Addendum to CD08 Local Plan Viability Assessment – Strategic Site Viability Assessment

April 2021

In expanding on National Planning Policy Framework (NPPF) requirements on viability set out in Paragraph 34 of National Planning Practice Guidance (NPPG) states that it is important to consider the specific circumstances of strategic sites. Plan makers can undertake site specific viability assessment for sites that are critical to delivering the strategic priorities of the plan. For this reason, high level site wide viability work has been undertaken for Skerningham (Site 251) and Greater Faverdale (Site 185) in order to demonstrate these larger sites are viable and deliverable.

This work has been undertaken based on realistic estimates of costs identified at the plan making stage.

Skerningham Assessment

Consistent with the requirements set out in Policy H10 the main infrastructure requirements factored into the assessment were:

- Affordable Housing @ 20% as the site is located in the medium value areas identified in Policy H5 and affordable housing mix of 50% social rented and 50% affordable home ownership consistent with the proposed modification to Policy H5.
- Local Distributor Road between A167 and Great Burdon (including rail crossing) – A cost allowance of £31,210.00 has been made within the off-site infrastructure/highways costs and other strategic infrastructure costs.
- Neighbourhood Centre – A cost allowance has been made in the other strategic infrastructure costs of £2,300,236. No revenue allowance has been made which would expect to be realised and would therefore improve the viability of the scheme.
- Relocation of Darlington Golf course – A land purchase allowance of £2,000,000 has been factored in to the other strategic infrastructure costs
- Green and Blue Infrastructure – The net developable area allowance of 30% has factored in the remainder of the site being retained for the relocated golf course and other green and blue infrastructure functions including enable the requirements of parts I i-ix of Policy H10 to be achieved. The viability assessment also makes an allowance for Biodiversity Net Gain costs of £1,159 per dwelling, consistent with the Local Plan Viability Assessment (CD08), which would be the expected costs for delivering these enhancements.
- Education – An allowance of £2,400 per dwelling has been made, consistent with the Local Plan Viability Assessment (CD08) and Policy IN1.

Other Cost and Revenue Allowances

Allowances made in relation to other costs and revenues including baseline costs and baseline sales values are set out within the viability assessment and the assumptions table following it below. These are consistent and based on the same evidence as those identified and justified within the Local Plan Viability Assessment (CD08).

For the strategic sites it has been assumed that all land values will be “medium” to reflect the current use and higher levels of infrastructure.

It has been assumed that the strategic sites will create housing sites that broadly fall into 2 typologies:

a. Medium Value areas
b. High Value Areas

For Skerningham, it is assumed that 33.33% (1,500 units) of the properties will be in higher value areas and 66.67% will be medium (3,000 units). This is indicative and used for appraisal purposes.

The Net Developable Area assumption made for the site is 30% of the site to be developed which would be consistent with the indicative masterplan framework within policy H10 of the Local Plan enabling significant green and blue infrastructure provision on the remainder of the site.

Conclusion

The local plan stage viability assessment indicates the Skerningham site is viable after allowing for 20% profit on GDV and additional infrastructure costs associated with the site.

