Local Plan Viability Testing – Update

Completed on behalf of South Tyneside Council

October 2023

CP Viability Ltd

CPV

Independent Property Experts

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1. Introduction

1.1. South Tyneside Council ("the Council") is currently in the process of developing its Local Plan. In June 2022 the Council published a draft Local Plan followed by a consultation process (Regulation 18).

1.2. To inform the draft plan policies put forward within the draft Local Plan we were previously engaged by the Council to undertake Local Plan viability testing. This was to ensure the deliverability of the policies as set out in the draft Local Plan. We submitted our report to the Council in Dec 2021. We concluded that the following planning policy requirements were viable:

- **Policy 18: Affordable Housing**

Cleadon, East Boldon, Whitburn	30% (10% Home Ownership, min 7.5% First Homes, 20% Rented)
West Boldon, Boldon Colliery, Hebburn	20% (10% Home Ownership, min 5% First Homes, 10% Rented)
South Shields, Jarrow	10% (All First Homes)

- **Policy 20: Technical Design Standards for New Homes**
- **Policy 47: Design Principles**
- **Policy SP2: Strategy for Sustainable Development to meet identified needs** – a cost equivalent to £1,500 per unit was allowed to ensure all dwellings met the M4(2) requirement of the Accessibility and Adaptability standards. A further allowance equivalent to £13,000 per dwelling, applied to 13% of the total number of dwellings, was applied to ensure these units met M4(2) requirement of the Accessibility and Adaptability standards. Furthermore, a transport cost equivalent to £1,000 per dwelling was also applied.

- **Policy 48: Promoting Good Deign with New Residential Developments**
- **Policy 43: Development Affecting Designated Heritage Assets**
- **Policy 44: Archaeology**
- **Policy 45: Development Affecting Non-Designated Heritage Assets**
- **Policy 33: Biodiversity, Geodiversity and Ecological Networks** – cost factored into the modelling at £20,598 per Ha
- **Policy 34: Internationally, Nationally and Locally important sites**
- **Policy 35: Delivering Biodiversity Net Gain**
- **Policy SP23: Green Infrastructure**
- **Policy 37: Protecting and enhancing Open Spaces and Green Infrastructure** – cost factored into the modelling at £500 per dwelling.
- **Policy 7: Flood Risk and Water Management**
- **Policy 8: Flood Risk Assessment (FRA)**
- **Policy 9: Sustainable Drainage Systems** – cost factored into the modelling for Sustainable Urban Drainage (SUDS) at £30,000 per Ha.
- **Policy 6: Renewables and Low Carbon Energy Generation**
- **Policy 52: Telecommunications**
- **Policy SP27: New Development**
- **Education** – cost factored into the modelling at an average rate of £5,000 per dwelling.

1.3. At the current time, the Council is at Stage 3 of its Local Plan timeline, which is the preparation of the final draft (Regulation 19).

1.4. However, since our previous Local Plan viability testing was undertaken in Dec 2021 there have been a number of key changes in the development market:

- Macro-economic factors such as the ongoing cost of living crisis and war in Ukraine, which is having an impact in particular on cost inflation.

- There has also been a recent 'step-change' in the Bank of England Base Rate, increasing from an historic low of 0.1% in December 2021 to the current 5.25% rate. This has had a 'knock-on' effect on the lending market, generally serving to increase finance costs for residential development schemes and potentially impact on sales values going forward.

- There have also been changes in the development industry which are likely to have a further impact, most notably the changes to Part L of the Building Regulations, which came into full effect from June 2023. This required that CO_2 emissions are reduced by 31% for dwellings, with a new emphasis on low carbon heating systems. These are an interim step towards the Future Homes Standard which will come into force from 2025.

- Equally, requirements for a Bio-Diversity Net Gain of at least 10% are due imminently (albeit this was intended to be mandatory from November 2023 but has recently been pushed back to 2024).

1.5. To ensure the Local Plan policies are robust and deliverable, it is considered appropriate to update the typology testing undertaken in Dec 2021 specifically to assess whether the changes in the market have impacted on the viability outcomes.

1.6. As part of this process, we have undertaken further stakeholder engagement through:

- A stakeholder workshop held on 21st September 2023.
- A post-workshop stakeholder questionnaire, to allow stakeholders to submit comments in writing and provide supporting evidence. 7 completed questionnaires were received from stakeholders.

2. Viability approach and assumptions

2.1. General approach

2.1.1. The methodology used to assess the Local Plan viability for the purposes of this update is consistent with the approach adopted in the Dec 2021 study. This follows a number of key principles as set out in the Planning Practice Guidance: Viability.

2.1.2. The approach involves applying the ‘residual method’ whereby the market values of completed new build dwellings are assessed, from which the costs of completing the development (including developer profit, finance and planning policies) are deducted. This leaves a ‘residual’, which is the price that developer could pay to acquire the land (known as the ‘residual land value’). Separately, a ‘benchmark land value’ is established, which can be defined as being the minimum price that a hypothetical and reasonably minded landowner would be willing to accept (taking into account any abnormal costs, professional fees and planning policies associated with the site). If the residual land value calculated through the appraisal is above the benchmark land value, then the scheme is deemed to be viable. If the residual land value falls below the benchmark land value, then the scheme is considered to be unviable.

2.1.3. For the purposes of Local Plan viability testing, and in accordance with the requirements of the Planning Practice Guidance: Viability, it is appropriate to adopt a ‘typology’ approach to site testing. This involves identifying a typical / average site type, rather than looking to test every site put forward for allocation (which is time consuming, costly and potentially misleading as often the full details of each site are not known at the plan making stage).

2.1.4. The typology approach adopted in our Dec 2021 study included the following:

Site Type 1:	5 dwellings
Site Type 2:	10 dwellings
Site Type 3:	30 dwellings
Site Type 4:	80 dwellings
Site Type 5:	125 dwellings
Site Type 6:	250 dwellings
Site Type 7:	40 retirement apartments
Site Type 8:	100 apartments

2.1.5. Each typology was also tested in both a 'greenfield' and 'brownfield' scenario (each having different figures for contingency, abnormals and benchmark land value). The typologies were also tested in different value areas, which were categorised as:

- Cleadon
- East Boldon / Whitburn
- West Boldon / Boldon Colliery
- Hebburn
- South Shields / Jarrow

2.1.6. From the stakeholder engagement, the following suggestions were made with regards to the typologies (based on comments at the workshop and the 7 subsequent responses to the questionnaire):

- 4 parties deemed the typology testing used in Dec 2021 to still be appropriate without amendment.
- 1 party suggested a site typology of 200 should be included in the modelling.

- 1 party suggested the 250 unit typology was too similar to the 125 dwelling typology and instead should be increased to 400 to 500 units, as at that level there would be a clear distinction, being a multi outlet scheme.
- 1 party also suggested an additional typology test of 500 units.

2.1.7. We see little benefit in adding a typology of 200 units when there is already modelling at 125 and 250 units. However, we accept the comments raised with regards to testing a larger scale ‘multi outlet’ typology in addition to the typologies undertaken. In light of this, for the purposes of this update we have amended our typologies to the following:

Site Type 1:	5 dwellings
Site Type 2:	10 dwellings
Site Type 3:	30 dwellings
Site Type 4:	80 dwellings
Site Type 5:	125 dwellings
Site Type 6:	250 dwellings
Site Type 7:	500 dwellings
Site Type 8:	40 retirement apartments
Site Type 9:	100 apartments

2.2. Gross to net ratios

2.2.1. In our Dec 21 modelling we adopted the following gross to net areas:

Dec 21 adopted gross to net area assumptions

Site:	5 dwellings	90%
Site:	10 dwellings	90%
Site:	30 dwellings	75%
Site:	80 dwellings	70%
Site:	125 dwellings	65%
Site:	250 dwellings	65%
Site:	40 retirement apartments	70%
Site:	100 apartments	85%

2.2.2. During the workshop, and in the subsequent stakeholder questionnaire, we suggested that the above gross to net ratios should be retained in the modelling.

2.2.3. The following response were received through the stakeholder questionnaire:

- 4 parties deemed the gross to net ratios used in the typology testing used in Dec 2021 to still be appropriate without amendment.
- 1 party suggested that "…with BNG [Bio Diversity Net Gain] requirements, SUDS etc these possibly need to reduce the gross to net ratios. The above will need to be revisited if you are to apply NDSS, M4 cat 2 and M4 cat 3 requirements as this will ultimately reduce the number of dwellings per hectare".
- 1 party stated "Gross to net ratios need to take into account Biodiversity Net Gain which needs to be mitigated on a site by site basis".
- 1 party queried what was the definition of "net area"? This party went on to raise an unanswered question as to whether the current allowances were sufficient to cover Bio Diversity Net Gain, SUDS, strategic / social infrastructure and open space / play.

2.2.4. In terms of the definition of the "net area", this is deemed to include plot externals (i.e. outside the footprint of the dwelling, but within the total boundary of each plot), estate roads, landscaping / play areas, SUDS and Bio Diversity Net Gain areas.

2.2.5. 4 out of the 7 parties indicated that the existing assumptions regarding gross to net ratios were again appropriate for the modelling. 3 of the 7 raised concerns, mostly focusing on whether Bio-Diversity Net Gain would be appropriately allowed for.

2.2.6. Our experience is that the Bio-Diversity Net Gain requirements are site specific and can vary from site to site (including factors such as whether the requirement is for on-site delivery or off-site). This variation from site to site can be significant. This is the same, for example, with abnormal costs more generally, which are site specific and can vary widely from site to site.

2.2.7. The Planning Practice Guidance: Viability accepts that every potential level of costs associated with a development site cannot be reflected in the Local Plan viability testing (as this is impractical), stating:

> *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. Para 003*
>
> *A typology approach is a process plan makers can follow to ensure that they are creating realistic, deliverable policies based on the type of sites that are likely to come forward for development over the plan period…Average costs and values can then be used to make assumptions about how the viability of each type of site would be affected by all relevant policies. Para 004.*

2.2.8. In light of this, it is appropriate for an assessor to make an assumption as to what constitutes a reasonable assumption in the Local Plan viability modelling.

2.2.9. Furthermore, the guidance goes on to state the following with regards to establishing benchmark land value:

> *Benchmark land value should:*
>
> - *be based upon existing use value*
> - *allow for a premium to landowners (including equity resulting from those building their own homes)*
> - *reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees. Para 014*

2.2.10. In this respect, whatever the assumption is regarding abnormal costs, site-specific infrastructure costs and professional site fees, this will need to be appropriately balanced against the benchmark land value. In other words, if high abnormal costs are assumed in the model, this will have a downward impact on benchmark land value and vice versa.

2.2.11. In terms of how this impacts on the requirements for Bio-Diversity Net Gain, it is our view that Bio-Diversity Net Gain requirements can be regarded as a site specific infrastructure cost. This is because Bio-Diversity Net Gain is a fixed requirement, which is not subject to viability. In other words, the developer / housebuilder would have to incur the associated costs regardless of whether the scheme is viable or not. As this is a fixed requirement, that would always be required to bring forward the site for development, it is reasonable to assume that this has the same impact on land value as say flood mitigation works or enhanced foundations, i.e. it would serve to reduce the value of the land as it is a cost which a developer / housebuilder would be unable to avoid.

2.2.12. The level of Bio-Diversity Net Gain costs in an appraisal therefore has to be balanced against the benchmark land value (again, if the Bio-Diversity Net Gain costs are increased this reduces the benchmark land value and vice versa).

2.2.13. For the purposes of the Local Plan viability testing, it is therefore important that whatever the level of Bio-Diversity Net Gain costs are factored into the appraisal, this is appropriately reflected in the corresponding benchmark land value.

2.2.14. Finally, we would also stress that in our original Dec 21 study an allowance was included for onsite Bio-Diversity Net Gain, implicit within the gross to net ratios (see para 4.6.9 of our Dec 21 report where we state that "…10% of the gross site area would be provided as land that meets the requirement of the Bio-Diversity Net Gain policy".

2.2.15. Having considered the above, we are of the view that the gross to net areas assumed in the Dec 21 typology testing are still reasonable for the purposes of the modelling and appropriately allow for factors such as onsite Bio-Diversity Net Gain and SUDS. We have therefore retained the same assumptions in our modelling, albeit on the basis that these cost allowances are appropriately reflected in the corresponding benchmark land value.

2.3. Density

2.3.1. In our Dec 21 modelling the following density rates were applied:

Dec 21 adopted density

5/10 dwellings	30 units per net Ha
30, 80, 125, 250 dwellings	35 units per net Ha
40 retirement flats	100 units per net Ha
100 retirement flats	400 units per net Ha

2.3.2. During the workshop, and in the subsequent stakeholder questionnaire, we suggested that the above density rates should be retained in the modelling.

2.3.3. The following response were received through the stakeholder questionnaire:

- 5 parties deemed the density rates used in the typology testing used in Dec 2021 to still be appropriate without amendment.
- 1 party commented that the application of nationally Described Space Standards ("NDSS") and Accessibility and Adaptability standards (M4(2) and M4(3)) would "…ultimately reduce the number of dwellings per hectare.
- 1 party stated that different housebuilders have different densities of dwellings per net Ha.

2.3.4. As discussed above, it is not practical (or necessary) for Local Plan viability testing to consider every conceivable development scenario. In this regard, the typology testing should reflect an average assumption on dwelling density (rather than seeking to reflect the individual approaches of different housebuilders).

2.3.5. It is also stressed that the M4(2) and M4(3) Accessibility and Adaptability standards were factored into our Dec 21 testing, therefore this is implicit in the density rates applied.

2.3.6. In light of this and recognizing that the majority of respondents were comfortable with the adopted density rates, we have retained these allowances in our modelling.

2.4. Dwelling type and mix

2.4.1. In our Dec 21 modelling we adopted the following dwelling types and mix:

Dec 21 adopted dwelling type and mix

5/10 dwellings	60% detached, 40% semi
30, 80, 125, 250 dwellings	40% detached, 40% semi, 20% terrace
40 retirement flats	100% apartments
100 retirement flats	100% apartments

2.4.2. During the workshop, and in the subsequent stakeholder questionnaire, we suggested that the above dwelling types and mix should be retained in the modelling.

2.4.3. The following response were received through the stakeholder questionnaire:

- 4 parties deemed the dwelling type and mix used in the typology testing used in Dec 2021 to still be appropriate without amendment.
- 1 party commented that the Strategic Housing Market Assessment ("SHMA") identified the need for bungalows, therefore this should be accounted for within the dwelling type and mix.
- 2 parties queried whether the dwelling mix should be adjusted for each typology location. For example, they suggested that Cleadon would unlikely support 20% terraced housing (unless for affordable units) and instead would be more heavily weighted to detached.

2.4.4. We do not agree that the higher value areas should be assumed to have a higher proportion of detached units at the expense of terraced units (particularly given the relatively low levels of terraced housing allowed in the modelling). This is for 2 reasons:

(i) It is important for all schemes to offer a variety of dwelling type choices. This is to enable parties wishing to move into a specific area that may not otherwise be able to afford to do so (for example by purchasing a mid terrace rather than a semi). In higher value locations, terraced housing may also be the best way that parties can step onto the housing ladder.

(ii) As noted by one of the respondents, terraced houses can be an important source of affordable housing, particularly in higher value locations (where detached units may be less affordable / practical for Registered Providers).

2.4.5. With regards to bungalows, having considered this we agree that it is appropriate to undertake sensitivity testing which factors in bungalows into the modelling. We have subsequently run an additional sensitivity test which is based on 10% bungalows for each site.

2.5. Dwelling average sizes

2.5.1. In our Dec 21 modelling the following average dwelling sizes were applied:

Dec 21 average dwelling sizes

4 bed detached	110 sq m
3 bed semi detached	80 sq m
2 bed terraced	70 sq m
Retirement 1/2 bed flats	65 sq m
1/2 bed apartments	60 sq m

2.5.2. The above average allowances were considered against the Nationally Described Space Standards ("NDSS"), as set out in paragraphs 6.5.8 to 6.5.9 of our Dec 21 report. We noted that in order to meet the NDSS minimum requirements the average apartment size would need to increase from 60 sq m to 61 sq m and the 3 bed semi would need to increase from 80 sq m to 84 sq m. However, the rest of the assumptions met or exceeded the minimum NDSS standards.

