

Report for Yorkshire Dales National Park Authority

Economic Viability Assessment

To inform Local Plan Review - April 2022

Final Report

Three Dragons and Rural Housing Solutions

Three Dragons

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Use of this report	This report is not a formal land valuation or scheme appraisal. It has been prepared using the Three Dragons toolkit and is based on authority level data supplied by YDNPA and stakeholders, consultant team inputs and quoted published data sources. The toolkit provides a review of the development economics of illustrative schemes and the results depend on the data inputs provided. This analysis should not be used for individual scheme appraisal. No responsibility whatsoever is accepted to any third party who may seek to rely on the content of the report unless previously agreed.

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EXECUTIVE SUMMARY

1. The Yorkshire Dales National Park Authority (YDNPA) is reviewing its Local Plan. The new Local Plan will set out the opportunities for development across the National Park and the policies to support that development. The current Local Plan for the National Park was adopted on 20 December 2016. However it does not cover the parts of Eden District, South Lakeland or Lancaster City that have been designated as part of the extended National Park from 1 August 2016.

2. As part of the review process, the National Park Authority needs evidence to demonstrate the deliverability of potential future policies, including what balance of affordable and market housing is viable and how this varies between settlements and value areas. This Economic Viability Assessment provides that evidence.

3. Affordability of homes is a concern in the National Park and this report can be read alongside the First Homes Analysis[1] which informs the viability assessment in relation to the affordable housing tenures tested. The First Homes Analysis looks at the introduction of a new affordable housing tenure (First Homes) and also discusses affordability more generally.

4. Between 2018 - 2020 overall housing delivery in the National Park was well below the housing target of 55 dwellings per annum[2]. The numbers more than doubled during 2021 but were still below target. Most of these were Local Occupancy dwellings. The delivery of affordable housing has remained consistently very low, with no affordable homes delivered between 2018 – 20 and only three in 2021

Summary of findings

5. We have modelled a range of case studies typical of current and potential development in the National Park. From a viability perspective, affordable housing provision is shown to be deliverable on most sites, with the exception of single dwellings. The Viability Assessment has demonstrated that there are a number of variables that affect viability, and hence the potential for affordable housing provision. Most strikingly, the variables that have the most effect on viability (apart from other policy requirements) are value area, land value, residency/ occupancy conditions and level of First Homes discount. The balance and interplay between these elements will determine the level of affordable housing that can be sought from development and can be used as a guide by the NPA as it reviews its local plan.

[1] First Homes Analysis ARC4 2022

[2] Annual monitoring reports produced by YDNPA show that in 2018/19 and 2019/20 housing delivery was below the target of 55 dwellings per annum, with 13 and 15 completions respectively. There was a marked increase to 42 units in 2020/21

Testing Principles

6. The Viability Assessment has been prepared in consultation with the development industry and has followed the relevant regulations and guidance and is in line with the National Planning Policy Framework.
7. The testing undertaken uses a standard residual value approach. The residual value of development is the total value of the scheme less all development and policy costs, including planning obligations and costs associated with land purchase. If the end value is positive, the scheme is said to be viable.
8. For the testing we used the Three Dragons Toolkit for residential development.

Types of site tested

9. To test viability, we identified a number of case studies which reflect the type of sites likely to come forward in light of the policies in the current Local Plan, ambitions for future delivery and historic patterns of development. Working with the National Park Authority (NPA), we drew up a list of typologies ranging from a single dwelling up to 30 dwellings against which we were able to model a number of scenarios.

Key assumptions used in the testing

10. Key assumptions in relation to costs and revenues used in the analysis of residual values can be found at Appendix I. These were reviewed at a development industry workshop held on 10th June 2021 and in follow up interviews with stakeholders. Full details of the workshop can be found at Appendix II.
11. Two distinct value areas were identified within YDNP and have been used for the testing. The division into the South East and North West value areas was supported at the development industry workshop. House prices are very approximately 25% higher in the South East than in the North West. Build costs are the same in both areas. Land values have been assumed to vary by type of site (greenfield vs brownfield/ existing use) not by location within the National Park (although we would expect that the higher end of the range would be more likely to operate where returns for a policy compliant scheme are greater).
12. There is no single agreed figure to be used for the benchmark land value for either value area and we have arrived at realistic benchmark values through review of a number of data sources. These include values used in previous viability studies, existing use values and known values achieved within the National Park. We have used a range of figures in the testing, from £400,000 gross ha through to £1.0m (although a figure of £300,000 gross ha may be applicable to some greenfield sites we have not used this for the main modelling).
13. Benchmark land values for the Rural Exception Sites are based on a value per plot (for market and affordable housing) and reflect 'typical' values found in the area.
14. House prices are based on Land Registry data, adjusted for new build values.

15. The testing has taken account of the policies in the current Local Plan, including Policy C1 Housing in Settlements which sets out the affordable housing contribution. However to assist in the forming of new policies we have tested a range of affordable housing levels and tenure mixes.

16. Development costs have been based on standard industry published sources such as BCIS, rebased to the local indexes, and taking mean build costs for the main testing, but with scenarios also tested using the upper quartile index and above. We have also included an allowance for site infrastructure and potential higher costs associated with meeting the 2022 updates to Building Regulations in respect of carbon reduction[3], electric vehicle charging, biodiversity net gain and accessible housing.

Key findings of residential analysis

17. Noting the range of viability outcomes we refer to PPG which states that "assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable"[4].

18. The results indicate that on sites of 10 or more dwellings affordable housing provision of 50% of residential development is deliverable in the South East value area and 30% in the North West.

19. On sites of 6-9 dwellings, affordable provision of 50% is generally viable in the South East value area and 20% -30% in the North West value area, dependent upon type of site – i.e. greenfield/brownfield.

20. On schemes of fewer than 5 dwellings affordable housing provision of 50% is viable in the South East value area but the results are marginal on all but greenfield sites. In the North West it would be viable to take a 20% or 25% affordable housing contribution, dependent upon type of site, although in some cases viability remains marginal.

21. These results are without the inclusion of any residency conditions. The introduction of a local occupancy residence condition[5] will significantly reduce viability and thus the ability to deliver the level of affordable housing described in the preceding paragraph. With a local occupancy condition on the market homes, viable provision of affordable housing would drop to below 40% in the South East value area and below 20% in the North East. However it should be possible to enforce a *principal residency* condition[6] on all sites without affecting the level of affordable housing provision.

22. A 10 dwelling RES can be delivered without the need for market housing at a £10k plot price; however, where the evidenced need is primarily for affordable rented homes there will also be a need for grant.

23. A small older persons sheltered scheme was shown to be viable to develop and able to make some contribution towards affordable housing in the South East value area. However such a small scheme would likely be uneconomic to run with a full range of services and in practice older

[3] https://www.gov.uk/government/publications/conservation-of-fuel-and-power-approved-document-l
[4] PPG Paragraph: 003 Reference ID: 10-003-20180724
[5] See chapter 2 for definition about how this condition secures the property for a household with a local connection to the NP
[6] A principal residency condition requires the occupier to live in the property as a principle or only residence

persons housing provision is more likely to take the form of small developments of accessible bungalows and an area of communal space built in key villages and towns[7]. In either case, specialist older persons housing could support 30% affordable housing in the South East value area but is unlikely to be able to make any contribution towards affordable housing in the North West.

24. If YDNPA wishes to develop policies which can meet the housing and health needs of older persons living in the National Park then it is recommended the YDNPA carries out more work in liaison with surrounding districts and North Yorkshire County Council (or their successor bodies) to identify products which meet local needs and ensure prompt and reliable delivery of care in remote locations,

25. First Homes could make an important contribution to affordability in the National Park, often better than or equal to shared ownership, with a 50% discount being the most affordable option. However a 30% discount would improve viability and may be especially helpful in contributing towards securing affordable housing of all tenures in the North West value area. There may be some potential to consider the introduction of First Homes, as affordable products for local first time buyers, in place of local occupancy market homes. (Although this would require further viability modelling).

Conclusion

26. This viability assessment has demonstrated good general viability and, excepting single dwellings and specialist older persons housing in the North West, ability to achieve a level of between 25% and 50% affordable housing (or 100% in the case of RES), depending on site type and policy requirement. The case studies have produced viable results in both value areas but there is less 'headroom' to deal with market fluctuations or additional cost in the North West compared to the South East. Ability to deliver affordable homes is significantly compromised by the inclusion of local occupancy market housing, although using a principal residency condition is achievable.

27. When reviewing its Local Plan and writing new policies, the YDNPA will have to make choices about the level of affordable housing, the amount of First Homes discount to apply, whether to apply any residency conditions and whether to require further costs from development by way of housing standards or contributions.

[7] See p3 of HAPPI 4 Rural Housing for an Ageing Population https://www.housinglin.org.uk/_assets/Resources/Housing/Support_materials/Other_reports_and_guidance/APP_HAPPI_4_Housing_Care_Report_web.pdf

Chapter 1 Introduction

Purpose of the Economic Viability Assessment

1.1 The Yorkshire Dales National Park Authority (YDNPA) is reviewing its Local Plan. The new Local Plan will set out the opportunities for development across the National Park and the policies to support that development. As part of this process, the Authority needs evidence to demonstrate that its draft policies are deliverable, including what balance of affordable and market housing is viable and how this varies between settlements and value areas. This Viability Assessment provides that evidence.

1.2 The current Local Plan for the YDNP was adopted on 20 December 2016. However it does not cover the parts of Eden District, South Lakeland or Lancaster City that have been designated as part of the extended National Park from 1 August 2016.

1.3 Unlike other local planning authorities, those covering National Parks are not also the local housing authority. The Yorkshire Dales National Park falls into five local housing authorities. Richmondshire and Craven cover most of the area, but with some parts extending into Eden, South Lakeland and Lancaster. As a consequence of Local Government Reorganisation this picture will change and will result in three housing authorities covering the National Park: North Yorkshire Council (including Craven and Richmondshire), Westmorland & Furness Council (including South Lakeland and Eden) and Lancaster City Council. Despite these changes, the Yorkshire Dales National Park will remain a separate Local Planning Authority.

1.4 Inevitably the Local Plan policies of the housing authority districts reflect the wider housing market conditions of their areas and so differ from those adopted for the Yorkshire Dales National Park which respond to its circumstances. However, efforts have been made to ensure that this economic viability assessment adopts similar parameters where this is relevant.

1.5 A particular challenge facing YDNPA which will be addressed in the Local Plan is the low level of housing delivery and an even more limited number of affordable housing completions. The Annual Monitoring Reports produced by the Yorkshire Dales National Park Authority show that between 2018/2020 housing delivery was below the target of 55 dwellings per annum, with 13 and 15 completions respectively. However, there was a marked increase to 42 units in 2021. The majority of this was local occupancy housing with the majority being conversions of existing buildings. Affordable housing delivery remains very low, with no completions between 2018/20 and 3 during 2020/21 (7% of all completions for that year).

1.6 The issues around low delivery are one of the drivers for the selection of tests applied during the modelling for the Viability Assessment, although viability is unlikely to be the

only reason for low delivery: landowner land price expectations or landowners seeking an increase in asset value rather than intention to build out, complexity of ownership, lack of willingness to deliver small schemes, high costs, remoteness, lack of enabling capacity within YDNPA and protracted timeframes were all cited by stakeholders as possible reasons for low delivery rates.

1.7 Another issue facing the YDNPA is affordability of housing and how to make sure that people who live and work in the National Park can access housing that is affordable and meets need. The viability assessment examines how delivery of affordable homes can be maximised whilst ensuring that provision of affordable housing is not set at levels that mean sites are not developed at all or other policy aspirations cannot be realised.

1.8 The Viability Assessment has been prepared in consultation with the development industry and other key stakeholders (see workshop notes at Appendix II) and has followed the relevant regulations and guidance and is in line with the National Planning Policy Framework.

Chapter 2 Policy Context

National planning context

National Planning Policy Framework

2.1 For the purposes of Local Plan viability testing the July 2021 revised National Planning Policy Framework and associated revisions within the National Policy Practice Guidance will apply.

2.2 The National Planning Policy Framework (NPPF) recognises the importance of positive and aspirational planning but states that this should be done *'in a way that is aspirational but deliverable'*[8]. It advises that cumulative effects of policy should not combine to render plans unviable:

"Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the deliverability of the plan."[9]

2.3 The NPPF also states that:

"All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning guidance, including standardised inputs, and should be made publicly available."[10]

2.4 Note that the NPPF does not state that all sites must be viable in order to appear in the plan. Instead, the NPPF is concerned to ensure that the bulk of the development is not rendered unviable by unrealistic policy costs. It is important to recognise that economic viability will be subject to economic and market variations over the local plan timescale. In a free market, where development is largely undertaken by the private sector, the local planning authority can seek to provide suitable sites to meet the needs of sustainable development. It is not within the local planning authority's control to ensure delivery actually takes place; this will depend on the willingness of a developer to invest and a landowner to release the land. So, in considering whether a site is deliverable now or developable in the future, we have taken account of the local context to help shape our

[8] DLUHC NPPF July 2021 Para 16
[9] DLUHC NPPF July 2021 Para 34
[10] DLUHC NPPF July 2021 Para 58

viability assumptions, particularly in the light of the NPA's concerns over lack of recent housing delivery.

National Planning Practice Guidance for Plan Making

2.5 Planning Practice Guidance[11] (PPG) provides further detail about how the NPPF should be applied. PPG contains general principles for understanding viability. The approach taken reflects the latest version of PPG (at time of writing), which was last updated in September 2019 for viability.

2.6 Viability assessments should be supported by appropriate available evidence and follow the government's recommended approach in respect of being proportionate, simple, transparent and publicly available[12]. 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, however in some circumstances more detailed assessment maybe necessary for particular areas or key sites on which the delivery of the plan relies[13].

2.7 For an area wide viability assessment a broad assessment of costs is required, based on robust evidence which is reflective of local market conditions. All development costs should be taken into account, including within setting of benchmark land values, in particular para 012 within the PPG Viability section states that:

"*Costs include*

- *Build costs based on appropriate data, for example that of the Building Cost Information Service*
- *abnormal costs, including those associated with treatment for contaminated sites or listed buildings, or costs associated with brownfield, phased or complex sites. These costs should be taken into account when defining benchmark land value*
- *site-specific infrastructure costs, which might include access roads, sustainable drainage systems, green infrastructure, connection to utilities and decentralised energy. These costs should be taken into account when defining benchmark land value*
- *the total cost of all relevant policy requirements including contributions towards affordable housing and infrastructure, Community Infrastructure Levy charges, and any other relevant policies or standards. These costs should be taken into account when defining benchmark land value*
- *general finance costs including those incurred through loans*

[11] MHCLG, Planning Practice Guidance
[12] PPG Paragraph: 010 Reference ID: 10-010-20180724
[13] PPG Paragraph: 003 Reference ID: 10-003-20190724

- professional, project management, sales, marketing and legal costs incorporating organisational overheads associated with the site. Any professional site fees should also be taken into account when defining benchmark land value
- explicit reference to project contingency costs should be included in circumstances where scheme specific assessment is deemed necessary, with a justification for contingency relative to project risk and developers return."[14]

2.8 PPG states that developer return should be 15 – 20% of gross development value and that where affordable housing is provided a lower figure can be more appropriate[15].

Other guidance on viability testing for development

2.9 There is other guidance available that identifies viability testing principles and of particular note is "Viability Testing Local Plans - Advice for planning practitioners"[16]. The foreword to the Advice for planning practitioners includes support from DCLG, the LGA, the HBF, PINS and POS[17]. PINS and the POS state that:

"*The Planning Inspectorate and Planning Officers Society welcome this advice on viability testing of Local Plans. The use of this approach will help enable local authorities to meet their obligations under NPPF when their plan is examined*."

2.10 The approach to viability testing adopted for this study follows the principles set out in the Advice. The Advice re-iterates that

"*The approach to assessing plan viability should recognise that it can only provide high level assurance*."