Skerningham – Local Plan Viability Assessment

			1	20%	20%	
			2	**Medium**	**High**	**Whole Scheme**
	3 Policy On/Off	S106 Costs - Sustainable Transport		On	On	
	4 Policy On/Off	S106 Costs - Education		On	On	
	5 Policy On/Off	S106 Costs - Blue Green Infrastructure		On	On	
	6 Policy On/Off	S106 Costs - off site infrastructure / highways		On	On	
	7 Policy On/Off	S106 Costs - Affordable Homes (off-site contbn)		On	On	
	8 Policy On/Off	S106 Costs - Charging points		On	On	
Land Value Net Developable per acre (adjustment for local area %)			9	-		
Average sales value psf (adjustment for local area)			10	-	30	
Land Value per net developable acre			11	200,000		
Land Value per net developable hectare			12	494,200		
Average sales value psf (after adjustment for local area %)			13	195	225	
Average sales value psm			14	2,099	2,422	
Area (acres)			15	1213.24		
Area (hectares)			16	490.98		
Net Developable %			**17**	**30%**	**30%**	
Net Developable Area (acres)			**18**	**363.97**		
Net Developable area (hectares)			**19**	**147.29**		
Input Value			**20**	**20%**	**20%**	
No. Dwellings			**21**	3000	1500	
% Market			**22**	80%	80%	
% Social Rented (Affordable)			**23**	10.0%	10.0%	
% intermediate			**24**	10.0%	10.0%	
Market			**25**	2400	1200	3600
Affordable (Rent)			**26**	300	150	450
Affordable (Shared Ownership)			**27**	300	150	450
Market Floor Area (sq.ft.)			**28**	2,880,000	1,800,000	4,680,000
Market Floor Area (sq.m.)			**29**	267,600	167,160	434,760
Affordable Floor Area (sq.ft.)			**30**	540,000	270,000	810,000
Affordable Floor Area (sq.m.)			**31**	50,160	25,080	75,240
Total Floor Area (sq.ft.)			**32**	3,420,000	2,070,000	5,490,000
Total Floor Area (sq.m.)			**33**	317,760	192,240	510,000
Sales Revenue (£/sq.ft) (Market)			**34**	£195	£225	
Sales Revenue (£/sq.m) (Market)			**35**	£2,099	£2,422	
Sales Revenue (£/sq.ft) (Social Rented))			**36**	£88	£101	
Sales Revenue (£/sq.m) (Social Rented))			**37**	£945	£1,090	
Sales Revenue (£/sq.ft) (Intermediate))			**38**	£146	£169	
Sales Revenue (£/sq.m) (Intermediate))			**39**	£1,574	£1,816	
Sales Revenue Private			**40**	£561,600,000	£405,000,000	£966,600,000
Sales Revenue Social			**41**	£56,598,750	£32,653,125	£89,251,875
Gross Development Value (GDV)			**42**	**£618,198,750**	**£437,653,125**	£1,055,851,875
Base Build Cost (including Externals)			**43**	(£376,200,000)	(£239,085,000)	(£615,285,000)
Contingencies			**44**	(£11,286,000)	(£7,172,550)	(£18,458,550)
Abnormals			**45**	(£7,524,000)	(£4,781,700)	(£12,305,700)
Design and Professional Fees			**46**	(£22,572,000)	(£14,345,100)	(£36,917,100)
Marketing			**47**	(£11,286,000)	(£7,172,550)	(£18,458,550)
Sales Costs			**48**	(£1,200,000)	(£600,000)	(£1,800,000)
S106 Costs - Sustainable Transport			**49**	(£750,000)	(£375,000)	(£1,125,000)
S106 Costs - Education			**50**	(£7,200,000)	(£3,600,000)	(£10,800,000)
S106 Costs -Open Space			**51**	£0	£0	£0
S106 Costs - off site infrastructure / highways			**52**	(£6,000,000)	(£3,000,000)	(£9,000,000)
S106 Costs - Affordable Homes (off-site contbn)			**53**	£0	£0	£0
S106 Costs - Biodiversity net gain			**54**	(£3,477,000)	(£1,738,500)	(£5,215,500)
M4(2)	47%		**55**	(£2,669,863)	(£2,669,863)	(£5,339,726)
M4(3)	9%		**56**	(£2,101,788)	(£2,101,788)	(£4,203,576)
Total Direct Costs			**57**	**(£452,266,651)**	**(£286,642,051)**	(£738,908,702)
Land Purchase Price			**58**	(£72,794,400)	£0	(£72,794,400)
Acquisition Costs			**59**	(£4,367,664)	£0	(£4,367,664)
Finance Costs			**60**	(£9,045,333)	(£5,732,841)	(£14,778,174)
Total Finance and Acquisition Costs			**61**	**(£86,207,397)**	**(£5,732,841)**	(£91,940,238)
Developer Profit on GDV			**62**	**(£112,320,000)**	**(£81,000,000)**	(£193,320,000)
Developer profit on affordable			**63**	**(£3,395,925)**	**(£1,959,188)**	(£5,355,113)
Total Cost			**64**	**(£654,189,973)**	**(£375,334,080)**	(£1,029,524,053)
Surplus/(Deficit) available for s106 etc			65	**(£35,991,223)**	**£62,319,045**	**£26,327,822**
			66		£0	
Other Strategic Infrastructure					**67**	(£23,682,436)
				68	net surplus	**£2,645,386**