2.5.3. We subsequently ran the base modelling on the average allowances set out above in para 2.5.1 and sensitivity testing at the NDSS standard.

2.5.4. The following response were received through the stakeholder questionnaire:

- 4 parties deemed the average dwelling sizes used in the typology testing used in Dec 2021 to still be appropriate without amendment.
- 3 parties indicated that an adjustment to the average sizes would be required if the NDSS was adopted. 1 party stated that, if NDSS is being considered as a Local Plan policy, then it is necessary to adopt a 'cautious' approach and apply NDSS to the testing.

2.5.5. Having considered this, for the purposes of the updated modelling, we agree that it is appropriate to assume the average dwelling sizes are all in keeping with the NDSS. We have subsequently run the latest modelling on the assumption that the average apartment size increases to 61 sq m and the average 3 bed semi increase to 84 sq m.

2.6. Capacity

2.6.1. In our Dec 21 modelling the capacity rates were as follows:

Dec 21 capacity

5/10 dwellings	2,940 sq m per net Ha
30, 80, 125, 250 dwellings	3,150 sq m per net Ha
40 retirement flats	6,500 sq m per net Ha
100 retirement flats	24,000 sq m per net Ha

2.6.2. The following response were received through the stakeholder questionnaire:

- 5 parties deemed the average dwelling sizes used in the typology testing used in Dec 2021 to still be appropriate without amendment.
- 1 party indicated that "Capacity assumptions are slightly lower than we would expect".
- 1 party indicated that the capacity rates "Look reasonable although we would caveat that this might need to change to incorporate NDSS and any change in mix".

2.6.3. The above capacity rates were reflective of the original Dec 21 testing. However, as indicated above, for the purposes of this update we have increased the average size of the semi-detached dwelling and apartments. The capacity rates subsequently adjust to the following:

NDSS compliant capacity

5/10 dwellings	2,988 sq m per net Ha
30, 80, 125, 250 dwellings	3,206 sq m per net Ha
40 retirement flats	6,500 sq m per net Ha
100 retirement flats	24,400 sq m per net Ha

2.6.4. We consider the above capacity rates to be appropriate for the NDSS complaint, updated appraisals.

2.7. Gross Development Value

2.7.1. This relates to the sales revenue of the completed dwellings, assuming the scheme had been fully completed. Gross development value includes market values, as well as revenue generated from transferring / disposing affordable units.

2.7.2. In the previous studies, the evidence which underpinned our adopted values was taken as at May 2021 and can be summarised as follows:

Adopted revenue based on May 2021 evidence

Value areas	Det £psm	Semi £psm	Terr £psm
Cleadon	£3,500	£3,250	£3,200
East Boldon / Whitburn	£3,000	£2,800	£2,750
West Boldon / Boldon Colliery	£2,500	£2,400	£2,350
Hebburn	£2,400	£2,300	£2,250
South Shields / Jarrow	£2,250	£2,150	£2,100

2.7.3. In terms of the prevalent market conditions, it is stressed that since Sept 2022 the residential market has experienced a significant adjustment. The Bank of England base rate has consistently been increased (currently at 5.25%), compared to 0.5% at the start of 2022. The knock-on effect of this is that mortgage providers have increased the cost of mortgage products, with rates pushing out towards 5.25% (compared to sub 2.5% as at Jan 22). The increase in monthly repayments, combined with the ongoing cost of living / energy crisis, has meant a greater pressure on affordability.

2.7.4. By way of an example as to the impact this has on affordability, for a sale price of £300,000, with a 10% deposit this would mean a mortgage of £270,000. In the summer 2022 mortgages were available at around 2.5%. Assuming a 25 year mortgage period, this equates to a monthly repayment of £1,221. As at the time of writing, mortgages have increased to around 5.25%. On the same criteria this would means a mortgage repayment of £1,677 per calendar month. This level of increase in mortgage costs will impact on purchaser affordability, which may in turn reduce demand (the 'knock-on' effect being reduction in property prices).

2.7.5. In light of these market conditions, and whilst these remain relatively early predictions, some commentators are predicting that values will stagnate as we progress through into 2024, albeit compared to the 'peak' that appears to have been around August / September 2022 before the Government's mini-budget.

2.7.6. That said, a Local Plan viability assessment can only be a 'snapshot' of current market conditions. Local Plan policies, though, must consider the long term and should be set on the basis that market conditions (which are cyclical) will be subject to fluctuations throughout the lifetime of the plan. In this regard, market conditions have been relatively good in recent years, however, more latterly market conditions have deteriorated. In the future, this cyclical process will continue, and it is conceivable that the current uncertainty will be a short term trend. Within this context, a balance therefore needs to be struck between setting policy requirements and natural fluctuations in the market conditions during the plan.

2.7.7. Notwithstanding the current market outlook, it is stressed that the housing market has been subject to house price inflation since May 2021. According to the UK House Price Index, from May 2021 to July 2023 (the latest point currently shown in the database) the average house price in South Tyneside has increased from £142,980 to £163,971, which reflects an increase of 14.68%. Applied to the above would generate the following values:

May 2021 adopted revenue plus UK House Price Index as at Jul 23

Value areas	Det £psm	Semi £psm	Terr £psm
Cleadon	£4,014	£3,727	£3,670
East Boldon / Whitburn	£3,440	£3,211	£3,154
West Boldon / Boldon Colliery	£2,867	£2,752	£2,695
Hebburn	£2,752	£2,638	£2,580
South Shields / Jarrow	£2,580	£2,466	£2,408

2.7.8. However, and notwithstanding the UK House Price index inflation rate, we have also looked to analyze new build transactions / current asking prices across recent developments in South Tyneside, using Land Registry data cross-referenced with the EPC Register dwelling sizes (to establish rates per sq m) and also Rightmove.

2.7.9. Since May 2021, when our original evidence was identified, we note the following sales (please note, where possible, we have restricted the evidence to dwellings that are broadly similar to the average units applied to the modelling, i.e. circa 70 sq m for a terrace, 84 sq m for a semi and 110 sq m for a detached):

NE31 – new build sales recorded on the Land Registry since May 2021

	Address		Pcode	Sq m	£ psm	Price	Date	Type
14	SWALLOW DRIVE	HEBBURN	NE31 1AE	112	£ 2,656	£297,500	30/09/2022	Detached
27	SWALLOW DRIVE	HEBBURN	NE31 1AE	112	£ 2,634	£295,000	09/09/2022	Detached
29	SWALLOW DRIVE	HEBBURN	NE31 1AE	112	£ 2,647	£296,500	05/08/2022	Detached
34	NIGHTINGALE AVENUE	HEBBURN	NE31 1FL	112	£ 2,589	£290,000	28/01/2022	Detached
36	NIGHTINGALE AVENUE	HEBBURN	NE31 1FL	112	£ 2,656	£297,500	25/03/2022	Detached
37	NIGHTINGALE AVENUE	HEBBURN	NE31 1FL	112	£ 2,612	£292,500	14/04/2022	Detached
					£ 2,632			
9	REDWING WALK	HEBBURN	NE31 1AP	85	£ 2,441	£207,500	19/08/2022	Semi
10	REDWING WALK	HEBBURN	NE31 1AP	85	£ 2,529	£215,000	11/08/2022	Semi
11	REDWING WALK	HEBBURN	NE31 1AP	85	£ 2,529	£215,000	19/08/2022	Semi
12	REDWING WALK	HEBBURN	NE31 1AP	85	£ 2,529	£215,000	16/09/2022	Semi
14	REDWING WALK	HEBBURN	NE31 1AP	85	£ 2,529	£215,000	23/09/2022	Semi
15	REDWING WALK	HEBBURN	NE31 1AP	85	£ 2,529	£215,000	29/09/2022	Semi
25	NIGHTINGALE AVENUE	HEBBURN	NE31 1FL	85	£ 2,471	£210,000	29/09/2021	Semi
42	NIGHTINGALE AVENUE	HEBBURN	NE31 1FL	85	£ 2,441	£207,500	27/01/2022	Semi
43	NIGHTINGALE AVENUE	HEBBURN	NE31 1FL	85	£ 2,494	£212,000	26/10/2021	Semi
					£ 2,499			
14	ROTHER CLOSE	HEBBURN	NE31 2FG	70	£ 2,429	£169,995	31/08/2021	Terraced
75	PORTRUSH DRIVE	HEBBURN	NE31 2FA	76	£ 2,447	£185,995	17/12/2021	Terraced
107	ADAIR WAY	HEBBURN	NE31 2BS	77	£ 2,417	£186,100	24/09/2021	Terraced
111	ADAIR WAY	HEBBURN	NE31 2BS	77	£ 2,417	£186,100	24/09/2021	Terraced
73	PORTRUSH DRIVE	HEBBURN	NE31 2FA	77	£ 2,416	£185,995	17/12/2021	Terraced
77	PORTRUSH DRIVE	HEBBURN	NE31 2FA	77	£ 2,416	£185,995	17/12/2021	Terraced
					£ 2,423			

2.7.10. As shown above, for a detached dwelling of circa 110 sq m, the evidence from Hebburn suggests a rate of circa £2,650 per sq m was achieved in 2022. For semi-detached dwellings of around 84 sq m, this reduces to circa £2,500 sq m and for terraces in around 70 – 75 sq m the average drops to circa £2,425 per sq m.

NE32 – new build sales recorded on the Land Registry since May 2021

	Address		Pcode	Sq m	£ psm	Price	Date	Type
89	ESKDALE DRIVE	JARROW	NE32 4BJ	108	£ 2,361	£255,000	08/07/2022	Detached
91	ESKDALE DRIVE	JARROW	NE32 4BJ	108	£ 2,361	£255,000	30/06/2022	Detached
93	ESKDALE DRIVE	JARROW	NE32 4BJ	108	£ 2,398	£259,000	15/08/2022	Detached
95	ESKDALE DRIVE	JARROW	NE32 4BJ	108	£ 2,361	£255,000	29/07/2022	Detached
					£ 2,370			
77	ESKDALE DRIVE	JARROW	NE32 4BJ	92	£ 2,228	£205,000	17/06/2022	Semi
85	ESKDALE DRIVE	JARROW	NE32 4BJ	92	£ 2,120	£195,000	24/06/2022	Semi
99	ESKDALE DRIVE	JARROW	NE32 4BJ	92	£ 2,163	£199,000	16/05/2022	Semi
36	ESKDALE DRIVE	JARROW	NE32 4AA	93	£ 1,989	£185,000	30/09/2022	Semi
38	ESKDALE DRIVE	JARROW	NE32 4AA	93	£ 1,989	£185,000	05/08/2022	Semi
40	ESKDALE DRIVE	JARROW	NE32 4AA	93	£ 1,989	£185,000	26/09/2022	Semi
42	ESKDALE DRIVE	JARROW	NE32 4AA	93	£ 1,989	£185,000	26/09/2022	Semi
52	ESKDALE DRIVE	JARROW	NE32 4AA	93	£ 1,989	£185,000	12/08/2022	Semi
97	ESKDALE DRIVE	JARROW	NE32 4BJ	93	£ 1,962	£182,500	16/05/2022	Semi
					£ 2,047			
48	ESKDALE DRIVE	JARROW	NE32 4AA	93	£ 1,989	£185,000	12/08/2022	Terraced
50	ESKDALE DRIVE	JARROW	NE32 4AA	93	£ 1,962	£182,500	05/08/2022	Terraced
					£ 1,976			

2.7.11. The above were taken from a Centaurea Homes scheme (which is a housebuilding company established by the Council).

2.7.12. Centaurea Homes have provided further information about other sites that they involved with in Jarrow / South Shields. In May 2023 advice from a regional estate agent estimated (net of incentives) a net sales values of circa £2,637 to £2,691 per sq m for a detached dwelling of 102 sq m.

NE34 – new build sales recorded on the Land Registry since May 2021

	Address		Pcode	Sq m	£ psm	Price	Date	Type
47	LAKE SHORE ROAD	SOUTH SHIELDS	NE34 7AS	115	£ 2,174	£ 249,995	04/02/2022	Detached
38	LAKE SHORE ROAD	SOUTH SHIELDS	NE34 7AS	78	£ 2,346	£ 182,995	07/12/2021	Semi
40	LAKE SHORE ROAD	SOUTH SHIELDS	NE34 7AS	78	£ 2,359	£ 183,995	26/11/2021	Semi
41	LAKE SHORE ROAD	SOUTH SHIELDS	NE34 7AS	78	£ 2,359	£ 183,995	10/12/2021	Semi
42	LAKE SHORE ROAD	SOUTH SHIELDS	NE34 7AS	78	£ 2,500	£ 194,995	22/12/2021	Semi
43	LAKE SHORE ROAD	SOUTH SHIELDS	NE34 7AS	78	£ 2,359	£ 183,995	17/12/2021	Semi
45	LAKE SHORE ROAD	SOUTH SHIELDS	NE34 7AS	78	£ 2,385	£ 185,995	28/01/2022	Semi
					£ 2,385			
50	LAKE SHORE ROAD	SOUTH SHIELDS	NE34 7AS	60	£ 2,583	£ 154,995	04/03/2022	Terraced
67A	LAKE AVENUE	SOUTH SHIELDS	NE34 7AY	61	£ 2,574	£ 156,995	19/05/2022	Terraced
67B	LAKE AVENUE	SOUTH SHIELDS	NE34 7AY	61	£ 2,541	£ 154,995	29/04/2022	Terraced
67C	LAKE AVENUE	SOUTH SHIELDS	NE34 7AY	61	£ 2,033	£ 123,995	29/04/2022	Terraced
67D	LAKE AVENUE	SOUTH SHIELDS	NE34 7AY	61	£ 2,065	£ 125,995	26/04/2022	Terraced
					£ 2,359			

2.7.13. The sample for detached dwellings is just a single dwelling and therefore of limited assistance. The semi-detached dwellings were mostly achieved in 2021 (and we would expect inflation since this time).

2.7.14. In postcode area NE36 there is only a single new build detached dwellings recorded on the Land Registry since May 2021. This is 159 Whitburn Road, East Boldon, which is 155 sq m. This sold for £359,995 (£2,323 per sq m). However, again the sample size is too small to draw any firm conclusions and equally this is a significantly different dwelling size to the 110 sq m detached unit assumed in the typology testing (so is not a 'like for like' comparison).

2.7.15. In addition to the recorded transactions, we have also considered current asking prices across the South Tyneside District for new build housing. As discussed above, market conditions remain uncertain and in recent months we have noted the increasing use of sales incentives (such as deposit contributions, cash reductions, stamp duty contributions etc) to help drive sales. When reviewing asking prices we have therefore been cognisant to the use of incentives in reducing the net sales receipts of developers.

2.7.16. We note the following current new build asking prices (limited, where possible, to similar average house types to those that are used in the modelling, i.e. 2 bed terrace 70 sqm, 3 bed semi 84 sq m and 4 bed detached 110 sq m):

Barratt Homes – Bedewell Court, Hebburn

- Kenley: 2 bed terrace 58 sq m. Labelled as 'coming soon' on Barratts website for Bedewell Court.
- Maidstone: 3 bed semi 77 sq m. Asking price £236,995 (£3,074 per sq m).
- Alderney: 4 bed detached 114 sq m. Asking price £339,995 (£2,988 per sq m).

Persona Homes – Ellison Grove, Hebburn

- Norwood: 3 bed semi 85 sq m. Asking price £212,000 (£2,497 per sq m).
- Marley: 4 bed detached 112 sq m. Asking price £305,000 (£2,725 per sq m).

Keepmoat Homes – River's Edge, South Shields

- Kendal: 3 bed terrace 70 sq m. Asking price £209,995 (£3,000 per sq m).
- Caddington: 3 bed terrace 77.70 sq m. Asking price £224,995 (£2,896 per sq m).
- Hardwick: 4 bed detached 112.30 sq m. Asking price £299,995 (£2,671 per sq m).

2.7.17. New build asking prices are therefore limited across the wider District. However, in Hebburn a gross asking price range of £2,725 to £2,988 per sq m is shown for broadly similar sized 4 bed detached dwellings to those used in our modelling. For semi detached £2,497 to £3,074 per sq m are shown.

2.7.18. In South Shields, the Keepmoat scheme identified shows 4 bed detached just under £2,700 per sq m, 3 bed semi at just under £2,900 per sq m and terrace at £3,000 per sq m.