2.11 The Advice also comments on how viability testing should deal with potential future changes in market conditions and other costs and values and states that:

"*The most straightforward way to assess plan policies for the first five years is to work on the basis of current costs and values (but that) …. The one exception to the use of current costs and current values should be recognition of significant national regulatory changes to be implemented.*"'[18]

[14] PPG Paragraph: 012 Reference ID: 10-012-20180724
[15] PPG Paragraph: 018 Reference ID: 10-018-20190509
[16] The guide was published in June 2012 and is the work of the Local Housing Delivery Group, chaired by Sir John Harman, which is a cross-industry group, supported by the Local Government Association and the Home Builders Federation. Although dated, it is regularly referenced at Local Plan examination
[17] Acronyms for the following organisations - Department of Communities and Local Government (now MHCLG – Ministry of Housing Communities & Local Government), Local Government Association (Environment and Housing Board), Home Builders Federation, Planning Inspectorate, Planning Officers Society
[18] Harman Guidance, p26

Specific guidance on land value benchmarks

2.12 Planning Practice Guidance sets out the principles that area wide viability studies should follow when taking land values into account:

"*To define land value for any viability assessment, a benchmark land value should be established on the basis of the existing use value (EUV) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to comply with policy requirements. This approach is often called 'existing use value plus (EUV+).*" [19]

2.13 *Thus 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.*"[20]

2.14 Importantly PPG is clear that the price paid for land will not be sufficient justification for failing to meet policy requirements.

"*Evidence should be based on developments which are fully compliant with emerging or up to date plan policies, including affordable housing requirements at the relevant levels set out in the plan. Where this evidence is not available plan makers and applicants should identify and evidence any adjustments to reflect the cost of policy compliance. This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.*"[21]

2.15 Advice for Planning Practitioners is similar to that contained within the PPG and states:

"*We recommend that the Threshold Land Value is based on a premium over current use values and credible alternative use values.....*"

2.16 Advice for Planning Practitioners also notes that reference to market values can still provide a useful 'sense check' on the benchmark values that are being used for testing, but it is not necessarily recommended that these are used as the basis for the input to a model.

[19] PPG Paragraph 013 Reference ID: 10-013-20190509
[20] PPG Paragraph 014 Reference ID: 10-014-20190509
[21] PPG Paragraph: 014 Reference ID: 10-014-20190509

Therefore, land value benchmarks used to test plan policies can be less than the value at which land is being traded in the market.

2.17 RICS research also highlights the drawback in using market evidence to set land value benchmarks:

"*If market value is based on comparable evidence without proper adjustment to reflect policy compliant planning obligations, this introduces a circularity, which encourages developers to overpay for sites and try to recover some or all of this overpayment via reductions in planning obligations.*"[22]

2.18 More recent RICS guidance[23] also recognises that benchmark land value should be based on EUV plus a premium rather than market evidence.[24]

National policy context relevant to the National Park

2.19 The founding blocks of all policy designed and adopted by Yorkshire Dales National Park Authority are the two statutory Purposes placed on all National Parks as laid out in the Environment Act 1995:

- to conserve and enhance the natural beauty, wildlife and cultural heritage (of the National Parks); and
- to promote opportunities for the understanding and enjoyment of the special qualities (of the National Parks) by the public.

2.20 The 1995 Act also states that, in pursuing National Park purposes, National Park Authorities have a duty to seek to foster the economic and social well-being of local communities (within the National Park) by working closely with the agencies and local authorities responsible for these matters.

2.21 An expansion of these statutory requirements is provided by the 'English National Parks and the Broads: UK Government Vision and Circular 2010'. It requires that in furthering their statutory purposes the Parks give sufficient weight to socio-economic interests to fulfil their duty to sustain strong rural communities. This requires that they provide clear and consistent advice on what are acceptable forms of development. In relation to housing the Government recognises that the National Parks are not suitable locations for unrestricted housing development and does not therefore provide general housing targets for them. Instead the expectation is that the National Parks will maintain a focus on

[22] RICS, 2015, Financial Viability Appraisal in Planning Decisions: Theory and Practice
[23] RICS, 2021, Assessing viability in planning under the National Planning Policy Framework 2019 for England
[24] Para 5.2 Assessing viability in planning under the National Planning Policy Framework 2019 for England RICS 2021

affordable housing and that their Local Plans will include policies that that pro-actively respond to local housing needs.

2.22 The government commissioned Landscapes Review, chaired by Julian Glover in 2020, highlighted the social, economic and environmental costs arising from the lack of affordable housing in National Parks. In its response to the Review's recommendations the Government proposes to amend the first statutory Purpose giving greater weight to achieving nature recovery, bio-diversity and embedding the principle of natural capital. It has, however, decided not to change the statutory purpose relating to fostering the social and economic well-being of Park communities.

2.23 The NPPF reflects the statutory requirements placed on National Parks by providing them with an exception to the application of the principle of presumption in favour of sustainable development. Whilst still requiring that their Local Plans should provide for the development needs of their areas, they are not expected to meet the objectively assessed housing need, including that which cannot be met in neighbouring areas.

2.24 This is echoed in Paragraph 176 of the NPPF which states,

"*Great weight should be given to conserving and enhancing landscape and scenic beauty in National Parks, the Broads and Areas of Outstanding Natural Beauty which have the highest status of protection in relation to these issues. The conservation and enhancement of wildlife and cultural heritage are also important considerations in these areas, and should be given great weight in National Parks.*"

2.25 It goes on to say that "*the scale and extent of development within all these designated areas should be limited, while development within their setting should be sensitively located and designed to avoid or minimise adverse impacts on the designated areas.*"

2.26 Given these statutory and guidance requirements the NPPF's policies for affordable housing are particularly pertinent. Reflecting the high levels of local need for affordable housing and the small size of development sites, historically, National Parks have set low thresholds to trigger on-site affordable housing contributions from small sites.

2.27 The Written Ministerial Statement (WMS) 28th November 2014 and associated amendments to the NPPG meant National Parks could no longer follow this approach. As formally designated rural areas National Parks were still able to take affordable contributions from sites of more than 10 dwellings, but restricted to taking these from sites of 6-10 dwellings as a commuted sum, with no contributions from sites of less than 6 dwellings. The WMS was subject to legal challenge, finally being adjudicated in the Court of Appeal. It concluded that the Written Ministerial Statement could become part of NPPG, but as a material consideration, not a blanket policy and not used to frustrate the operation of Statute, i.e. the primacy of the Local Plan. The Judgement also stated that a LPA could

set its own site thresholds where there is need and viability evidence to justify a departure from national policy.

2.28 Subsequent changes to the NPPF and NPPG re-instate the ability for National Parks to set their own thresholds for affordable housing. NPPF paragraph 64 states

"Provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer)."

2.29 This is accompanied by the following guidance in the NPPG

"*In designated rural areas local planning authorities may instead choose to set their own lower threshold in plans and seek affordable housing contributions from developments above that threshold. Designated rural areas applies to rural areas described under section 157(1) of the Housing Act 1985, which includes National Parks and Areas of Outstanding Natural Beauty.*"[25]

Which read in tandem with other NPPF policies sets the expectation that these contributions will be taken on site. Paragraph 63 states,

"*Where a need for affordable housing is identified, planning policies should specify the type of affordable housing required, and expect it to be met on-site unless:*

a) off-site provision or an appropriate financial contribution in lieu can be robustly justified; and

b) the agreed approach contributes to the objective of creating mixed and balanced communities."

2.30 The second route for delivering affordable housing in National Parks is through rural exception sites, defined in the NPPF as, '*Small sites used for affordable housing in perpetuity where sites would not normally be used for housing*". Rural exception sites seek to address the needs of the local community by accommodating households who are either current residents or have an existing family or employment connection. A proportion of market homes may be allowed on the site at the local planning authority's discretion, for example where essential to enable the delivery of affordable units without grant funding.

2.31 The most recent change to national policy for affordable housing is the introduction of First Homes. The definition and parameters of the policy were set out in a Written Ministerial Statement in May 2021 and the NPPG. Like other Local Planning Authorities, National

[25] Paragraph: 023 Reference ID: 23b-023-20190901

Parks will be required to take 25% of affordable housing contributions as First Homes. However, they are exempted from First Homes Exception Sites in recognition that they could jeopardise the supply of a broader range of affordable housing through Rural Exception Sites.

Local policy context

2.32 The Yorkshire Dales Local Plan was adopted in 2016 and its review is likely to see its policies for housing and affordable housing change significantly. These will reflect the changes noted above to national policy. They will also respond to the findings of: research commissioned by the National Park Authority that show the impact of current levels of housing and affordable housing delivery on the demographic, social and economic well being of the National Park; the SHMA and the results of this EVA.

2.33 However, it is important to understand the starting point for these revisions, not least because the detail of some affects the testing assumptions that have been used in the viability testing, including the effect of local occupancy conditions on sales values.

2.34 The current Local Plan sets a housing delivery target of 55 dwellings per annum, which includes market, affordable and Local Occupancy housing. Policy C1 focuses development on allocated sites in fifteen local service centres and villages. Elsewhere housing development will be acceptable within the housing development boundaries of local service centres and service villages.

2.35 In addition, Policy C2 makes provision for rural exception sites as small scale developments, as new build or conversions, on land adjacent to local service centres and service villages providing four criteria are met that ensure the housing meets a proven local need and an alternative site is not available within the development boundary; the dwellings will be occupied by people with a local connection (defined in Appendix 6), secured in perpetuity through a S106 Agreement; satisfy Local Plan policy design requirements and policies relating to the conversion and alteration of traditional farm buildings.

2.36 Following national policy at the time of adoption, the current Policy C1 adopts a three-tiered approach to affordable housing provision.

- On sites of more than 11 dwellings, set at either 50% affordable housing, or alternatively 33% affordable housing and 33% local occupancy restricted housing (defined in Local Plan Appendix 5);
- On sites 6-10 dwellings the contribution will be taken as a commuted sum in lieu of the delivery of the relevant proportion of affordable housing above;
- On sites of up to five dwellings, new housing will be restricted to local occupancy (defined in Local Plan Appendix 5);

2.37 As noted above national policy has now changed providing the opportunity for the Yorkshire Dales National Park to set its own threshold for affordable housing contributions, with the expectation these will be provided on-site.

2.38 Future Local Plan policy will also have to meet the requirement that 25% of any affordable housing contribution on a S106 market led site must be First Homes. This requirement does not apply to rural exception sites. Neither will the Yorkshire Dales National Park have to apply the national First Homes Exception Site policy.

Local Occupancy housing

2.39 A feature that distinguishes housing policy in the Yorkshire Dales National Park is the adoption of a Local Occupancy tenure. These homes are for sale, but only to occupiers who meet prescribed criteria which are set out in Appendix 5 of the Local Plan which in summary require the purchaser has a local connection through:

- Being an existing resident establishing a separate household, purchasing a property for the first time, downsizing to a more manageable home, or requiring more space for a growing family;
- employment, including self-employment, within the National Park;
- schooling;
- living in accommodation within the National Park that is overcrowded or unsatisfactory on environmental health grounds;
- elderly or disabled people already resident in the National Park who require sheltered or more suitable accommodation;
- National Park residents having to leave tied accommodation and
- former residents needing to return whose case has been accepted by the National Park.

2.40 Strictly speaking this is not affordable housing, but its purpose is to provide a 'more' affordable tenure for those whose incomes would exclude them from applying for affordable housing, but who nevertheless struggle to buy a home on the open market. As such it aims to encourage people from a range of age and socio-economic groups to come to or remain in the National Park, particularly those who are still economically active.

2.41 Analysis of Local Occupancy sales data compiled by the National Park Authority shows that over the period 2018 to June 2021, lower quartile Local Occupancy housing sold at a discount of 28.5% across the National Park. Within this there is a considerable difference between the two value areas. For the North West value area the discount is 20.8% compared with 30% in the South East value area. The analysis also shows that these are less affordable than First Homes at a 40% discount or more.

2.42 Unlike First Homes and Discounted Market Sale the % discount for Local Occupancy housing is not locked into future sales prices through legal covenants or Section 106 Agreements. It is more that the effect of restricting the pool of potential purchasers means that the property has a lower value. The tenure seeks to ensure a reduced price through the requirement that initial and future occupants meet the Local Occupancy local connection criteria set out in the Local Plan, which are also included in Section 106 Agreements.

Local Connection criteria

2.43 The National Park adopts different local connection criteria for Local Occupancy and affordable housing as set out in Appendix 5 and Appendix 6 of the Local Plan. Both include requirements that occupants have lived in the National Park for the preceding 3 years, or if they have moved away, they previously lived in the National Park for a minimum of 10 years. The principal distinguishing feature of the affordable housing criteria is that the occupier must have a housing need determined by a Registered Provider or the local housing authority. Both include employment criteria with those for the affordable housing being more specific. In contrast there is greater specificity on the types of household who could qualify for a Local Occupancy home.

2.44 All local occupancy requirements are secured in perpetuity through S106 agreements and include cascades to a wider geography should homes be left unsold or unlet.

Affordability in YDNPA

2.45 Affordability and lack of affordable housing is an acute problem in the Yorkshire Dales National Park. As a statutorily protected landscape, development is constrained, which in part drives external demand for housing, pushing up prices. These are unaffordable to many of those people who live and work in the National Park where locally earned incomes are low. The usual recourse for those unable to buy in the market is to meet their housing needs through the private rented or affordable housing sectors. Here too access is limited. The former by losses to holiday lets and the latter by low levels of supply.

2.46 All these factors were evidenced in the SHMA completed for the YDNPA in 2019. It was also clear conditions had worsened during the pandemic, a consequence of urban dwellers seeking a home in the country and the increase in 'staycation' holidays.

2.47 The implications for Yorkshire Dales National Park are significant as evidenced by a Social-Economic Wellbeing Assessment conducted in 2019. It concluded that 'The current socio-economic trajectory of the YDNP indicates that its ability to maintain vibrant communities is likely to be reduced in the future. The status quo in the YDNP is becoming unsustainable.' It went on to recommend that intervention was required to promote a better functioning

housing market as necessary to address loss of young people and the fragility of the local economy.

2.48 The Yorkshire Dales National Park Local Plan provides a mechanism for such action through its approach to the location of development, site allocations and affordable housing policy. Integral to any approach is the requirement that its statutory purposes and its social and economic duty are met. This requires that the maximum benefit is derived from housing development with a particular focus on increasing the supply of affordable housing.

2.49 With the introduction into national policy that 25% of affordable housing provision should be in the form of First Homes there is the opportunity to widen the affordable housing offer. Using the local discretion allowed under the First Homes policy the National Park Authority can set its own level of discount to ensure First Homes are affordable, where this is demonstrated as needed. However, this is not a straightforward choice. The level of discount, coupled with the 25% requirement affects the amount and type of other affordable housing provided. Together these impact on scheme viability and hence the testing assumptions of the Economic Viability Assessment.

2.50 For these reasons, together with the significant increase in house prices during 2020/21, Yorkshire Dales National Park Authority commissioned an update of the affordability elements of the SHMA. Its purpose was to provide an analysis and recommendations on the overall tenure split appropriate to the National Park to reflect First Homes and provide evidence to inform the review of economic viability of affordable housing delivery. Drawing on updated house price and income data it concluded:

- A First Homes discount of 50% should apply across the YDNP LPA and this discount is appropriate in both the North West and South East value areas - this level of discount reflects the price of dwelling stock compared with earnings and ensures that the affordability ratios of income to price are as close to 3.5x income as possible;
- First Homes at a 40% or more discount would be considerably more affordable than shared ownership and discounted home ownership products;
- Referencing the 2019 Strategic Housing Market Assessment (SHMA) evidence of an overall need for 30 affordable dwellings each year (55% of housing demand) and given the exceptional circumstances of delivering affordable housing in the YDNP, it is proposed a final tenure split of 67% rented, (affordable and social rent) 25% First Homes and 8% other affordable home ownership dwellings.

2.51 However, the report offered a caveat to the recommendation of a 50% First Homes discount. It proposed that consideration should also be given to a 30% discount to ensure that additional housing that is recognised as being affordable is brought forward, i.e. not priced out by the high discount on First Homes. The lower percentage discount for First

Homes could also increase the financial viability of delivering a broader range of affordable dwellings on schemes brought forward for development.

2.52 It brings together all the findings of the updated SHMA and the following observation/ question is brought to YDNPA's attention.

2.53 The findings of this analysis raise an interesting question for the National Park, what should be the future role of Local Occupancy housing in the tenure mix of new housing developments? First Homes now provides a more affordable tenure with perpetuity arrangements for affordability and local connection. Properties with a Principal Residency condition will not have the same level of discount, but they would provide more cross subsidy towards other forms of affordable housing. The National Park Authority may, therefore, like to consider whether to replace Local Occupancy with dwellings with a Principal Residency condition to attract younger permanent residents into the National Park and First Homes to provide the affordable sale element of developments.