Infrastructure Costs		
Lines 40+42+44	Total £ (40+42+44+57)	
(£25,015,500)	(£48,697,936)	99
Drainage / SUDS	£2,128,250	100
Open space allowance	£4,950,000	101
Primary access road	£11,210,000	102
Bridge over railway	£20,000,000	103
Golf Course re-location	£2,000,000	104
Neighbourhood Centre	£2,300,236	105
School / Education	£6,109,450	106
	£48,697,936	

Skerningham Viability Assumptions

Sales Revenue (£/sq.ft) (Market)	69	195.00	225.00
Sales Revenue (£/sq.m) (Market)	70	2,099	2,422
Average sq ft per market dwelling	71	1200	1500
Average sq m per market dwelling	72	111.5	139.3
Social dwelling size - proportionate to average market	73	75%	60%
Average affordable dwelling size (sq.ft.)	74	900	900
Average affordable dwelling size (sq.m.)	75	83.6	83.6
Affordable Rented as a % of private	76	45.0%	45.0%
Affordable Intermediate as % of private	77	75.0%	75.0%
Average Value per Market unit	78	234,000	337,500
£ construction cost £ psf	79	110	110
£ construction cost £ psm	80	1,183	1,183
Contingency (as % of construction cost)	81	3%	3%
Abnormals (as % of construction cost)	82	2%	2%
Fees (as % of construction cost)	83	6%	6%
Marketing (as % construction cost)	84	3%	3%
Sales cost per private unit	85	500	500
Finance Costs	86	2%	2%
Average social dwelling size	87	750	750
Land (acres net developable)	88	1213.240	0.000
Land (hectares net developable)	89	490.980	0.000
Land (acres non-developable)	90	849.268	0.000
Land (acres non-developable)	91	343.686	0.000
Land value per net dev acre	92	200,000	200,000
Land value per net dev hectare	93	494,200	494,200
Land value per net dev acre (amenity)	94	10,000	10,000
Land value per net dev hectare (amenity)	95	24,700	24,700
Land Value per acre (Blended) Calculation	96	60,000	
Land Value per hectare (Blended) Calculation	97	148,263	
Land Value - net developable area	98	242,648,000	-
Total land value			
Developer profit on GDV		20%	20%
Build cost psf (includes externals)		110	110
Build cost psm (includes externals)		1,183	1,183
BCIS - £1,040 psm excl externals or prelims		96.6	96.6

Skerningham Viability Key

The following is a guide to how to interpret the key information within the viability appraisals:

1) The top row of the appraisal shows that the profit on **GDV applied to the scheme is 20% (1)**
2) The Second row splits the scheme into an indicative mix of higher and medium value properties (Cols D and E) with column F being the consolidated (whole) scheme: F = D+E **(2)**
3) For Skerningham, is assumed that 33.33% (1,500 units) of the properties will be in higher value areas and 66.67% will be medium (3,000 units). This is indicative and used for appraisal purposes. (21-23)
4) (3)-(8) set out the range of policies that have been applied. This was used in sensitivity analysis to examine the impact of policies on sites. “Policy on” means that the policy and subsequent s106 obligation has been applied to the scheme.
5) The next row sets out the land value adjustment that would be made based on the area typology. For the strategic sites it has been assumed that all land values will be “medium” to reflect the current use and higher levels of infrastructure. (9)
6) The remainder of the assumptions are self-explanatory with detailed explanations of cost and value assumptions in the body of the main viability report.
7) Estimated additional infrastructure costs of delivering the strategic sites are identified in 67. These include costs for a rail crossing (bridge over East Coast Mainline), utilities, highways, relocation of Darlington Golf Club, creation of a Neighbourhood Centre, a school and SUDS. The detailed costed breakdown is set out in the Infrastructure Costs box above.
8) The viability assessment concludes that the overall scheme is viable after allowing for 20% profit on GDV and additional infrastructure costs associated with strategic sites.

