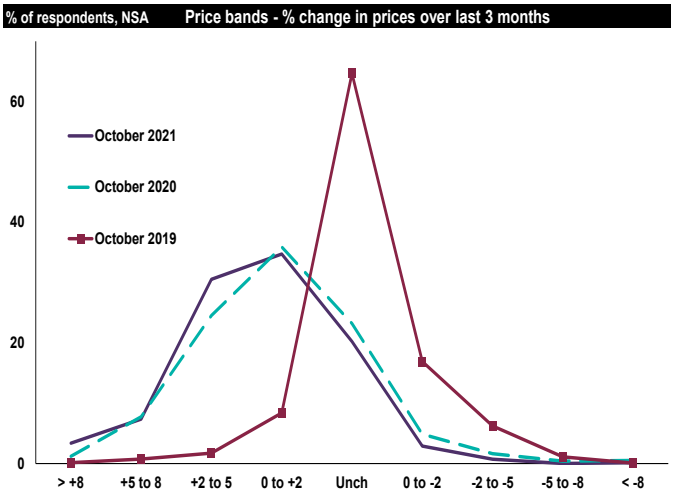
*Averages, England and Wales, weighted by region

National Average Annual Expected Change in Rents (point estimate) - Next one and five years



*Averages, England and Wales, weighted by region

Price Bands - Past three months



Surveyor comments - Sales

North East

Aisling Ramshaw MRICS, Miller Homes, Newcastle and Northumberland, ashlingd@live.co.uk - Lots of buyers moving North from South due to lower house prices. People all want office and outdoor space. Our coastal properties are in high demand.

David Shaun Brannen AssocRICS, Brannen & Partners, North Shields, shaun.brannen@brannen-partners.co.uk - Sales agreed levels remain high with strong demand for coastal homes.

Mr Keith Alan Pattinson FRICS, Keith Pattinson Ltd, Newcastle-Upon-Tyne, keith.pattinson@pattinson.co.uk - Buyers do not choose products whether washing machines or houses on Energy rating. We did not have central heating,but wore vests and sweaters. Lack of ventilation causes asthma. People have more disposable income as considerably less has been spent on holidays. There is now more working from home, less commuting.

Neil Foster MRICS, Foster Maddison Property Consultants, Hexham, neil@fostermaddison.co.uk - Lack of new stock continues to fuel prices and some buyers are in danger of being exposed by a correction as stock levels improve through 2022.

Yorkshire & the Humber

Alan Bolton AssocRICS, Camsure Homes Ltd, Sheffield, alanandlesley140@aol.com - Since June 2020 I have noted that demand has been significantly greater than supply and property sales have often been agreed within less than one week of the property being marketed. Recently sales volumes appear to have reduced.

Alex Mcneil MRICS, Bramleys, Huddersfield, alex.mcneil@bramleys1.co.uk - Following a rush for completions in September, a return to more normal activity in recent weeks. Demand remains strong but fewer new instructions.

Anthony James Watson MRICS, Akkeri Developments Limited, York, james.watson1972@btinternet.com - There is buyer concern around inflation and interest rates but this is not currently impacting on demand. It remains to be seen how this plays out in the coming 12 months so we expect a more steady market in terms of pricing growth but that demand will remain high.

Ben Hudson MRICS, Hudson Moody, , benhudson@hudson-moody.com - Lack of stock coming to the market driving price increases.

James Brown MRICS, Norman F Brown, Richmond, belindandjames@hotmail.co.uk - I sense that the sales market is cooling off now.

James Watts MRICS, Robert Watts Estate Agents, Cleckheaton, jameswatts@robertwatts.co.uk - Since the end of the Stamp Duty holiday, the market has slowed slightly, but demand still far outweighs supply and this is keeping values strong. There is a real fear from sellers that they will not find anything to buy so they are delaying marketing,which is further restricting supply numbers.

Kenneth Bird MRICS, Renton & Parr, Wetherby, ken@rentonandparr.co.uk - Demand remains strong and many properties still selling above asking prices.

Michael Darwin MRICS, M W Darwin And Sons, Northallerton, info@darwin-homes.co.uk - The market has cooled a little this month but still demand for any homes coming to the market.

North West

David J Champion MRICS & Registered Valuer, Champsurv, Fylde Coast, championdavid@ymail.com - Lack of first time buyer properties likely to push prices up as there is not enough good quality housing available.

Gregory Hoyle AssocRICS, Garside Waddingham Surveyors Llp, Preston And Surrounding Areas, greg.hoyle@gwsurveyors>co.uk - The market has been surprisingly buoyant despite obvious difficulties, we anticipate a general slowing down next year but hope for a steady growth which does not result in unrealistic expectations.

John Williams FRICS, MEWI, Brennan Ayre O'Neill Llp, Wirral, john@b-a-o.com - Whilst some heat has come out of the market, sales pipelines remain strong with limited supply continuing to drive price growth and over asking price offers.

Lawrence Copeland FRICS, Elbonmill Limited T/A Lawrence , Copeland Town And City Centre, lawrence@lawrencecopeland.com - Cladding issues continue to be a problem in my area, which is restricting salable properties available to the public. At least half the properties have an issue.

Robert Ikin , Rostons, Chester, robertikin@rostons.co.uk - Lack of instructions a major issue.

East Midlands

David Hawke FRICS, David Hawke Property Services, Worksop, enquiries@davidhawke.co.uk - Very quiet market.

Mark Newton FRICS, Newton Fallowell, Grantham, mark.newton@newtonfallowell.co.uk - The deluge was finally halted in October and for the first month we fell behind 2020 in all aspects, it will however be a record year.

Stephen Gadsby BSc FRICS, Gadsby Nichols, Derby, stevegadsby@gadsbynichols.co.uk - Sales still remain buoyant. Prices seem to be stabilising. Lack of new instructions coming to the market.

Tom Wilson MRICS, King West, Stamford, twilson@kingwest.co.uk - A more discerning buyer creeping into the market with less urgency than we had become used to. A lack of available property providing a floor to prices, but the market feels cautious ahead of anticipated rate rises and inflation in the New Year.

Will Ravenhill , Readings, Leicester, wravenhill@readingspropertygroup.com - Activity has dropped off a cliff since the stamp duty deadline. We currently have the lowest stock levels that we've ever had.

West Midlands

Colin Townsend MRICS, John Goodwin, Malvern, colin@johngoodwin.co.uk - Still a very busy month with plenty of buyers but not quite as intense a market as we experienced in the summer months.

Jeremy Dell , J J Dell & Co, Shropshire, property@jjdell.co.uk - Lack of supply and a keen demand for certain types of properties eg modern house and bunglaows. I suspect there has been some cooling off in the market due to stamp duty and time of year.

John Andrews FRICS, Doolittle & Dalley Ltd, Bridgnorth, johnandrews@doolittle-dalley.co.uk - A quieter month as reduction in new instructions results in fewer enquiries. Still high demand when property becomes available.

John Andrews FRICS, Doolittle & Dalley Ltd, Kidderminster, johnandrews@doolittle-dalley.co.uk - Evidence that the sales market is slowing but there are still sales being made. Price growth has eased but no sign of price reductions.

Richard Franklin MRICS, Franklin Gallimore, Tenbury Wells, richard@franklingallimore.co.uk - The delays and issues caused by SDLT holiday show that the current conveyance process is totally analogue in a digital world. In a fast changing market, legal progress in matters is key. The HIP was much criticised -but with technology available now, there has to be a better model.

East Anglia

Chris Philpot FRICS, Lacy Scott And Knight, Stowmarket, Mid Suffolk, cphilpot@lsk.co.uk - After slight hesitation at the end of the school and stamp duty holidays, the market has continued unchecked.

David Boyden Bsc MRICS, Boydens, Colchester, david.boyden@boydens.co.uk - Seasonal downshift in the number of instructions is apparent, however, sales are readily achieved at the right money with the stock we have.

Jeffrey Hazel FRICS, Geoffrey Collings & Co, King's Lynn, jhazel@geoffreycollings.co.uk - Steady number of appraisals being undertaken but the properties don't come to market. New instructions create strong interest. The buyers are still there.

Kevin Burt-Gray MRICS, Pocock & Shaw, Cambridge, kevin@pocock.co.uk - Property Valuations/instructions starting to fall away now as we approach the quieter run up to Christmas. Properties coming onto the market are generally generating a good response with most going under offer within a few weeks of listing. Demand still outstrips supply.

Rob Swiney MRICS, Lacy Scott And Knight, Bury St Edmunds, rswiney@lsk.co.uk - The market is starting to show signs of slowing not unusual for this time of year.

South East

Chris Gooch MRICS, Carter Jonas, Winchester, chris.gooch@carterjonas.co.uk - The autumn market is performing well but is being tempered by tight stock levels.

Chris Tremellen MRICS MAPM, Chris Tremellen Property Consultant, Southampton, chris.tremellen@outlook.com - Stamp duty, Brexit impact, and inflation.

Darran Ford MRICS, Legal & General, Chichester, darranthedesigner@gmail.com - The cost both in time and effort to improve your homes efficiency is not matched by the potential returns in cost savings on your energy bill. Therefore, whilst most people like to do something about improving the energy efficiency of their home, most people don't.

David Nesbit FRICS, D.M.Nesbit & Company, Portsmouth, davidnesbit@nesbits.co.uk - More activity despite the end of Stamp Duty concessions. Supply side very low. Increase in mortgage & interest rates may limit 'silly' prices.

David Parish FRICS, Gates, Parish & Co, Upminster, professional@gates-parish.co.uk - There is a shortage of instructions at present. However, properties that do come on to the market are attracting high levels of interest and are selling readily.

Ed Rook MRICS, Knight Frank, Sevenoaks, edward.rook@knightfrank.com - Activity continues while mortgage rates remain low.

James Farrance MNAEA, FARLA, Braxton, Maidenhead, - There is an oversupply of high density accomodation such as apartments.

John Griggs FRICS, Regalpoint Homes, Sevenoaks, john@johngriggsassociates.co.uk - Market continues to be buoyant.

Martin Allen MRICS, Elgars, Wingham, Canterbury, m.allen@elgars.uk.com - Demand continues to outstrip supply. Time to get to exchange is growing due to various outside factors like funding, Land Registry and delays with searches and other legal matters.