Chapter 3 Viability Testing

Principles and approach

3.1 As is standard practice[26], we have adopted a residual value approach to our analysis. Residual value is the value of the completed development (known as the Gross Development Value or GDV) less scheme costs. The remainder is the gross residual value and is available to pay for the land. The value of the scheme includes both the value of the market housing and affordable housing. Scheme costs include the costs of building the development, plus professional fees, scheme finance and a return to the developer as well as any planning obligations or other policy costs and the costs associated with land purchase, as described in PPG

"Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return."[27]

3.2 This is illustrated in the figure below

Figure 3.1: Residual Value Approach

Total development value (market and affordable)
Minus
Development costs (including build & site costs, developer / contractor return, CIL, planning obligations, fees etc)
=
Gross residual value (available to pay for land)
Minus
Cost and fees associated with buying the land
=
Net residual value

3.3 If net residual value is positive then development can be said to be viable.

[26] See page 25 of Viability Testing Local Plans: Advice for Planning Practitioners Harman 2012 – "*We recommend that the residual land value approach is taken when assessing the viability of plan-level policies and further advice is provided below on the considerations that should be given to the assumptions and inputs to a model of this type.*"
[27] Paragraph: 010 Reference ID: 10-010-20180724

Practical approach to benchmark land value

3.4 Benchmark land values play a central role in plan viability studies and national guidance on setting benchmark land values is set out in chapter 2 above. The guidance is clear that land value should not be based on market values (although these can be used as a sense-check), or indeed the price paid for a particular site, but on the existing value plus an uplift to provide an incentive to the landowner.

3.5 The appropriate scale of the uplift is not set out in any of the current guidance, although PPG does define that a 'premium' for a landowner should:

"*Provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements*"[28].

3.6 There is a wide range of site specific variables which will affect the level of uplift required (e.g. whether the landowner requires a quick sale). However, for a strategic study, where the land values on future individual sites are unknown, a pragmatic approach is required.

3.7 Research by the Homes and Communities Agency in 2010 found that

"*Benchmarks and evidence from planning appeals tend to be in a range of 10% to 30% above EUV in urban areas. For greenfield land, benchmarks tend to be in a range of 10 to 20 times agricultural value.*"[29]

3.8 More recent research from Lichfields (2020) has a similar finding.

"*Unsurprisingly, the level of uplift was found to vary, with an increase of 20% common for brownfield sites and a multiplier of 15-20 times above EUV or an uplift of 20% plus an additional allowance of between £250,000 and £650,000/ha being applied in respect of greenfield sites.*"[30].

3.9 A similar review by Three Dragons of viability studies used as evidence in recent local plan or CIL examinations found that, where the approach was made clear in the report, a 20% uplift was the norm for brownfield sites and 10-20 agricultural value for greenfield site – there was little deviation from this. The review is set out in Appendix III.

3.10 We have therefore arrived at realistic benchmark values for Yorkshire Dales National Park through review of a number of data sources, sense checked locally. These include:

[28] PPG Paragraph: 016 Reference ID: 10-016-20190509
[29] P9 Homes and Communities Agency 2010, Annex 1 (Transparent Viability Assumptions)
[30] https://lichfields.uk/blog/2020/june/24/towards-the-standardisation-of-viability-assessments/

- Review of previous viability studies at plan level that have been through examination (England)[31];
- Review of plan level viability studies from neighbouring authorities[32];
- Local site-specific appraisals[33];
- Review of MHCLG published land values[34];
- Consultation with developers, land-owners and agents at a stakeholder workshop and subsequent follow-up discussion[35];
- Review of land for sale on Rightmove[36].

3.11 More information on the background to the benchmark land values, including the local information analysed, can be found at Appendix III.

3.12 Based on the survey of evidence we have used a figure of £0.72m per hectare as the benchmark for sites with an existing use and £0.4m for greenfield sites. We understand from our consultation that there are considerable nuances across the local land market and that land does not come forward for development as expected at 'standard' premiums. PPG is clear that 'hope value' should be disregarded when arriving at benchmark land values[37] but to reflect what appears to be a sensitive local market we have therefore considered a range of values above and below the benchmarks. In practice, land in lower value areas may transact towards the lower end of the range but in high value areas where development may be able to pay more for land a higher benchmark in the range may be appropriate.

3.13 Analysis of recent permissions and discussion with the YDNPA has identified that most new development is on greenfield land.

3.14 Benchmark land values for the Rural Exception Sites have been derived on a slightly different basis reflecting the fact that these sites do not have a development value as they would not normally be used for housing. They are therefore based on a value per plot and reflect 'typical' values found in the area and verified by feedback from Registered Providers (RPs – typically housing associations) that have experience of operating in the National Park.

[31] See Appendix III table 1
[32] Including – Craven Local Plan Viability Evidence base Aspinall Verdi compiled November 2019 / Eden Refresh of 2009 DTZ EVA NPS 2015 (Appendix 1) / Richmondshire Financial Viability Assessment Report Aspinall Verdi May 2020 – see appendix III table 2
[33] Provided by YDNPA for review
[34] Land Values for Policy appraisal MHCLG 2019 published 2020
[35] Notes of stakeholder workshop can be found at Appendix II
[36] Review of land for sale - June 2021
[37] Paragraph: 015 Reference ID: 10-015-20190509

3.15 Benchmark land values are illustrated in the figure below on a gross hectare basis.

Figure 3.2: Benchmark Land Values

YDNP Land value per gross ha	Previous / existing use	Greenfield / edge of settlement development	Rural Exception Sites
Benchmark (with uplift)	£720,000	£400,000	£10K per plot
Sensitivity range	£480,000 – £1,000,000	£300,000 - £500,000	

3.16 Note that the benchmark land values are an estimate of the lowest values that landowners may accept and where development is able to pay more, then land will be transacted at higher prices.

Case studies

Selection of Case Studies

3.17 PPG states that

"*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*[38]."

3.18 To test viability, we worked with the National Park Authority to arrive at a number of case studies which reflect the type of sites likely to come forward, in light of existing and potential policies and allocations in the Local Plan, anticipated future development and historic patterns of development. The case studies were shared with Stakeholders during the consultation process where it was were agreed that these were representative. The case study sites are shown in the table below.

[38] PPG Paragraph: 003 Reference ID: 10-003-20180724

Figure 3.3: case studies

YDNPA case studies for testing
1 dwelling
5 dwellings
7 dwellings
10 dwellings
20 dwellings
30 dwellings
25 dwellings – specialist older persons
8 dwellings – specialist older persons
10 dwellings – rural exception site

3.19 Case studies are modelled in various scenarios employing different housing mixes and densities but with a main density of 35 dph as advised by the authority. Housing mixes are based on past delivery and housing need going forward, with reference to the findings of the SHMA[39] and Housing Affordability /First Homes Analysis[40].

Key Assumptions used in the Testing

Role of the development industry workshop

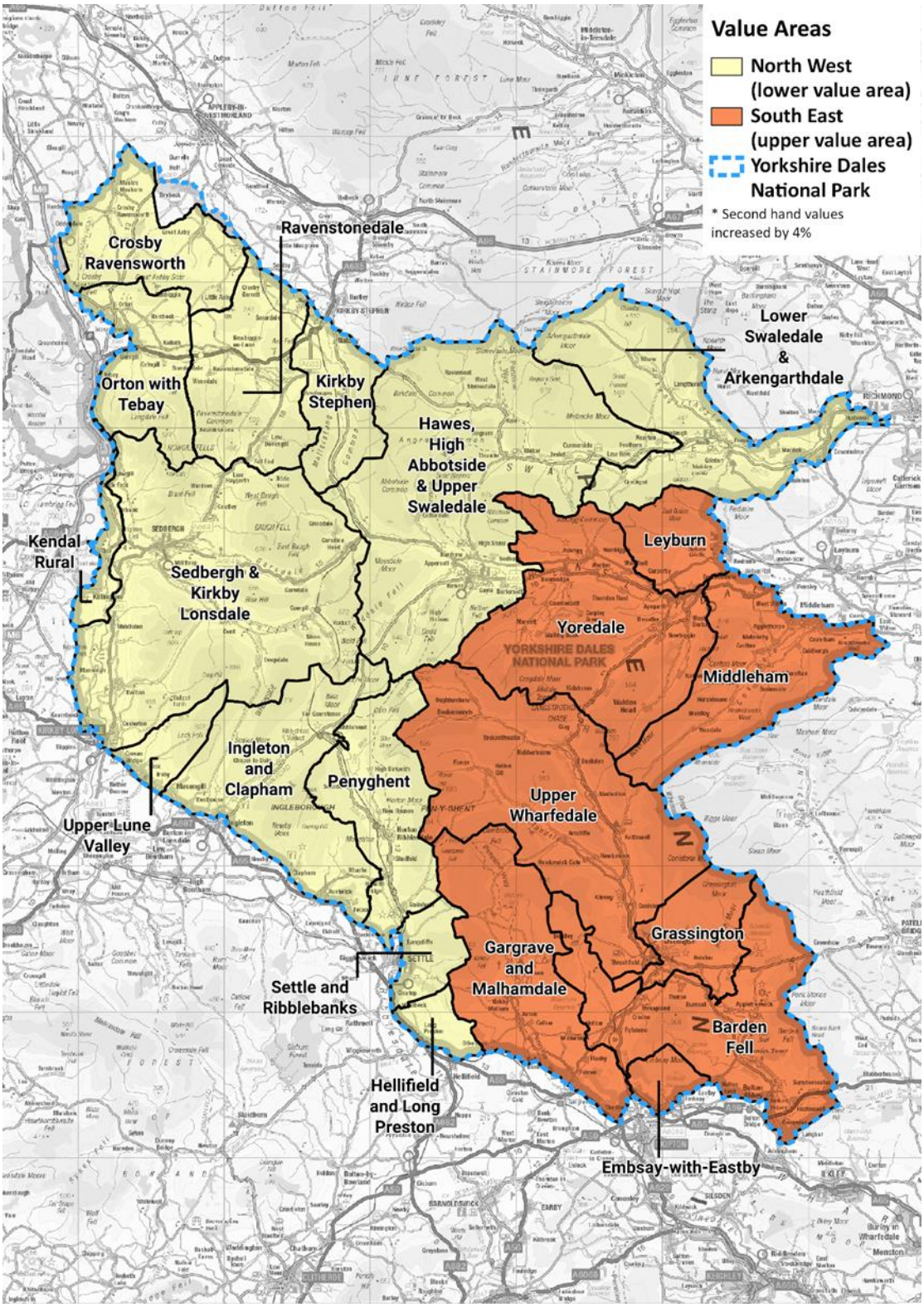
3.20 Key assumptions in relation to costs and revenues used in the analysis of residual values can be found at Appendix I. These were reviewed at a development industry workshop held on 10th June 2021 and subsequent follow up discussion[41], with refinement where evidence or further justification was produced. Full details of the workshop can be found at Appendix II.

Market values

3.21 Two value areas were identified within the National Park and have been used for the testing. House prices and land values are higher in the South East than in the North West. These are illustrated in the map below. The blue line shows the boundary of the National Park and the coloured areas show the demarcation between South East and North West value areas.

[39] SHMA 2019 ARC4
[40] First Homes Analysis November 2021 ARC4 - unpublished
[41] Bolton Abbey Estate, Broadacres HA, Home Housing, Castles and Coasts HA, N Yorkshire Strategic housing, Eden DC, Lancaster City Council, Richmondshire District Council, Craven District Council, Homes England

Figure 3.4: Map of Value Areas



3.22 House prices are based on Land Registry data, adjusted for new build values and aligned with EPC records to arrive at a price per square metre. When presented at the workshop and during consultation interviews there was a broad acceptance of these values and the distribution into 2 value areas. Subsequent discussion with officers identified that there may be pockets of higher value homes along the parts of the western boundary of the NP but that this did not fall into an easily recognisable sub area that could be dealt with at a policy level. The areas were not amended and it is recognised that there will be variation within each value area.

Local plan policies

3.23 The YDNPA's Local Plan is now over 5 years old. Appendix IV sets out its polices for affordable housing and those of other local authorities within the boundary of the National Park. Since its adoption there have been a number of changes to national policy that are relevant to affordable housing policy. These include requirements that 10% of all housing on a S106 site is affordable sale and 25% of any affordable housing provision is in the form First Homes. Changes in national guidance have also opened up the opportunity to set lower thresholds and take on-site affordable housing contributions from small sites. Drawing on the evidence of the SHMA and in the light of these changes, as it reviews the Local Plan the National Park Authority is aspiring to change its approach to affordable housing.

3.24 We have therefore, modelled affordable housing from a starting point of 50% of development on all sites, including those of less than 10 dwellings. Then to show a range of viability options we have looked at affordable housing at a range of percentage points from 20% through to 50%. For RES, all homes are affordable. Full details are set out in Appendix I.

3.25 Other local policies which discussions with YDNPA suggest are likely to remain as the Local Plan develops and will have an impact on viability include

- Density - Policy C1 requires housing sites to meet a minimum density of 35 dwellings per hectare, unless particular circumstances apply;
- Specialist older persons housing – Policy C8 Accommodation for the elderly and vulnerable adults requires that where extra care is provided it meets identified need and is occupancy restricted, also that it meets the requirements of Policy C1 (which includes affordable housing);
- Biodiversity - Policy W2 Biodiversity enhancement - New development that would have an impact on biodiversity will be required to make a proportionate on-site contribution to wildlife enhancement in accordance with Table 7 and the Yorkshire Dales Design Guide. Large-scale development may be required to fund wildlife enhancement off-site – noting that updated national policy will impact here (this is discussed again in the paragraph below).

3.26 The current local plan includes requirements for local occupancy housing as described in chapter 2 of this report. Where this has been modelled we have reduced the value of the open market dwelling by 25% as evidenced in the First Homes Analysis[42]. Not in the current plan but as another option to help prevent housing being bought as a second home, we have modelled market housing in some case studies as having a principal residency condition which requires the owner to occupy the premises as their principal home – for this we have reduced the open market value by 5% as has been evidenced by experience in other, similar, areas in England[43].

3.27 There are a number of recent national developments to policy and regulation which will have an impact on viability including

- Changes to Part L of the Building Regulations which will be effective from June 2022 and require a carbon reduction of 31% on new buildings[44] ;
- The Environment Act 2021[45] which requires development to provide a net gain for biodiversity impact – the cost of which can vary between types of development;
- Update to Building Regulations 2010 approved document S - Infrastructure for Charging Electric Vehicles which will also be effective from June 2022 and requires new development to provide electric vehicle charging points where a parking space is provided or cabling elsewhere[46].

Build costs

3.28 In accordance with PPG paragraph 12 we have used the Build Cost Information Service (BCIS) as our primary source for build costs. There was a lot of debate during consultation about what an appropriate level of build cost might be with some stakeholders citing an upper quartile or higher figure to account for a higher standard of build within the National Park. Other stakeholders were of the opinion that development is not significantly more expensive to build within the National Park than it is outside where plan viability references much lower costs[47] and that the policies in the plan can be accommodated within an average build standard.

3.29 Noting that there is no set build cost available through BCIS relating directly to the YDNPA, we have rebased to take an average of the mean indexes for the authorities that together cover the National Park (excluding Lancaster which covers little of the National Park and

[42] Mid point between the 2 value areas in table 8 First Homes Analysis ARC4 January 2022
[43] Exmoor National Park viability assessment 2016 para 3.5, Northumberland NP viability assessment 2019 para 7.4, North York Moors https://www.northyorkmoors.org.uk/planning/framework/housing-policies
[44] 2021 changes to the energy efficiency requirements of the Building Regulations for domestic buildings – Final Stage Impact Assessment
[45] https://www.gov.uk/government/publications/environment-bill-2020
[46] https://www.gov.uk/government/publications/infrastructure-for-charging-electric-vehicles-approved-document-s
[47] See Craven Local Plan Viability assessment 2019 para 5.71 which references lower quartile build costs

has a lower rate than for the other authorities). The mean point is applied to sites of 6-9 dwellings but a further 5% has been added to sites of 2-5 dwellings to account for anticipated higher costs at smaller scale and for sites of 10 or more dwellings we have used 95% of the mean as identified as more typical of larger sites. However to account for comments that this is not high enough we have also carried out sensitivity testing using the upper quartile index.