2.7.19. For the purposes of the stakeholder workshop, we sought to identify updated sales values. We proposed the following updated rates:

Workshop Sept 23 suggested net sales values

Value areas	Det £psm	Semi £psm	Terr £psm
Cleadon	£3,700	£3,450	£3,400
East Boldon / Whitburn	£3,200	£3,000	£2,950
West Boldon / Boldon Colliery	£2,700	£2,600	£2,550
Hebburn	£2,600	£2,500	£2,450
South Shields / Jarrow	£2,450	£2,325	£2,275

2.7.20. The following responses were received through the stakeholder questionnaire:

- 1 party indicated that the market remained volatile, with key issues being mortgage availability and access to the market for first time buyers. However, this party recognized that there had been a lack of new build evidence in recent years (particularly in the villages) which meant there was a general lack of comparable evidence.

- 1 party indicated that it is difficult to comment on the above values given the lack of new build transactional evidence in the District. However, they went on to state “On the face of it the values seem ambitious”. No supporting evidence was provided to justify this.

- 2 parties indicated that the Cleadon values appears broadly reasonable, albeit potentially on the low side of expectations. The East Boldon / Whitburn values were also deemed to be broadly reasonable (although they did suggest that parts of Whitburn can attract significantly lower values). They suggested that the West Boldon / Boldon Colliery as well as the Hebburn values appeared above expectations. Finally, for South Shields / Jarrow they suggested that these values also appears slightly above expectations.

- 1 party commented that "…the true effect of rising interest rates is yet to be seen…". They also stated that "Values need to be agreed and established at the time of application submission and reflective of up to date market sales evidence".

- 1 party had no comment.

- 1 party suggested that "…this exercise needs to be approached with caution, as a small sample size could provide distorted figures…". This party queried why East Boldon had been increased from £2,600 per sq m in 2021 to £3,000 per sq m now.

2.7.21. There is general acknowledgment that there is a lack of comparable evidence in the marketplace, which makes the assessment of value difficult. Nevertheless, and despite the limited evidence, it is still deemed necessary and appropriate to look to apply different rates to different dwelling types in different locations.

2.7.22. Taking each value area in turn:

Cleadon: stakeholders appeared generally comfortable with the adopted values, with 2 parties suggesting that (if anything) the suggested rates could be below expectations. In our modelling, we have subsequently applied £3,700 per sq m for the 4 bed detached, £3,450 per sq m for the 3 bed semi and £3,400 per sq m for the 2 bed terrace.

East Boldon / Whitburn: 3 parties had no specific comments to make about this value area. 1 party suggested, along with all of the other value locations, that the allowances were 'ambitious'. 2 parties suggested the East Boldon / Whitburn allowances were broadly reasonable. 1 party queried the increase from the 2021 testing (querying £2,600 being uplifted to £3,000 per sq m, an increase of 15%). This party appears to have misunderstood the original allowances. In May 2021 East Boldon / Whitburn had detached values at £3,000 per sq m, semi at £2,800 and terrace at £2,750 per sq m. Our suggested increase in the rates was to £3,200 per sq m for the detached, semi at £3,000 and terrace at £2,950 per sq m (relatively modest increases of around 3%). Having considered the above, we deem our suggested allowances to be reasonable and have retained these in our modelling.

West Boldon / Boldon Colliery: 3 parties had no specific comments to make about this value area. 1 party suggested, along with all of the other value locations, that the allowances were 'ambitious'. 2 parties suggested the allowances "look high", although no supporting evidence was provided. 1 party queried the increase in West Boldon from £2,450 - £2,600 per sq m. This is erroneous as the original allowances in May 21 were £2,500 per sq m for detached, £2,400 per sq m for semi and £2,350 per sq m for terrace, whilst the suggested increases were £2,700 per sq m for detached, £2,600 per sq m for semi and £2,550 per sq m for terraced. In the absence of any tangible evidence to indicate that these are unreasonable, and given that they are comfortably below the UK House Price adjusted figures above in para 2.7.7, which have retained these figures in our modelling.

Hebburn: 4 parties had no specific comments to make about this value area. 1 party suggested, along with all of the other value locations, that the allowances were 'ambitious'. 2 parties suggested the allowances are too high although no supporting evidence was provided. There are 2 current new build schemes being marketed for sale in Hebburn, as discussed above. Gross asking prices for similar sized detached dwellings range from £2,725 to £2,988 per sq m. In this context, allowing for incentives, we deem our suggested rate of £2,600 per sq m to be justifiable and not overstated. For semi-detached, the range is £2,497 to £3,074 per sq m. Our suggested net sales value of £2,500 per sq m again is at the lower end of this range. Finally, an adjustment down to £2,450 per sq m appears, in our view, reasonable when measured against the semi-detached evidence. We therefore conclude that our adopted net sales values are not overstated and are a reasonable reflection of an average net sales value in Hebburn area.

South Shields / Jarrow: 4 parties had no specific comments to make about this value area. 1 party suggested, along with all of the other value locations, that the allowances were 'ambitious'. 2 parties suggested the allowances are "a little high" although no supporting evidence was provided. There is 1 current new build scheme being marketed for sale in South Shields, as discussed above. Gross asking prices for similar sized detached dwellings range are just under £2,700 per sq m. In this context, allowing for incentives, we deem our suggested rate of £2,450 per sq m to be justifiable and not overstated. For semi-detached, the asking is just under £2,900 per sq m. Our suggested net sales value of £2,325 per sq m is arguably too low. Finally, the terraced units are available at just under £3,000 per sq m, which again suggest (if anything) our terrace allowance of £2,275 per sq m is too low. Having reconsidered the evidence, we have retained our detached allowance of £2,450 per sq m. However, we have increased the semi-detached rate to £2,400 per sq m and the terraced rate to £2,350 per sq m.

2.7.23. By way of a summary, we have used the following net sales values in the updated modelling:

Oct 23 net sales values used in the modelling

Value areas	Det £psm	Semi £psm	Terr £psm
Cleadon	£3,700	£3,450	£3,400
East Boldon / Whitburn	£3,200	£3,000	£2,950
West Boldon / Boldon Colliery	£2,700	£2,600	£2,550
Hebburn	£2,600	£2,500	£2,450
South Shields / Jarrow	£2,450	£2,400	£2,350

2.7.24. As discussed above, we have also run a sensitivity assessment which incorporates 10% onsite bungalows in the modelling. We have assumed an average bungalow size of 70 sq m (delivered through a mix of detached and semi-detached units). In terms of value, we have assumed a £300 per sq m uplift compared to the semi-detached values shown above (for example in Hebburn that would translate to a bungalow value of £2,800 per sq m).

2.7.25. For the apartments (which are not age restricted) we have adopted the same approach used in our Dec 21 assessment and assumed the same rates as used for the terraced dwellings. In other words, in Cleadon the allowance is £3,400 per sq m, in East Boldon / Whitburn £2,950 per sq m, West Boldon / Boldon Colliery £2,550 per sq m, Hebburn £2,450 per sq m and South Shields / Jarrow £2,350 per sq m.

2.7.26. In addition, for the retirement apartments we have assumed an uplift of £750 per sq m compared to the detached dwelling rates. In other words, in Cleadon the allowance is £4,450 per sq m, in East Boldon / Whitburn £3,950 per sq m, West Boldon / Boldon Colliery £3,450 per sq m, Hebburn £3,350 per sq m and South Shields / Jarrow £3,200 per sq m.

2.7.27. For Social / Affordable Rented units we previously assumed transfer values equivalent to 40% of market value. In the stakeholder questionnaire responses, 1 party suggested this should be reduced to 30% of market value, 1 party suggested the values should be based on the "Valuation of land for Affordable Housing" RICS professional guidance, whilst 1 party suggested 45% of market value for Affordable Rented.

2.7.28. In our experience, it is common practice in Local Plan viability testing and individual viability assessments of planning applications for transfer values in connection with rented affordable dwellings to be adopted as a percentage of market value. This method has been accepted by Inspectors at numerous Local Plan examinations and therefore is considered to be appropriate for this study, Furthermore, particularly for Local Plan testing, it is not considered to be practical to apply the RICS guidance referred to above. We therefore stand by our approach as being reasonable. Furthermore, the 40% allowance is considered to be generally reasonable.

2.7.29. For First Homes, we have assumed a 70% of market allowance, which is the maximum suggested allowance in the Government guidance.

2.8. Plot construction costs

2.8.1. In our previous studies, the plot construction costs (being the sub-structure and super-structure of a dwelling) were based on the Build Cost Information Service ("BCIS") data. The use of this data for the purposes of plan-wide viability testing is supported in the Planning Practice Guidance: Viability. Please note, the BCIS data does not include externals, contingency allowances, abnormal costs and professional fees and therefore these have to be allowed for separately in the appraisals (see below).

2.8.2. The BCIS data used in our previous was rebased to South Tyneside and based on the '5 year' figures. For 2 storey housing, at the time, the BCIS median rate was £1,085 per sq m whilst the lower quartile was £964 per sq m. For supported housing (i.e. retirement apartments) the lower quartile rate was £1,244 per sq m. For 3-5 storey apartments the lower quartile rate was £1,089 per sq m. However, to reflect likely higher specifications in Cleadon and East Boldon / Whitburn a 10% uplift was applied to these rates in these locations.

2.8.3. For the purposes of the update, we reviewed the same BCIS rates and put forward the following suggested figures for the modelling:

5 & 10 houses -	**BCIS median £1,246 psm**
5&10 houses Cleadon/East Boldon/ Whitburn	**BCIS +10% £1,371 psm**
Rest houses -	**BCIS LQ £1,114 psm**
Rest houses Cleadon/East Boldon/ Whitburn	**BCIS +10% £1,225 psm**
Retirement flats -	**BCIS £1,403 psm**
100 flats -	**BCIS £1,303 psm**

2.8.4. The following responses were received through the stakeholder questionnaire:

- 1 party deemed the approach to be reasonable.
- 1 party stated that "…the build costs appear to be on the low side".
- 1 party indicated that "…plots costs are on the low side but are broadly reasonable".
- 1 party suggested that plot costs are agreed at the time of the application.
- 1 party suggested that the BCIS doesn't capture Part L and F changes to the Building Regulations.

- 1 party suggested, in the absence of other data, that the BCIS was a useful 'starting point'. They also queried whether there was a significant difference between small and large house builders. On this basis, they suggested all sites should have BCIS median applied.
- 1 party was silent on this.

2.8.5. Allowances for changes to Part L & F of the Building Regulations are shown elsewhere in the appraisal (and therefore are factored into the modelling (discussed below).

2.8.6. Whilst viability testing can be undertaken at the planning application stage, it is still necessary to undertake Local Plan viability testing, as per the requirements of the guidance. As part of this process, it is therefore necessary to establish plot construction costs in the modelling.

2.8.7. We do not agree that there is no discernible difference between the build costs that a small house builder incurs and those achieved by volume housebuilders. We undertake planning application stage viability appraisals for over 40 Local Authorities across the country and regularly see schemes ranging from as low as 5 dwellings to strategic sites providing in excess of 1,000 dwellings. In our experience, schemes that are being put forward by volume house builders regularly show significantly lower construction cost rates compared to small scale schemes being delivered by local house builders. This is because volume house builders are able to 'bulk buy' both labour and materials, which ensures they can keep their build costs rates lower than small house builders. For this reason, and also for the reasons set out in paragraphs 6.8.1 to 6.8.17 of our Dec 21 report, we retain our view that it is appropriate to use the BCIS lower quartile rate for schemes likely to be brought forward by volume house builders, with the median rate reserved for schemes likely to be brought forward by small scale house builders.

2.8.8. Having considered the above, for the purposes of this update we have looked to apply the same approach as used in the previous study, which results in the rates as shown above in para 2.8.3.

2.8.9. In addition, we are conscious that the changes to Part L of the Building Regulations came into full effect from June 2023. These changes require that CO2 emissions are reduced by 31% for dwellings, with a new emphasis on low carbon heating systems. These are an interim step towards the Future Homes Standard which will come into force from 2025. The BCIS data is based on contracted schemes (i.e. it is based on actual tendered contract sums submitted to the BCIS by developers / house builders). As this inherently 'looks backwards' (albeit with appropriate inflation rates applied) it does not currently reflect these cost changes to Buildings Regulations, so it is necessary to make an additional allowance when applying the BCIS figures.

2.8.10. In terms of the level of the Part L allowance, we have received submissions from developers / house builders on individual cases (across the wider regions) ranging from circa £3,000 to £5,000 per dwelling. Adopting a cautious approach, we have allowed £5,000 per dwelling in our appraisal.

2.8.11. Please note, at the stakeholder workshop Future Homes were discussed (and 1 party has written to the Council suggesting that allowances should be made in the modelling for this standard, which comes into effect in 2025). We would comment on this as follows:

- The full details of the Future Homes Standard have yet to be confirmed. The expectation is that there will be a requirement for 75-80% less carbon emissions than homes built prior to the June 23 Part L & F Building Regulations changes. However, the final requirement is as of yet undecided. It is therefore difficult to appropriately reflect these costs without the final details.

- Moreover, it is unclear how the improvements in energy efficiency will impact on the 'end values' of dwellings. Our adopted values are essentially based on the values of dwellings prior to the introduction of the Part L & F changes in June 2023. It is likely that a dwelling which is more energy efficient (and therefore attracts lower energy bills) would have a higher market value when compared to a dwelling which is less efficient. It is conceivable that the majority (if not all) of the costs associated with delivering the Future Homes Standard would be offset by an improvement in the market value of the dwelling. This, at this stage, remains untested in the marketplace therefore it is difficult to appropriately balance this in the plan testing.

2.8.12. In light of the uncertainties around both the detail of the Future Homes Standard and the impact this will potentially have on market values, for the purposes of this update we consider it appropriate to exclude the Future Homes Standard requirement from the modelling. This can be revisited in the future when more detail is known and the impact on market values can be gauged.

2.9. Externals

2.9.1. External costs were a further 15% of the BCIS rates in our Dec 21 study.

2.9.2. At the stakeholder workshop we proposed the same allowance for the purpose of the update.

2.9.3. The following responses were received through the stakeholder questionnaire:

- 5 parties were silent on this allowance.
- 1 party agreed with 15%.
- 1 party suggested a 'blanket' 15% allowance was no longer appropriate, due to factors such as Bio-Diversity Net Gain.

2.9.4. Overall, stakeholders appear generally comfortable with our external allowance of 15% (which consider to be sufficient to cover all required elements). We have subsequently retained this allowance in our modelling.

2.10. Contingency

2.10.1. Following engagement with stakeholders, in our Dec 21 study we previously applied a further 3.5% to the BCIS rates and externals for greenfield sites, increased to 4.5% for brownfield (otherwise referred to as previously developed land).

2.10.2. The following responses were received through the stakeholder questionnaire:

- 5 parties were silent on these allowances.
- 1 party suggested a rate of 5% for greenfield on the basis that greenfield sites can have significant unknowns.
- 1 party suggested there should be no differential between greenfield and brownfield sites.

2.10.3. We deem our adopted allowances to be appropriate and have retained them in the modelling.

2.11. Abnormals

2.11.1. For abnormal costs, we previously allowed £200,000 per net Ha for greenfield sites and £300,000 per net Ha for brownfield. The rationale is explained in paragraphs 6.11.1 to 6.11.7 of our Dec 21, but by way of summary:

- 'Abnormals' / Site Specific Infrastructure (from hereon for ease referred to just as abnormals) are considered to be costs over and above the 'typical' costs incurred in developing a scheme. Examples of abnormal costs (although not exhaustive) can include elements such as: decontamination works, demolition, asbestos removal, flood risk mitigation, enhanced foundations, 'extra-over' drainage requirements etc.

- Abnormal costs will vary significantly from site to site dependent on each specific circumstance. For Local Plan viability testing it is therefore extremely difficult to identify a robust average.

- For this reason, in some area wide studies assessors have chosen to exclude abnormal costs from the assessments.

- The viability guidance indicates that the level of abnormal costs has to be reflected in the corresponding benchmark land value. High abnormals push down the benchmark land value and vice versa.

- However, we considered that is still beneficial to make some level of allowance for abnormals in the appraisal testing, because in our experience in most cases developments will attract some form of abnormal costs.