Paul Loveridge FRICS, The Frost Partnership, Thames Valley, paul.loveridge@frostsurveyors.co.uk - Market is being talked up rather than actually increasing. Prices for flats remain stagnant or in decline.

Rob Wightman MRICS, Knight Frank, Hungerford, rob.wightman@knightfrank.com - Buyer demand remains high but stock levels are low.

Sean Steer MRICS, Brian Gale Surveyors, Reigate, Surrey, sean@briangalesurveyors.com - There is a high demand for good quality family homes needing sealed bids which has resulted in increased prices. Other property types are selling in more a realistic market zone. Limited stock and incomplete chains are stopping completions. We await the uncertainty of the next quarter.

Stan Shaw AssocRICS Registered Valuer, Mervyn Smith, Ham (Between Richmond and Kingston), stanleyshaw@hotmail.com - Although activity is less frantic, there are still competing buyers. Partly this is due to less supply of new instructions coming to market.

Timothy Green MRICS, Green & Co., South Oxfordshire, tim.green@greenand.co.uk - Demand has continued beyond the tapering of the SDLT holiday but fewer instructions coming to the market (possibly now until the New Year). Sellers could be getting too demanding which would interrupt transaction numbers.

Tony Jamieson MRICS, Clarke Gammon, Guildford, tony.jamieson@clarkegammon.co.uk - Lack of stock is still an issue. Large demand. Hand to mouth with new instructions selling well if correctly priced. Town centre 2 bed flats in Guildford still struggling to sell due to excessive supply.

South West

David Mckillop FRICS, Mckillop And Gregory, Salisbury, dm@mckillopandgregory.co.uk - October was a quiet month. Very few new properties coming on to the market. Excessive demand is keeping prices up. Exchanges taking ages to get though.

G C Thorne FRICS, Thornes, East Dorset, graham @thornes.org.uk - There is a shortage of available stock on the market and this is sustaining the general trends.

James Wilson MRICS, Jackson - Stops, Shaftesbury, james.wilson@jackson-stops.co.uk - Demand remains strong although buyers more cautious than before.

Jeff Cole MRICS, Cole Rayment & White, Wadebridge, jeff.cole@crw.co.uk - The market is still positive but has definitely slowed a little although in certain sectors demand still exceeds supply.

John Corben FRICS FCABE, Corbens, Swanage, john@corbens.co.uk - The fizz is just going out of the market and the bubbles are starting to subdue. We are anticipating a rise in interest rates in the near future which will put further brakes on the market.

Mark Annett FRICS, Mark Annett & Company, Chipping Campden, mark.f.annett@gmail.com - Lack of stock and new instructions mean pressure on supply and demand. Prices will rise again as a result.

Mark Lewis FRICS, Symonds & Sampson, Sturminster Newton, mlewis@symondsandsampson.co.uk - Buyers are becoming quite 'flaky' with a few pulling out of sales for little reason except for a change of heart. The properties are under offer again quickly but the 'bun fights' are not happening as much.

Michael Burkinshaw MRICS, Skysurvuk, Backwell, michael.burkinshaw@skysurvuk.com - Lender valuation work has nearly completely stopped during October. Demand continues to outstrip supply significantly, resulting in stable to rising prices.

Miles Kevin MRICS, Chartsedge Ltd, Totnes, miles@chartsedge.co.uk - The market is still hot with too many buyers chasing too few properties. There are signs of buyer fatigue, with potential buyers becoming fed up and telling us they will start looking again next spring.

Oiver Miles Frics Registered Valuer FRICS, Oliver Miles, Swanage, olivermiles@olivermiles.co.uk - Demand still exceeding supply. New instructions sell quickly if realistically priced.

Robert Cooney FRICS, Robert Cooney Chartered Surveyors & Estate Agents, Taunton, robert.cooney@robertcooney.co.uk - Noticeable downturn in activity levels across the board, influenced in the main by the lack of new instructions and also palpable change in buyer motivation with much less propensity to enter into competitive bidding scenarios.

Roger Punch FRICS, Marchand Petit, South Devon, roger.punch@marchandpetit.co.uk - The continuation of poor supply is frustrating the market. Prime properties are growing in price more than the lower price ranges, with obvious immediate consequences.

Simon Milledge MRICS, Jackson-Stops, Blandford Forum, simon.milledge@jackson-stops.co.uk - As per last month, shortage of stock to sell dominates the market. But buyer/new enquiry numbers falling so maybe supply and demand will start to balance during the winter. The spring might see a return to more normal market conditions.

Wales

Andrew Morgan FRICS FAAV, Morgan & Davies, Lampeter, lampeter@morgananadavies.co.uk - The market is undersupplied but that is taking into account seasonality also which we see annually in any event. We suspect that this will underpin the market for some time to come.

David James FRICS, James Dean, Brecon, david@jamesdean.co.uk - Month of two halves. First two weeks quieter, second two weeks very busy.

Delyth Davies MRICS, Clee Tompkinson & Francis, Carmarthen, delythd@aol.com - The market remains very buoyant but some price sensitivity creeping in at the top end.

Paul Lucas FRICS, R.K. Lucas & Son, Haverfordwest, paul@rklucas.co.uk - Sales have fallen simply because of the lack of properties currently available. Demand remains strong.

London

David Conway FRICS, David Conway & Co, Harrow, david@davidconway.co.uk - More interest in low cost energy homes.

Gemma White , Willmotts, London, missgemmadee@gmail.com - Covid has made a big difference.

James Perris MRICS, De Villiers, London, james.perris@devilliers-surveyors.co.uk - High transactional costs and the lack of overseas buyers is still holding back the market in some sectors, although generally a lack of stock and increased commitment amongst buyers is seeing the market remain strong despite the economic uncertainty.

Jeremy Leaf FRICS, Jeremy Leaf & Co, Finchley, jeremy@jeremyleaf.co.uk - Demand and price growth has slowed as the market responds to the withdrawal of government support schemes. Prices remain supported by low stock and record low interest rates which will remain unchanged at least for the next month.

John Collard, Robert Holmes & Co, SW London, jcollard@robertholmes.co.uk - Rising interest rates may affect the sales market adverseley.

Joshua Homans MRICS, ECM Valuations, Stratford, ecmvaluations@outlook.com - Interest rates are on the rise, but when? The market is tone death to the BOE comments of late. I would be very surprised to see house price falls during strong general price inflation, that defeats the objective. Slow annual increases are welcome.

Robert Green MRICS, John D Wood & Co., Chelsea, rgreen@johndwood.co.uk - The Chelsea market continues to enjoy healthy demand from buyers. New instructions have been low compared to similar months in previous years, supporting modest price growth for the best properties.

Simon Aldous MRICS, Savills, London, saldous@savills.com - Central London's recovery continues, still led by houses with gardens, the market for flats is improving as international buyers and office workers return.

William Delaney AssocRICS, Lawrence Ward & Co, West End, william@lwlondon.com - Threats of an interest rates rise, tax increases, another lockdown and the enormous costs of meeting climate change commitments are all combining to stifle confidence. However, the Central London market is very resilient and whilst transaction levels are subdued, prices have remained stable.

Scotland

Adrian Stott FRICS, J and E Shepherd, Lothians, a.stott@shepherd.co.uk - No slowing down due to lack of supply, prices being achieved generally in excess of home report valuations.

Alan Kennedy MRICS, Shepherd Chartered Surveyors, Fraserburgh, alankennedy84@hotmail.com - Buyer demand remains strong in most sectors, though the supply side is slowing as some sellers are reluctant to market during the winter months.

Alex Inglis MRICS, Galbraith, Scottish Borders, alex.inglis@galbraithgroup.com - Things appear to be slowing down a bit as we move towards winter but it is still a strong market for most of our sellers.

Ian Morton MRICS, Bradburne And Co, St Andrews, info@bradburne.co.uk - The market has gone from feast to famine recently and we do not see any change until into early next year. Sellers are reticent about going to the market when they cannot see a suitable property available to buy. The never ending circle continues until supply returns.

James Struthers MRICS, DM Hall LLP, Inverurie And Peterhead, james.struthers@dmhall.co.uk - I feel the regulations surrounding Minimum Energy Efficiancy ratings will force people to take action and ensure their homes are more energy efficient to comply with the upcoming regulations. I also believe that the Government will have to provide grants to ensure their targets.

John Brown FRICS,MRTPI,DLE, John Brown And Company, Edinburgh, john.brown@jb-uk.com - Agents report it's difficult to get bargains concluded, missives taking too long and buyers pulling out if they can't sell their property. This is causing resales and time loss with 'chain' effects. Market is still positive but interest is reduced with concerns for mortgage rates, energy costs.

Marion Currie AssocRICS, RICS Registered Valuer, Galbraith, Dumfries & Galloway, marion.currie@galbraithgroup.com - A healthy market has remained throughout October - still seeing intense competition for rural properties leading to closing dates and excellent premiums achieved.

Thomas Baird MRICS, Select Surveyors, Glasgow, thomas.baird@selectsurveyors.co.uk - COP 26 set to impact on volume of instructions achievable for the coming weeks. October has been steady in terms of home report instructions.

Northern Ireland

Gareth Gibson FRICS, Douglas Huston, Belfast, gareth@hustonestateagents.com - Sales market is suffering from a lack of stock and continuing high buyer demand.

James Callaghan , Philip Tweedie And Company, Coleraine, james@philiptweedie.com - Lack of new instructions will continue to push prices.

Kirby O'Connor AssocRICS, Goc Estate Agents, Belfast, kirby@gocestateagents.com - The market was strong and continued past the stamp duty closure. Difficulty now is there is not enough stock on the books.

Surveyor comments - lettings

North East

David Shaun Brannen AssocRICS, Brannen & Partners, North Shields, shaun.brannen@brannen-partners.co.uk - An increase in supply has been more than welcomed though this is seen as a blip rather than a future projected pattern. One does live in hope.

Mr Keith Alan Pattinson FRICS, Keith Pattinson Ltd, Newcastle-Upon-Tyne, keith.pattinson@pattinson.co.uk - Rents rising and there is a need for more properties, partly due to more population and smaller households.

Natasha Cooper MRICS, Grainger Plc, North West, ncooper@graingerplc.co.uk - Real pick up in lettings activity towards FY end, which has enabled renewals to cautiously increase rental prices in response.