Greater Faverdale Viability Assessment

Main Infrastructure Requirements:

- Affordable Housing - @ 20% as the site is located in the medium value areas identified in Policy H5 and affordable housing mix of 50% social rented and 50% affordable home ownership consistent with the proposed modification to Policy H5.
- Link Road Between Rotary Way and Burtree Lane (including roundabout) - A cost allowance of £10,646,806 has been made within the off-site infrastructure/highways and other strategic infrastructure costs.
- Neighbourhood Centre - A cost allowance has been made in the other strategic infrastructure costs of £1,849,766. No revenue allowance has been made which would expect to be realised and would therefore improve the viability of the scheme.
- Provision of Serviced Employment Plots – The costs of purchasing this land and providing the serviced employment plots along with an allowance for a revenue of £150,000 per acre (£370,500 per hectare) have been factored into the appraisal.
- Green and Blue Infrastructure – The net developable area allowance has factored in the green and blue infrastructure functions including enabling the requirements of parts J i-vi of Policy H11 to be achieved. The viability assessment also makes an allowance for Biodiversity Net Gain costs of £1,159 per dwelling, consistent with the Local Plan Viability Assessment (CD08), which would be the expected costs for delivering enhancements either on or off site. It also makes an allowance for SUDs and Public Open Space in the additional infrastructure allowance.
- Education – An allowance of £2,400 per dwelling has been made, consistent with the Local Plan Viability Assessment (CD08) and Policy IN1.
- Services – An allowance of £1,351,661 has been made for additional services costs in the additional infrastructure costs.

Other Cost and Revenue Allowances

Allowances made in relation to other costs and revenues including baseline costs and baseline sales values are set out within the viability assessment and the assumptions table following it below. These are consistent and based on the same evidence as those identified and justified within the Local Plan Viability Assessment (CD08).

For the strategic sites it has been assumed that all land values will be “medium” to reflect the current use and higher levels of infrastructure.

It has been assumed that the strategic sites will create housing sites that broadly fall into 2 typologies:

a. Medium Value areas

b. High Value Areas

For Greater Faverdale, it is assumed that 10% (200 units) of the properties will be in higher value areas and 90% will be medium (1,800 units). This is indicative and used for appraisal purposes.

The Net Developable Area assumption made for the site is 50% of the site to be developed for housing which would be consistent with the indicative masterplan framework within policy H11 of the Local Plan enabling employment provision and significant green and blue infrastructure provision on the site.

Conclusion

The local plan level viability assessment indicates the Greater Faverdale site is viable after allowing for 20% profit on GDV and additional infrastructure costs associated with the site.