- The spot allowance approach is not therefore entirely satisfactory, as it is a broad assumption which is likely to vary significantly when applications are brought forward on a site by site basis. However, it at least acknowledges the reality that a higher proportion of developments typically come forward with some level of abnormal costs. Furthermore, it can also still be balanced against the appropriate benchmark land value, as per the requirements of the Planning Practice Guidance.

2.11.2. At the stakeholder workshop we indicated that we were proposing to use the same abnormal cost assumptions as our Dec 21 study.

2.11.3. The following responses were received through the stakeholder questionnaire:

- 3 parties was silent on these allowances.
- 1 party acknowledged that abnormal costs will vary from site to site. They went on to state “The £200,000 per net Ha could be light for sites which have unfavourable ground conditions or complex drainage proposals”.
- 1 party stated that “…every site is unique in relation to abnormal costs and should be reviewed on an individual basis”.
- 1 party stated that “Abnormal costs look reasonable, given 15% has been included for infrastructure”.
- 1 party stated “It is acknowledged that making general assumptions for abnormals is difficult as these are, by their very nature, site specific. There should therefore be some sensitivity testing for abnormals to ensure a full range of outcomes have been explored”. This party went on to state that greenfield sites can attract high abnormal costs and consequently there can be little distinction (in terms of abnormal costs) between greenfield and brownfield sites in some cases.

2.11.4. There appears to be general agreement that abnormal costs will naturally fluctuate from site to site, which makes adopting a specific assumption in a Local Plan viability study difficult.

2.11.5. As discussed above in paragraphs 2.2.7 to 2.2.10 the Planning Practice Guidance: Viability accepts that every potential level of costs associated with a development site cannot be reflected in the Local Plan viability testing (as this is impractical). It is therefore appropriate, when testing typologies, to make reasonable allowances in the modelling for abnormal works. Furthermore, the guidance is clear that uplifted abnormal works should be primarily reflected in the viability modelling through a reduction in the benchmark land value (where possible). In this respect, whatever the assumption is regarding abnormal costs, this will need to be appropriately balanced against the benchmark land value.

2.11.6. In light of this, we stand by our abnormal cost allowances and have again applied the same rates in the updated modelling, on the basis that this is appropriately balanced against the corresponding benchmark land values.

2.12. Benchmark Land Value

2.12.1. For benchmark land value, the following values were applied to our Dec 21 assessment:

Dec 2021 Benchmark Land Value Assumptions – Greenfield

Value areas	Existing Use Value	Premium uplift	Benchmark Land Value
Cleadon	£25,000 / Ha	32	£800,000/net Ha
East Boldon / Whitburn	£25,000 / Ha	24	£600,000/net Ha
West Boldon / Boldon Colliery	£25,000 / Ha	18	£450,000/net Ha
Hebburn	£25,000 / Ha	16	£400,000/net Ha
South Shields / Jarrow	£25,000 / Ha	12	£300,000/net Ha

Dec 2021 Benchmark Land Value Assumptions – Brownfield

Value areas	Existing Use Value	Premium uplift	Benchmark Land Value
Cleadon	£500,000 / Ha	20%	£600,000/net Ha
East Boldon / Whitburn	£425,000 / Ha	20%	£510,000/net Ha
West Boldon / Boldon Colliery	£375,000 / Ha	20%	£450,000/net Ha
Hebburn	£300,000 / Ha	20%	£360,000/net Ha
South Shields / Jarrow	£300,000 / Ha	20%	£360,000/net Ha

2.12.2. At the stakeholder workshop we indicated that we were proposing to use the same abnormal cost assumptions as our Dec 21 study.

2.12.3. The following responses were received through the stakeholder questionnaire:

- 1 party was silent on these allowances.
- 1 party states that “Whilst the assumptions appear realistic…” but go on to indicate that increased development costs are affecting landowner decisions and some landowners aspirations are higher than other.
- 1 party stated that the benchmark land values are “…all hypothetical and ultimately land values are driven by location and demand, and a willing landowner”.
- 2 parties suggested the rates should be applied to the gross areas, rather than the net developable areas (with 1 also suggesting that a rate higher than £25,000 per Ha could be justifiable in light of global food shortages).
- 1 party suggests that the greenfield existing use value should be £25,000 per Ha (which is already the case).
- 1 party stated that they agree with the greenfield existing use value of £25,000 per Ha. However, they suggested that the multipliers of 18 times the existing use value for West Boldon and 24 times the existing use value for East Boldon was insufficient to incentivize a landowner.

2.12.4. The Planning Practice Guidance: Viability states that the benchmark land value should be based on the existing use value plus a premium. The level of benchmark land value needs to reflect the level of abnormal / infrastructure costs which impact on the site, the professional fees and also the planning policy requirements.

2.12.5. The first element of the assessment of the benchmark land value is therefore to determine the existing use value. The existing use value has to exclude any ‘hope value’ for future development and instead be based only on the current use of the property. For example, for a greenfield site this could be as a grazing field, for a brownfield site this could have an open air storage use.

2.12.6. There appears to be no significant concerns about adopting a greenfield existing use value of £25,000 per Ha. Furthermore, no comments are raised on our brownfield existing use value assumptions.

2.12.7. In terms of the premium uplifts the guidance is silent on the appropriate level for both greenfield and brownfield sites. However, for greenfield sites in particular, we are now assisted by some key planning appeal decisions:

- Warburton Lane, Trafford appeal from Jan 2021 (ref 3243720) solidified the key viability principle that there is a relationship between the level of abnormal costs and the corresponding benchmark land value (on the basis that as site specific infrastructure / abnormal costs increase the benchmark land value decreases and vice versa). In this decision, which was located in a high value area within the context of the Local Authority area, the Inspector agreed with the Council that a 10 times multiple of the existing use value was appropriate. In that particular case the abnormal costs were in excess of £1,000,000 per net Ha.

- Halton Heights, Forge Weir View (ref 3285794) dated 29th July 2022. The Inspector accepted a premium uplift of 15 times this amount to arrive at the benchmark land value. At that scheme, the site specific infrastructure / abnormal costs equated to £445,914 per net Ha. This was a high value area within the context of the Local Authority area.

2.12.8. The above therefore suggested a premium uplift of 10 to 15 times the existing use value for schemes in high value areas with abnormals ranging from around £500,000 to £1,000,000 per net Ha.

2.12.9. As discussed above, we have made an abnormal cost allowance of £200,000 per net Ha. However, in addition there are site specific infrastructure work allowances of £30,000 per gross Ha for SUDS, together with now an additional allowance of £30,000 per gross Ha for Bio-Diversity Net Gain. Overall, the site specific infrastructure / abnormal allowance is therefore in excess of £275,000 per net Ha (once adjustments are made for gross to net).

2.12.10. The 2 appeal cases discussed above allow premium uplifts in high value areas of 10 to 15 times the existing use value for site specific infrastructure costs ranging from circa £500,000 to £1,000,000 per net Ha. This suggests that for every circa £500,000 per Ha in site infrastructure / abnormal costs this should result in an adjustment of around 5 times the multiplier (or 1 times the multiplier for every circa £100,000 per net Ha in site specific infrastructure / abnormal works.

2.12.11. In our modelling, we have site infrastructure / abnormal works at around £275,000 per net Ha. This is circa £225,000 per net Ha below the Halton Heights appeal case discussed above. This would therefore push up the multiplier, following the rationale explained above in para 2.12.10, by 2.25 times. Instead of a multiplier of 15, like at Halton Heights, the reduced abnormals would mean a multiplier of circa 17.25 would be appropriate for a high value area in South Tyneside (which we would regard as being East Boldon / Whitburn). In this context, our 24 times the existing use value allowance at East Boldon / Whitburn is in excess of the above identified level. However, we are conscious that the Planning Practice Guidance: Viability requires (at Paragraph 002) that:

> *Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the total cumulative cost of all relevant policies will not undermine deliverability of the plan.*

2.12.12. An appropriate balance therefore has to be struck between delivering planning policies but also ensuring that the level of adopted policies does not undermine scheme delivery. It is therefore important not to run the modelling at the extremes of viability, as this would increase the risk of schemes not being delivered. For the East Boldon / Whitburn typology, the figure of 24 times the existing use value is considered to provide a suitable 'buffer' within the modelling to address these concerns.

2.12.13. Similarly, for the highest value area (Cleadon), and whilst accepting that a landowner would expect an uplift to reflect the higher value nature of the location, our previous allowance equated to an uplift of 32 times the existing use value. Again, this is in excess of the figures discussed above, but has been applied here to ensure the typology testing is not being stretched to its viability limit (which would risk undermining delivery and go against the requirements of the Planning Practice Guidance: Viability). Furthermore, for the medium value area (West Boldon / Boldon Colliery) our uplift equated to 18 times the existing use value. Taking into account this being a lower value area than the appeal decision locations, even though the site infrastructure costs / abnormals are lower, in the context of the above we would consider around 15 times the existing use value (or lower) to be more in keeping with expectations. Our uplifted allowance is therefore again designed to mitigate concerns that the suggested policy levels would undermine delivery. In the lower value areas of Hebburn and South Shields / Jarrow, it would follow that sub 15 times the existing use value could be expected.

2.12.14. However, as per some comments raised by stakeholders, we do note that the in the appeal cases discussed above the multiplier is ultimately applied to the gross site area, rather than the net developable area. We therefore agree that this adjustment should be reflected in the greenfield modelling.

2.12.15. Equally, though, the level of multiplier (applied to the gross, rather than net area) should be measured against the premium uplifts suggested through the appeal decisions referenced above.

2.12.16. Having considered the above, for the purposes of the updated testing, and taking into account the appeal decisions referred to above, as well as the need to provide Bio-Diversity Net Gain (which is now a mandatory requirement and therefore functions like a site specific infrastructure cost / abnormal in the viability modelling in the sense that this has to be taken into account when assessing the benchmark land value), we have adjusted our greenfield benchmark land values to the following:

Oct 2023 Benchmark Land Value Assumptions – Greenfield

Value areas	Existing Use Value	Premium uplift	Benchmark Land Value
Cleadon	£25,000 / Ha	25	£625,000/gross Ha
East Boldon / Whitburn	£25,000 / Ha	17	£425,000/gross Ha
West Boldon / Boldon Colliery	£25,000 / Ha	14	£350,000/gross Ha
Hebburn	£25,000 / Ha	12	£300,000/gross Ha
South Shields / Jarrow	£25,000 / Ha	10	£250,000/gross Ha

2.12.17. Please note, on a capital basis, adopting the premium uplifts suggested above and applying them to the gross site areas, rather than the net developable areas, means that the overall benchmark land values are higher than those used in Dec 2021. Adopting the lower premium uplifts, but applying them to the gross areas, does not therefore result in a fall in the benchmark land values, on the contrary it has increased the overall benchmark land values in the modelling.

2.12.18. For the brownfield / previously developed land, the methodology is the same, whereby an existing use value is identified and then a premium uplift applied. However, the existing use value not only based on locational factors, but also this can be dependent on whether the site is cleared or whether there is already an existing use on site (such as offices, industrial). Again, though, a Local Plan viability assessment cannot take into account every scenario and therefore an assumption has to be made.

2.12.19. No specific comments were raised through the stakeholder engagement process regarding brownfield land benchmark land values. We have subsequently retained the same allowances as Dec 21 in our modelling:

Oct 23 Benchmark Land Value Assumptions – Brownfield

Value areas	Existing Use Value	Premium uplift	Benchmark Land Value
Cleadon	£500,000 / Ha	20%	£600,000/net Ha
East Boldon / Whitburn	£425,000 / Ha	20%	£510,000/net Ha
West Boldon / Boldon Colliery	£375,000 / Ha	20%	£450,000/net Ha
Hebburn	£300,000 / Ha	20%	£360,000/net Ha
South Shields / Jarrow	£300,000 / Ha	20%	£360,000/net Ha

2.13. Other appraisal assumptions

2.13.1. For professional fees, we previously applied a further 8% to the BCIS rates and externals for sites of 5 and 10 units, reduced to 6% for all the remaining housing schemes. For the retirement apartments we applied 9%. We proposed the same figures at the stakeholder workshop.

2.13.2. The following responses were received through the stakeholder questionnaire:

- 5 parties were silent on these allowances.
- 1 party suggested a figure of 10% for small schemes and 8 for schemes of 125 units or more.
- Another party suggested professional fees should be established on a scheme by scheme basis.

2.13.3. We consider our previous allowances to still be appropriate and have adopted the same in our updated modelling.

2.13.4. For marketing / disposal, we previously applied 2% on revenue for sites of 5 and 10 units, increased to 3% for all the remaining housing schemes. For the retirement apartments we applied 5%. Legal costs were assumed at £800 per unit. We proposed the same figures at the stakeholder workshop. Only 1 party commented on this, suggesting the figures need to be set on a site by site basis. In light of this, we consider our previous allowances to still be appropriate and have adopted the same in our updated modelling.

2.13.5. For debit interest, we previously adopted 7% for 5 and 10 dwelling schemes, reduced to 6% for all other housing schemes. However, at the stakeholder workshop we recognized that the Bank Of England base rate had increased significantly since our previous assessment in Dec 2021. To reflect this, we increased the debit interest rates by 2%, so for the 5 and 10 dwelling typologies a debit interest rate of 9% was applied, reduced to 8% for all other housing typologies. Through the stakeholder questionnaire only 1 party commented, suggesting the finance rates should be set on a site by site basis. In light of this, we consider our previous allowances to still be appropriate and have adopted the same in our updated modelling.

2.13.6. In terms of developer profit, for schemes providing 5 / 10 dwellings a rate of 15% on revenue was previously applied to the market value dwellings, reduced to 6% for the affordable homes. For schemes providing 30 dwellings this was increased to 18% on revenue for market value dwellings and 6% for affordable. For all other typologies this was increased to 20% on revenue for market value dwellings and 6% for affordable. We proposed the same figures at the stakeholder workshop.

2.13.7. The following responses were received through the stakeholder questionnaire:

- 2 parties were silent on these allowances.
- 3 parties suggested a figure of 20% should be applied to all schemes (and they suggested that risk for small scale schemes is no lower than large scale projects).
- 1 party suggested 15% was too low for 5 and 10 dwelling typologies.
- 1 party suggested profit should be determined on a site by site basis.

2.13.8. Our approach and rationale to the developer profit assumptions is set out in section 6.15 of the Dec 2021 study. In short, we noted that the viability guidance refers to a range of developer's profit from 15% to 20% on revenue. As profit is a function of risk it is therefore appropriate to allow some fluctuation from site to site (as different sites carry different risks).

2.13.9. Some of the stakeholder responses suggested that small schemes have the same level of risk as a large scale (potentially multi phased) development project. We do not agree with this for the following reasons:

- Large scale developments typically have significantly higher upfront infrastructure requirements (for example linked to the greater impact the uplifted number of dwellings would have on the local road network, there may be requirements to enhance existing services on site, provide larger scale drainage solutions such as balancing ponds etc). This can mean that the costs in the modelling for larger scale schemes are proportionally significantly higher.

- The fact that the infrastructure cost requirements are usually front-loaded at the start of the scheme means that a significantly higher proportion of third-party funding would be required to undertake the works. It would also take longer to pay off this debt through sales, meaning finance costs can typically be significantly higher than small schemes (again on a proportional basis).

- In terms of risk, a large-scale project is perceived to be a significantly higher risk as (i) the debt exposure is at a significantly higher level (ii) the fact it takes longer to exit the scheme means there is a greater risk of macro-economic factors impacting on the values / cost inflation, which can squeeze viability.

2.13.10. We do not therefore agree that small schemes carry the same risks as significantly larger projects.

2.13.11. Furthermore, the guidance is clear that a range of 15% to 20% can be applied to viability testing, to reflect the different perceived risk. Our previous approach was within these parameters.

2.13.12. Finally, we would also stress that our approach is also in keeping with our own experience in the marketplace in undertaking viability assessments of individual planning applications (in the viability appraisals submitted by applicants typically the level of required profit is lower for smaller scale projects than larger scale developments).

2.13.13. We therefore retain our view that the profit allowances in our Dec 21 assessment are again appropriate to apply to the updated modelling.

2.13.14. In the stakeholder questionnaire, one party indicated that acquisition costs need to be factored into the modelling. To confirm, these are already factored into the modelling (agent fee, legal fee and stamp duty land tax).