Neil Foster MRICS, Foster Maddison Property Consultants, Hexham, neil@fostermaddison.co.uk - Rents are rocketing. We have seen well over 25% growth year to date and landlord's are increasingly capitalising on this evidence when AST renewals fall due.

Richard Towler MRICS, Eden Lettings And Management, Penrith, rjt@simpsontowler.co.uk - Steady demand despite a fall in applications by Europeans, supply still constrained but new property still coming forward nonetheless.

Yorkshire & the Humber

Alex Mcneil MRICS, Bramleys, Huddersfield, alex.mcneil@bramleys1.co.uk - There remains strong tenant demand which keeps upward pressure on rents.

Ben Hudson MRICS, Hudson Moody, , benhudson@hudson-moody.com - Lack of housing to let driving increases in rents.

James Watts MRICS, Robert Watts Estate Agents, Cleckheaton, jameswatts@robertwatts.co.uk - Tenant demand is increasing and with some landlords now deciding to sell to take advantage of the rising market, supply has dwindled and this has pushed up rents even further.

Michael Darwin MRICS, M W Darwin And Sons, Northallerton, info@darwin-homes.co.uk - Demand continues to outstrip supply, pushing up rents.

North West

Jonathan Clayton FRICS, Jpa Surveyors, Lytham St Annes, jonathan@jpasurveyors.co.uk - A high proportion of rentals are transferring to holiday lets and airbnb.

Lawrence Copeland FRICS, Elbonmill Limited T/A Lawrence , Copeland Town And City Centre, lawrence@lawrencecopeland.com - Red tape and ongoing regulation of the residential lettings property is choking supply. In my area, the introduction of additional HMO licensing is over the top and not necessary. Substantial extra costs for landlords and lack of thought from councils not aware of overseas landlords and the impact.

East Midlands

John Chappell BSc.(Hons), MRICS, Chappell & Co Surveyors Ltd, Skegness, john@chappellandcosurveyors.co.uk - Demand still outstripping supply, not helped by labour & materials shortages to get empty properties into re-lettable condition. Still to receive any questions about energy efficiency from any potential tenant.

Katie Wilcox-Smith AssocRICS, Purplebricks, Leicestershire & Rutland, katiew-s@hotmail.co.uk - Rental housing shortage equates to tenants foremost needing to secure a property, everything else is secondary.

Kj Gregory FRICS, Gregoryresidential Ltd, Leicester, kevin@gregoryresidential.co.uk - General lack of new instructions.

Will Ravenhill , Readings, Leicester, wravenhill@readingspropertygroup.com - Demand still good and we're still adopting the pre-application process for viewings that we introduced during lockdown. However, we're finding more and more tenants are pulling out of deals, for the first time since the tenant fee ban. Holding fees will now be charged.

West Midlands

Colin Townsend MRICS, John Goodwin, Malvern, colin@johngoodwin.co.uk - Still high demand from tenants but lack of supply. Rents continuing to rise.

Dean Taylor MRICS, Fishers, Edgbaston Birmingham, dean@fishers.co.uk - We have a very limited amount of property to let. When a property enters the market we achieve a successful letting within days and usually after receiving multiple applications from prospective tenants.

Jeremy Dell , J J Dell & Co, Shropshire, property@jjdell.co.uk - Very keen demand which outstrips supply. Landlords are setting a strick criteria in their applications.

John Andrews FRICS, Doolittle & Dalley Ltd, Bridgnorth, johnandrews@doolittle-dalley.co.uk - New instructions required to satisfy demand which stays at a constant high level. Rents rising and demand likely to continue at a high level.

John Andrews FRICS, Doolittle & Dalley Ltd, Kidderminster, johnandrews@doolittle-dalley.co.uk - There is no sign of demand easing, perhaps due to lack of new instructions, when property becomes available numerous applications are received. Shortage of quality accomodation driving rents upwards.

Richard Franklin MRICS, Franklin Gallimore, Tenbury Wells, richard@franklingallimore.co.uk - Good quality letting accommodation remains scarce with many suitable candidates chasing limited stock. Increase in turnover expected as SCT 21 Notices being issued under usual notice period.

East Anglia

Chris Philpot FRICS, Lacy Scott And Knight, Stowmarket, Mid Suffolk, cphilpot@lsk.co.uk - Still strong tenant demand and rents increasing.

David Boyden Bsc MRICS, Boydens, Colchester, david.boyden@boydens.co.uk - Remains buoyant with a good level of new properties coming to market and a consistent demand for good quality properties.

Jeffrey Hazel FRICS, Geoffrey Collings & Co, King's Lynn, jhazel@geoffreycollings.co.uk - Steady demand and supply

Kevin Burt-Gray MRICS, Pocock & Shaw, Cambridge, kevin@pocock.co.uk - High demand from prospective tenants with multiple applications being received on most properties due to lack of supply.

South East

David Parish FRICS, Gates, Parish & Co, Upminster, professional@gates-parish.co.uk - There is a good demand for well-fitted properties, particularly those close to the Town Centre and transport facilities.

James Farrance MNAEA, FARLA, Braxton, Maidenhead, - Government interference by increasing aquisition costs by 3% extra stamp duty, reducing the scope for landlords to offset borrowing costs against income and increasing setup costs of tenancies by the Tenant Fees Act 2019 has put off buy to let landlords, reducing stock and massively increasing rents.

Martin Allen MRICS, Elgars, Wingham, Canterbury, m.allen@elgars.uk.com - Market seems steady but rents are still being pushed upwards by lack of available properties coming onto the market.

Timothy Green AssocRICS, Hi Oxford, Oxford, timgreencrofts@gmail.com - There remains little motivation for property owners to improve energy performance of their properties.

South West

Marcus Arundell MRICS, Homelets, Bath, marcus@homelets-bath.co.uk - Applicant numbers still at robust levels albeit stock in short supply. Rents holding strong and time-on-market right down. Promising stock pipeline developing plus 22-23 student list going out shortly.

Mark Annett FRICS, Mark Annett & Company, Chipping Campden, mark.f.annett@gmail.com - High demand against low stock means rents hold up and rise.

Michael Burkinshaw MRICS, Skysurvuk, Backwell, michael.burkinshaw@skysurvuk.com - Strong demand continues following the general impact of covid-19 on household makeup. Limited supply is resulting in rising rent and this trend is likely to continue for many months. As homeowners are forced to sell due to finance/job situation and the turning economy, rent demand will rise.

Paul Oughton MARLA, MNAEA, Moore Allen & Innocent, Cirencester And The Cotswolds, paul.oughton@mooreallen.co.uk - Demand still outstripping supply by quite some margin. Government policy - present and forecast, is deterring landlords from entering or staying in the sector.

Wales

Paul Lucas FRICS, R.K. Lucas & Son, Haverfordwest, paul@rklucas.co.uk - Very few letting properties available across the board. Significant tenant demand.

London

David Conway FRICS, David Conway & Co, Harrow, david@david-conway.co.uk - Stronger EPC government legislation may result in less rental property on market.

Gemma White , Willmotts, London, missgemmadee@gmail.com - Covid has made a big difference.

Jeremy Leaf FRICS, Jeremy Leaf & Co, Finchley, jeremy@jeremyleaf.co.uk - Rents are hardening in response to continued strong demand, particularly from those whose employment position has been confirmed with the ending of furlough as well as buyers of houses needing refurbishment after beating the stamp duty deadline.

Jilly Bland , Robert Holmes & Co, London, jilly@robertholmes.co.uk - Demand far outweighs supply consistently as most turn to selling in favour of renting.

John Collard, Robert Holmes & Co, SW London, jcollard@robertholmes.co.uk - Reduced incentive of buy to let will reduce number of properties to rent.

Mark Wilson MRICS, Globe Apartments, London, mark@globeapt.com - Well, we sure called the market wrong, a big bounce in rents in central London over the past weeks and no new stock. We need flats to rent now more than ever in our 40 years of trading. Expect we are not alone.

Simon Aldous MRICS, Savills, London, saldous@savills.com - The rental market in London has turned a corner with increased tenant demand chasing what does appear to be reducing amount of rental stock, houses are still outperforming flats.

Scotland

Ian Morton MRICS, Bradburne And Co, St Andrews, info@bradburne.co.uk - Demand from tenants continues and new investors in buy to let properties increases steadily. Rents continue to rise due to scarcity of rental properties available.

John Brown FRICS,MRTPI,DLE, John Brown And Company, Edinburgh, john.brown@jb-uk.com - Better market as student demand returned. Stock levels lower as landlords have sold, meaning pressure on rents. Short term impact that will level out. Reason for less private flats-tenancy changes. Worries over added tenant security and costs increases.

Northern Ireland

David Irwin MRICS, Ikon Property Group, Belfast, david.irwin@ikonpropertygroup.com - A Covid orientated stay at home mentality, combined with demand outstripping supply has contributed to a very healthy and buoyant lettings market in Belfast. Quality rental homes offered by professional landlords and letting agents are snapped up quickly by tenants seeking long term tenancies.

Gareth Gibson FRICS, Douglas Huston, Belfast, gareth@huston-estateagents.com - There has been a 45% drop in available rental properties which has driven rents up and tenant demand is the highest in 20 years.

Kirby O'Connor AssocRICS, Goc Estate Agents, Belfast, kirby@gocestateagents.com - Rental market is incredible, demand high and rents are up.

Contacts

Subscriptions

All subscription enquiries to: economics@rics.org

Silver package: POA
Housing and lettings market data (excluding questions 6, 7, 13, 17, 18 and 19)

Gold package: POA
Housing market and lettings market data package (questions 1-18). This is the complete data set excluding the bedroom breakdown and question 19.

Platinum package: POA
Housing market and lettings market data (questions 1-19). This is the complete data set including the bedroom breakdown for questions 6-7 and 17-18.