3.30 In addition to build costs we have set a figure of 10-15% for external works. We have also allowed an additional cost of £5,700 per unit for site infrastructure/ opening up on sites of more than 10 dwellings. We originally consulted on a figure of £5,000 per unit but some stakeholders commented that the figure should be higher because of particular problems to do with local sites, such as levelling or other abnormal features. Notwithstanding that these features should specifically reduce land values rather than be added in as a cost[48], we have allowed an uplift to standard infrastructure costs of 14% to arrive at £5,700 per unit. Thus a typical 100sqm dwelling on a major site would incur costs of over £17,000 in addition to base build costs and other costs as discussed below.

3.31 We have also allowed additional build costs for dwellings to achieve

- Building Regulations Part M4(2) – accessibility standards for all dwellings
- Building Regulations Part L – 31% carbon reduction
- EV charging for non-terraced homes and ducting for EV for terraced homes
- Bio-diversity net gain – to note this is a higher figure than set out in the Local Plan 2016.

3.32 The costs are taken from the relevant government impact assessments and are set out in Appendix I.

Other costs

3.33 Developer return is at the mid-point of the range 15-20% set out in PPG[49], 17.5% of gross development value (GDV). For affordable housing PPG highlights that the return will be lower, and we have used 6% of GDV as is industry standard, except for First Homes where we have used 10%[50] as tested with the HBF nationally and at the developer workshop

Affordable housing assumptions

3.34 Affordable housing provision was tested at a range of levels from 50% of residential development down to 0% to establish what level might be feasible from a policy

[48] PPG Paragraph: 014 Reference ID: 10-014-20190509
[49] PPG Paragraph: 018 Reference ID: 10-018-20190509
[50] Higher figure arrived at following consultation with HBF

perspective. Dwelling mix is based on the findings of the SHMA 2019[51] and the First Homes Report 2022[52] the affordability study 2021 and consultation with RPs. In most cases 65% of the affordable dwellings are for rent (mainly Affordable Rent but some scenarios are tested with social rent) and 35% are affordable home ownership (First Homes and shared ownership).

3.35 25% of the affordable homes are First Homes in accordance with recent government policy published May 2021[53]. First Homes are discounted market sale homes that must be discounted from open market value by at least 30% but for our modelling we have used a discount of 50% to reflect the recommendation on local affordability in the First Homes report[54], although we have carried out sensitivity tests with 30% and 40% also. There is a cap of £250,000 on the discounted value of a First Home and the discount must be secured in perpetuity.

3.36 Picked up in our consultation and shown in the First Homes report, First Homes are likely to be more affordable to local people in the National Park than shared ownership. We have modelled shared ownership with a 35% equity stake and this was supported by RPs in our stakeholder consultations. However we have also modelled a scheme where the equity stake is reduced to 20% to demonstrate viability of a more affordable product. In practice, First Homes is a new tenure the effects of which are unknown, but concern was expressed by some stakeholders that the product may push out shared ownership or other forms of affordable home ownership that may be easier to access for non-first time buyers and provide RPs with revenue.

3.37 The rent levels used for each affordable housing rental option are shown in Appendix II, along with the shares and discounts for affordable home ownership.

3.38 For testing purposes, we have applied an equivalence model in relation to commuted sums which assumes that the developer is no better or worse off for providing affordable units in site. Thus the same impact on residual values applies whether affordable housing is delivered on-site or as a commuted sum.

3.39 It has been assumed that no grant is available to subsidise the affordable housing on all sites tested except the RES (where we have tested both with and without grant). In practice, some grant may be available for other sites but it is not possible to say how much and in what circumstances. Testing with nil grant is therefore prudent but does mean we are reporting a 'worse case' picture.

[51] 7.7 YDNPA SHMA 2019 ARC4
[52] Para 28 First Homes Analysis 2022
[53] See PPG First Homes – published 24th May 2021, updated 23rd December 2021
[54] First Homes report ARC4 2021

Scheme densities

3.40 Densities and net to gross ratios tested reflect past patterns of delivery. In most cases 35dph is used which accords with policy C2 of the current Local Plan. Build out rate is a maximum of 20 units per annum.

3.41 A full list of the assumptions used in the testing can be found at Appendix I.

Chapter 4 Viability Modelling

Case Studies

4.1 As described in chapter 3 above, the case studies were selected in consultation with the NPA to represent typical and expected development within the National Park and were also discussed with stakeholders. For ease of reference the table of case studies is repeated here.

Figure 4.1: case studies

YDNPA case studies for testing
1 dwelling
5 dwellings
7 dwellings
10 dwellings
20 dwellings
30 dwellings
25 dwellings – specialist older persons
8 dwellings – specialist older persons
10 dwelling – rural exception site

4.2 The case studies were tested in both value areas: South East and North West. They were also tested at the range of benchmark land values shown in chapter 3 – so up to 6 value points in all.

4.3 The main testing concentrated on different percentages of affordable housing on the case study sites with the aim of understanding what might be a realistic level of affordable housing provision in the National Park. This was followed by a second round of tests to look at the effect of modelling different affordable housing tenures – e.g. introducing Social Rent in place of Affordable Rent, or reducing the recommended discount or share for affordable home ownership. We also examined the different effects of local occupancy and principal residence on the market homes. A list of the tests is shown in the figure below.

Figure 4.2: list of tests carried out on the case studies

Test number	Details
Test 1	50% affordable housing
Test 2	40% affordable housing
Test 3	30% affordable housing
Test 4	0% affordable housing
Test 5	33% affordable / 33% local occupancy / 33% open market
Test 6	All market homes as principal residence
Test 7	Affordable rented dwellings replaced by social rent
Test 8	All market homes as local occupancy
Test 9	25% affordable housing
Test 10	20% affordable housing with social rent
Test 11	Increased build costs – upper quartile
Test 12	30% affordable housing – First Home discount reduced to 30%
Test 13	50% affordable housing – First Home discount reduced to 30%

4.4 The results of the testing are shown below. To avoid an overly complicated set of charts we have simplified the results shown and left out some tests where their inclusion in the charts would not add anything to interpretation. For example, if a case study is viable at 50% affordable housing, there is no point in showing the result with 25% affordable. Consequently we have

- Not carried out every test on every case study but have instead selected sample schemes on which to show the effect of some tests;
- Whilst we have modelled tests 1-3 on every scheme, we have not necessarily shown all the results in this chapter – although the full set of results is shown in Appendix V;
- Tested at a range of land values (from £400k to £1.0m per gross hectare) as discussed in chapter 3 above, noting that most new residential development is likely to occur on greenfield land with an average benchmark value near or at the lower end of this range (i.e. £400k gross ha) but we also show results where land has an existing use and this takes account of comments from developers about the complexities of the local land market – we have not shown the results for every land value for every scheme tested.

4.5 We have set out the results in this chapter under a new sub heading for each case study, separating out the 2 different value areas. Considerations around principal residency and local occupancy, First Homes discount, older persons and Rural Exception Sites (RES) are shown afterwards. All results show the residual value after gross development value and all costs (including the cost of buying the land) have been taken into account. Therefore if the result is positive the scheme can be said to be viable.

Single dwelling

4.6 A single dwelling was modelled as a full open market 4 bedroom detached house and as a barn conversion with a local occupancy condition.

Figure 4.3: results for a single dwelling – residual value

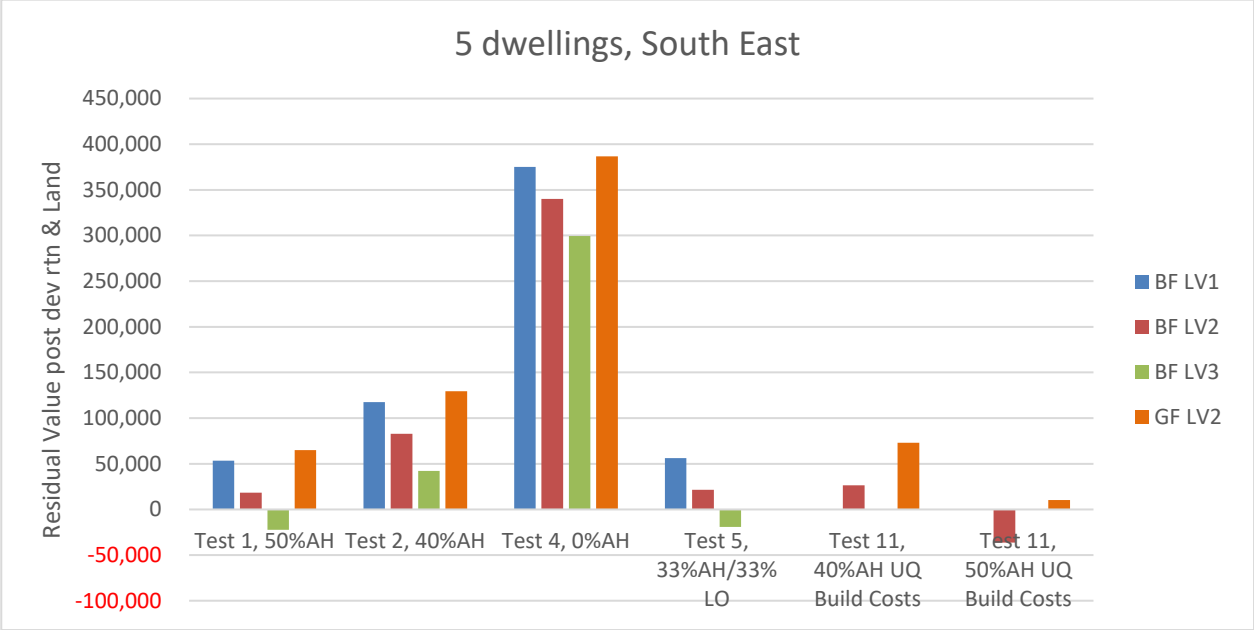
Description	Value area	Residual value (after deduction for land value) - rounded
1 x 4-bed open market dwelling	**South East**	-£105,000
1 x 4-bed open market dwelling	**North West**	-£170,000
1 x 4-bed barn conversion – local occupancy	**South East**	-£183,000
1 x 4-bed barn conversion – local occupancy	**North West**	-£230,000

4.7 None of the results for the single dwelling are viable. In practice the residual value may be even lower because single plots often sell to individual households looking to build their own home and who are prepared to pay well above market value. On the other hand some barn conversions may be on land already owned by the family. Where a local occupancy condition is required, viability is worse. Single plots tend to continue to come forward even where modelling shows they are not viable because they are developed on a non-speculative basis and the person developing or commissioning the development is likely to live in the property rather than sell on the market. What the results do show is that there is no headroom for a policy contribution.

5 dwellings

4.8 The 5-dwelling case study is shown below, with separate charts for the two value areas.

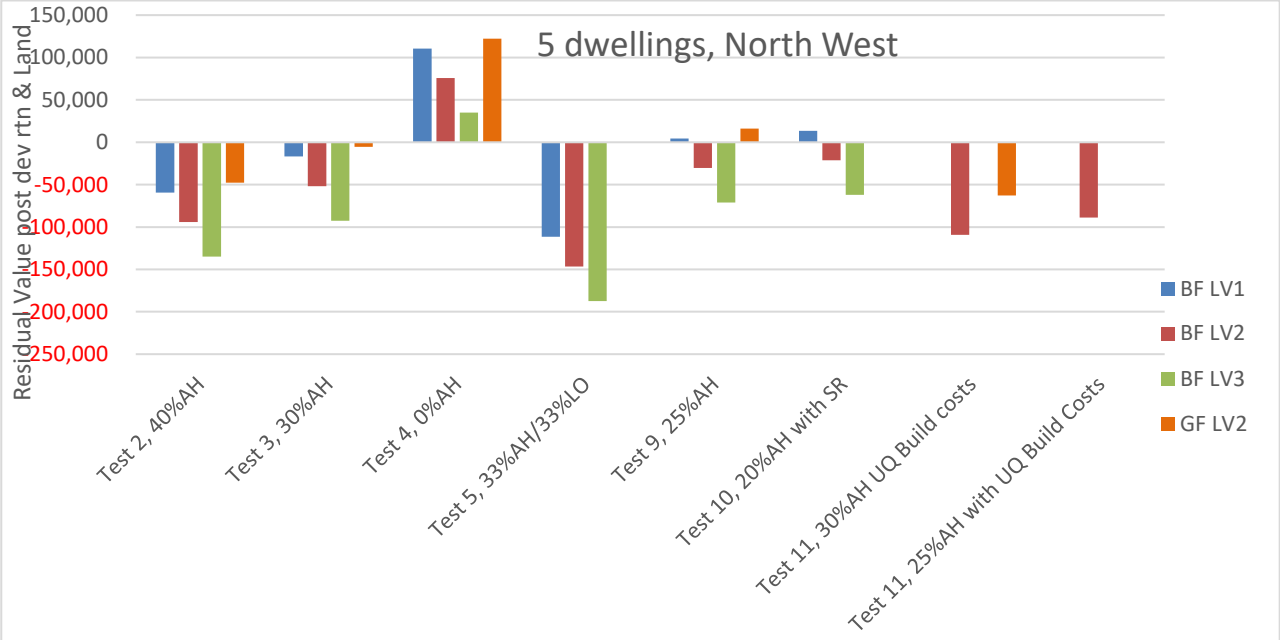
Figure 4.4: results for a 5-dwelling case study – South East value area



Brownfield (BF) land per gross ha - LV 1 = £0.48m / LV 2 = £0.72m / LV 3 = £1.0m

Greenfield (GF) land per gross ha – LV 2 = £0.4m

Figure 4.5: results for a 5-dwelling case study – North West value area



Brownfield (BF) land per gross ha - LV 1 = £0.48m / LV 2 = £0.72m / LV 3 = £1.0m

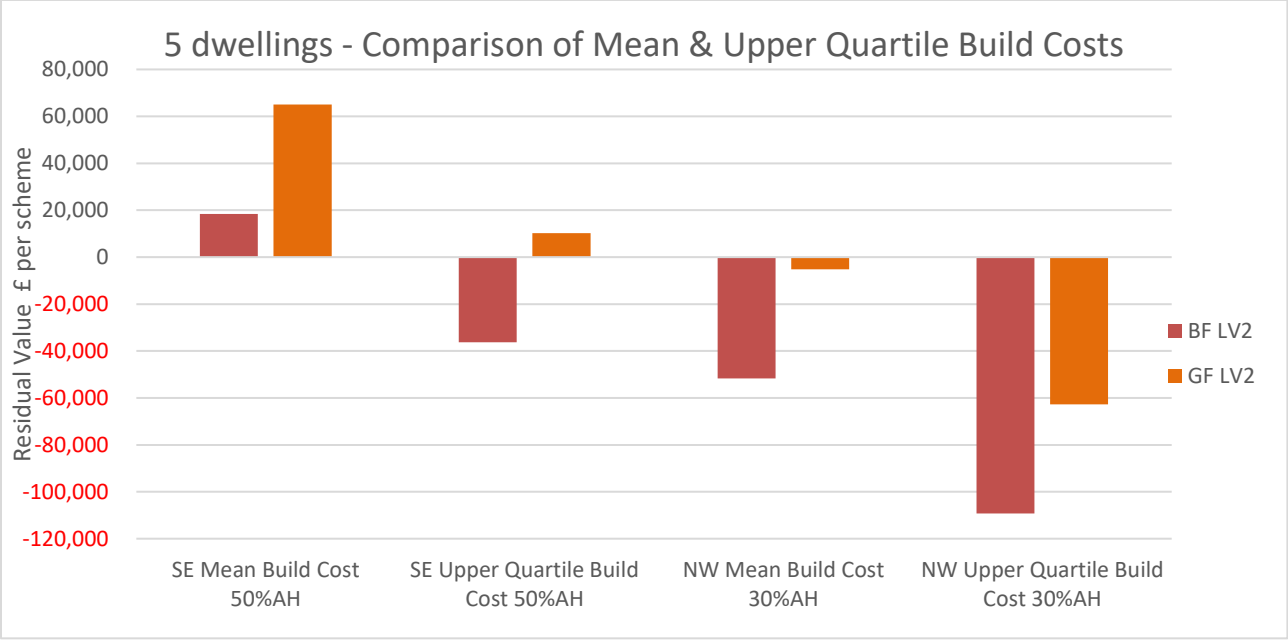
Greenfield (GF) land per gross ha – LV 2 = £0.4m

4.9 Schemes of 2-5 dwellings tend to be more expensive to develop because the build costs are likely to be higher (we have added 5% to build costs for smaller schemes) but economies of scale less likely to be achieved. However, in the South East value area, most 5-dwelling schemes are viable with 50% affordable housing – excepting at the highest benchmark land values and/or where build costs are raised further to upper quartile +. All case studies are viable in the South East with a 40% affordable housing contribution.