2.14. Planning Policy assumptions

2.14.1. As per the findings of the Dec 2021 study, our initial modelling has adopted the following affordable housing provisions:

Cleadon, East Boldon, Whitburn	30% (10% Home Ownership, min 7.5% First Homes, 20% Rented)
West Boldon, Boldon Colliery, Hebburn	20% (10% Home Ownership, min 5% First Homes, 10% Rented)
South Shields, Jarrow	10% (All First Homes)

2.15. In terms of capital contributions to other policy requirements, the following has also been included in the modelling:

- Average education contribution at £5,000 per dwelling.
- Average transport contribution at £1,000 per dwelling.
- Average offsite open space contribution at £500 per dwelling.

2.16. For accessibility and adaptability standards, it is assumed that all dwellings will meet the M4(2) standard, which has been factored into the modelling at a cost of £1,500 per dwelling.

2.17. For the M4(3) accessibility and adaptability standards, it is assumed that this applies to 13% of the units within a scheme, at a cost of £13,000 per unit.

2.18. As discussed above, we have adjusted the average apartment size and semi-detached dwelling size to ensure that all of the assumed dwellings are compliant with the Nationally Described Space Standards.

2.19. For Biodiversity Net Gain the 2021 Environment Act introduced an automatic condition requiring a Biodiversity Net Gain of 10%. To calculate the biodiversity value of a site the Department for Environment, Food & Rural Affairs ("DEFRA") recommends the use of its biodiversity metric (an online tool freely available to use). The metric calculates the values as "Biodiversity Units", which are calculated using the size of the habitat, its quality and location. This assessment is required on a site-by-site basis. In this regard, the cost associated with Bio-Diversity Net gain can fluctuate significantly from site to site. As indicated above, a Local Plan assessment cannot reflect the individual circumstances of all sites and instead it is appropriate to adopt an average rate.

2.20. Furthermore, again as discussed above, the level of Bio-Diversity Net Gain allowance should be reflected in the corresponding benchmark land value (as this is a mandatory site-specific infrastructure cost and therefore, as per the viability guidance, it is necessary to take this into account when assessing the benchmark land value). In this regard, if the Bio-Diversity Net Gain costs are increased in the model, this would serve to put a downward pressure on the benchmark land value (and therefore offset the impact on the viability outcome). For the purposes of the testing, our approach to accounting for this new requirement is twofold:

(i) We have factored this into the gross to net ratios adopted to allow space for onsite Bio-Diversity Net Gain.

(ii) We have assumed a cost equivalent to £30,000 per net Ha for delivery. Please note, in terms of ongoing maintenance we have assumed that this can be dealt with through an estate management company (as is often used for general estate open space).

2.21. Finally, for Sustainable Urban Drainage systems an average allowance of £30,000 per Ha has been applied to the modelling.

3. Test 1 - updated base appraisal results

3.1. This adopts all the policies that were proposed following the Dec 21 study.

3.2. Full planning policies – 5 dwelling typology

Value Area	Land	Units	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ / Ha)	Base appraisal surplus	Viable?
Cleadon	Greenfield	5	0.19	£ 7,500	£396,910	£625,000	£278,854	VIABLE
East Boldon / Whitburn	Greenfield	5	0.19	£ 7,500	£222,808	£425,000	£142,530	VIABLE
West Boldon / Boldon Colliery	Greenfield	5	0.19	£ 7,500	£124,709	£350,000	£ 58,598	VIABLE
Hebburn	Greenfield	5	0.19	£ 7,500	£ 86,888	£300,000	£ 30,222	VIABLE
South Shields / Jarrow	Greenfield	5	0.19	£ 7,500	£ 37,260	£250,000	-£ 9,962	UNVIABLE
Cleadon	Brownfield	5	0.19	£ 7,500	£373,584	£600,000	£271,584	VIABLE
East Boldon / Whitburn	Brownfield	5	0.19	£ 7,500	£198,734	£510,000	£112,034	VIABLE
West Boldon / Boldon Colliery	Brownfield	5	0.19	£ 7,500	£100,817	£450,000	£ 24,317	VIABLE
Hebburn	Brownfield	5	0.19	£ 7,500	£ 62,996	£360,000	£ 1,796	VIABLE
South Shields / Jarrow	Brownfield	5	0.19	£ 7,500	£ 13,369	£360,000	-£ 47,831	UNVIABLE

3.2.1. In Dec 2021 all 10 of the typologies showed a viable outcome. As shown above, in South Shields / Jarrow these are now showing as (just) unviable.

3.3. Full planning policies – 10 dwelling typology

Value Area	Land	Units	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	Base appraisal surplus	Viable?
Cleadon	Greenfield	10	30.00%	0.37	£ 8,000	£ 430,133	£625,000	£198,652	VIABLE
East Boldon / Whitburn	Greenfield	10	30.00%	0.37	£ 8,000	£ 134,302	£425,000	-£ 23,105	UNVIABLE
West Boldon / Boldon Colliery	Greenfield	10	20.00%	0.37	£ 8,000	£ 67,521	£350,000	-£ 62,108	UNVIABLE
Hebburn	Greenfield	10	20.00%	0.37	£ 8,000	£ 1,025	£300,000	-£110,086	UNVIABLE
South Shields / Jarrow	Greenfield	10	10.00%	0.37	£ 8,000	-£ 7,210	£250,000	-£ 99,802	UNVIABLE
Cleadon	Brownfield	10	30.00%	0.37	£ 8,000	£ 384,994	£600,000	£184,994	VIABLE
East Boldon / Whitburn	Brownfield	10	30.00%	0.37	£ 8,000	£ 86,748	£510,000	-£ 83,252	UNVIABLE
West Boldon / Boldon Colliery	Brownfield	10	20.00%	0.37	£ 8,000	£ 21,270	£450,000	-£128,730	UNVIABLE
Hebburn	Brownfield	10	20.00%	0.37	£ 8,000	-£ 45,226	£360,000	-£165,226	UNVIABLE
South Shields / Jarrow	Brownfield	10	10.00%	0.37	£ 8,000	-£ 53,684	£360,000	-£173,684	UNVIABLE

3.3.1. In the Dec 2021 study all of the greenfield typologies were viable and only Hebburn and South Shields / Jarrow returned an unviable outcome in the brownfield types. This points to an increased viability pressure.

3.4. Full planning policies – 30 dwelling typology

Value Area	Land	Units	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Surplus % of BLV	Viable?
Cleadon	Greenfield	30	30.00%	1.14	£ 8,000	£1,383,398	£ 625,000	£714,286	93.68%	VIABLE
East Boldon / Whitburn	Greenfield	30	30.00%	1.14	£ 8,000	£ 616,324	£ 425,000	£485,714	26.89%	VIABLE
West Boldon / Boldon Colliery	Greenfield	30	20.00%	1.14	£ 8,000	£ 451,320	£ 350,000	£400,000	12.83%	VIABLE
Hebburn	Greenfield	30	20.00%	1.14	£ 8,000	£ 281,826	£ 300,000	£342,857	-17.80%	UNVIABLE
South Shields / Jarrow	Greenfield	30	10.00%	1.14	£ 8,000	£ 285,952	£ 250,000	£285,714	0.08%	VIABLE
Cleadon	Brownfield	30	30.00%	1.14	£ 8,000	£1,268,103	£ 600,000	£514,286	146.58%	VIABLE
East Boldon / Whitburn	Brownfield	30	30.00%	1.14	£ 8,000	£ 501,225	£ 510,000	£437,143	14.66%	VIABLE
West Boldon / Boldon Colliery	Brownfield	30	20.00%	1.14	£ 8,000	£ 339,276	£ 450,000	£385,714	-12.04%	UNVIABLE
Hebburn	Brownfield	30	20.00%	1.14	£ 8,000	£ 167,392	£ 360,000	£308,571	-45.75%	UNVIABLE
South Shields / Jarrow	Brownfield	30	10.00%	1.14	£ 8,000	£ 171,651	£ 360,000	£308,571	-44.37%	UNVIABLE

3.4.1. In the Dec 2021 study all of the typologies were viable. Again, the change in the viability outcomes shown above points to an increased viability pressure.

3.5. Full planning policies – 80 dwelling typology

Value Area	Land	Units	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Surplus % of BLV	Viable?
Cleadon	Greenfield	80	30.00%	3.27	£ 9,625	£3,128,140	£ 625,000	£2,040,816	53.28%	VIABLE
East Boldon / Whitburn	Greenfield	80	30.00%	3.27	£ 9,625	£1,235,197	£ 425,000	£1,387,755	-10.99%	UNVIABLE
West Boldon / Boldon Colliery	Greenfield	80	20.00%	3.27	£ 9,625	£ 823,300	£ 350,000	£1,142,857	-27.96%	UNVIABLE
Hebburn	Greenfield	80	20.00%	3.27	£ 9,625	£ 405,087	£ 300,000	£ 979,592	-58.65%	UNVIABLE
South Shields / Jarrow	Greenfield	80	10.00%	3.27	£ 9,625	£ 416,196	£ 250,000	£ 816,327	-49.02%	UNVIABLE
Cleadon	Brownfield	80	30.00%	3.27	£ 9,625	£2,827,609	£ 600,000	£1,371,429	106.18%	VIABLE
East Boldon / Whitburn	Brownfield	80	30.00%	3.27	£ 9,625	£ 934,665	£ 510,000	£1,165,714	-19.82%	UNVIABLE
West Boldon / Boldon Colliery	Brownfield	80	20.00%	3.27	£ 9,625	£ 530,325	£ 450,000	£1,028,571	-48.44%	UNVIABLE
Hebburn	Brownfield	80	20.00%	3.27	£ 9,625	£ 107,045	£ 360,000	£ 822,857	-86.99%	UNVIABLE
South Shields / Jarrow	Brownfield	80	10.00%	3.27	£ 9,625	£ 118,749	£ 360,000	£ 822,857	-85.57%	UNVIABLE

3.5.1. In the Dec 2021 study all but the South Shields / Jarrow brownfield typology showed a viable outcome. The change in viability outcomes points to the current uncertainty in the market and increased viability pressure.

3.6. Full planning policies – 125 dwelling typology

Value Area	Land	Units	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Surplus % of BLV	Viable?
Cleadon	Greenfield	125	30.40%	5.49	£ 9,664	£4,753,449	£ 625,000	£3,434,066	38.42%	VIABLE
East Boldon / Whitburn	Greenfield	125	30.40%	5.49	£ 9,664	£1,870,935	£ 425,000	£2,335,165	-19.88%	UNVIABLE
West Boldon / Boldon Colliery	Greenfield	125	20.00%	5.49	£ 9,664	£1,276,823	£ 350,000	£1,923,077	-33.61%	UNVIABLE
Hebburn	Greenfield	125	20.00%	5.49	£ 9,664	£ 638,313	£ 300,000	£1,648,352	-61.28%	UNVIABLE
South Shields / Jarrow	Greenfield	125	10.40%	5.49	£ 9,664	£ 658,036	£ 250,000	£1,373,626	-52.10%	UNVIABLE
Cleadon	Brownfield	125	30.40%	5.49	£ 9,664	£4,287,904	£ 600,000	£2,142,857	100.10%	VIABLE
East Boldon / Whitburn	Brownfield	125	30.40%	5.49	£ 9,664	£1,405,306	£ 510,000	£1,821,429	-22.85%	UNVIABLE
West Boldon / Boldon Colliery	Brownfield	125	20.00%	5.49	£ 9,664	£ 822,717	£ 450,000	£1,607,143	-48.81%	UNVIABLE
Hebburn	Brownfield	125	20.00%	5.49	£ 9,664	£ 182,184	£ 360,000	£1,285,714	-85.83%	UNVIABLE
South Shields / Jarrow	Brownfield	125	10.40%	5.49	£ 9,664	£ 202,423	£ 360,000	£1,285,714	-84.26%	UNVIABLE

3.6.1. In the Dec 2021 study all but the South Shields / Jarrow brownfield typology showed a viable outcome. As with the 80 dwelling typologies, this is a significant change in the viability outcomes and points to general difficulties in the marketplace at the current time.

3.7. Full planning policies – 250 dwelling typology

Value Area	Land	Units	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Surplus % of BLV	Viable?
Cleadon	Greenfield	250	30.00%	10.99	£ 9,664	£9,574,659	£625,000	£ 6,868,132	39.41%	VIABLE
East Boldon / Whitburn	Greenfield	250	30.00%	10.99	£ 9,664	£3,976,539	£425,000	£ 4,670,330	-14.86%	UNVIABLE
West Boldon / Boldon Colliery	Greenfield	250	20.00%	10.99	£ 9,664	£2,700,999	£350,000	£ 3,846,154	-29.77%	UNVIABLE
Hebburn	Greenfield	250	20.00%	10.99	£ 9,664	£1,453,353	£300,000	£ 3,296,703	-55.91%	UNVIABLE
South Shields / Jarrow	Greenfield	250	10.00%	10.99	£ 9,664	£1,398,808	£250,000	£ 2,747,253	-49.08%	UNVIABLE
Cleadon	Brownfield	250	30.00%	10.99	£ 9,664	£8,668,583	£600,000	£ 4,285,714	102.27%	VIABLE
East Boldon / Whitburn	Brownfield	250	30.00%	10.99	£ 9,664	£3,056,074	£510,000	£ 3,642,857	-16.11%	UNVIABLE
West Boldon / Boldon Colliery	Brownfield	250	20.00%	10.99	£ 9,664	£1,800,871	£450,000	£ 3,214,286	-43.97%	UNVIABLE
Hebburn	Brownfield	250	20.00%	10.99	£ 9,664	£ 553,065	£360,000	£ 2,571,429	-78.49%	UNVIABLE
South Shields / Jarrow	Brownfield	250	10.00%	10.99	£ 9,664	£ 497,569	£360,000	£ 2,571,429	-80.65%	UNVIABLE

3.7.1. Similarly, in the Dec 2021 study all but the South Shields / Jarrow brownfield typology showed a viable outcome. As with the 80 and 125 dwelling typologies, this is a significant change in the viability outcomes and points to general difficulties in the marketplace at the current time.

3.8. Full planning policies – 500 dwelling typology

Value Area	Land	Units	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Surplus % of BLV	Viable?
Cleadon	Greenfield	500	30.00%	21.98	£ 9,690	£18,761,371	£625,000	£13,736,264	36.58%	VIABLE
East Boldon / Whitburn	Greenfield	500	30.00%	21.98	£ 9,690	£ 8,498,663	£425,000	£ 9,340,659	-9.01%	UNVIABLE
West Boldon / Boldon Colliery	Greenfield	500	20.00%	21.98	£ 9,690	£ 6,011,827	£350,000	£ 7,692,308	-21.85%	UNVIABLE
Hebburn	Greenfield	500	20.00%	21.98	£ 9,690	£ 3,666,274	£300,000	£ 6,593,407	-44.39%	UNVIABLE
South Shields / Jarrow	Greenfield	500	10.00%	21.98	£ 9,690	£ 3,585,959	£250,000	£ 5,494,505	-34.74%	UNVIABLE
Cleadon	Brownfield	500	30.00%	21.98	£ 9,690	£16,995,411	£600,000	£ 8,571,429	98.28%	VIABLE
East Boldon / Whitburn	Brownfield	500	30.00%	21.98	£ 9,690	£ 6,716,509	£510,000	£ 7,285,714	-7.81%	UNVIABLE
West Boldon / Boldon Colliery	Brownfield	500	20.00%	21.98	£ 9,690	£ 4,264,521	£450,000	£ 6,428,571	-33.66%	UNVIABLE
Hebburn	Brownfield	500	20.00%	21.98	£ 9,690	£ 1,906,430	£360,000	£ 5,142,857	-62.93%	UNVIABLE
South Shields / Jarrow	Brownfield	500	10.00%	21.98	£ 9,690	£ 1,826,120	£360,000	£ 5,142,857	-64.49%	UNVIABLE

3.8.1. As with the 80, 125 and 250 dwelling typologies, on the Cleadon typology shows a viable outcome.

4. Test 2 – adjusted affordable housing tenure

4.1. For the purposes of this modelling, we have retained the affordable housing levels as used in 'Test 1'. However, we have adjusted the tenure split for some of the typologies, as follows:

- East Boldon / Whitburn: 50/50 split between rented and First Homes
- West Boldon / Boldon Colliery: 25/75 split between rented and First Homes
- Hebburn: 25/75 split between rented and First Homes
- Please note, Cleadon has been retained as the outcomes are viable. South Shields / Jarrow already allows all of the affordable units as First Homes, so cannot be altered.