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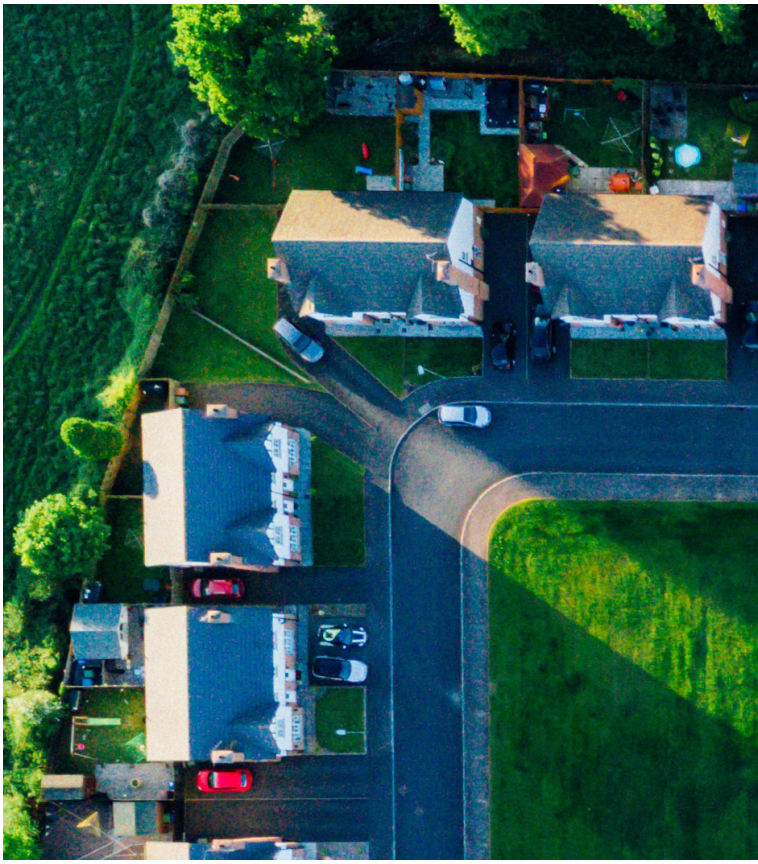
Market Surveys & Reports

Download RICS Economic market surveys and reports: www.rics.org/economics

- UK Residential Market Survey (monthly)
- UK Construction Market Survey (quarterly)
- UK Commercial Market Survey (quarterly)
- UK Facilities Management Survey (quarterly)
- Global Construction Monitor (quarterly)
- Global Commercial Property Monitor (quarterly)
- RICS /Spacious Hong Kong Residential Market Survey (monthly)
- RICS /Ci Portuguese Housing Market Survey (monthly)

*All packages include the full historical back set, regional breakdown, and, where applicable, the seasonally and not seasonally adjusted data.



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Scheme	Location	Pcode	Developer	Year of data	Detached - 80-90 sq m	Detached - 90-100 sq m	Detached - 100-110 sq m	Detached - 110-120 sq m	Detached - 120-130 sq m	Detached - 130-140 sq m	Detached - 140-150 sq m	Detached - 150-170 sq m	Semi - < 60 sq m	Semi - 60-70 sq m	Semi - 70-80 sq m	Semi - 80-90 sq m	Semi - 90-100 sq m	Semi - 100-110 sq m	Semi - 110-120 sq m	Semi - > 130 sq m	Terrace - 50 - 60 sq m	Terrace - 60 -70 sq m	Terrace - 70 - 80 sq m	Terrace - 80 - 90 sq m	Terrace - 90 - 100 sq m	Terrace - 100 - 110 sq m	Terrace - > 110 sq m	Flat < 50 sq m	Flat 55 - 60 sq m	Flat 60 - 65 sq m	Flat 65 - 75 sq m	Average
Bedewell Court	Hebburn	NE31	BDW	Mostly 2020	£ 2,738	£ 2,604		£ 2,456					£ 2,550	£ 2,309	£ 2,435	£ 2,612		£ 2,165	£ 2,217		£ 2,249	£ 2,033	£ 2,299	£ 2,471									£ 2,395
The Maples	Hebburn	NE31	BDW / TW	2019	£ 2,571	£ 2,487	£ 2,427	£ 2,422	£ 2,395	£ 2,343		£ 2,252			£ 2,372	£ 2,466																£ 2,415
Westburn Village	Hebburn	NE31	Miller Homes	2019/2020	£ 2,540	£ 2,612	£ 2,294	£ 2,435	£ 2,377	£ 2,325	£ 2,305	£ 2,197		£ 2,425	£ 2,371	£ 2,283	£ 2,148	£ 2,123	£ 2,123			£ 2,284	£ 2,380									£ 2,326
Riverside Village	Hebburn	NE31	Persimmon	2019																					£ 1,770				£ 1,682			£ 1,770
Ellison Grove	Hebburn	NE31	Persona	ASKING 2021				£ 2,522	£ 2,482			£ 2,136				£ 2,441																£ 2,395
The Hawthorns	Hebburn	NE31	Keepmoat	ASKING 2021				£ 2,356						£ 2,451	£ 2,534			£ 2,076															£ 2,354
Langdale Grange	Primrose, Jarrow	NE32	Centaurea	ASKING 2021		£ 2,178		£ 2,107							£ 2,078		£ 1,894															£ 2,064
Trinity South	South Shields	NE33	Keepmoat	2019											£ 1,740		£ 1,802						£ 1,685		£ 1,722	£ 1,643						£ 1,718
Seymour Court	South Shields	NE34	McCarthy & Stone	2019																								£ 2,488		£ 2,111	£ 2,437	£ 2,345
Sandpiper View	East Boldon	NE36	Gentoo Homes	2020								£ 2,914								£ 2,760							£ 2,387			£ 3,280		£ 2,687

Economies of scale

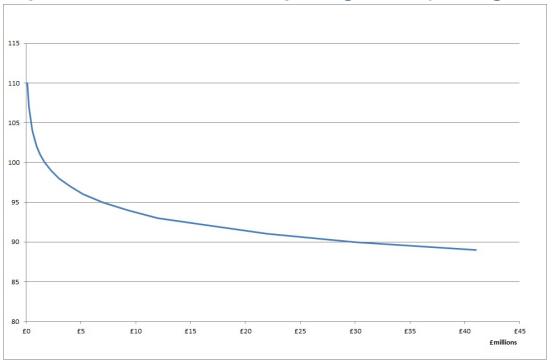
25-Oct-2016

Pricing levels on building contracts tend to fall as the size of the project increases.

The latest BCIS Tender Price Study, based on project tender price indices analysed by contract sum, shows that pricing levels fall by as much as 20% between small contracts and multi-million pound schemes.

Compared to the mean value of projects in the study of £1.7million projects, pricing on small projects is 10% higher, while pricing on projects over £40million can be 10% lower.

Impact of contract value on pricing levels (Pricing level – log of project indices, BCIS Tender Price Study, Base £1.7million = 100)



Source: BCIS

The graph shows a clear relationship, with larger contracts having a lower price level than smaller contracts - as would be expected from economies of scale. In reality the project cost varies for many reasons and the relationship is not clear until a large sample of schemes is analysed.

It is not clear that the relationship continues at either end of the scale. There is an insufficient sample of large projects to tell whether larger projects continue to gain from economies of scale with ever falling price levels; maintain similar pricing levels (prices 'level out'); or whether pricing levels rise because of additional complexity. However, the indications are that the average price level of larger projects does not fall significantly beyond about £40million while the smallest projects appear to be more variable (and therefore break the homogeneous assumption underlying the analysis).

The Contract Sum study is intended to measure the effect of contract size on price level. The contract sum was chosen rather than the floor area because it is always available from the BCIS indexing process and is a better measure of the total 'volume' of building work as it includes external works, etc.

The price level of individual building projects varies widely for all sorts of reasons. The BCIS Tender Price Studies show how, on average, price levels change relative to ten variables. There are many more variables that will affect the price level of a building project and so professional judgment should always be used when applying the study results.

1. Date – when it was built
2. Location – where it was built
3. Regional trend – interaction between where and when it was built
4. Selection of contractor competitive tender, negotiated, etc.
5. Contract sum – volume of work *
6. Building function – office, factory, hospital, etc.
7. Building height – number of storeys
8. Type of work – new build, refurbishment, etc.
9. Site working space
10. Site access

* Note: the volume of work affects the cost of a building directly but it also has an effect on the price levels of the work.

The Contract Sum study is based on a least squares linear regression with the natural logarithm of the adjusted project index as the dependant variable and the logarithm (base 10) of the contract sum (adjusted to 1985 prices) as the independent variable.

12-Sep-2018

BCIS Tender Price Studies – Location Study

Introduction

The BCIS Location Indices are a measure of recent regional price differences combined with long-term average intra-regional variation (counties and districts).

Classification

The BCIS Location Study shows pricing levels in a three level hierarchy. For convenience these are referred to as 'regions', 'counties' and 'districts' although other terms will be more appropriate in specific cases (e.g. some regions are countries). Versions of this study are available based on the local authority boundaries in 2000 and on the boundaries in 1980. Regions are standard statistical regions at the time; counties include the Scottish regions, and districts include unitary authorities and metropolitan districts. The 2000 boundaries are based on the UK NUTS (Nomenclature of Territorial Units for Statistics) classification.

Under the 1980 coding London is treated as a special case. The first split is between London postal districts (anywhere with a London postcode such as N, NW, W, SW, SE, E, EC or WC) and Outer London (anywhere within Greater London but with a postal address of Surrey, Middlesex, Hertfordshire, Essex or Kent). An alternative split for London is by London borough: this is shown at the same level as the London postal districts/Outer London split because the boundaries of the two breakdowns do not coincide. There are several London boroughs that lie part in and part out of the London postal districts.

There is nothing significant about the boundaries chosen in price level terms and price levels could be expected to change gradually from one area to another.

You can enter a postcode or local authority name into the filter box to find the relevant area.

Location and other factors

The cost of a building is affected by many localised variables to produce a unique cost, including market factors such as demand and supply of labour and materials, workload, taxation and grants. The physical characteristics of a particular site, its size, accessibility and topography also contribute. Not even identical buildings, built at the same time but in different localities, obtain identical tenders.

While all these factors are particular to a time and place, certain areas of the country tend to have different tender levels than others. The location indices are an attempt to identify some of these general differences. The areas chosen are administrative areas and are not significant cost boundaries as far as the building industry is concerned.

It should be stressed that even within counties or large conurbations, great variations in tender levels are evident and these could be as significant as differences between regions.