4.10 In the North West value area viability is more challenging. The 5-dwelling case study is only viable with the greenfield or lower brownfield benchmark land value and then at 25% affordable housing, or 20% if units are for social rent. There is however some viability headroom where there is no affordable housing indicating that there is room for some contribution at higher land values.

4.11 To take account of comments that build costs can be higher on smaller schemes we have looked at the effect of introducing upper quartile build costs compared to using the BCIS mean index (both at 5% above the relevant index). The results are shown in Test 11 in the tables above but the table below picks out the results for direct comparison. Both value areas are shown.

Figure 4.6: results for a 5-dwelling case study in both value areas – comparing BCIS mean index (+5%) with the upper quartile index (+5%)



Brownfield (BF) land per gross ha - LV 2 = £0.72m

Greenfield (GF) land per gross ha – LV 2 = £0.4m

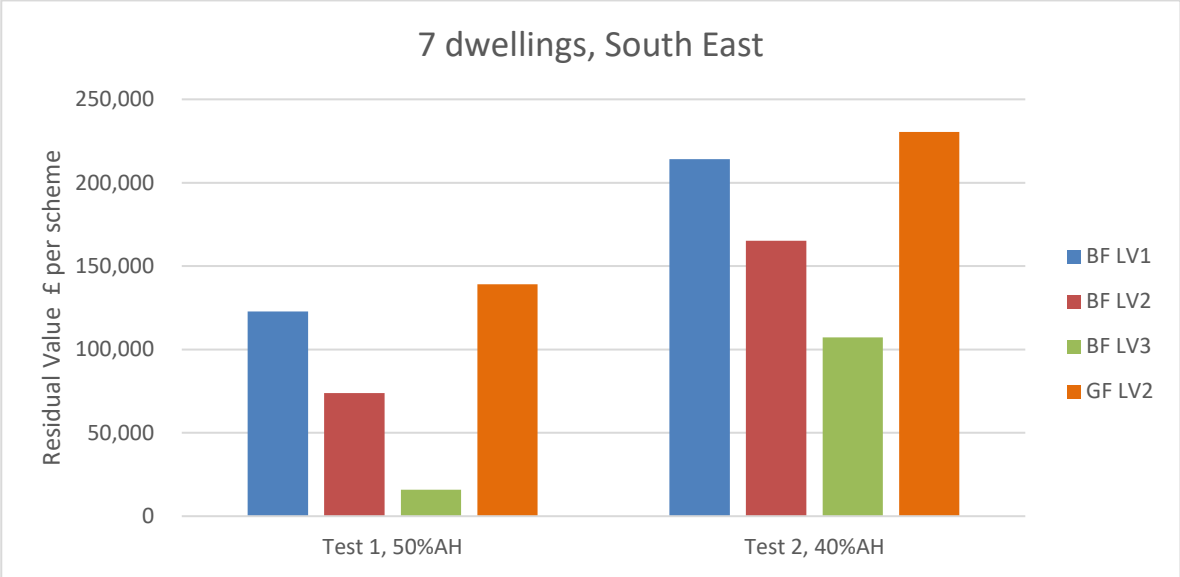
4.12 The comparison shows the sensitivity of smaller development to higher build costs with a reduction in potential to achieve affordable housing where an upper quartile build cost is used. In the South East value area, only the greenfield site is viable with 50% affordable

housing when upper quartile build costs are applied and in the North West the greenfield site would clearly not be able to deliver 30% affordable housing using upper quartile build costs.

7 dwellings

4.13 The 2 charts below show the results for the modelling of a 7-dwelling case study. We have shown the results for 40-50% affordable housing in the South East value area and 30-40% in the North West.

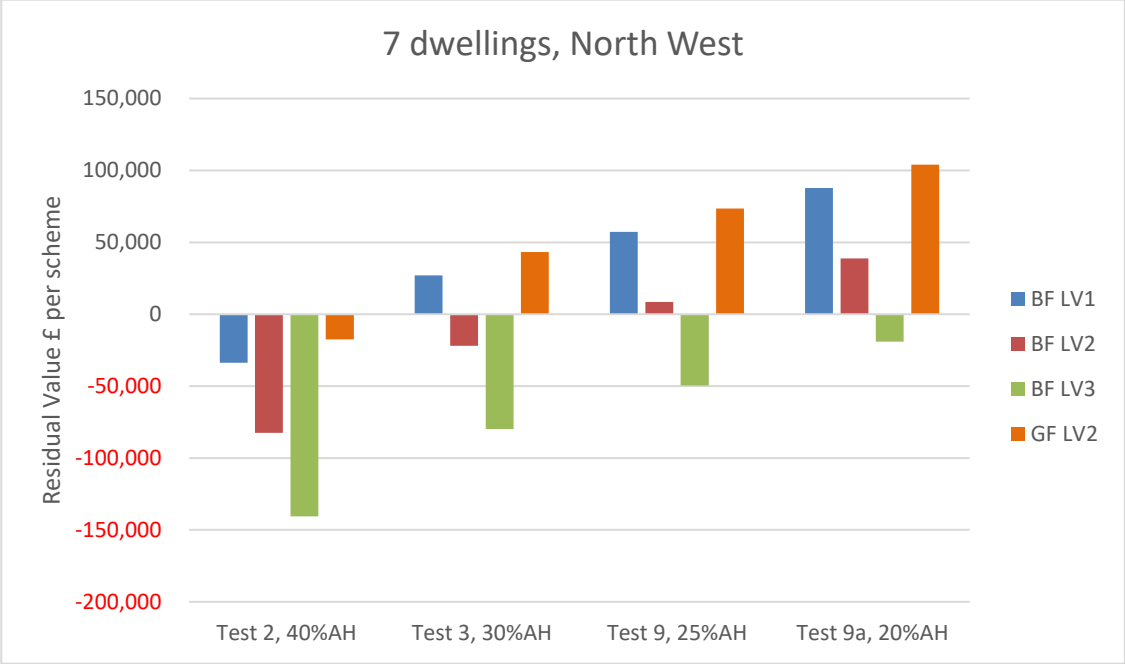
Figure 4.7: results for 7-dwelling case study – South East value area



Brownfield (BF) land per gross ha - LV 1 = £0.48m / LV 2 = £0.72m / LV 3 = £1.0m

Greenfield (GF) land per gross ha – LV 2 = £0.4m

Figure 4.8: results for 7-dwelling case study – North West value area



Brownfield (BF) land per gross ha - LV 1 = £0.48m / LV 2 = £0.72m / LV 3 = £1.0m

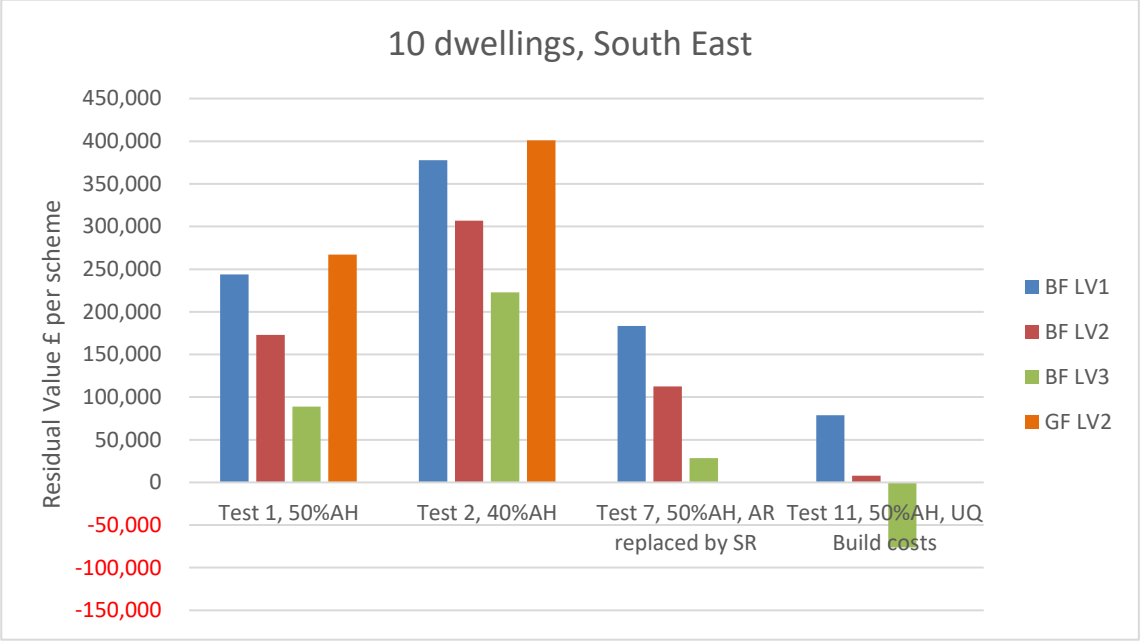
Greenfield (GF) land per gross ha – LV 2 = £0.4m

4.14 In the South East value area the 7-dwelling scheme is viable and able to deliver 50% affordable housing, albeit the results are marginal at the highest benchmark land value. However in The North West value area, 30% affordable housing is viable but only on greenfield sites and at the lower end of the brownfield benchmark land value range. 25% and 20% affordable housing achieve more positive results and can achieve brownfield LV2 but not LV3.

10 dwellings

4.15 We show the results of the 10-dwelling case study modelling below. Again we show the 2 value areas separately with the addition of a separate chart showing the impact of local occupancy and principal residency on a 10 dwelling scheme in both value areas.

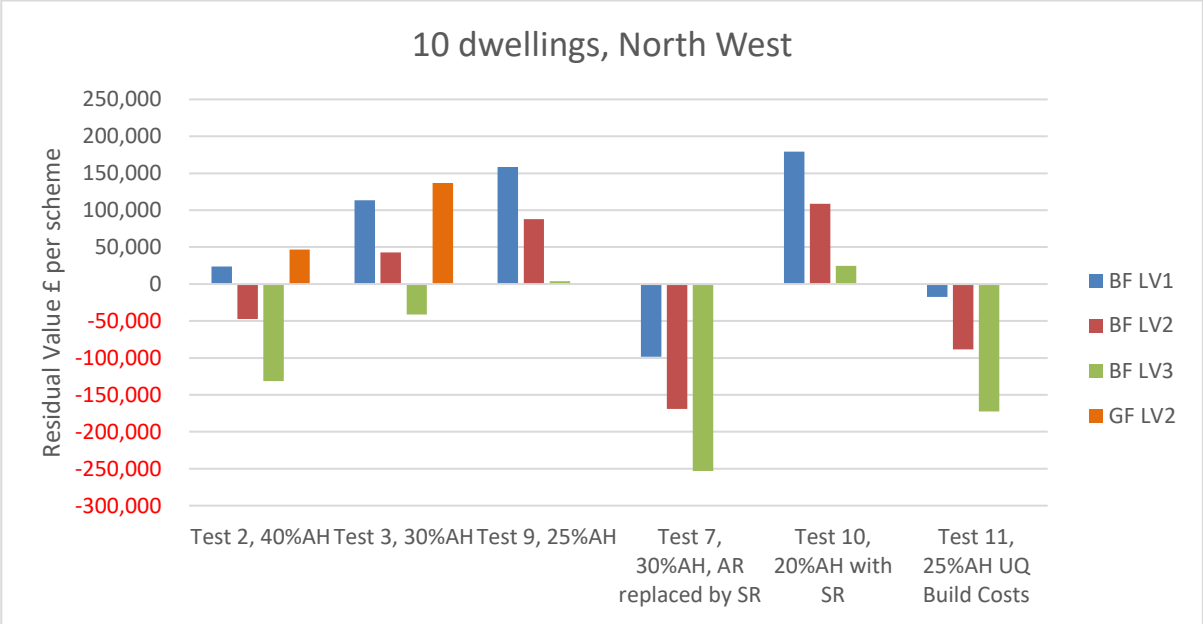
Figure 4.9: results for 10-dwelling case study – South East value area



Brownfield (BF) land per gross ha - BMLV 1 = £0.48m / BMLV 2 = £0.72m / BMLV 3 = £1.0m

Greenfield (GF) land per gross ha – LV 2 = £0.4m

Figure 4.10: results for 10-dwelling case study – North West value area



Brownfield (BF) land per gross ha - BMLV 1 = £0.48m / BMLV 2 = £0.72m / BMLV 3 = £1.0m

Greenfield (GF) land per gross ha – LV 2 = £0.4m

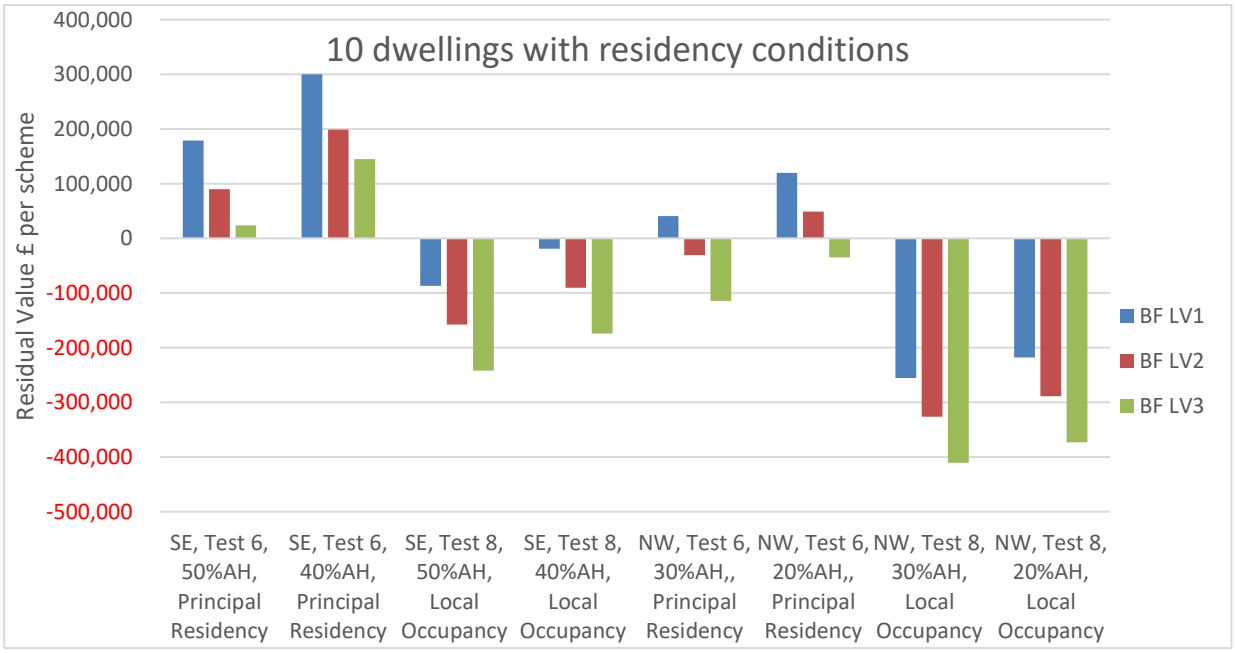
4.16 Overall viability is improved at 10 dwellings where some economy of scale is achieved. In the South East value area the 10-dwelling scheme is viable and able to deliver 50% affordable housing at the range of benchmark land values. The results show that the case studies are still viable when affordable rent is substituted with social rent. When upper quartile build costs are used in the modelling, the case study is still viable with 50% affordable housing at the mid brownfield benchmark land value but headroom is significantly reduced.

4.17 In the North West value area, affordable housing provision of 40% is viable at the greenfield land value shown and the lower end of the brownfield benchmark land value range. 30% is viable in all but the highest benchmark land value. At the highest benchmark land value the case study is marginally viable with 25% affordable housing.