4.2. Adjusted affordable tenure – 10 dwelling typology

Value Area	Land	Units	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	Base appraisal surplus	Viable?
East Boldon / Whitburn	Greenfield	10	30.00%	0.37	£ 8,000	£ 183,655	£425,000	£ 26,248	VIABLE
West Boldon / Boldon Colliery	Greenfield	10	20.00%	0.37	£ 8,000	£ 110,834	£350,000	-£ 18,796	UNVIABLE
Hebburn	Greenfield	10	20.00%	0.37	£ 8,000	£ 42,641	£300,000	-£ 68,470	UNVIABLE
East Boldon / Whitburn	Brownfield	10	30.00%	0.37	£ 8,000	£ 136,845	£510,000	-£ 33,155	UNVIABLE
West Boldon / Boldon Colliery	Brownfield	10	20.00%	0.37	£ 8,000	£ 64,582	£450,000	-£ 85,418	UNVIABLE
Hebburn	Brownfield	10	20.00%	0.37	£ 8,000	-£ 3,610	£360,000	-£123,610	UNVIABLE

4.2.1. Only 1 typology changes from unviable to viable, the rest remain unviable despite the change in the affordable tenure.

4.3. Adjusted affordable tenure – 30 dwelling typology

Value Area	Land	Units	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Surplus % of BLV	Viable?
East Boldon / Whitburn	Greenfield	30	30.00%	1.14	£ 8,000	£ 698,238	£ 425,000	£485,714	43.75%	VIABLE
West Boldon / Boldon Colliery	Greenfield	30	20.00%	1.14	£ 8,000	£ 486,716	£ 350,000	£400,000	21.68%	VIABLE
Hebburn	Greenfield	30	20.00%	1.14	£ 8,000	£ 315,831	£ 300,000	£342,857	-7.88%	UNVIABLE
East Boldon / Whitburn	Brownfield	30	30.00%	1.14	£ 8,000	£ 583,139	£ 510,000	£437,143	33.40%	VIABLE
West Boldon / Boldon Colliery	Brownfield	30	20.00%	1.14	£ 8,000	£ 374,672	£ 450,000	£385,714	-2.86%	UNVIABLE
Hebburn	Brownfield	30	20.00%	1.14	£ 8,000	£ 202,489	£ 360,000	£308,571	-34.38%	UNVIABLE

4.3.1. The typology outcomes are unchanged, albeit the deficits to the viability threshold are reduced.

4.4. Adjusted affordable tenure – 80 dwelling typology

Value Area	Land	Units	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Surplus % of BLV	Viable?
East Boldon / Whitburn	Greenfield	80	30.00%	3.27	£ 9,625	£1,385,829	£ 425,000	£1,387,755	-0.14%	UNVIABLE
West Boldon / Boldon Colliery	Greenfield	80	20.00%	3.27	£ 9,625	£ 953,449	£ 350,000	£1,142,857	-16.57%	UNVIABLE
Hebburn	Greenfield	80	20.00%	3.27	£ 9,625	£ 530,115	£ 300,000	£ 979,592	-45.88%	UNVIABLE
East Boldon / Whitburn	Brownfield	80	30.00%	3.27	£ 9,625	£1,085,297	£ 510,000	£1,165,714	-6.90%	UNVIABLE
West Boldon / Boldon Colliery	Brownfield	80	20.00%	3.27	£ 9,625	£ 660,474	£ 450,000	£1,028,571	-35.79%	UNVIABLE
Hebburn	Brownfield	80	20.00%	3.27	£ 9,625	£ 236,911	£ 360,000	£ 822,857	-71.21%	UNVIABLE

4.4.1. The typology outcomes are again unchanged, albeit the deficits to the viability threshold are reduced.

4.5. Adjusted affordable tenure – 125 dwelling typology

Value Area	Land	Units	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Surplus % of BLV	Viable?
East Boldon / Whitburn	Greenfield	125	30.40%	5.49	£ 9,664	£2,134,542	£ 425,000	£2,335,165	-8.59%	UNVIABLE
West Boldon / Boldon Colliery	Greenfield	125	20.00%	5.49	£ 9,664	£1,504,583	£ 350,000	£1,923,077	-21.76%	UNVIABLE
Hebburn	Greenfield	125	20.00%	5.49	£ 9,664	£ 857,113	£ 300,000	£1,648,352	-48.00%	UNVIABLE
East Boldon / Whitburn	Brownfield	125	30.40%	5.49	£ 9,664	£1,668,912	£ 510,000	£1,821,429	-8.37%	UNVIABLE
West Boldon / Boldon Colliery	Brownfield	125	20.00%	5.49	£ 9,664	£1,050,478	£ 450,000	£1,607,143	-34.64%	UNVIABLE
Hebburn	Brownfield	125	20.00%	5.49	£ 9,664	£ 402,913	£ 360,000	£1,285,714	-68.66%	UNVIABLE

4.5.1. The typology outcomes are again unchanged, albeit the deficits to the viability threshold are reduced.

4.6. Adjusted affordable tenure – 250 dwelling typology

Value Area	Land	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
East Boldon / Whitburn	Greenfield	30.00%	10.99	£ 9,664	£4,460,807	£425,000	£4,670,330	-£ 209,522	-4.49%	UNVIABLE
West Boldon / Boldon Colliery	Greenfield	20.00%	10.99	£ 9,664	£3,122,762	£350,000	£3,846,154	-£ 723,392	-18.81%	UNVIABLE
Hebburn	Greenfield	20.00%	10.99	£ 9,664	£1,859,238	£300,000	£3,296,703	-£1,437,466	-43.60%	UNVIABLE
East Boldon / Whitburn	Brownfield	30.00%	10.99	£ 9,664	£3,540,150	£510,000	£3,642,857	-£ 102,707	-2.82%	UNVIABLE
West Boldon / Boldon Colliery	Brownfield	20.00%	10.99	£ 9,664	£2,223,372	£450,000	£3,214,286	-£ 990,914	-30.83%	UNVIABLE
Hebburn	Brownfield	20.00%	10.99	£ 9,664	£ 958,761	£360,000	£2,571,429	-£1,612,667	-62.71%	UNVIABLE

4.6.1. The typology outcomes are again unchanged, albeit the deficits to the viability threshold are reduced.

4.7. Adjusted affordable tenure – 500 dwelling typology

Value Area	Land	Units	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
East Boldon / Whitburn	Greenfield	500	30.00%	21.98	£ 9,690	£ 9,419,986	£425,000	£ 9,340,659	£ 79,326	0.85%	VIABLE
West Boldon / Boldon Colliery	Greenfield	500	20.00%	21.98	£ 9,690	£ 6,827,016	£350,000	£ 7,692,308	-£ 865,292	-11.25%	UNVIABLE
Hebburn	Greenfield	500	20.00%	21.98	£ 9,690	£ 4,448,053	£300,000	£ 6,593,407	-£2,145,353	-32.54%	UNVIABLE
East Boldon / Whitburn	Brownfield	500	30.00%	21.98	£ 9,690	£ 7,640,008	£510,000	£ 7,285,714	£ 354,293	4.86%	VIABLE
West Boldon / Boldon Colliery	Brownfield	500	20.00%	21.98	£ 9,690	£ 5,080,376	£450,000	£ 6,428,571	-£1,348,195	-20.97%	UNVIABLE
Hebburn	Brownfield	500	20.00%	21.98	£ 9,690	£ 2,689,497	£360,000	£ 5,142,857	-£2,453,360	-47.70%	UNVIABLE

4.7.1. The East Boldon / Whitburn typologies change to a viable outcome, however the others remain unchanged.

5. Test 3 – reduced affordable housing provision

5.1. For the purposes of this modelling, we have reduced the affordable housing provision to see whether this aids the viability outcomes (for those that show an unviable outcome initially). We have adjusted to the following:

- East Boldon / Whitburn: 25% (15% rented, 10% First Homes)
- West Boldon / Boldon Colliery: 15% (5% rented, 10% First Homes)
- Hebburn: 15% (5% rented, 10% First Homes)
- Please note, Cleadon has been retained as the outcomes are viable. South Shields / Jarrow already have the minimum 10% First Homes applied (as per the requirements of the NPPF).

5.2. Adjusted affordable tenure – 10 dwelling typology

Value Area	Land	Units	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
East Boldon / Whitburn	Greenfield	10	20.00%	0.37	£ 8,000	£ 244,207	£425,000	£157,407	£ 86,799	55.14%	VIABLE
West Boldon / Boldon Colliery	Greenfield	10	10.00%	0.37	£ 8,000	£ 164,062	£350,000	£129,630	£ 34,432	26.56%	VIABLE
Hebburn	Greenfield	10	10.00%	0.37	£ 8,000	£ 94,147	£300,000	£111,111	-£ 16,964	-15.27%	UNVIABLE
East Boldon / Whitburn	Brownfield	10	20.00%	0.37	£ 8,000	£ 197,619	£510,000	£170,000	£ 27,619	16.25%	VIABLE
West Boldon / Boldon Colliery	Brownfield	10	10.00%	0.37	£ 8,000	£ 118,148	£450,000	£150,000	-£ 31,852	-21.23%	UNVIABLE
Hebburn	Brownfield	10	10.00%	0.37	£ 8,000	£ 47,896	£360,000	£120,000	-£ 72,104	-60.09%	UNVIABLE

5.2.1. The viability outcomes do improve for some of the typologies. However, please note in East Boldon / Whitburn the allowance is actually 20%, rather than 25% (as the number of affordable units has to be whole figures). Similarly West Boldon / Boldon Colliery and Hebburn assume 10%, rather than 15%.

5.3. Adjusted affordable tenure – 30 dwelling typology

Value Area	Land	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
East Boldon / Whitburn	Greenfield	23.33%	1.14	£ 8,000	£ 809,922	£425,000	£485,714	£324,208	66.75%	VIABLE
West Boldon / Boldon Colliery	Greenfield	13.33%	1.14	£ 8,000	£ 618,905	£350,000	£400,000	£218,905	54.73%	VIABLE
Hebburn	Greenfield	13.33%	1.14	£ 8,000	£ 442,907	£300,000	£342,857	£100,050	29.18%	VIABLE
East Boldon / Whitburn	Brownfield	23.33%	1.14	£ 8,000	£ 694,823	£510,000	£437,143	£257,680	58.95%	VIABLE
West Boldon / Boldon Colliery	Brownfield	13.33%	1.14	£ 8,000	£ 506,861	£450,000	£385,714	£121,147	31.41%	VIABLE
Hebburn	Brownfield	13.33%	1.14	£ 8,000	£ 330,863	£360,000	£308,571	£ 22,292	7.22%	VIABLE

5.3.1. The typology outcomes all now show a viable outcome with the reduced affordable housing provision. However, please note in East Boldon / Whitburn the allowance is actually 23.33%, rather than 25% (as the number of affordable units has to be whole figures). Similarly West Boldon / Boldon Colliery and Hebburn assume 13.33%, rather than 15%.

5.4. Adjusted affordable tenure – 80 dwelling typology

Value Area	Land	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
East Boldon / Whitburn	Greenfield	25.00%	3.27	£ 9,625	£1,490,568	£ 425,000	£1,387,755	£ 102,812	7.41%	VIABLE
West Boldon / Boldon Colliery	Greenfield	15.00%	3.27	£ 9,625	£1,174,671	£ 350,000	£1,142,857	£ 31,814	2.78%	VIABLE
Hebburn	Greenfield	15.00%	3.27	£ 9,625	£ 742,799	£ 300,000	£ 979,592	-£ 236,792	-24.17%	UNVIABLE
East Boldon / Whitburn	Brownfield	25.00%	3.27	£ 9,625	£1,190,036	£ 510,000	£1,165,714	£ 24,322	2.09%	VIABLE
West Boldon / Boldon Colliery	Brownfield	15.00%	3.27	£ 9,625	£ 881,696	£ 450,000	£1,028,571	-£ 146,875	-14.28%	UNVIABLE
Hebburn	Brownfield	15.00%	3.27	£ 9,625	£ 449,824	£ 360,000	£ 822,857	-£ 373,033	-45.33%	UNVIABLE

5.4.1. There is some improvement in the viability outcomes.

5.5. Adjusted affordable tenure – 125 dwelling typology

Value Area	Land	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Surplus % of BLV	Viable?
East Boldon / Whitburn	Greenfield	24.80%	5.49	£ 9,664	£2,515,539	£ 425,000	£2,335,165	7.72%	VIABLE
West Boldon / Boldon Colliery	Greenfield	15.20%	5.49	£ 9,664	£1,787,610	£ 350,000	£1,923,077	-7.04%	UNVIABLE
Hebburn	Greenfield	15.20%	5.49	£ 9,664	£1,129,254	£ 300,000	£1,648,352	-31.49%	UNVIABLE
East Boldon / Whitburn	Brownfield	24.80%	5.49	£ 9,664	£2,049,910	£ 510,000	£1,821,429	12.54%	VIABLE
West Boldon / Boldon Colliery	Brownfield	15.20%	5.49	£ 9,664	£1,333,505	£ 450,000	£1,607,143	-17.03%	UNVIABLE
Hebburn	Brownfield	15.20%	5.49	£ 9,664	£ 675,054	£ 360,000	£1,285,714	-47.50%	UNVIABLE

5.5.1. The East Boldon / Whitburn typologies change from being unviable to viable, the others remain unchanged.

5.6. Adjusted affordable tenure – 250 dwelling typology

Value Area	Land	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
East Boldon / Whitburn	Greenfield	25.20%	10.99	£ 9,664	£5,113,946	£425,000	£4,670,330	£ 443,616	9.50%	VIABLE
West Boldon / Boldon Colliery	Greenfield	15.20%	10.99	£ 9,664	£3,688,815	£350,000	£3,846,154	-£ 157,339	-4.09%	UNVIABLE
Hebburn	Greenfield	15.20%	10.99	£ 9,664	£2,403,520	£300,000	£3,296,703	-£ 893,183	-27.09%	UNVIABLE
East Boldon / Whitburn	Brownfield	25.20%	10.99	£ 9,664	£4,193,288	£510,000	£3,642,857	£ 550,431	15.11%	VIABLE
West Boldon / Boldon Colliery	Brownfield	15.20%	10.99	£ 9,664	£2,789,425	£450,000	£3,214,286	-£ 424,860	-13.22%	UNVIABLE
Hebburn	Brownfield	15.20%	10.99	£ 9,664	£1,503,044	£360,000	£2,571,429	-£1,068,385	-41.55%	UNVIABLE

5.6.1. Again only the East Boldon / Whitburn typology changes from being unviable to viable.

5.7. Adjusted affordable tenure – 500 dwelling typology

Value Area	Land	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
East Boldon / Whitburn	Greenfield	25.00%	21.98	£ 9,690	£10,780,691	£425,000	£ 9,340,659	£1,440,032	15.42%	VIABLE
West Boldon / Boldon Colliery	Greenfield	15.00%	21.98	£ 9,690	£ 8,006,294	£350,000	£ 7,692,308	£ 313,986	4.08%	VIABLE
Hebburn	Greenfield	15.00%	21.98	£ 9,690	£ 5,581,974	£300,000	£ 6,593,407	-£1,011,432	-15.34%	UNVIABLE
East Boldon / Whitburn	Brownfield	25.00%	21.98	£ 9,690	£ 9,000,713	£510,000	£ 7,285,714	£1,714,999	23.54%	VIABLE
West Boldon / Boldon Colliery	Brownfield	15.00%	21.98	£ 9,690	£ 6,259,654	£450,000	£ 6,428,571	-£ 168,917	-2.63%	UNVIABLE
Hebburn	Brownfield	15.00%	21.98	£ 9,690	£ 3,823,418	£360,000	£ 5,142,857	-£1,319,439	-25.66%	UNVIABLE

5.7.1. There is improvement in the East Boldon / Whitburn outcomes, as well as greenfield West Boldon / Boldon Colliery.

6. Test 4 – reduced affordable housing provision and planning policies

6.1. For the purposes of this modelling, we have adopted the same reduced affordable housing provision as used above in 'Test 3'. In addition, we have looked to reduce the planning policy contributions. We would stress that the base appraisal testing assumes the maximum full planning policies are applied to each typology. However, in reality, it is unlikely that all sites would attract the full planning policy requirements, as this depends on site specific need (to be determined on a case by case basis). For example, it may be the case that no education contribution is required, in which case the planning policy financial contributions would be significantly reduced. To reflect this for the purposes of this test we have assumed 50% of the full S106 planning policy requests.