Date when the indices apply

Because regional differences are known to vary over time, the study has been standardised to the most recently available inter-regional differences. Because a) there is always a delay between a project's tender date and when it can be included in a study and b) small sample sizes in individual regions mean that more than one quarter is required to calculate a current regional factor, there will always be a lag between the date of publication and the average date of projects used to calculate the latest regional trend. This lag varies from region to region and time to time but is typically between four and seven quarters.

There are typically few recent projects available for any county or district. The county and district indices are therefore calculated by multiplying intra-regional factors calculated over the long term with the current regional index.

In summary, the location indices reflect recent inter-regional differences that represent the situation approximately one year behind the publication date.

If you want the location indices for some past period then select the quarter from the 'Effective date' list. This will use regional trends to adjust the location factors to the quarter requested. Note that the XML download will not reflect the effective date you have selected – all other downloads will be updated.

Statistical definitions

The tables in the studies show statistical analysis of the results. The terms used are defined below.

Index
The index has been calculated as the geometric mean of project factors multiplied by 100. It is the average for the category.

A geometric mean is the nth root of the product of n figures but is calculated in practice by taking the log of the factors, calculating the

arithmetic mean in the normal way and then anti-logging the result.

90% Confidence interval
A measure of the reliability of the index. It is influenced by the sample size and variability of the individual factors.

In practical terms, a 90% confidence interval says that there is a 90% chance that the 'true' average factor for all projects in this category lies within this range. More formally, 90% of the intervals constructed will include the true mean. The confidence interval will not be symmetric about the mean because the log transformation has been used when calculating the study.

It does not say that 90% of project factors will fall within this range, which would be the prediction interval. An approximate 90% prediction interval could be taken as (Index -18%) to (Index +22%) if the standard deviation were 10.

Standard deviation
A measure of the dispersal of figures around the mean, calculated as the square root of the mean of the squares of the deviations from the mean of the sample. It has been converted to the same scale as the index figure by multiplying by 100.

If the standard deviation is small in comparison with the mean, it indicates that the figures are tightly packed and that a figure close to the mean can be expected in most cases. A small standard deviation also indicates that the mean is more reliable, although the sample size is normally more important in this context.

The standard deviation is, like the index, an estimate based on the sample. It can sometimes happen by chance that a small sample of projects have similar index figures and a larger sample size would show greater variation. When the sample size is small it would be prudent to consider the standard deviation of other categories from the study and use a more typical figure where appropriate.

Range
The lowest and highest factors in the sample.

The range gives a crude indication of how the individual project indices can vary about the mean. Be aware that the extreme values might be projects that are unusual in some way.

The larger the sample, the wider the range is likely to be, as there is a bigger chance of more extreme projects being included in the sample (analogous to the difference between a once in 10 year risk or a once in 100 year risk of flooding).

Sample
The number of figures of each category included in the study.

The higher the number in the sample, the more reliable the results are likely to be. Treat small samples (less than 20) with caution.

Results are not published where the sample is less than four. This is one reason why the sample size of a category may be greater than the sum of the sample sizes of subsidiary categories. Another reason might be that one or more projects may have some information missing, e.g. BCIS may know which county the project lies in for the location study, but not the district – in which case the project will be included in the county sample but none of the districts.

HBF/DCC Viability Review

Abnormal Costs – Site Examples

Developer	BDW North East		
Site Name & Location	Burnopfield Cricket Club		
DCC Delivery Area	North West		
Greenfield / Brownfield	Brownfield		
Number of Homes	56		
Site Size – net developable hectare	1.21		
Abnormal Item & Costs	**Total Cost**	**£**	**Measure**
Ground Conditions			
Grouting	£	£	
Below Ground Drainage Attenuation (excluding above ground SUDs)	£	£	
Non-standard Foundations	£ 58,240	£	Deepened foundations to 56no plots
Contamination Remediation	£	£	
Gas Protection	£	£	
Mining Legacy	£	£	
Archaeological Excavations	£	£	
Mines and Minerals	£	£	
Design			
Ground Enabling Works (Cut and Fill)	£	£	
Enhanced Design Specification above BCIS	£	£	
Retaining Walls	£ 140,283	£	432lm of retaining walls ranging from 150mm to 2100mm in height
Demolition / Clearance Works	£ 113,252	£	Demolition and clearance of existing building and materials
Extra Over Road widths (bus routes etc)	£	£	
Cycle Route Provision	£	£	
Permeable Paving	£	£	
Noise mitigation (not plot specific)	£	£	
Ecology and POS Landscaping	£	£	
Utilities			
Drainage Infrastructure – SUDS/tanking/oversized pipes	£	£	
Surface and Foul Water Diversions	£	£	
Offsite Sewage Upgrades	£	£	
Offsite Utility Upgrades	£	£	

Substations	£	£	
Electrical Diversions	£	£	
Other	£	£	
Temporary Haul Routes	£	£	
Off-site Highway Works	£ 92,267	£	Upgrade of existing site entrance estate road, including additional drainage required
Road Capping Layers	£ 19,402	£	350mm capping layer to 1,373m2 of road
Road & Footpath Finishes (e/o)	£	£	
TOTAL	£ 423,444	[redacted]	
Abnormals net developable per acre	£ 141,620.07		
Abnormal cost per net developable hectare	£ 349,953.72		

HBF/DCC Viability Review

Abnormal Costs – Site Examples

Developer	BDW North East		
Site Name & Location	Mount Oswald 2A, Durham City		
DCC Delivery Area	Durham City		
Greenfield / Brownfield	Greenfield		
Number of Homes	105		
Site Size – net developable hectare	3.20		
Abnormal Item & Costs	**Total Cost**	**£**	**Measure**
Ground Conditions			
Grouting	£	£	
Below Ground Drainage Attenuation (excluding above ground SUDs)	£	£	
Non-standard Foundations	£ 186,039	£	Additional foundation depths to 105 plots and B&B floors to 30 plots
Contamination Remediation	£	£	
Gas Protection	£	£	
Mining Legacy	£	£	
Archaeological Excavations	£	£	
Mines and Minerals	£	£	
Design			
Ground Enabling Works (Cut and Fill)	£	£	
Enhanced Design Specification above BCIS	£	£	
Retaining Walls	£	£	
Demolition / Clearance Works	£	£	
Extra Over Road widths (bus routes etc)	£	£	
Cycle Route Provision	£	£	
Permeable Paving	£	£	
Noise mitigation (not plot specific)	£ 143,598	£	Noise mitigation measures to 11no plots
Ecology and POS Landscaping	£ 23,422	£	Landscaping to POS
Utilities			
Drainage Infrastructure – SUDS/tanking/oversized pipes	£ 269,745	£	367lm of 1500mm dia pipes
Surface and Foul Water Diversions	£	£	
Offsite Sewage Upgrades	£	£	
Offsite Utility Upgrades	£ 35,438	£	Off-site gas main
Substations	£	£	

Electrical Diversions	£	£	
Other	£	£	
Temporary Haul Routes	£	£	
Off-site Highway Works	£	£	
Road Capping Layers	£ 167,055	£	600mm deep capping layer to 4,451m2 of road
Road & Footpath Finishes (e/o)	£ 137,174	£	1,810m2 of block paving to adoptable roads, 1,768lm of Charnwood kerbs to footpaths plus additional commuted sum for adoption from DCC
TOTAL	£ 962,471		
Abnormals net developable per acre	£ 188,720		
Abnormal cost per net developable hectare	£ 300,772		

*Excludes highways infrastructure serving the development cell and Section 106 costs

HBF/DCC Viability Review

Abnormal Costs – Site Examples

Developer	BDW North East		
Site Name & Location	Bogma Hall Farm, Coxhoe		
DCC Delivery Area	Central		
Greenfield / Brownfield	Greenfield		
Number of Homes	151		
Site Size – net developable hectare	4.29		
Abnormal Item & Costs	**Total Cost**	**£**	**Measure**
Ground Conditions			
Grouting	£	£	
Below Ground Drainage Attenuation (excluding above ground SUDs)	£	£	
Non-standard Foundations	£ 181,926	£	Deep trench fill foundation and B&B floors
Contamination Remediation	£	£	
Gas Protection	£	£	
Mining Legacy	£	£	
Archaeological Excavations	£	£	
Mines and Minerals	£	£	
Design			
Ground Enabling Works (Cut and Fill)	£	£	
Enhanced Design Specification above BCIS	£	£	
Retaining Walls	£ 270,264	£	846lm of retaining walls ranging from flag on edge to 2.1m in height
Demolition / Clearance Works	£	£	
Extra Over Road widths (bus routes etc)	£	£	
Cycle Route Provision	£	£	
Permeable Paving	£	£	
Noise mitigation (not plot specific)	£ 9,726	£	Enhanced glazing to 38no plots
Ecology and POS Landscaping	£ 68,618	£	Lanscaping to on-site POS areas and fees associated with MANCO

Utilities			
Drainage Infrastructure – SUDS/tanking/oversized pipes	£ 282,686	£	221lm of box culverts and oversized pipes
Surface and Foul Water Diversions	£	£	
Offsite Sewage Upgrades	£	£	
Offsite Utility Upgrades	£ 53,118	£	Off-site gas and electric re-inforcement
Substations	£	£	
Gas Diversions	£ 27,414	£	Gas diversion
Other	£	£	
Temporary Haul Routes	£	£	
Off-site Highway Works	£ 210,000	£	S278 works
Road Capping Layers	£ 124,684	£	600mm capping layer to 1,000m2 of road and 270mm capping to 6,236m2 of road
Others (add rows)	£	£	
TOTAL	£ 1,228,436	[redacted]	
Abnormals net developable per acre	£ 115,890.19		
Abnormal cost per net developable hectare	£286,348.72		