10 dwellings with differing residency

4.18 The next 10-dwelling case study chart looks at the impact of residency conditions on the market homes and is shown below for both value areas. The first 2 sets of bars relate to the South East (SE) and the second 2 to the North West (NW).

Figure 4.11: results for 10-dwelling case study showing the effect of local occupancy and principal residence



Brownfield (BF) land per gross ha - BMLV 1 = £0.48m / BMLV 2 = £0.72m / BMLV 3 = £1.0m

4.19 Compared to the results shown in figures 4.9 and 4.10 above, the effect of requiring market homes to be restricted to either principal residency or local occupancy is to reduce viability in both cases. In the South East the case study remains viable with 50% affordable

housing when a principal residency condition is introduced. However when a local occupancy condition is introduced, which has the effect of deflating market values, the scheme becomes unviable, even when affordable housing is reduced to 40%.

4.20 In the North West there is some reduction in potential to deliver affordable housing when a principal residency condition is introduced in that 30% affordable housing is no longer viable at the mid brownfield benchmark, although it remains viable at the lower benchmark. (It remains viable at the mid brownfield land value with 20% affordable housing) However when a local occupancy criteria is introduced on the market homes, neither case studies remain viable.

10 dwellings with amended First Homes affordability

4.21 As recommended in the First Homes affordability report we have tested First Homes throughout with a discount of 50% as this is demonstrated to be more affordable to local people. However we have also sampled a 10-dwelling case study with a reduced discount at 30% (the minimum discount allowed in guidance[55]). In the table below we show the results for this with affordable housing provision of 50% in the South East value area and a 30% level in the North West. (We used the brownfield average land value of £0.72m ha in the example.)

Figure 4.12: Introducing different levels of discount to First Homes – both value areas

	Number dwellings	Value area	Affordable housing	Residual value per scheme (after deduction for land value) Rounded
50% FH discount	10	South East	50%	170,000
30% FH discount	10	South East	50%	230,000
50% FH discount	10	North West	30%	40,000
30% FH discount	10	North West	30%	70,000

4.22 Lowering the First Homes discount to 30% improves viability in both cases – by £60,000 in the South East value area and by £30,000 in the North West. Clearly there will be cases where the additional headroom could ensure a marginally unviable scheme becomes viable and these instances suggest the YDNPA will need to consider what level of discount is appropriate. For example, a reduction in discount to 30% applied to the occupancy modelling above would mean that, at the mid-benchmark land value (BMLV2), 50% affordable housing provision alongside local occupancy market housing would be almost

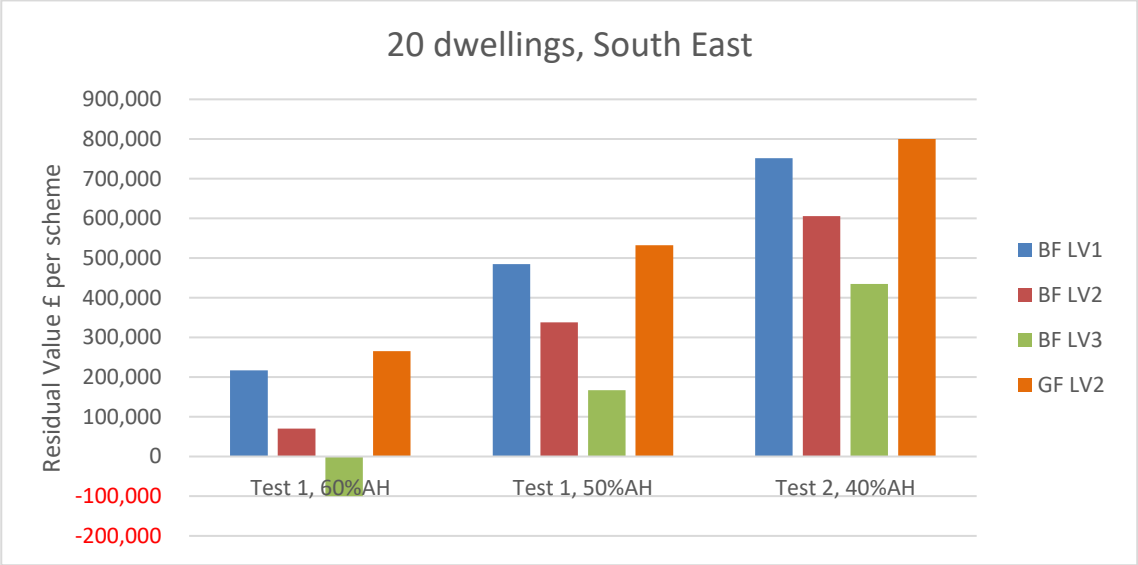
[55] See PPG Paragraph: 001 Reference ID: 70-001-20210524

viable[56] in the South East value area and affordable housing provision of 30% alongside principal residency market housing would be viable in the North West. (Although important to note that one level of discount must be applied across the whole of the plan area[57].)

20 dwellings

4.23 We show the results of the 20-dwelling case study modelling below Again we show the 2 value areas separately.

Figure 4.13: results for 20-dwelling case study – South East value area



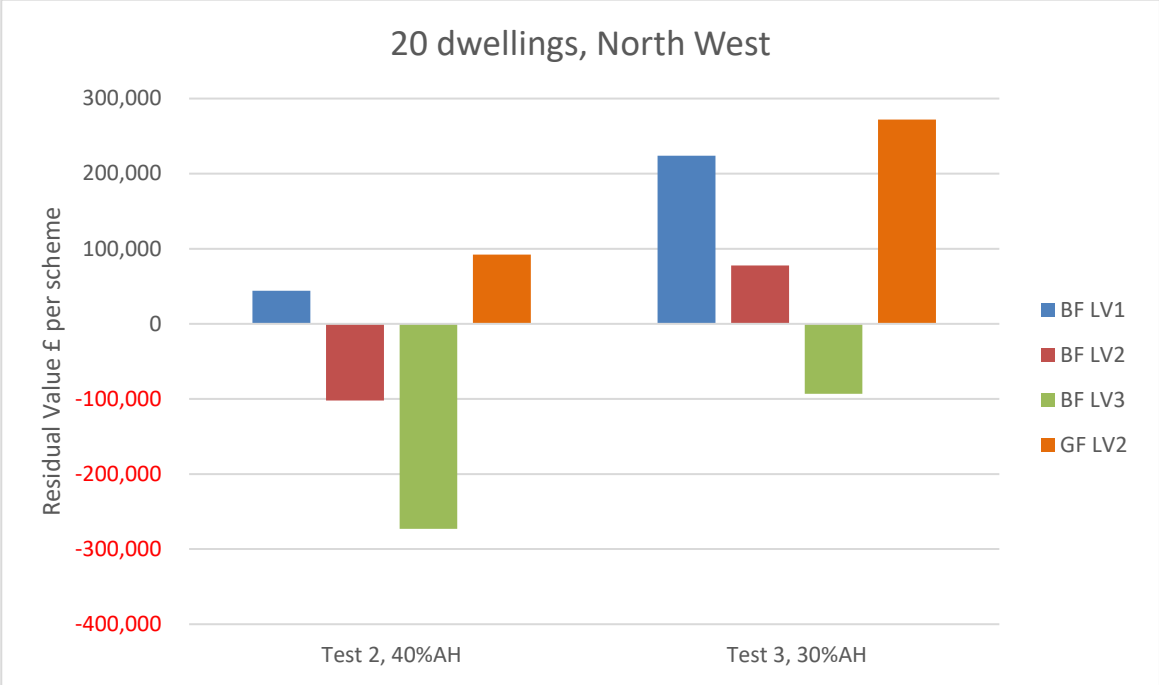
Brownfield (BF) land per gross ha - BMLV 1 = £0.48m / BMLV 2 = £0.72m / BMLV 3 = £1.0m

Greenfield (GF) land per gross ha – BMLV 2 = £0.4m

[56] The result would be marginal – but negative by just over £2,000 in this instance

[57] PPG Paragraph 004 Reference ID:70-004-20210524

Figure 4.14: results for 20-dwelling case study – North West value area



Brownfield (BF) land per gross ha - BMLV 1 = £0.48m / BMLV 2 = £0.72m / BMLV 3 = £1.0m

Greenfield (GF) land per gross ha – BMLV 2 = £0.4m

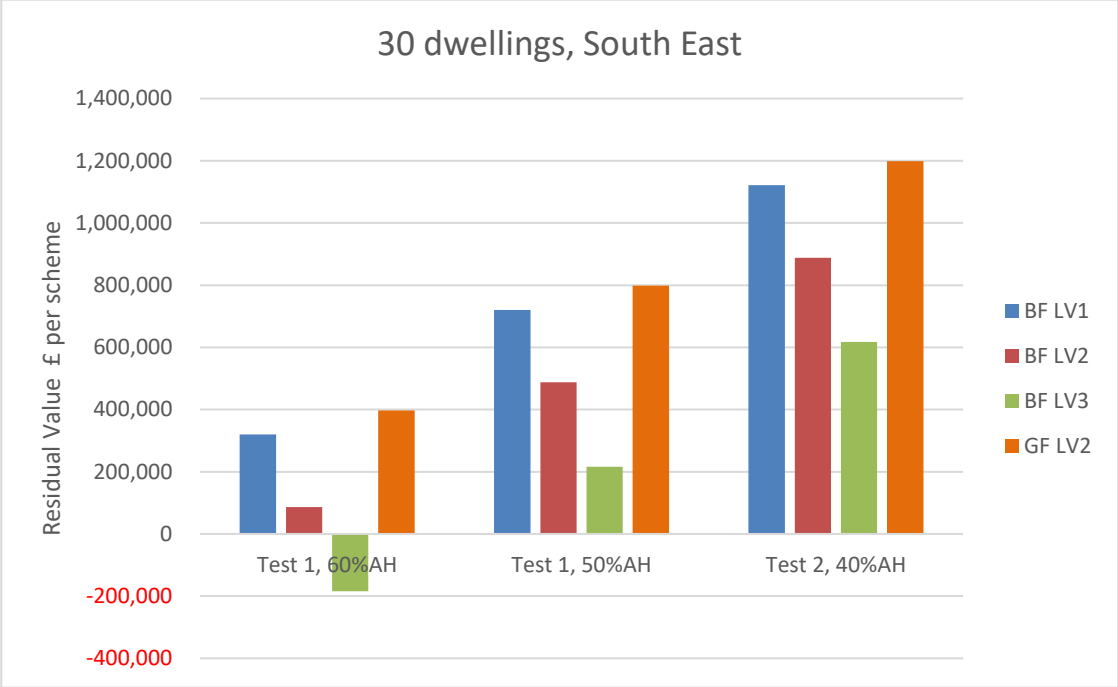
4.24 Overall viability is improved at 20 dwellings where some economy of scale is achieved and also land is more likely to be at the lower ends of the range shown. In the South East value area the 20-dwelling scheme is viable and able to deliver 50% affordable housing at the range of benchmark land values.

4.25 In the North West value area, 40% affordable housing is viable at the greenfield land value and at the lower end of the brownfield benchmark land value range. 30% affordable housing is viable in all but the upper benchmark land value.

30 dwellings

4.26 We show the results of the 30-dwelling case study modelling below. We have introduced a 60% affordable housing example for this typology, taking account of the high viability headroom in the South East value area on larger sites. Again we show the 2 value areas separately.

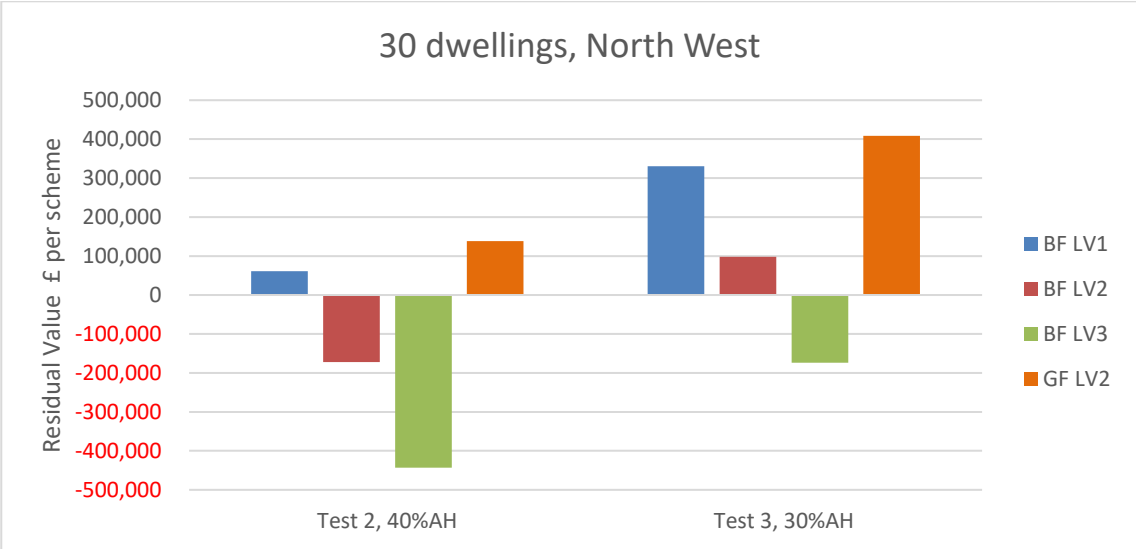
Figure 4.15: results for 30-dwelling case study – South East value area



Brownfield (BF) land per gross ha - LV 1 = £0.48m / LV 2 = £0.72m / LV 3 = £1.0m

Greenfield (GF) land per gross ha – LV 2 = £0.4m

Figure 4.16: results for 30-dwelling case study – North West value area



Brownfield (BF) land per gross ha - LV 1 = £0.48m / LV 2 = £0.72m / LV 3 = £1.0m

Greenfield (GF) land per gross ha – LV 2 = £0.4m

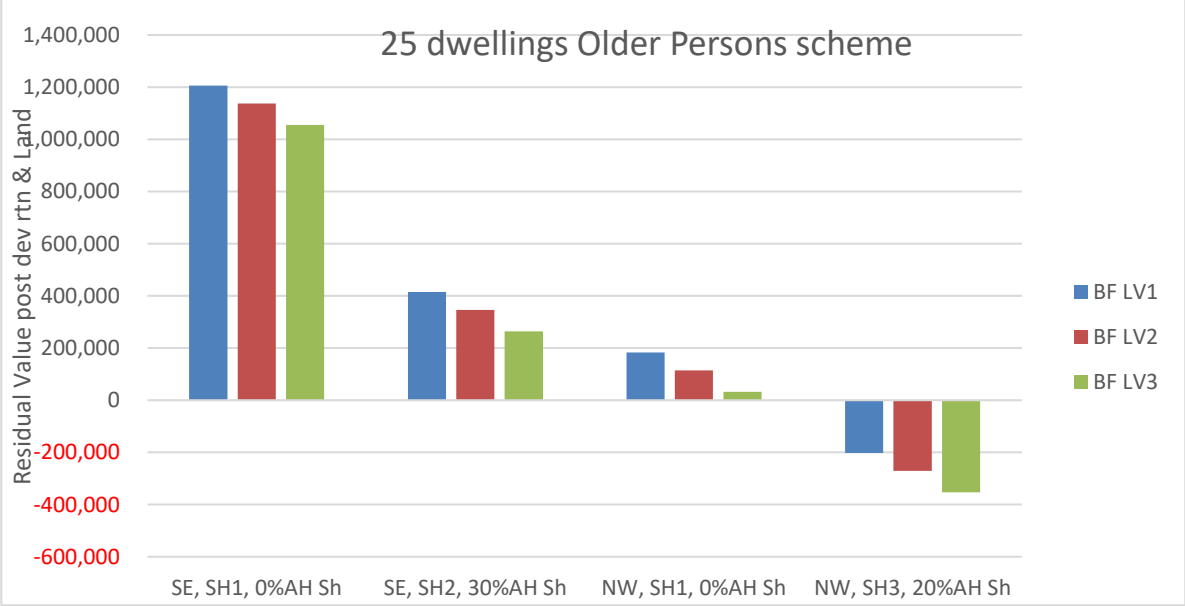
4.27 In the South East value area the 30-dwelling scheme is viable and able to deliver 50% affordable housing at the range of benchmark land values. The additional test at 60% affordable housing is viable at all but the highest benchmark land value and demonstrates the strong viability achieved on larger sites in this value area.