6.2. Adjusted affordable tenure / reduced S106 – 10 dwelling typology

Value Area	Land	Units	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
East Boldon / Whitburn	Greenfield	10	20.00%	0.37	£ 4,000	£ 281,608	£425,000	£157,407	£124,201	78.90%	VIABLE
West Boldon / Boldon Colliery	Greenfield	10	10.00%	0.37	£ 4,000	£ 202,662	£350,000	£129,630	£ 73,032	56.34%	VIABLE
Hebburn	Greenfield	10	10.00%	0.37	£ 4,000	£ 133,547	£300,000	£111,111	£ 22,436	20.19%	VIABLE
South Shields / Jarrow	Greenfield	10	10.00%	0.37	£ 4,000	£ 32,190	£250,000	£ 92,593	-£ 60,402	-65.23%	UNVIABLE
East Boldon / Whitburn	Brownfield	10	20.00%	0.37	£ 4,000	£ 236,219	£510,000	£170,000	£ 66,219	38.95%	VIABLE
West Boldon / Boldon Colliery	Brownfield	10	10.00%	0.37	£ 4,000	£ 157,349	£450,000	£150,000	£ 7,349	4.90%	VIABLE
Hebburn	Brownfield	10	10.00%	0.37	£ 4,000	£ 87,296	£360,000	£120,000	-£ 32,704	-27.25%	UNVIABLE
South Shields / Jarrow	Brownfield	10	10.00%	0.37	£ 4,000	-£ 14,284	£360,000	£120,000	-£134,284	-111.90%	UNVIABLE

6.2.1. This has a limited impact on the viability outcomes for this typology. The Hebburn greenfield changes from unviable to viable, but the rest remain the same.

6.3. Adjusted affordable tenure / reduced S106 – 30 dwelling typology

Value Area	Land	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
East Boldon / Whitburn	Greenfield	23.33%	1.14	£ 4,000	£ 922,122	£425,000	£485,714	£436,408	89.85%	VIABLE
West Boldon / Boldon Colliery	Greenfield	13.33%	1.14	£ 4,000	£ 731,105	£350,000	£400,000	£331,105	82.78%	VIABLE
Hebburn	Greenfield	13.33%	1.14	£ 4,000	£ 555,107	£300,000	£342,857	£212,250	61.91%	VIABLE
South Shields / Jarrow	Greenfield	10.00%	1.14	£ 4,000	£ 398,152	£250,000	£285,714	£112,438	39.35%	VIABLE
East Boldon / Whitburn	Brownfield	23.33%	1.14	£ 4,000	£ 807,023	£510,000	£437,143	£369,880	84.61%	VIABLE
West Boldon / Boldon Colliery	Brownfield	13.33%	1.14	£ 4,000	£ 619,061	£450,000	£385,714	£233,347	60.50%	VIABLE
Hebburn	Brownfield	13.33%	1.14	£ 4,000	£ 443,063	£360,000	£308,571	£134,492	43.59%	VIABLE
South Shields / Jarrow	Brownfield	10.00%	1.14	£ 4,000	£ 286,108	£360,000	£308,571	-£ 22,463	-7.28%	UNVIABLE

6.3.1. The viability outcomes are generally positive in this scenario, with comfortable surpluses above the benchmark land value (which suggests there is 'headroom' for additional planning policies. The only exception is South Shields / Jarrow brownfield, which is unviable (albeit the deficit is relatively small and is therefore close to being a viable outcome).

6.4. Adjusted affordable tenure / reduced S106 – 80 dwelling typology

Value Area	Land	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
East Boldon / Whitburn	Greenfield	25.00%	3.27	£ 4,813	£1,850,543	£ 425,000	£1,387,755	£ 462,787	33.35%	VIABLE
West Boldon / Boldon Colliery	Greenfield	15.00%	3.27	£ 4,813	£1,534,646	£ 350,000	£1,142,857	£ 391,789	34.28%	VIABLE
Hebburn	Greenfield	15.00%	3.27	£ 4,813	£1,102,774	£ 300,000	£ 979,592	£ 123,183	12.57%	VIABLE
South Shields / Jarrow	Greenfield	10.00%	3.27	£ 4,813	£ 776,171	£ 250,000	£ 816,327	-£ 40,156	-4.92%	UNVIABLE
East Boldon / Whitburn	Brownfield	25.00%	3.27	£ 4,813	£1,550,011	£ 510,000	£1,165,714	£ 384,297	32.97%	VIABLE
West Boldon / Boldon Colliery	Brownfield	15.00%	3.27	£ 4,813	£1,241,671	£ 450,000	£1,028,571	£ 213,100	20.72%	VIABLE
Hebburn	Brownfield	15.00%	3.27	£ 4,813	£ 809,799	£ 360,000	£ 822,857	-£ 13,058	-1.59%	UNVIABLE
South Shields / Jarrow	Brownfield	10.00%	3.27	£ 4,813	£ 483,196	£ 360,000	£ 822,857	-£ 339,661	-41.28%	UNVIABLE

6.4.1. Hebburn greenfield changes from being unviable to viable. Furthermore, West Boldon / Boldon Colliery brownfield changes from being unviable to viable. Hebburn brownfield is only marginally unviable, as is South Shields / Jarrow greenfield.

6.5. Adjusted affordable tenure / reduced S106 – 125 dwelling typology

Value Area	Land	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Surplus % of BLV	Viable?
East Boldon / Whitburn	Greenfield	24.80%	5.49	£ 4,832	£3,080,279	£ 425,000	£2,335,165	31.91%	VIABLE
West Boldon / Boldon Colliery	Greenfield	15.20%	5.49	£ 4,832	£2,352,350	£ 350,000	£1,923,077	22.32%	VIABLE
Hebburn	Greenfield	15.20%	5.49	£ 4,832	£1,693,994	£ 300,000	£1,648,352	2.77%	VIABLE
South Shields / Jarrow	Greenfield	10.40%	5.49	£ 4,832	£1,222,776	£ 250,000	£1,373,626	-10.98%	UNVIABLE
East Boldon / Whitburn	Brownfield	24.80%	5.49	£ 4,832	£2,614,650	£ 510,000	£1,821,429	43.55%	VIABLE
West Boldon / Boldon Colliery	Brownfield	15.20%	5.49	£ 4,832	£1,898,245	£ 450,000	£1,607,143	18.11%	VIABLE
Hebburn	Brownfield	15.20%	5.49	£ 4,832	£1,239,794	£ 360,000	£1,285,714	-3.57%	UNVIABLE
South Shields / Jarrow	Brownfield	10.40%	5.49	£ 4,832	£ 768,464	£ 360,000	£1,285,714	-40.23%	UNVIABLE

6.5.1. This changes both the West Boldon / Boldon Colliery and Hebburn greenfield typologies from unviable to viable. Furthermore, the West Boldon / Boldon Colliery brownfield also changes to viable. South Shields / Jarrow greenfield and Hebburn brownfield also show relatively small deficits and are therefore close to a viable outcome.

6.6. Adjusted affordable tenure / reduced S106 – 250 dwelling typology

Value Area	Land	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
East Boldon / Whitburn	Greenfield	25.20%	10.99	£ 4,832	£6,243,426	£425,000	£4,670,330	£1,573,096	33.68%	VIABLE
West Boldon / Boldon Colliery	Greenfield	15.20%	10.99	£ 4,832	£4,818,295	£350,000	£3,846,154	£ 972,141	25.28%	VIABLE
Hebburn	Greenfield	15.20%	10.99	£ 4,832	£3,533,000	£300,000	£3,296,703	£ 236,297	7.17%	VIABLE
South Shields / Jarrow	Greenfield	10.00%	10.99	£ 4,832	£2,527,781	£250,000	£2,747,253	-£ 219,471	-7.99%	UNVIABLE
East Boldon / Whitburn	Brownfield	25.20%	10.99	£ 4,832	£5,322,768	£510,000	£3,642,857	£1,679,911	46.12%	VIABLE
West Boldon / Boldon Colliery	Brownfield	15.20%	10.99	£ 4,832	£3,918,905	£450,000	£3,214,286	£ 704,620	21.92%	VIABLE
Hebburn	Brownfield	15.20%	10.99	£ 4,832	£2,632,524	£360,000	£2,571,429	£ 61,095	2.38%	VIABLE
South Shields / Jarrow	Brownfield	10.00%	10.99	£ 4,832	£1,626,403	£360,000	£2,571,429	-£2,073,860	-80.65%	UNVIABLE

6.6.1. This changes both the West Boldon / Boldon Colliery and Hebburn greenfield typologies from unviable to viable. Furthermore, the West Boldon / Boldon Colliery brownfield and Hebburn brownfield also change to viable. Only South Shield / Jarrow show unviable outcomes, albeit the greenfield typology shows only a relatively small deficit (and is therefore close to a viable outcome).

6.7. Adjusted affordable tenure / reduced S106 – 500 dwelling typology

Value Area	Land	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
East Boldon / Whitburn	Greenfield	25.00%	21.98	£ 4,845	£13,045,729	£425,000	£ 9,340,659	£3,705,069	39.67%	VIABLE
West Boldon / Boldon Colliery	Greenfield	15.00%	21.98	£ 4,845	£10,271,331	£350,000	£ 7,692,308	£2,579,024	33.53%	VIABLE
Hebburn	Greenfield	15.00%	21.98	£ 4,845	£ 7,847,012	£300,000	£ 6,593,407	£1,253,605	19.01%	VIABLE
South Shields / Jarrow	Greenfield	10.00%	21.98	£ 4,845	£ 5,852,592	£250,000	£ 5,494,505	£ 358,087	6.52%	VIABLE
East Boldon / Whitburn	Brownfield	25.00%	21.98	£ 4,845	£11,265,751	£510,000	£ 7,285,714	£3,980,036	54.63%	VIABLE
West Boldon / Boldon Colliery	Brownfield	15.00%	21.98	£ 4,845	£ 8,524,692	£450,000	£ 6,428,571	£2,096,120	32.61%	VIABLE
Hebburn	Brownfield	15.00%	21.98	£ 4,845	£ 6,088,456	£360,000	£ 5,142,857	£ 945,599	18.39%	VIABLE
South Shields / Jarrow	Brownfield	10.00%	21.98	£ 4,845	£ 4,092,170	£360,000	£ 5,142,857	-£1,050,687	-20.43%	UNVIABLE

6.7.1. All but the South Shields / Jarrow brownfield typologies show a viable outcome.

7. Test 5 – Same as Test 4 but with 10% bungalows

7.1. As discussed above in Section 2, we have also run a sensitivity assessment which incorporates 10% onsite bungalows in the modelling. We have assumed an average bungalow size of 70 sq m (delivered through a mix of detached and semi-detached units). In terms of value, we have assumed a £300 per sq m uplift compared to the semi-detached values (for example in Hebburn that would translate to a bungalow value of £2,800 per sq m). We have also assumed a £200 per sq m uplift in the build costs for the bungalows. The modelling assumes that detached 2 storey dwellings would be replaced by the bungalows (and given the larger plot size of these units it is not considered necessary to adjust the overall gross to net site areas).

7.2. Same as Test 4 but with 10% bungalow – 10 dwelling typology

Value Area	Land	Units	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Cleadon	Greenfield	10	30.00%	0.37	£ 4,000	£ 409,370	£625,000	£231,481	£177,889	76.85%	VIABLE
East Boldon / Whitburn	Greenfield	10	20.00%	0.37	£ 4,000	£ 241,600	£425,000	£157,407	£ 84,193	53.49%	VIABLE
West Boldon / Boldon Colliery	Greenfield	10	10.00%	0.37	£ 4,000	£ 176,858	£350,000	£129,630	£ 47,228	36.43%	VIABLE
Hebburn	Greenfield	10	10.00%	0.37	£ 4,000	£ 119,344	£300,000	£111,111	£ 8,233	7.41%	VIABLE
South Shields / Jarrow	Greenfield	10	10.00%	0.37	£ 4,000	£ 16,889	£250,000	£ 92,593	-£ 75,704	-81.76%	UNVIABLE
Cleadon	Brownfield	10	30.00%	0.37	£ 4,000	£ 364,821	£600,000	£200,000	£164,821	82.41%	VIABLE
East Boldon / Whitburn	Brownfield	10	20.00%	0.37	£ 4,000	£ 195,620	£510,000	£170,000	£ 25,620	15.07%	VIABLE
West Boldon / Boldon Colliery	Brownfield	10	10.00%	0.37	£ 4,000	£ 161,049	£450,000	£150,000	£ 11,049	7.37%	VIABLE
Hebburn	Brownfield	10	10.00%	0.37	£ 4,000	£ 64,792	£360,000	£120,000	-£ 55,208	-46.01%	UNVIABLE
South Shields / Jarrow	Brownfield	10	10.00%	0.37	£ 4,000	-£ 29,021	£360,000	£120,000	-£149,021	-124.18%	UNVIABLE

7.2.1. This has a negative impact on the viability; however this does not ultimately change the viability outcomes in the modelling.

7.3. Same as Test 4 but with 10% bungalow – 30 dwelling typology

Value Area	Land	Units	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Cleadon	Greenfield	30	30.00%	1.14	£ 4,000	£1,313,083	£625,000	£714,286	£598,797	83.83%	VIABLE
East Boldon / Whitburn	Greenfield	30	23.33%	1.14	£ 4,000	£ 791,681	£425,000	£485,714	£305,967	62.99%	VIABLE
West Boldon / Boldon Colliery	Greenfield	30	13.33%	1.14	£ 4,000	£ 644,612	£350,000	£400,000	£244,612	61.15%	VIABLE
Hebburn	Greenfield	30	13.33%	1.14	£ 4,000	£ 477,478	£300,000	£342,857	£134,621	39.26%	VIABLE
South Shields / Jarrow	Greenfield	30	10.00%	1.14	£ 4,000	£ 341,574	£250,000	£285,714	£ 55,860	19.55%	VIABLE
Cleadon	Brownfield	30	30.00%	1.14	£ 4,000	£1,199,369	£600,000	£514,286	£685,083	133.21%	VIABLE
East Boldon / Whitburn	Brownfield	30	23.33%	1.14	£ 4,000	£ 678,163	£510,000	£437,143	£241,020	55.14%	VIABLE
West Boldon / Boldon Colliery	Brownfield	30	13.33%	1.14	£ 4,000	£ 534,005	£450,000	£385,714	£148,291	38.45%	VIABLE
Hebburn	Brownfield	30	13.33%	1.14	£ 4,000	£ 366,871	£360,000	£308,571	£ 58,300	18.89%	VIABLE
South Shields / Jarrow	Brownfield	30	10.00%	1.14	£ 4,000	£ 230,541	£360,000	£308,571	-£ 78,030	-25.29%	UNVIABLE

7.3.1. This has a negative impact on the viability; however this does not ultimately change the viability outcomes in the modelling.

7.4. Same as Test 4 but with 10% bungalow – 80 dwelling typology

Value Area	Land	Units	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Cleadon	Greenfield	80	30.00%	3.27	£ 4,813	£3,023,024	£ 625,000	£2,040,816	£ 982,208	48.13%	VIABLE
East Boldon / Whitburn	Greenfield	80	25.00%	3.27	£ 4,813	£1,520,802	£ 425,000	£1,387,755	£ 133,047	9.59%	VIABLE
West Boldon / Boldon Colliery	Greenfield	80	15.00%	3.27	£ 4,813	£1,318,060	£ 350,000	£1,142,857	£ 175,202	15.33%	VIABLE
Hebburn	Greenfield	80	15.00%	3.27	£ 4,813	£ 909,227	£ 300,000	£ 979,592	-£ 70,365	-7.18%	UNVIABLE
South Shields / Jarrow	Greenfield	80	10.00%	3.27	£ 4,813	£ 637,339	£ 250,000	£ 816,327	-£ 178,987	-21.93%	UNVIABLE
Cleadon	Brownfield	80	30.00%	3.27	£ 4,813	£2,726,709	£ 600,000	£1,371,429	£1,355,281	98.82%	VIABLE
East Boldon / Whitburn	Brownfield	80	25.00%	3.27	£ 4,813	£1,224,487	£ 510,000	£1,165,714	£ 58,773	5.04%	VIABLE
West Boldon / Boldon Colliery	Brownfield	80	15.00%	3.27	£ 4,813	£1,028,918	£ 450,000	£1,028,571	£ 347	0.03%	VIABLE
Hebburn	Brownfield	80	15.00%	3.27	£ 4,813	£ 620,084	£ 360,000	£ 822,857	-£ 202,773	-24.64%	UNVIABLE
South Shields / Jarrow	Brownfield	80	10.00%	3.27	£ 4,813	£ 348,197	£ 360,000	£ 822,857	-£ 474,660	-57.68%	UNVIABLE

7.4.1. This has a negative impact on the viability. However, only Hebburn greenfield changes from being viable to unviable (and is only marginally unviable).