HBF/DCC Viability Review

Abnormal Costs – Site Examples

Developer	Bellway Homes		
Site Name & Location	Dalton Heights, Seaham		
DCC Delivery Area	North East		
Greenfield / Brownfield	Greenfield		
Number of Homes	75		
Site Size – net developable hectare	2.48ha (6.14 acres)		
Abnormal Item & Costs	**Total Cost**	**£**	**Measure**
Ground Conditions			
Grouting	£		
Below Ground Drainage Attenuation (excluding above ground SUDs)	£	-	
Non-standard Foundations	£789,960	-	Stiffened raft foundation to all 75 plots and additional underbuild to same
Contamination Remediation	£	-	
Gas Protection	£	-	
Mining Legacy	£	-	
Archaeological Excavations	£52,911	-	Surveys, trenching, analysis including on-site welfare, plant and equipment
Mines and Minerals	£	-	
Design	£	-	
Ground Enabling Works (Cut and Fill)	£121,102	-	Cutting/ filling and carting of surplus material to contour site allowing construction of roads, footpaths, retaining walls, gardens, paths and drives.
Enhanced Design Specification above BCIS	£	-	
Retaining Walls	£283,596	-	611m of retaining walls up to 2400mm high
Demolition / Clearance Works	£	-	
Extra Over Road widths (bus routes etc)	£	-	
Single Sided Roads	£	-	
Garage Courts	£	-	
Cycle Route Provision	£	-	
Permeable Paving	£	-	
Noise mitigation (not plot specific)	£9,600	-	64lm acoustic fencing upgrading to boundary
Ecology and POS Landscaping	£238,919	-	Landscaping to PoS and equipped play area including paths, planting and maintenance, equipped play area includes for equipment, safety flooring and fencing
Utilities	£	-	

Drainage Infrastructure – SUDS/tanking/oversized pipes	£119,145	Strom water attenuation, Suds basin & swales, Works to improve existing water course. Includes in pipe storage, 104m @ 375mm dia, hydro brake, 2100mm Flow control chamber and disposal of excess arising's. Suds basin with 2nr headwalls and 5nr swales with 2nr headwalls Cleaning out of existing culvert downstream of our storm outlet
Surface and Foul Water Diversions	£	-
Offsite Sewage Upgrades	£	-
Offsite Sewes	£35,000	- Directional drilling of offsite sewer; 73m crossing a highway and through an estate road with restricted access
Offsite Utility Upgrades	£11,093	- Extending of network to service this site
Substations	£27,500	- Provision of 1nr substation
Electrical Diversions	£	-
Other	£	-
Temporary Haul Routes	£	-
Off-site Highway Works	£52,680	- White lining, signage, extending footpath and an agricultural access
Reinforcement of road areas (geogrid)	£	-
Capping to roads incl. e/o dig & capping and disposal	£46,222	- 275mm capping of extra stone
Others (add rows)	£	-
TOTAL	£1,787,728	[redacted]
Abnormals net developable per acre	£291,161	
Abnormal cost per net developable hectare	£720,858	

HBF/DCC Viability Review

Abnormal Costs – Site Examples

Developer	Bellway Homes		
Site Name & Location	Mount Oswald; Durham		
DCC Delivery Area	Central		
Greenfield / Brownfield	Greenfield		
Number of Homes	54		
Site Size – net developable hectare	2.93ha (7.24 acres)		
Abnormal Item & Costs	**Total Cost**	**£**	**Measure**
Ground Conditions			
Grouting	£		
Below Ground Drainage Attenuation (excluding above ground SUDs)	£53,175	- E/O cost for oversized pipes; 375m & 450mm diam. - Off-site FW sewers; e/o for constructing in carriageway, new mh and reinstatement of haul road	
Non-standard Foundations	£231,850	- Extra depth foundations - Carting away of 813m3 of additional material associated with the above - Raft foundations to plots 18 & 19 - Raised floor levels/ exposed bwk - Additional underbuild - Block and beam floors	
Contamination Remediation	£		
Gas Protection	£		
Mining Legacy	£		
Archaeological Excavations	£	-	
Mines and Minerals	£	-	
Design			
Ground Enabling Works (Cut and Fill)	£25,000	- Cut/ Filling to contours to allow construction of roads, footpaths, retaining walls, gardens	
Enhanced Design Specification above BCIS	£303,695	- Enhancement to standard	
Retaining Walls	£14,948	- Independent retaining walls; 238lm - Carting away of cut material associated with the above.	
Demolition / Clearance Works	£5,000	- Removal of localised hot spot	
Extra Over Road widths (bus routes etc)	£		

Single Sided Roads	£17,400	- Section from entrance of development; right hand side no development
Garage Courts	£	
Cycle Route Provision	£	
Permeable Paving	£	
Noise mitigation (not plot specific)	£20,336	- Acoustic fence to Western boundary
Ecology and POS Landscaping	£151,428	- - - - Tree removal & Capital works to tree belt on Western Boundary - Tree protection works - Bat box provision - POS forming, landscaping, maintenance
Utilities		
Drainage Infrastructure – SUDS/tanking/oversized pipes	£	
Surface and Foul Water Diversions	£	
Offsite Sewage Upgrades	£	-
Offsite Utility Upgrades	£	-
Substations	£	-
Electrical Diversions	£1,977	- Bt diversion
Other	£	
Temporary Haul Routes	£18,988	- Construction accessto mitigate disruption to existing residents
Off-site Highway Works	£	-
Reinforcement of road areas (geogrid)	£17,400	-
Capping to roads incl. e/o dig & capping and disposal	£97,872	-
Others (add rows)	£	
TOTAL	£959,069	
Abnormals net developable per acre	£132,468	
Abnormal cost per net developable hectare	£327,327	

HBF/DCC Viability Review

Abnormal Costs – Site Examples

Developer	Miller Homes	
Site Name & Location	The Oaklands, School Aycliffe	
DCC Delivery Area	South	
Greenfield / Brownfield	Greenfield	
Number of Homes	101	
Site Size – net developable hectare	2.55ha - 6.30ac	
Abnormal Item & Costs	**Total Cost**	**Measure**
Ground Conditions		
Grouting	See below	- Part of non-standard founds
Below Ground Drainage Attenuation (excluding above ground SUDs)	£	
Non-standard Foundations	£59,797	- Claymaster - 900mm underbuild - 1.5m trenchfill – 7no plots
Contamination Remediation	£	£
Gas Protection	£	£
Mining Legacy	£	£
Archaeological Excavations	£	£
Mines and Minerals	£	£
Design		
Ground Enabling Works (Cut and Fill)	£138,603	- Cut and Fill
Enhanced Design Specification above BCIS	£130,800	- 34no plot acoustics - Elevational treatments
Retaining Walls	£198,590	- Retaining Walls
Demolition / Clearance Works	£	
Extra Over Road widths (bus routes etc)	£	£
Single Sided Roads	£	£
Garage Courts	£	£
Cycle Route Provision	£	£
Permeable Paving	£	£
Noise mitigation (not plot specific)	£	£
Ecology and POS Landscaping	£60,850	- Tree/Hedge removal - Tree Protection - Landscaping to POS
Utilities		
Drainage Infrastructure – SUDS/tanking/oversized pipes	£	-
Surface and Foul Water Diversions	£	-
Offsite Sewage Upgrades	£	-
Offsite Utility Upgrades	£2,000	- Gas
Substations	£30,000	- Substation
Electrical Diversions	£20,000	- Diversion Works
Other		
Temporary Haul Routes	£	£

Play Area	£50,000	- Play Area
Entrance Feature	£10,000	- Entrance Feature
		-
TOTAL	£700,640	[redacted]
Abnormals net developable per acre	£111,213	
Abnormal cost per net developable hectare	£274,807	

Please note there is no contingency allowed for in these figures

HBF/DCC Viability Review

Abnormal Costs – Site Examples

Developer	Persimmon Homes		
Site Name & Location	Eldon Whins, Newton Aycliffe		
DCC Delivery Area	South		
Greenfield / Brownfield	Greenfield		
Number of Homes	72		
Site Size – net developable hectare	1.7ha (4.21 acres)		
Abnormal Item & Costs	**Total Cost**	**£**	**Measure**
Ground Conditions			
Grouting	£		
Below Ground Drainage Attenuation (excluding above ground SUDs)	£124,600	- 12m 600mm pipe - Culvert under road - Hydrobreak - 270m Offsite foul drainage upgrade and associated traffic management - 4no. Manholes	
Non-standard Foundations	£153,515	- Extra depth foundations to 35no units ranging from 1.2m-2.5m additional depth - Carting of 735m3 of additional material associated with the above - 1 layer mesh to all 72 units - Raised floor levels to 12no. units - Block and beam floors to 30no. units	
Contamination Remediation	£		
Gas Protection	£		
Mining Legacy	£		
Archaeological Excavations	£9,245	- Archaeological Trial trenching cost covering attendance by Archaeologists, plant and welfare.	
Mines and Minerals	£10,000	- Mines and Minerals insurance premium	
Design			
Ground Enabling Works (Cut and Fill)	£		
Enhanced Design Specification above BCIS	£		
Retaining Walls	£45,540	- 330m of retaining walls up to 500mm - Carting away of 660m3 of cut material associated with the above.	

Demolition / Clearance Works	£	
Extra Over Road widths (bus routes etc)	£	
Single Sided Roads	£	
Garage Courts	£	
Cycle Route Provision	£	
Permeable Paving	£	
Noise mitigation (not plot specific)	£	
Ecology and POS Landscaping	£56,558	- Vegitation clearance, erection of Newt Fence and Traps and 30 days of GCN trapping attendance. - Enhancments to Cobblers Hall Plantation - Bird and Bat box provision - Sky Lark Plot creation - Pre –commencement Badger Survey - 10m structural planting strip
Utilities		
Drainage Infrastructure – SUDS/tanking/oversized pipes	£	
Surface and Foul Water Diversions	£	
Offsite Sewage Upgrades	£50,000	- Payment to 3rd party for proportional cost of shared offsite drainage upgrade
Offsite Utility Upgrades	£239,669	- Cost to service the site with utilities
Substations	£25,000	- Provision of 1no substation on site.
Electrical Diversions	£	
Other	£	
Temporary Haul Routes	£	
Off-site Highway Works	£397,565	- Construction of Roundabout and associated 278 works including footpath extensions/upgrades, Bus stop shelter upgrades.
Others (add rows)	£	
TOTAL	£1,111,692	[redacted]
Abnormals net developable per acre	£264,059	
Abnormal cost per net developable hectare	£653,936	

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Abnormal Costs – Site Examples