4.28 In the North West value area, 40% affordable housing is viable with the greenfield land value and at the lower end of the brownfield benchmark land value range. 30% affordable housing is viable at all but the higher brownfield land value.

Specialist older persons housing

4.29 We modelled a 25-unit sheltered housing case study. We have shown the results against brownfield land values because specialist developers tend to purchase this type of site.

Figure 4.17: results for 25-unit sheltered housing case study – both value areas

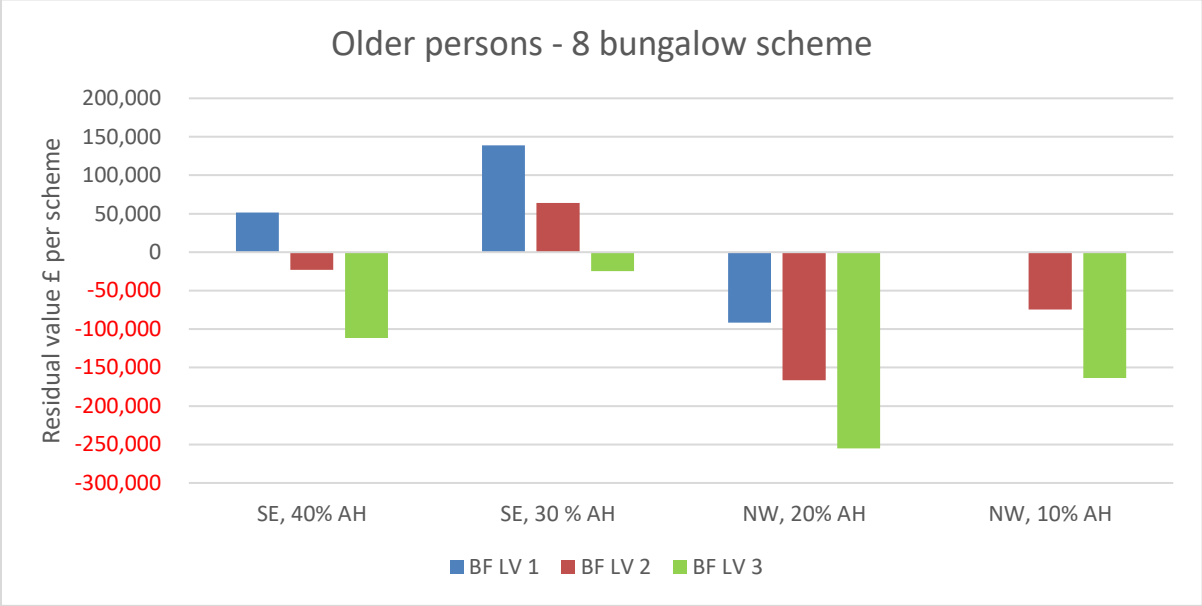


Brownfield (BF) land per gross ha - BMLV 1 = £0.48m / BMLV 2 = £0.72m / BMLV 3 = £1.0m

4.30 The sheltered housing case study is viable without affordable housing in both value areas at a range of benchmark land values. When affordable housing is introduced at 30% in the South East value area, the case study remains viable. It was not viable in the North West with 20% affordable housing but the headroom without affordable housing demonstrates that some contribution could be made at the lower benchmark land value. However it is very unlikely that there would be sufficient local demand in any of the settlements in the Yorkshire Dales National Park to occupy a 25 unit scheme. We have therefore also modelled a smaller scheme of age exclusive bungalows.

4.31 We also tested an 8-bungalow specialist older persons housing scheme – The scheme comprises a mix of 1 and 2 bed bungalows (30/70 split). We have assumed that a communal area equivalent in size to a 1 bed bungalow is built on-site for use by residents, scheme management and visiting health and care professionals but is not occupied as a home.

Figure 4.18: results for 8-unit older person bungalow case study – both value areas



Brownfield (BF) land per gross ha - BMLV 1 = £0.48m / BMLV 2 = £0.72m / BMLV 3 = £1.0m

4.32 The 8-bungalow scheme is not viable in the North West value area at either 20% or 10% affordable housing. It is viable in the South East value area with 30% affordable housing at LV1 and LV2 but not at LV3. 40% affordable housing is viable at BMLV 1 but generates only a very modest surplus.

Rural Exception Site

4.33 We modelled a 10-unit Rural Exception Site (RES) looking at different combinations of affordable housing split between Affordable Rent and shared ownership. We did not include First Homes because they are not required on RES, although that is not to say that they have to be excluded should there be demand and a willingness to deliver, noting the First Homes affordability report that they are more affordable than shared ownership[58]. Nor did we include any open market housing.

[58] However RPs who deliver RES may not be geared up to develop First Homes which, although affordable housing, are a more market facing product on which we would assume no grant is likely to be made available

Figure 4.19: results for 10-unit RES

Value area	Number dwellings	% Affordable Rent	% shared ownership	Grant	Residual value per scheme (after deduction for land value @ £10,000 plot) rounded	Residual value per scheme (after deduction for land value @ £10,000 plot)
South East	10	70.0%	30.0%	N	-£290,000	-288,267
South East	10	50.0%	50.0%	N	-£120,000	-116,809
South East	10	40.0%	60.0%	N	-£20,000	-16,999
South East	10	30.0%	70.0%	N	£70,000	68,730
South East	10	70.0%	30.0%	y	£160,000	161,733
South East	10	50.0%	50.0%	y	£330,000	333,191
South East	10	40.0%	60.0%	y	£430,000	433,001
South East	10	30.0%	70.0%	y	£520,000	518,730
North West	10	70.0%	30.0%	N	-£390,000	-391,207
North West	10	30.0%	70.0%	N	-£170,000	-169,237
North West	10	10.0%	90.0%	N	-£50,000	-54,554
North West	10	0.0%	100.0%	N	£10,000	10,930
North West	10	70.0%	30.0%	y	£60,000	58,793
North West	10	30.0%	70.0%	y	£280,000	280,763
North West	10	10.0%	90.0%	y	£400,000	395,446
North West	10	0.0%	100.0%	y	£460,000	460,930

4.34 The results show that it is possible to deliver a RES without introducing market housing but a significant proportion of homes would need to be affordable home ownership unless grant was available. In the South East value area, the highest level of rented affordable housing that could be achieved without grant was 30% and in the North West our case study was only viable where all the units were shared ownership.

4.35 However when grant was introduced[59] the case study was viable with 70% of the units as rented, in both value areas. Clearly RES will come forward in response to local need and the affordable housing tenure split will differ by scheme, but the modelling shows that they are deliverable without the need for open market housing unless no grant was available and a higher proportion of rented units was required[60].

[59] Grant at £45,000 per unit – on advice from RPs and Homes England

[60] Note that no grant is available for First Homes, should this tenure be included

Overview of results

4.36 The results present a complex picture of viability in the YDNP but overall indications are that case studies are viable with affordable housing provision of 50% in the South East value area, although this may be reduced by factors such as increased build costs (especially on smaller sites) or local occupancy market housing. Viability is less robust in the North West value area where affordable housing provision of 30% is more realistic, although this could be increased to 40% on greenfield / edge of village sites of 10 dwellings or more, but could be lower than 30% on the smallest sites. The results and policy implications are discussed fully in the next chapter.

Chapter 5 Summary and Conclusions

5.1 We have modelled a wide range of case studies and viability tests across the YDNP, with reference to a range of land values. Most strikingly, the variables that have the most effect on viability (apart from other policy requirements) are value area, land value, level of First Homes discount and residency/ occupancy. The balance and interplay between these elements will determine the level of affordable housing that can be sought from development and can be used as a guide by the NPA as it reviews its local plan.

5.2 The viability assessment suggests that a higher level of affordable housing can be provided in the South East of the National Park than in the North West. Also it suggests that a higher level of affordable housing can be provided on greenfield sites than on those with an existing use, a factor that is particularly relevant in the North West.

5.3 Key findings from the modelling

- On sites of 10 or more dwellings affordable housing provision of 50% of residential development is viable on most case studies in the South East of the YDNP;
- On sites of 10 or more dwellings affordable housing provision of 30% is viable on most case studies in the North West of the YDNP but this could be increased to 40% on greenfield sites or lower value brownfield sites;
- On sites of 6-9 dwellings, based on the results of the 7-dwelling case study, affordable provision of 50% remains viable in the South East value area although this is more marginal at the higher end of the land value range – which could be problematic if there were other pressures on viability such as increased build cost or residency conditions – 40% affordable housing has viability headroom at all land values tested;
- On sites of 6-9 dwellings, based on the results of the 7-dwelling case study, affordable provision of 20 or 25% is viable in the North West value area except for schemes at the highest of the benchmark land values – although 30% is viable at the main greenfield land value;
- Schemes of fewer than 5 dwellings are less viable and although provision of 50% affordable housing is possible in the South East this is marginal on all but greenfield sites; provision of 20 or25% affordable housing is possible in the North West on sites with a lower land value, but again it is marginal;
- Single dwellings are not viable in either value area, whether as new build or barn conversion: however such development is likely to continue to come forward as it is less likely to be speculative development and/or purchasers will be willing to pay above average price for a completed dwelling and, possibly, where the plot is for the purchaser's own home, reduce build costs through 'sweat equity';
- A 25-dwelling specialist sheltered scheme was viable from a development perspective in both value areas without affordable housing and in the South East an affordable housing

contribution of 30% was possible – however running costs of such schemes would be likely to be prohibitive on such a small specialist scheme and it is not at all clear that there would be sufficient local demand - however an 8 unit older persons bungalow scheme with communal facilities would be viable in the South East with 30% affordable housing but not in the North West;

- Rural Exceptions Sites were viable without the introduction of market housing, where grant is available, and our consultation suggests it will be[61], there is room for considerable flexibility over affordable tenure to meet identified local needs but if subsidy were not available then a high proportion (up to 70% in South East and 100% in North West) of homes would need to be some form of affordable home ownership to be viable;
- Our findings were significantly compromised where a Local Occupancy condition was applied to the market homes suggesting the potential affordable contribution could be reduced by over a third as a result, but a Principal Residency condition would likely be achievable without the need to reduce the affordable contribution;
- Findings were also compromised by higher build costs, dependent upon standards required by policy but noting we have already accounted for a 31% carbon reduction, electric vehicle charging, biodiversity net gain, accessibility standards (Part M 4(2)) in all testing;
- A First Homes discount of 50% was applied in the modelling but viability will be improved if this was reduced to 30% and could assist with achieving a higher percentage of affordable homes, especially in the North West – although to note that national policy requires one level of discount to apply across the whole NPA.

Other factors to take into consideration when making policy decision

5.4 When this study was commissioned it was highlighted by the YDNPA that housing delivery had been limited across the National Park since the adoption of the Local Plan. Whilst this viability assessment has demonstrated that in some parts of the National Park, viability may be a factor it is clear from the potentially strong viability achieved on some sites in the South East that this is not the only factor. During consultation a number of possible reasons were put forward by consultees, common themes included

- Landowner land price expectations and intergenerational nature of decisions to release sites
- Complexity of ownership of some sites
- Landowners looking for increase in asset value that comes from planning permission, not then to build it out
- Confusion over YDNPA policy options – i.e. 50% affordable housing or 33% local occupancy/ 33% affordable rent /33 %shared ownership

[61] RPs and Homes England report delivery with grant and anticipated continuation

- Lack of RPs (and developers) willing to deliver small schemes
- High costs perceived to be associated with remoteness and with design requirements
- Lack of housing enabling capacity within YDNPA.

It is noted that in some cases it was considered that these factors will also result in longer than expected development timeframes and that allocated sites will eventually be delivered.

5.5 We have used a range of benchmark land values in the modelling as recommended during our consultation with stakeholders. During the consultation, stakeholders also raised the issue of hope value and that landowners were reluctant to sell land at what may be a policy compliant price. The NPA will have to decide how far it is willing to compromise aspiration in order to bring forward new development but it will be important to avoid the 'circularity issue' discussed in chapter 2 where land values become inflated as a result. Land value is discussed in detail in chapters 2 and 3 but it is worth repeating that "the price paid for land is not a relevant justification for failing to accord with relevant policies in the plan - landowners and site purchasers should consider this when agreeing land transactions"[62]. It is probable that land will transact at lower points in the range where returns are lower (for a policy compliant site).

5.6 Noting the range of viability outcomes we refer to PPG which states that "*assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable*"[63].

5.7 In areas such as YDNP where it is a priority for the authority that local people can afford local homes, affordability will need to be considered alongside viability and the fact that sometimes making housing products more affordable can reduce the overall percentage of those products. This report should be read in conjunction with the First Homes Analysis (2022) report commissioned to inform this viability assessment.

Implications for housing policy

5.8 When reviewing its Local Plan and writing new policies, the YDNPA will have to make choices about the level of affordable housing, the amount of First Homes discount to apply, whether to apply any residency conditions and whether to require further costs from development by way of housing standards or contributions. This viability assessment will be just one information source but we suggest the implications for housing policy are that

- On sites of 10 or more dwellings the Local Plan seeks affordable housing provision of 50% of residential schemes in the South East value area and 30% in the North West;

[62] PPG Paragraph: 002 Reference ID: 10-002-20190509
[63] PPG Paragraph: 003 Reference ID: 10-003-20180724

- On sites of 6-9 dwellings affordable housing provision is set (at a single point) within the range of 40-50% in the South East value area and 20-30% in the North West; the amount of affordable housing set through policy for these sites will need to be guided by the types of site likely to come forward – i.e. a level nearer to the top of the range is possible if delivery is likely to continue to mainly come through greenfield sites;
- On sites of 2-5 dwellings affordable housing provision (with potential for this to be as a commuted sum in exceptional circumstances[64]) of 40% in the South East value area and (at a single point) within the range of 20-25% in the North West, dependent upon type of site likely to come forward;
- No contribution on single dwelling sites;
- Requiring market housing to be delivered as local occupancy would require setting a lower affordable housing target (typically around 33% lower in both SE and NW); however it should be possible to enforce a principal residency condition without affecting affordable housing provision;
- A 10 dwelling RES can be delivered without the need for market housing at a £10k plot price; however, where the evidenced need is primarily for affordable or social rented homes there will also be a need for grant;
- Specialist older persons housing, delivered either as a small sheltered scheme or, more likely, as a small age-exclusive bungalow scheme with communal facilities could support 30% affordable housing in the South East value area but is unlikely to be able to make any contribution towards affordable housing in the North West;
- First Homes are more affordable than Local Occupancy or Principal Residence housing and could make an important contribution to affordability in the NP, often better than or equal to shared ownership, with a 50% discount being the most affordable option; however a 30% discount would improve viability at scheme level and may be especially helpful in contributing towards securing affordable housing of all tenures in the North West[65].

5.9 This viability assessment has demonstrated good general viability and, excepting single dwellings and specialist older persons housing in the North West, ability to achieve a level of between 25% and 50% affordable housing (or 100% in the case of RES), depending on site type and policy requirement. The case studies have produced viable results in both value areas but there is less 'headroom' to deal with market fluctuations or additional cost in the North West compared to the South East. Ability to deliver affordable homes is significantly compromised by the inclusion of local occupancy market housing, although using a principal residency condition is achievable.