Greater Faverdale – Local Plan Viability Assessment

			1	20%	20%	
			2	Medium	High	Whole Scheme
	3 Policy On/Off	S106 Costs - Sustainable Transport		On	On	
	4 Policy On/Off	S106 Costs - Education		On	On	
	5 Policy On/Off	S106 Costs - Blue Green Infrastructure		On	On	
	6 Policy On/Off	S106 Costs - off site infrastructure / highways		On	On	
	7 Policy On/Off	S106 Costs - Affordable Homes (off-site contbn)		On	On	
	8 Policy On/Off	S106 Costs - Charging points		On	On	
Land Value Net Developable per acre (adjustment for local area %)			9	-		
Average sales value psf (adjustment for local area)			10	-	30	
Land Value per net developable arce			11	200,000		
Land Value per net developable hectare			12	494,200		
Average sales value psf (after adjustment for local area %)			13	195	225	
Average sales value psm			14	2,099	2,422	
Area (acres)			15	300.00		
Area (hectares)			16	121.40		
Net Developable %			17	**50%**		
Net Developable Area (acres)			18	**150**		
Net Developable Area (hectares)			19	**60.7**		
Profit on GDV			20	**20%**	**20%**	
No. Dwellings			21	1800	200	
% Market			22	80%	80%	
% Social Rented (Affordable)			23	10.0%	10.0%	
% intermediate			24	10.0%	10.0%	
Market			25	1440	160	
Affordable (Rent)			26	180	20	
Affordable (Intermediate)			27	180	20	
Market Floor Area (sq.ft.)			28	1,728,000	240,000	
Market Floor Area (sq.m.)			29	160,560	22,288	
Affordable Floor Area (sq.ft.)			30	324,000	36,000	
Affordable Floor Area (sq.m.)			31	30,096	3,344	
Total Floor Area (sq.ft.)			32	2,052,000	276,000	
Total Floor Area (sq.m.)			33	190,656	25,632	
Sales Revenue (£/sq.ft) (Market)			34	£195	£225	
Sales Revenue (£/sq.m) (Market)			35	£2,099	£2,422	
Sales Revenue (£/sq.ft) (Social Rented))			36	£88	£101	
Sales Revenue (£/sq.m) (Social Rented))			37	£945	£1,090	
Sales Revenue (£/sq.ft) (Shared ownership))			38	£146	£169	
Sales Revenue (£/sq.m) (Shared ownership))			39	£1,574	£1,816	
Sales Revenue Private			40	£336,960,000	£54,000,000	£390,960,000
Sales Revenue Social			41	£33,959,250	£4,353,750	£38,313,000
Gross Development Value (GDV)			42	**£370,919,250**	**£58,353,750**	£429,273,000
Base Build Cost (including Externals)			43	(£225,720,000)	(£31,878,000)	(£257,598,000)
Contingencies			44	(£6,771,600)	(£956,340)	(£7,727,940)
Abnormals			45	(£4,514,400)	(£637,560)	(£5,151,960)
Design and Professional Fees			46	(£13,543,200)	(£1,912,680)	(£15,455,880)
Marketing			47	(£6,771,600)	(£956,340)	(£7,727,940)
Sales Costs			48	(£720,000)	(£80,000)	(£800,000)
S106 Costs - Sustainable Transport			49	(£450,000)	(£50,000)	(£500,000)
S106 Costs - Education			50	(£4,320,000)	(£480,000)	(£4,800,000)
S106 Costs -Open Space			51	£0	£0	£0
S106 Costs - off site infrastructure / highways			52	(£3,600,000)	(£400,000)	(£4,000,000)
S106 Costs - Affordable Homes (off-site contbn)			53	£0	£0	£0
S106 Costs - Biodiversity net gain			54	(£2,086,200)	(£231,800)	(£2,318,000)
M4(2)	47%		55	(£1,601,918)	(£1,601,918)	(£3,203,836)
M4(3)	9%		56	(£1,261,073)	(£1,261,073)	(£2,522,146)
Total Direct Costs			57	**(£271,359,991)**	**(£40,445,711)**	(£311,805,701)
Land Purchase Price			58	(£30,000,000)	£0	(£30,000,000)
Acquisition Costs			59	(£1,800,000)	£0	(£1,800,000)
Finance Costs			60	(£5,427,200)	(£808,914)	(£6,236,114)
Total Finance and Acquisition Costs			61	**(£37,227,200)**	**(£808,914)**	(£38,036,114)
Developer Profit on GDV			62	**(£67,392,000)**	**(£10,800,000)**	(£78,192,000)
Developer profit on affordable			63	**(£2,037,555)**	**(£261,225)**	(£2,298,780)
Total Cost			64	**(£378,016,746)**	**(£52,315,850)**	(£430,332,595)
Surplus/(Deficit) available for s106 etc			65	**(£7,097,496)**	**£6,037,900**	(£1,059,595)
Shortfall			66	£7,097,496	£0	
Additional Strategic Infrastructure					67	(£14,450,000)
Employment land income					68	£18,000,000
				69	**net surplus**	**£2,490,405**