Developer	Charles Church / Persimmon Homes		
Site Name & Location	Easington Greyhound Stadium		
DCC Delivery Area	East		
Greenfield / Brownfield	Brownfield		
Number of Homes	47		
Site Size – net developable hectare	1.48ha (net) – 3.67 acre (net)		
Abnormal Item & Costs	**Total Cost**	**£**	**Measure**
Ground Conditions			
Grouting	£		
Below Ground Drainage Attenuation (excluding above ground SUDs)	£46,015	- Form 10m3 Carlow Tank and cart of related material - 120m up sized 1200mm pipe	
Non-standard Foundations	£291,691	- Deepened foundations to 38no. plots ranging from additional 1.2-2.5m depth. - Vibro piling to 9no plots - Pile Mat - Deepened foundations to 9no garages. - Two layer mesh reinforcements to 9 no units - CS2 Rhino Plast to 47no. units - Extra over cost of block and beam floor to 47no units - Screeding to 47no. units.	
Contamination Remediation	£53,987	- Extra over cost to remove non hazardous material from roan and foundations. - 275mm capping to rads - 600mm clean cap to gardens - Remediation Strategy and Validation certificate cost.	
Gas Protection	£		
Mining Legacy	£		
Archaeological Excavations	£5,804	- Photographic Recording of the Former Greyhound Stadium and Trial Trenching across the site.	
Mines and Minerals	£4,256	- Mines and Minerals Insurance	
Design			
Ground Enabling Works (Cut and Fill)	£		
Enhanced Design Specification above BCIS	£		
Retaining Walls	£103,156	- 574m of retaining walls ranging from 300mm-900mm	

		- 16no steps and ramps associated with retaining walls to facilitate access. - 758m3 of cut and fill associated with the above and cart of extra resultant material.
Demolition / Clearance Works	£65,429	- Demolition of existing Greyhound Stadium building and outbuildings - Associated Asbestos removal.
Extra Over Road widths (bus routes etc)	£	
Single Sided Roads	£	
Garage Courts	£	
Cycle Route Provision	£	
Permeable Paving	£23,500	- Permeable paving provided to all properties 47no. drives/ parking spaces
Noise mitigation (not plot specific)	£	
Ecology and POS Landscaping	£	
Utilities		
Drainage Infrastructure – SUDS/tanking/oversized pipes	£218,372	- Pumping Station onsite
Surface and Foul Water Diversions	£	
Offsite Sewage Upgrades	£310,183	- Offsite SW drain 171m with Manhole - Rising Main
Offsite Utility Upgrades	£13,949	- Gas and Electric connections to site
Substations	£	
Electrical & BT Diversions	£55,000	- Diversion of existing electrical and BT infrastructure
Other	£	
Temporary Access	£1,404	- Temporary Access to allow retained onsite bungalow continued access until new road in place.
Off-site Highway Works	£46,363	- Off site highway work required entailing Bus stop upgrades and TRO to reduce speed limit with associated new signage, white lining surface dressing and dragons teeth gateway markings.
Temporary Electrical supply	£7,880	- Generator rental cost and fuel to power retained onsite bungalow until new electrical infrastructure through site in place.
3rd Party Land – Easement Drainage	£20,000	- Cost of agreeing and compensating 3rd party land

		owner in relation to Deed of Easement to drain site across adjacent farm land.
NGN connection	£3,702	- NGN connection
TOTAL	£1,270,691	[redacted]
Abnormals net developable per acre	£346,237	
Abnormal cost per net developable hectare	£858,575	

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Abnormal Costs – Site Examples

Developer	Persimmon Homes	
Site Name & Location	Aykley Heads, Durham City	
DCC Delivery Area	Central	
Greenfield / Brownfield	Brownfield	
Number of Homes	206	
Site Size – net developable hectare	5.25 ha (net) / 12.97 acres (net)	
Abnormal Item & Costs	**Total Cost**	
Ground Conditions		
Grouting	£	
Below Ground Drainage Attenuation (excluding above ground SUDs)	£3,600	- Extra over drainage to shared Access
Non-standard Foundations	£705,309	- Vibro piling to proportion of dwellings - Load piling Rig 4no visits - Extra over costs forTrench fill foundations extra over width / double ring beam / suspended slabs to 181 houses, 72 garages and 12 apartments - Extra over costs for block and beam flooring to 40 units.
Contamination Remediation	£130,000	- Cart away of contaminates
Gas Protection	£20,000	- 40no units requiring gas protections measures
Mining Legacy	£	
Archaeological Excavations	£	
Mines and Minerals	£	
Design		
Ground Enabling Works (Cut and Fill)	£	
Enhanced Design Specification above BCIS	£483,789	- Additional costs for enhanced design due to sites Durham City location and expectations of LPA for Design; covers extra over costs to achieve enhanced specification including for balconies and enhanced; Brickwork, Glazing Metal work, Deck and Joinery.
Retaining Walls	£101,350	- 280m Crib walling sub 1m - 310m of gabion baskets ranging from 1m-2m heights.
Demolition / Clearance Works	£1,274,748	- Tree Removal

		- Excess aggregates from demolition retrieved and crushed - Water usage for demolition - Demolition and clearance of all structures including foundations, hardstanding, removal of contaminates and crushing of materials associated with former Police HQ buildings and site.
Extra Over Road widths (bus routes etc)	£	
Single Sided Roads	£	
Garage Courts	£	
Cycle Route Provision	£	
Permeable Paving	£	
Noise mitigation (not plot specific)	£	
Ecology and POS Landscaping	£74,088	- GCN and Bat Natural England Licence - GCN Newt Trapping ecology attendance and cost of purchase and installation of Newt fencing and traps. - Making good surrounding Landscape / Tree belt areas
Utilities		
Drainage Infrastructure – SUDS/tanking/oversized pipes	£	
Surface and Foul Water Diversions	£	
Offsite Sewage Upgrades	£2,310	- Offsite Sewer requisition
Offsite Utility Upgrades	£	
Substations	£	
Electrical Diversions	£	
Other	£	
Temporary Haul Routes	£	
Off-site Highway Works	£10,000	- Improvements to former Police HQ site entrance.
Earth moving and topsoil	£293,325	- Spoil movements on site - Importation of clay 450mm fill per plot - Importation of topsoil 150mm fill per plot - Allowance for additional topsoil where levels require making up.
TOTAL	£3,098,519	
Abnormals net developable per acre	£238,898	
Abnormal cost per net developable hectare	£590,194	

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Abnormal Costs – Site Examples

Developer	Persimmon Homes	
Site Name & Location	West House Farm, Sacriston	
Greenfield - Brownfield	Greenfield	
DCC Delivery Area	North	
Number of Homes	200	
Site Size – net developable hectare	5.46 ha (13.52 acres)	
Abnormal Item & Costs	**Total Cost**	
Ground Conditions		
Grouting	£750,000	- Cost to remediate coal mining legacy of across whole site
Below Ground Drainage Attenuation (excluding above ground SUDs)	£67,753	- 10no manholes - Pipe to existing culvert and new manhole - 163mc excavation and construct filter strip - Offsite 225mm pipe and offsite 225mm pipe in road at 5.85m depth.
Non-standard Foundations	£907,664	- 24no units Deepened foundations due to hedge/treeline - 53 units Deepened foundations due to levels - Extra over cost of reinforced slab - Vibro foundations to 200no. plots - Pot and Beam slab to 200no units
Contamination Remediation	£	
Gas Protection	£240,000	- Gas protection and screed to 200no. units
Mining Legacy	£	
Archaeological Excavations	£	
Mines and Minerals	£28,000	- Mines and Minerals insurance premium
Design		
Ground Enabling Works (Cut and Fill)	£58,014	- Cut and Fill associated with retaining walls listed below
Enhanced Design Specification above BCIS	£	
Retaining Walls	£497,199	- 333m of 1.5-2m Brick and concrete reinforcement retaining walls

		- 1,280m of brick retaining walls ranging from 450mm-900mm - 893m of 300mm flag on end retaining structures
Demolition / Clearance Works	£12,400	- Tree clearance and grubbing up of roots
Extra Over Road widths (bus routes etc)	£	
Single Sided Roads	£	
Garage Courts	£	
Cycle Route Provision	£	
Permeable Paving	£	
Noise mitigation (not plot specific)	£	
Ecology and POS Landscaping	£61,220	- Creation of 3 acre Habitat mitigation area - Footpath connection to Habitat mitigation area - Repairing of existing track / path - 10m wide buffer scrub planting
Utilities		
Drainage Infrastructure – SUDS/tanking/oversized pipes	£	
Surface and Foul Water Diversions	£	
Offsite Sewage Upgrades	£	
Offsite Utility Upgrades	£65,703	- Gas and Electric supply to site
Substations	£20,000	- Construction of 1no. substation
Electrical Diversions	£	
Other	£	
Temporary Haul Routes	£	
Off-site Highway Works	£74,950	- Construct footpath to front of site and associated kerbing, repositioning of street lights and relocation of bus stop. - Crossing Island and road widening to facilitate - S278 offsite public footpath creation.
Road Closure / Traffic Management	£7,500	- Traffic management to facilitate offsite drainage improvements.
TOTAL	£2,790,403	[redacted]
Abnormals net developable per acre	£206,390	
Abnormal cost per net developable hectare	£511,062	

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Abnormal Costs – Site Examples

Developer	Persimmon Homes	
Site Name & Location	Whinney Hill, Durham City	
DCC Delivery Area	Central	
Greenfield / Brownfield	Brownfield	
Number of Homes	75	
Site Size – net developable hectare	1.47 ha (net) – 3.65 acre (net)	
Abnormal Item & Costs	**Total Cost**	**Measure**
Ground Conditions		
Grouting	£	£
Below Ground Drainage Attenuation (excluding above ground SUDs)	£151,003	- Form Attenuation Tank - Cart Away material - 160m of 1200mm/225mm pipe - 10no. Manholes - 1no Hydrobrake - Connection to existing network
Non-standard Foundations	£418,066	- 594m3 additional depth - 61 no. Plot and Beam flooring - Piling to apartment blocks - Piling to 4no. dwellings - Pile mat - Extra Over cost of Split Level foundations to 31no. dwellings
Contamination Remediation	£77,500	- Remediation Strategy - Remediation Management - Removal of contaminate - Japanese knotweed treatment
Gas Protection	£	£
Mining Legacy	£	£
Archaeological Excavations	£	£
Mines and Minerals	£	£
Design		
Ground Enabling Works (Cut and Fill)	£630,304	- Full site regrade and carting of surplus material. - Cutting / filling and carting of surplus material to form roads, footpaths, retaining walls, Gardens, paths, drives.
Enhanced Design Specification above BCIS	£	£
Retaining Walls	£176,207	- 470m of retaining walls ranging from 450mm – 750mm