7.5. Same as Test 4 but with 10% bungalow – 125 dwelling typology

Value Area	Land	Units	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Cleadon	Greenfield	125	30.40%	5.49	£ 4,832	£4,562,416	£ 625,000	£3,434,066	£1,128,350	32.86%	VIABLE
East Boldon / Whitburn	Greenfield	125	24.80%	5.49	£ 4,832	£2,544,452	£ 425,000	£2,335,165	£ 209,287	8.96%	VIABLE
West Boldon / Boldon Colliery	Greenfield	125	15.20%	5.49	£ 4,832	£2,000,397	£ 350,000	£1,923,077	£ 77,321	4.02%	VIABLE
Hebburn	Greenfield	125	15.20%	5.49	£ 4,832	£1,379,479	£ 300,000	£1,648,352	-£ 268,873	-16.31%	UNVIABLE
South Shields / Jarrow	Greenfield	125	10.40%	5.49	£ 4,832	£ 997,174	£ 250,000	£1,373,626	-£ 376,452	-27.41%	UNVIABLE
Cleadon	Brownfield	125	30.40%	5.49	£ 4,832	£4,103,723	£ 600,000	£2,142,857	£1,960,866	91.51%	VIABLE
East Boldon / Whitburn	Brownfield	125	24.80%	5.49	£ 4,832	£2,085,673	£ 510,000	£1,821,429	£ 264,245	14.51%	VIABLE
West Boldon / Boldon Colliery	Brownfield	125	15.20%	5.49	£ 4,832	£1,552,521	£ 450,000	£1,607,143	-£ 54,622	-3.40%	UNVIABLE
Hebburn	Brownfield	125	15.20%	5.49	£ 4,832	£ 931,508	£ 360,000	£1,285,714	-£ 354,207	-27.55%	UNVIABLE
South Shields / Jarrow	Brownfield	125	10.40%	5.49	£ 4,832	£ 549,091	£ 360,000	£1,285,714	-£ 736,623	-57.29%	UNVIABLE

7.5.1. This has a negative impact on the viability. Hebburn greenfield changes from being viable to unviable and West Boldon / Boldon Colliery also changes from being viable to unviable.

7.6. Same as Test 4 but with 10% bungalow – 250 dwelling typology

Value Area	Land	Units	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Cleadon	Greenfield	250	30.00%	10.99	£ 4,832	£9,587,863	£625,000	£6,868,132	£2,706,527	39.41%	VIABLE
East Boldon / Whitburn	Greenfield	250	25.20%	10.99	£ 4,832	£5,212,988	£425,000	£4,670,330	£ 542,658	11.62%	VIABLE
West Boldon / Boldon Colliery	Greenfield	250	15.20%	10.99	£ 4,832	£4,141,463	£350,000	£3,846,154	£ 295,309	7.68%	VIABLE
Hebburn	Greenfield	250	15.20%	10.99	£ 4,832	£2,928,163	£300,000	£3,296,703	-£ 368,540	-11.18%	UNVIABLE
South Shields / Jarrow	Greenfield	250	10.00%	10.99	£ 4,832	£2,093,933	£250,000	£2,747,253	-£ 653,320	-23.78%	UNVIABLE
Cleadon	Brownfield	250	30.00%	10.99	£ 4,832	£8,349,793	£600,000	£4,285,714	£4,064,079	94.83%	VIABLE
East Boldon / Whitburn	Brownfield	250	25.20%	10.99	£ 4,832	£4,305,506	£510,000	£3,642,857	£ 662,649	18.19%	VIABLE
West Boldon / Boldon Colliery	Brownfield	250	15.20%	10.99	£ 4,832	£3,254,052	£450,000	£3,214,286	£ 39,766	1.24%	VIABLE
Hebburn	Brownfield	250	15.20%	10.99	£ 4,832	£2,039,665	£360,000	£2,571,429	-£ 531,764	-20.68%	UNVIABLE
South Shields / Jarrow	Brownfield	250	10.00%	10.99	£ 4,832	£1,204,532	£360,000	£2,571,429	-£2,073,860	-80.65%	UNVIABLE

7.6.1. This has a negative impact on the viability. Hebburn greenfield and brownfield changes from being viable to unviable.

7.7. Same as Test 4 but with 10% bungalow – 500 dwelling typology

Value Area	Land	Units	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	BLV	Base appraisal surplus	Surplus % of BLV	Viable?
Cleadon	Greenfield	500	30.00%	21.98	£ 4,845	£18,093,950	£625,000	£13,736,264	£4,357,686	31.72%	VIABLE
East Boldon / Whitburn	Greenfield	500	25.00%	21.98	£ 4,845	£10,984,852	£425,000	£ 9,340,659	£1,644,193	17.60%	VIABLE
West Boldon / Boldon Colliery	Greenfield	500	15.00%	21.98	£ 4,845	£ 8,917,667	£350,000	£ 7,692,308	£1,225,360	15.93%	VIABLE
Hebburn	Greenfield	500	15.00%	21.98	£ 4,845	£ 6,637,338	£300,000	£ 6,593,407	£ 43,931	0.67%	VIABLE
South Shields / Jarrow	Greenfield	500	10.00%	21.98	£ 4,845	£ 4,984,895	£250,000	£ 5,494,505	-£ 509,611	-9.27%	UNVIABLE
Cleadon	Brownfield	500	30.00%	21.98	£ 4,845	£16,353,871	£600,000	£ 8,571,429	£7,782,443	90.80%	VIABLE
East Boldon / Whitburn	Brownfield	500	25.00%	21.98	£ 4,845	£ 9,231,226	£510,000	£ 7,285,714	£1,945,512	26.70%	VIABLE
West Boldon / Boldon Colliery	Brownfield	500	15.00%	21.98	£ 4,845	£ 7,194,984	£450,000	£ 6,428,571	£ 766,413	11.92%	VIABLE
Hebburn	Brownfield	500	15.00%	21.98	£ 4,845	£ 4,902,738	£360,000	£ 5,142,857	-£ 240,119	-4.67%	UNVIABLE
South Shields / Jarrow	Brownfield	500	10.00%	21.98	£ 4,845	£ 3,248,429	£360,000	£ 5,142,857	-£1,894,428	-36.84%	UNVIABLE

7.7.1. This has a negative impact on the viability. South Shields / Jarrow greenfield changes from being viable to unviable as does Hebburn brownfield.

8. Apartments / Retirement apartments

8.1. For these typologies we have adopted the following assumptions:

- Market value increase by 10% compared to values used in the Dec 21 study.
- For updated build costs we have applied the updated BCIS for sheltered flats (retirement apartments) of £1,403 per sq m and 3-5 storey apartments (£1,303 per sq m).

8.2. The results for the retirement apartment model are as follows:

Retirement apartments

Value Area	Land	Units	AH %	Gross (Ha)	Policy per unit	Residual land value	BLV (£ per Ha)	Base appraisal surplus	Surplus % of BLV	Viable?
Cleadon	Greenfield	40	30.00%	0.57	£ 1,500	£1,077,995	£ 625,000	£945,058	264.62%	VIABLE
East Boldon / Whitburn	Greenfield	40	30.00%	0.57	£ 1,500	£ 267,992	£ 425,000	£336,714	138.65%	VIABLE
West Boldon / Boldon Colliery	Greenfield	40	20.00%	0.57	£ 1,500	-£ 240,419	£ 350,000	-£ 75,716	-37.86%	UNVIABLE
Hebburn	Greenfield	40	10.00%	0.57	£ 1,500	-£ 117,647	£ 300,000	£ 66,124	38.57%	VIABLE
South Shields / Jarrow	Greenfield	40	10.00%	0.57	£ 1,500	-£ 677,589	£ 250,000	-£419,890	-293.92%	UNVIABLE
Cleadon	Brownfield	40	30.00%	0.57	£ 1,500	£ 992,444	£ 600,000	£882,578	257.42%	VIABLE
East Boldon / Whitburn	Brownfield	40	30.00%	0.57	£ 1,500	£ 182,440	£ 510,000	£211,376	72.53%	VIABLE
West Boldon / Boldon Colliery	Brownfield	40	20.00%	0.57	£ 1,500	-£ 325,387	£ 450,000	-£219,341	-85.30%	UNVIABLE
Hebburn	Brownfield	40	10.00%	0.57	£ 1,500	-£ 203,066	£ 360,000	-£ 47,145	-22.92%	UNVIABLE
South Shields / Jarrow	Brownfield	40	10.00%	0.57	£ 1,500	-£ 767,746	£ 360,000	-£566,117	-275.20%	UNVIABLE

8.3. The viability outcomes are similar to the Dec 21 outcomes. The only change is Hebburn brownfield, which changes from an unviable outcome to viable.

8.4. The results for the apartment model are as follows:

Apartments

Value Area	Land	Units	AH %	Gross (Ha)	Policy per unit	Residual Land Value	BLV (£ per Ha)	Base appraisal surplus	Surplus % of BLV	Viable?
Cleadon	Greenfield	100	30.00%	0.29	£ 10,080	£ 938,451	£ 625,000	£1,437,044	781.75%	VIABLE
East Boldon / Whitburn	Greenfield	100	30.00%	0.29	£ 10,080	-£ 728,671	£ 425,000	£ 35,722	28.58%	VIABLE
West Boldon / Boldon Colliery	Greenfield	100	10.00%	0.29	£ 10,080	-£1,523,557	£ 350,000	-£ 662,408	-643.48%	UNVIABLE
Hebburn	Greenfield	100	10.00%	0.29	£ 10,080	-£1,966,511	£ 300,000	-£1,049,643	-1189.60%	UNVIABLE
South Shields / Jarrow	Greenfield	100	10.00%	0.29	£ 10,080	-£3,320,373	£ 250,000	-£2,252,769	-3063.77%	UNVIABLE
Cleadon	Brownfield	100	30.00%	0.29	£ 10,080	£ 816,765	£ 600,000	£1,345,638	762.53%	VIABLE
East Boldon / Whitburn	Brownfield	100	30.00%	0.29	£ 10,080	-£ 850,078	£ 510,000	-£ 92,672	-61.78%	UNVIABLE
West Boldon / Boldon Colliery	Brownfield	100	10.00%	0.29	£ 10,080	-£1,651,169	£ 450,000	-£ 799,046	-603.72%	UNVIABLE
Hebburn	Brownfield	100	10.00%	0.29	£ 10,080	-£2,094,123	£ 360,000	-£1,175,142	-1109.86%	UNVIABLE
South Shields / Jarrow	Brownfield	100	10.00%	0.29	£ 10,080	-£3,447,985	£ 360,000	-£2,393,715	-2260.73%	UNVIABLE

8.5. The viability outcomes are unchanged from the Dec 21 outcomes.

9. Commercial

9.1. In our Dec 2021 study we adopted the following commercial scheme typologies:

Type	Gross site area Ha	Site coverage	GIA (sq m)
Town centre office	0.10	200%	2,000
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

9.2. The previous testing results were as follows:

Type	Gross site area Ha	Dec 21 Viability outcome
Town centre office	0.10	Significantly unviable
Out of town office	0.25	Significantly unviable
Small workshop	1.00	Significantly unviable
Medium industrial	4.00	Unviable
Large industrial	15.00	Significantly unviable
Town centre retail	0.015	Unviable
Retail warehouse	0.44	Viable
Supermarket (small)	0.75	Comfortably viable
Cinema	0.70	Unviable
Hotel	0.50	Significantly unviable
Leisure	5.00	Unviable

9.3. Since our Dec 21 study the Bank of England Base Rate has increased significantly, which has had a knock-on effect on finance costs, increasing funding costs within the viability modelling.

9.4. This also impacts on investment values, because investors are able to get higher returns from Bonds and general savings. This in turn pushes out the price that investors are willing to pay for commercial property (because they are perceived to be higher risk investments compared to bonds / savings). This ultimately results in a downward pressure on investment values, which has a negative impact on viability.

9.5. Furthermore, concurrently to the increased finance costs and sluggish investment values, construction inflation has continued. This also has a downward pressure on the viability outcomes.

9.6. Within this context, it is reasonable to assume that viability pressure on the commercial schemes has increased since Dec 2021, rather than decrease. For those typologies that previously demonstrated an unviable outcome, we therefore see little scope for this changing (this relates therefore to the town centre office, out of town office, small workshop, medium industrial, large industrial, town centre retail, cinema, hotel and leisure typologies). We have run updated models, but as anticipated the viability pressure has worsened, not improved since our last testing in Dec 21.

9.7. In terms of the retail warehouse model, despite the increase in finance costs and construction costs, the appraisal is still showing a viable outcome (although the margin is significantly smaller than Dec 21.

9.8. The supermarket typology showed a comfortably viable outcome previously and this remains the case, despite the more challenging market conditions.

10.Conclusions

10.1. To ensure consistency with the viability testing in Dec 21, we have looked to apply the same modelling approach, albeit with sales values and build costs reflective of current market conditions.

10.2. The result of the testing shows that viability pressure is high. This is due to a combination of challenging market conditions and amendments to national planning / Building Regulation requirements.

10.3. However, as discussed above, Local Plan viability testing can only be a 'snapshot' of current market conditions. Local Plan policies, though, must consider the long term and should be set on the basis that market conditions (which are cyclical) will be subject to fluctuations throughout the lifetime of the plan. In this regard, market conditions have been relatively good in recent years (and the outcomes were generally positive in our Dec 21 study, despite at the time the challenges of the Covid-19 pandemic having on the market). However, since this time market conditions have deteriorated which has meant there is now greater pressure on the viability.

10.4. This 'dip' in the market, though, does not mean that the Council should cull its policy requirements on a reactive basis, as conditions will change in the future and viability may significantly improve. A balance therefore needs to be struck between setting policy requirements and natural fluctuations in the market conditions during the plan.

10.5. Furthermore, there is also the ability for planning applicants to submit viability assessments on individual schemes where viability is deemed to be challenging. This flexibility in the planning policies, when needed, ensures there is a lower risk that the planning policies set by the Council will undermine scheme viability (and in term scheme deliverability).

10.6. That said, it is clear from the updated modelling undertaken that the viability pressure has increased significantly since the Dec 21 study. This is to the extent whereby some of the modelling now shows a significant gap to a viable outcome.

10.7. Adopting a prudent approach, and recognizing that the level of Bank of England base rate is likely to remain at the current level at least across the short to medium term, we would recommend that the Council reconsiders its affordable housing policy provision. We would suggest the following potential adjustments:

- Cleadon - 30%
- East Boldon, Whitburn - 25%
- West Boldon, Boldon Colliery - 20%
- Hebburn - 15%
- South Shields, Jarrow - 10%

10.8. It is stressed that, as per the government's requirement, the above allowances assume that a minimum of 10% of all dwellings within a site are provided as First Homes. For South Shields and Jarrow this means that all the affordable dwellings provided on site are to be based on First Homes.

10.9. It may also be prudent for the Council to revisit its proposed accessibility and adaptability standard. The proposed policy for the M4(2) standard is currently to be applied to 100% of housing. Given the viability challenges shown in the modelling (and given that this is a more onerous policy requirement than has been adopted by some Local Authorities) the Council could reconsider this in order to aid scheme viability. Equally, the M4(3) standard being applied to 13% of dwellings could also be revisited (as this can be a significant capital expense within the model). A sub 10% provision could be considered.