Infrastructure Costs		
Lines 40+42+44	Total £ available (40+42+44+57)	
(£11,118,000)	**(£25,568,000)**	**100**
New access road	£8,894,488	101
Burtree Lane Roundabout	£1,752,318	102
SUD's Swales and POS	£6,919,767	103
Services	£1,351,661	104
Education	£4,800,000	105
Neighbourhood Centre	£1,849,766	106
	£25,568,000	

Greater Faverdale Viability Assumptions

Sales Revenue (£/sq.ft) (Market)	**70**	195.00	225.00
Sales Revenue (£/sq.m) (Market)	**71**	2,099	2,422
Average sq ft per market dwelling	**72**	1200	1500
Average sq m per market dwelling	**73**	111.5	139.3
Affordable dwelling size - proportionate to average market	**74**	75%	60%
Average affordable dwelling size (sq.ft.)	**75**	900	900
Average affordable dwelling size (sq.m.)	**76**	83.6	83.6
Affordable Rented as a % of private	**77**	45.0%	45.0%
Affordable Intermediate as % of private	**78**	75.0%	75.0%
Average Value per Market unit	**79**	234,000	337,500
£ construction cost £ psf	**80**	110	110
£ construction cost £ psm	**81**	1183	1183
Contingency (as % of construction cost)	**82**	3%	3%
Abnormals (as % of construction cost)	**83**	2%	2%
Fees (as % of construction cost)	**84**	6%	6%
Marketing (as % construction cost)	**85**	3%	3%
Sales cost per private unit	**86**	500	500
Finance Costs	**87**	2%	2%
Average social dwelling size	88	750	750
Land (acres net developable)	89	300.000	0.000
Land (hectares net developable)	90	121.400	
Land (acres non-developable)	91	150.000	0.000
Land (acres non-developable)	92	60.700	
Land value per net dev acre	93	200,000	
Land value per net dev hectare	94	494,200	
Land value per net dev acre (amenity)	95	10,000	
Land value per net dev hectare (amenity)	96	24,700	
Land Value per acre (Blended) Calculation	97	100,000	
Land Value per hectare (Blended) Calculation	98	247,117	
Land Value - net developable area	99	30,000,000	-
Total land value			
Developer profit on GDV		20%	20%
Build cost psf (includes externals)		110	110
Build cost psm (includes externals)		1,183	1,183
BCIS - £1,040 psm excl externals or prelims		96.6	96.6

Greater Faverdale Viability Key

The following is a guide to how to interpret the key information within the viability appraisals:

1) The top row of the appraisal shows that the profit on **GDV applied to the scheme is 20% (1)**
2) The Second row splits the scheme into an indicative mix of higher and medium value properties (Cols D and E) with column F being the consolidated (whole) scheme: F = D+E **(2)**
3) For Faverdale, is assumed that 10% (200 units) of the properties will be in higher value areas and 90% will be medium (1,800 units) **(21-23).** This is indicative and used for appraisal purposes.
4) (3)-(8) set out the range of policies that have been applied. This was used in sensitivity analysis to examine the impact of policies on sites. “Policy on” means that the policy and subsequent s106 obligation has been applied to the scheme.
5) The next row sets out the land value adjustment that would be made based on the area typology. For the strategic sites it has been assumed that all land values will be “medium” to reflect the current use and higher levels of infrastructure. **(9)**
6) The remainder of the assumptions are self-explanatory with detailed explanations of cost and value assumptions in the main body of the main viability report.
7) Estimated additional infrastructure costs of delivering the strategic sites are identified in (**67**) these include costs for utilities, highways, a Neighbourhood Centre, education and SUDS. The detailed costed breakdown is set out in the Infrastructure Costs table.
8) The viability assessment concludes that the overall scheme is viable after allowing for 20% profit on GDV and additional infrastructure costs associated with strategic sites.