		- 318m of crib walls ranging from 1m-2.5m - Forming steps in retaining walls.
Demolition / Clearance Works	£86,000	- Demolition of former school building - Type 2 and Type 3 Asbestos Survey - Removal of Coal Tar
Extra Over Road widths (bus routes etc)	£	£
Single Sided Roads	£	£
Garage Courts	£	£
Cycle Route Provision	£	£
Permeable Paving	£	£
Noise mitigation (not plot specific)	£	£
Ecology and POS Landscaping	£	£
Utilities		
Drainage Infrastructure – SUDS/tanking/oversized pipes	£	£
Surface and Foul Water Diversions	£	£
Offsite Sewage Upgrades	£	£
Offsite Utility Upgrades	£	£
Substations	£	£
Electrical Diversions	£	£
Other	£	
Temporary Haul Routes	£	£
Off-site Highway Works	£	£
		-
TOTAL	£1,539,080	[redacted]
Abnormals net developable per acre	£421,665	
Abnormal cost per net developable hectare	£1,046,993	

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Abnormal Costs – Site Examples

Developer	Taylor Wimpey North East	
Site Name	Middlewood Moor, Usher Moor	
DCC Delivery Area	Central Durham	
Greenfield / Brownfield	Greenfield	
Number of Homes	167	
Site Size – net developable hectare	5.37	
Abnormal Item & Costs	**Total Cost**	**Measure**
Ground Conditions		
Grouting	£0	
Below Ground Drainage Attenuation (excluding above ground SUDs)	£0	
Non-standard Foundations	£548,218	-Average depth across the site 0.85m above standard. - 5,678m3 of additional spoil to be disposed off site. -51no plots to be suspended slab. -70no plots to be block and beam.
Contamination Remediation	£10,000	-Contamination hotspot identified within the SI. Provision to remove.
Gas Protection	£0	
Mining Legacy	£0	
Archaeological Excavations	£10,000	-Trial trenching required as per estimate from consultant.
Mines and Minerals	£0	
Design		
Ground Enabling Works (Cut and Fill)	£320,182	-Nett cut of 20,389m3. - 12,514m3 to remain on site, 7,875m3 to be taken off site.
Enhanced Design Specification above BCIS	£0	
Retaining Walls	£810,681	-2,515m of retaining walls ranging from 0.3m to 1.6m.
Demolition / Clearance Works	£49,230	-Demolition of existing allotments and small holdings as per quote.
Extra Over Road widths (bus routes etc)	£0	
Single Sided Roads	£0	
Garage Courts	£0	
Cycle Route Provision	£5,000	-Provision required from Local Authority.
Permeable Paving	£0	
Noise mitigation (not plot specific)	£0	
Ecology and POS Landscaping	£115,500	-Tree removal.

		-Bat and bird box provision, -Japanese knotweed to be removed from site. -Buffer planting strip (£78,500)
Utilities		
Drainage Infrastructure – SUDS/tanking/oversized pipes	£639,068	-227m storm drainage at a depth exceeding 3m. -218m watercourse culvert. -2no hydrobrakes.
Surface and Foul Water Diversions	£50,382	-Diversion works required at the site entrance.
Offsite Sewage Upgrades	£124,925	-375m drainage. -9no manholes. -Reinstate road following completion 1,890m2.
Offsite Utility Upgrades	£0	
Substations	£50,000	-Site requirement for 1no substation.
Electrical Diversions	£	
Other	£0	
Temporary Haul Routes	£150,000	-Site requirement provision.
Off-site Highway Works	£	
Others (add rows)		
Rock	£200,000	-Provision, rock picked up within the SI.
Capping layer	£197,291	-Requirement as per CBR results < 3%.
TOTAL	£3,280,477	[redacted]
Abnormals net developable per acre	£247,218	
Abnormal cost per net developable hectare	£610,890	

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Abnormal Costs – Site Examples

Developer	Taylor Wimpey North East	
Site Name	Eden Drive, Sedgefield	
DCC Delivery Area	South East Durham	
Greenfield / Brownfield	Greenfield	
Number of Homes	197	
Site Size – net developable hectare	7.30	
Abnormal Item & Costs	**Total Cost**	**Measure**
Ground Conditions		
Grouting	£0	
Below Ground Drainage Attenuation (excluding above ground SUDs)	£300,000	-683m3 and 375m3 attenuations cells. Includes additional disposal of spoil generated.
Non-standard Foundations	£539,385	-Average depth across the site 0.5m above standard allowance. -3,940m3 additional spoil to be removed. -Suspended slabs to 120no plots.
Contamination Remediation	£0	
Gas Protection	£0	
Mining Legacy	£0	
Archaeological Excavations	£50,000	-Strip and record required, estimate given by consultant.
Mines and Minerals	£0	
Design		
Ground Enabling Works (Cut and Fill)	£378,783	-1,412m3 cut, 26,510m3 fill, 25,098m3 import requirement. -18,836m3 topsoil excess following site strip.
Enhanced Design Specification above BCIS	£0	
Retaining Walls	£287,037	-128m flag on edge. -548m 0.3m to 0.45m. -520m 0.525m to 1.8m. -Includes for footings.
Demolition / Clearance Works	£0	
Extra Over Road widths (bus routes etc)	£0	
Single Sided Roads	£0	
Garage Courts	£0	
Cycle Route Provision	£0	
Permeable Paving	£0	
Noise mitigation (not plot specific)	£11,100	-23no plots with enhanced glazing.

		-130m acoustic fence to plot boundaries.
Ecology and POS Landscaping	£28,750	-Existing tree/hedgerow protection. -Bat and bird box provision. -Remove/prune existing vegetation in build cells.
Utilities		
Drainage Infrastructure – SUDS/tanking/oversized pipes	£682,377	-647m drainage between 375mm and 1200mm. 22no manholes between 1500mm and 2400mm. -2no hydrobrakes. -3no headwalls. -95m water course culvert. -1,431m3 SUDS pond including access track.
Surface and Foul Water Diversions	£75,000	-Grub up and divert existing land drainage/sewers within the site boundary. Not plotted but know so provision for works.
Offsite Sewage Upgrades	£0	
Offsite Utility Upgrades	£0	
Substations	£50,000	-Requirement for 1no substation on site
Electrical Diversions	£200,000	-Overheads to be grounded through site. Based on estimate from NPG quote on another site.
Other	£0	
Temporary Haul Routes	£100,000	-Site requirement.
Off-site Highway Works	£0	
Others (add rows)	0	
Capping layer	£145,600	-9,334m2 at 0.3m deep due to CBR's of < 3%.
Groundwater	£25,000	-Minimal picked up in the SI, provision.
Gas governor	£35,000	-Requirement for 1no gas governor on site
TOTAL	£2,908,032	[redacted]
Abnormals net developable per acre	£161,211	
Abnormal cost per net developable hectare	£398,361	

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Abnormal Costs – Site Examples

Developer	Taylor Wimpey North East	
Site Name	Pelton Fell	
DCC Delivery Area	North Durham	
Greenfield / Brownfield	Greenfield	
Number of Homes	165	
Site Size – net developable hectare	6.03	
Abnormal Item & Costs	**Total Cost**	**Measure**
Ground Conditions		
Grouting	£0	
Below Ground Drainage Attenuation (excluding above ground SUDs)	£254,388	-Attenuation tanks (640m3 and 320m3) inc disposal of additional generated materal.
Non-standard Foundations	£587,679	-Average depth of founds to 165 plots 0.5m deeper than standard. -3,300m3 of additional material to be disposed off site. -Block and beam floors to all plots.
Contamination Remediation	£25,000	-Provision for the removal of localised lead picked up on the SI
Gas Protection	£0	
Mining Legacy	£0	
Archaeological Excavations	£0	
Mines and Minerals	£0	
Design		
Ground Enabling Works (Cut and Fill)	£389,328	-10,358m3 cut, 13,149m3 fill, 2,741m3 import balance. 15,883m3 topsoil to dispose due to site generated excess.
Enhanced Design Specification above BCIS	£0	
Retaining Walls	£396,285	-598m retaining walls ranging from 0.3m to 0.45m and 762m ranging from 0.6m to 1.7m. -Includes 165m2 of exposed facings.
Demolition / Clearance Works	£0	
Extra Over Road widths (bus routes etc)	£52,500	-6.5m spine road required through site, 525m of additional carriageway.
Single Sided Roads	£0	
Garage Courts	£0	

Cycle Route Provision	£0	
Permeable Paving	£0	
Noise mitigation (not plot specific)	£0	
Ecology and POS Landscaping	£125,000	-Form and landscape 2no new ponds. -Dress and seed 13acres of open space, protect existing trees and hedgerows to perimeter of site. -Bird and at box provision.
Utilities		
Drainage Infrastructure – SUDS/tanking/oversized pipes	£187,635	-266m of drainage ranging from 450mm to 2100mm. -4no SUDS ponds -10no headwalls
Surface and Foul Water Diversions	£121,680	-526m of foul drainage into existing carriageway for POC. -7no manholes to the above. -Re-instate carriageway once complete.
Offsite Sewage Upgrades	£0	
Offsite Utility Upgrades	£0	
Substations	£50,000	-Site requirement for 1no substation
Electrical Diversions	£0	
Other	£0	
Temporary Haul Routes	£100,000	-Provision for site requirement.
Off-site Highway Works	£105,000	-402m2 of new footpath. -650m2 new road construction. -2800m2 plane off and relay existing carriageway. -206m drainage. -5no manholes.
Others (add rows)		
Pumping station	£150,000	-Site requirement for 1no pumping station
Offsite highway works	£480,000	-Provision due to unconfirmed cost of service diversions.
Services protection at site entrance	£40,000	-Site requirement due to services crossing proposed site entrance. Lower/protect 3no existing services.
Gas Governor	£35,000	-Site requirement for 1no gas governor
TOTAL	£3,099,495	[redacted]
Abnormals net developable per acre	£208,020	
Abnormal cost per net developable hectare	£514,012	