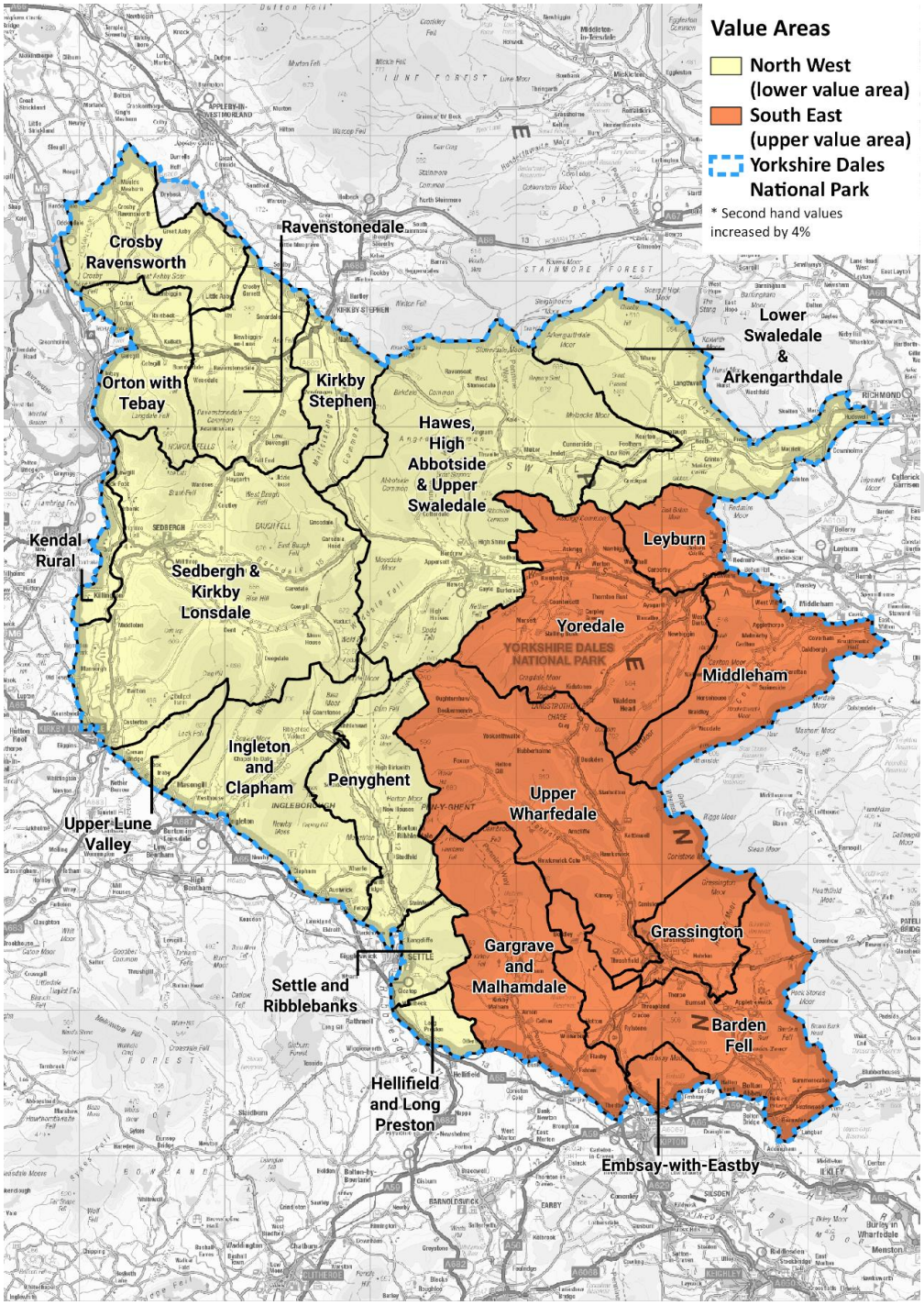
[64] Would require publication of a method for calculation
[65] Noting that one level of discount will need to be applied to the whole of the NP, as per guidance

Appendix I – Modelling Assumptions

Technical Detail for residential testing

Yorkshire Dales National Park Testing Assumptions

1. Market Housing



House Prices

Market GIA SQ M	120	100	93	106	84	70	58	70	74	70
	Detached		**Semi**	**Terrace**				**Flat**	**Bungalow**	**Specialist older persons with support**
	4 Bed	**3 Bed**	**3 Bed**	**4 Bed**	**3 bed**	**2 Bed**	**1 bed**	**2 Bed**	**2 Bed**	**2 bed**
South East	£412,440	£343,700	£320,000	£364,300	£289,000	£241,000	£199,000	£195,000	£305,200	£306,000
North West	£330,480	£275,400	£256,000	£292,000	£231,000	£193,000	£159,500	£192,500	£244,500	£246,000

Average price per sqm – all houses and flats

	Houses	Flat	Bungalow	Local Occupancy (LO)	Principal Residence (PO)
SE	£3,437	£2,784	£4,124	-25%	-5%
NW	£2,754	£2,506	£3,305	-25%	-5%

DRAFT

Market Housing dwelling mix

Type	Allocated sites – 35 dph	Lower density sites
1 bed flat or terrace	-	
2 bed flat	-	
2 bed downsizer bungalow		
2 bed terrace	20%	
3 bed terrace	15%	
3 bed semi	10%	
4 bed semi	-	
3 bed detached	25%	
4 bed detached	30%	

Single units scheme as 4 bed detached

2. Affordable Housing

Sequential testing

No threshold

Test the scenarios at 50% / 40% / 30% affordable – lower where required

Also at 33.3% affordable / 33.3% Local Occupancy / 33.3% market

and for schemes of 10 units or below also test at 0% affordable

and for schemes below 5 units also test at 100% Local Occupancy

RES of 10 dwellings

Start at 100% AH - What level of market makes schemes viable? Sequential testing

With and without grant

Grant for RES
£45,000 – shared ownership
£45,000 – Affordable Rent

Affordable Housing Dwelling mix

Affordable Housing Development Mix House Type	**Affordable Rent 65%**	**Intermediate / affordable low cost home ownership 35% (25% FH & 10% SO)**
1 bed flat/house	10%	
2 bed house	55%	60%
3 bed house	30%	40%
4 bed - or 3 bed/ 6-person house	5%	

Affordable housing values

Affordable Rent (AR) is net of service charge of £5 for houses and flats (not likely to be communal areas in flats in NP) & based on 100% of LHA rates (rounded)

Bradford & South Dales used as rent setting BRMA because it covers most of the NP. Other BRMAs operate in parts of the NP: West Cumbria and Richmond & Hambleton

Net of service charges	Net Weekly Affordable Rents[66]	Social Rent[67]
1 bedroom flat	£75	£65
2 bedroom flat	£98	£80
1 bedroom house	£75	£65
2 bedroom house/bungalow	£98	£80
3 bedroom house	£115	£96
4 bedroom house	£136	£129

[66] Based on LHA @ April 2021

[67] Based on 60% of median rents ONS data to March 2021 released June 2021

For rental properties.

Management and maintenance	£1,000
Voids/bad debts	2.5%
Repairs reserve	£600
Capitalisation	4.5%

For shared ownership

Share size	35% (although may sensitivity test at other share rates)
Rental charge	2.5%
Repairs	£5,000
Capitalisation	4.5%

First Homes

Discount	50% (+sensitivity at 30%)

3. General costs and assumptions – all dwellings

Dwelling sizes

House type description	***Affordable sq m***	***Market sq m***
1 bedroom flat	*50 (2p)*	*50*
2 bedroom flat *Older persons flats*	*70 (4p)* *75*	*70* *75*
1 bedroom bungalow *Older persons bungalows*	*55 (2p)* *50*	*55* *50*
2 bedroom bungalow *Older persons bungalows*	*70 (4p)* *75*	*74* *75*
1 bedroom terrace	*58 (2p)*	*58*
2 bedroom terrace	*70*	*70*
3 bedroom terrace	*84*	*84*
4 bedroom terrace	*97*	*106*
3 bed semi detached	*93*	*93*

3 bed detached		*100*
4 bed detached		*120*

Affordable & Market Dwelling size compliant with Nationally Described Space Standards

An allowance of 10% of floor area will be added to the 1-2 storey flats for circulation space and common areas. 25% Older persons flats

Other costs

Type	**Build Cost per sqm**	**Comment**
Flats (1-2 storeys)	£1,352	BCIS 5-yr mean estate housing generally
Houses – Major development	£1,143	Developments of 10+ units (95% of BCIS 5-yr mean estate housing generally)
Houses – medium sites	£1,203	Developments of 6-9 units (BCIS 5-yr mean estate housing generally)
Houses – small sites	£1,263	Developments of 2-5 units (105% BCIS 5-yr mean estate housing generally)
Houses upper quartile	£1,294	(+ a further 5% for developments of 2-5 units)
Custom build	£1,263	All custom build homes
Single house	£2,516	Single houses including self-build
Bungalows	£1,383	
Older persons flats	£1,404	
Barn conversions	£2,350	1-3 dwellings created
External works	15% 10%	Sites of less than 10 dwellings Sites over 10 dwellings
Site Infrastructure	£5,700	Per dwelling on sites of 10+
Garages	£7,750	18 sqm - Detached and semis
Accessibility	£1,400	Part M4(2)

Type	Cost – All Market Areas	Comment
Professional fees	8%-10%	50 units or less – 10% 50+ units - 8%
Finance	6%	of development costs (net of inflation)
Marketing fees	3%	of market GDV – all market units except sheltered / extra care for which a figure of 6% is used.
Developer return	17.5% 10%	of market GDV – market homes First Homes
Contractor return	6%	of affordable GDV (except First Homes)
s106/278	£600	For legal fees per s106 Other fees not normally collected
Void costs	£50,000	Smaller sheltered and extracare schemes
Agents and legal	1.75%	
Legal & valuation costs	£500 £150	Per affordable unit Per First Home
Future Homes Standard Electric Vehicle Charging EVC ducting Biodiversity net gain	£3,770 – Houses £2,260 - flats £865 £100 £1,212	Govt Impact assessment[68] Per unit semis and detached[69] Terraced units Per unit - Central scenario from Govt impact assessment[70]

Net to gross ratios & density

[68] 2021 changes to the energy efficiency requirements of the Building Regulations for domestic buildings – Final Stage Impact Assessment
[69] To meet part S of Building Regulations https://www.gov.uk/government/publications/infrastructure-for-charging-electric-vehicles-approved-document-s
[70] Government Net Gain Impact Assessment
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/839610/net-gain-ia.pdf

Up 1 ha – 100%

1 ha or more – 80%

Main density – 35 dph

Build out rate / DCF period

Up to 20 in year 1

Older persons – 2 years for sale

4. Benchmark Land Values

YDNA Land value per gross ha	Previous/ existing use	Greenfield / edge of settlement development	Rural Exception Sites
Benchmark (with uplift)	£720,000	£400,000	£10K per plot
Sensitivity range	£480,000 – £1,000,000	£300,000 - £500,000	

5. Sites Tested

Range of sites to be modelled with different types /combinations of affordable homes and differing percentage of market homes, including 'local occupancy'

YDNPA case studies for testing
1 dwelling
5 dwellings
7 dwellings
10 dwellings
20 dwellings
30 dwellings
25 dwellings – specialist older persons
10 dwelling – rural exception site

6. Range of tests

Test number	Details
Test 1	50% affordable housing
Test 2	40% affordable housing
Test 3	30% affordable housing
Test 4	0% affordable housing
Test 5	33% affordable / 33% local occupancy / 33% open market
Test 6	All market homes as principal residence
Test 7	Affordable rented dwellings replaced by social rent
Test 8	All market homes as local occupancy
Test 9	25% affordable housing
Test 10	20% affordable housing with social rent
Test 11	Increased build costs – upper quartile
Test 12	30% affordable housing – First Home discount reduced to 30%
Test 13	50% affordable housing – First Home discount reduced to 30%

Appendix II – Stakeholder Workshop – slides & notes

Stakeholder Workshop
YDNPA – Local Plan Economic Viability Assessment
10th June 2021 – 11.00am via Zoom

Attendees:
YDNPA
Lichfields
David Hill LLP
Chatsworth Estates
Broadacres
Randall Orchard
Rural Solutions
Youngs RPS
Diocese of Carlyle
Steel Consulting
Home Group
Jo Lavis – Rural Housing Solutions
Lin Cousins; Kathleen Dunmore; Laura Easton – Three Dragons

Introduction
The event was chaired by Lin Cousins who invited participants to introduce themselves. Participants were encouraged to comment during the discussion sessions of the presentation via the 'raise hand' or chat functions in zoom – all comments very welcome and will be is a vital part of setting out assumptions for viability testing. Each group of slides was proceeded by a discussion session and participants have another opportunity to comment and feedback when the slides are circulated. The consultant team will also be carrying out a series of individual interviews.

The meeting was recorded, on the understanding that the recording would not be circulated.

Slide 1

Yorkshire Dales National Park Authority

LOCAL PLAN: HOUSING DEVELOPMENT ECONOMIC VIABILITY ASSESSMENT

Developer Workshop
10th June 2021

Three Dragons: Kathleen Dunmore; Lin Cousins; Laura Easton;

Rural Housing Solutions: Jo Lavis



Slide 2

Welcome to Today's Session

- **Introductions and housekeeping**
- **Purpose of a viability assessment**
- **Local Plan Update** – Peter Stockton (Head of Sustainable Development) YDNPA
- **Overview of Methodology**
- **Presentation of Initial Testing Assumptions**
- **Opportunity for Views and Questions**

Slide 3

Local Plan Review - YDNPA

- **Why the NPA is reviewing its Local Plan**
- **What issues to address**
  - Low delivery
  - Second homes
  - Affordability
  - Older population
  - What level of affordable housing is deliverable and how
  - Custom and Self Build duties
- **Steps taken so far**
  - SHMA
  - Call for sites
  - Settlement hierarchy
- **Next steps and timetable**



Slide 4

Approach to viability testing

- Residual value approach

Total development value

Minus

Development costs

(incl. build costs, planning obligations and return to developer, interest/cashflow where relevant, sales costs and legal fees)

=

residual value

Minus

Benchmark land value

If result positive, development is viable

Slide 5

Process for Viability Study

Part One – testing parameters

- Reference local & national policies
- Past delivery & planned delivery – to arrive at types of site to be tested
- Establish types of affordable housing to be tested
- Values - Land values / house prices
- Costs - Published sources e.g. BCIS, local information
- Workshop
- Individual interviews / information exchange

Part Two – testing & reporting

- Model a range of affordable tenures and differing levels of market dwellings
- Working with NPA to refine tests and establish workable policies
- Second workshop to present results and refine assumptions

- Model a range of case studies based on sites identified in Local Plan tested at emerging policy position
- Draft report
- Final report

Slide 6 – **Discussion session**

Q+A Session



- What are the main reasons for low delivery in recent years ?
- What types of affordable/specialist market housing are most needed in the YDNP ?

Discussion of slides 1-5

The points listed below were made during the discussion on the first 5 slides.

- The population is ageing and falling
- 70 planning permissions per annum but completions average 30 to 40
- affordable housing need is focused on one and two beds split 60/40 rent to sale
- there is a thriving self build market mostly of over 65s building for the family on already owned land. What is missing are smaller self or custom build plots, possibly developer led with several on one site, with some of that being in the form of affordable S&CB.
- The National Park is considering adopting a target of 50 dwellings per annum
- Three tiers of settlements, future development is likely to be focused in the service villages and smaller settlements, but with some flexibility for others. A position will be finalised in June/July.
- Developers may be reluctant to deliver 'local occupancy' market dwellings because there is mortgage provider reluctance to lend on these types of properties so prospective purchasers may have difficulty securing finance.
- *GN has successfully provided a local occupancy scheme in Bainbridge with a price discount of 25% and can provide more information.*
- Another reason for the problems in obtaining a mortgage may be that 'local occupancy' dwellings are still too expensive for households on low-mid incomes in the National Park and it is hard to raise the funds, including for the deposit.
- Others reported that 'local occupancy' homes were popular and that shared equity was less popular because it is not understood and unaffordable.
- However, it was also noted that Shared Ownership is not popular and in some areas local occupancy was more affordable.
- Peter Stockton from YDNPA clarified that 'local connection' dwellings are only required on non-allocated sites or sites of 5 or fewer dwellings. He flagged up that the purpose of this tenure is to support the social and economic well-being of the National Park, with the security of restrictions pertaining in perpetuity. There will be a further consultation on local occupancy housing in the summer.
- Low delivery in the NP generally will be down to landowner because the land price is below what they expect - a situation that may be exacerbated by falling values.
- Low delivery may also be the result of 'poor allocations', with sites often being too small for inexperienced landowners.
- It may also be a result of too many abnormal costs to the developer such as high abnormals, biodiversity or heritage which impact on risk.
- There is strong demand for affordable homes of all types for people who work in the NP and have to commute in (creating high carbon footprint in doing so) eg keyworkers and hospitality workers.

- However, there is difficulty establishing the level of need. For example, the high need for a scheme in Sedbergh only became apparent when the development process had started. In some parts of the Dales the inability to identify need has led to voids. This was in part attributed to a lack of understanding of the different tenures and their respective affordability, plus challenges getting people to formally register their need.

Slide 7

Types of site to be tested

Stage One testing – what tenures and mix will best assist with site delivery whilst still meeting need?

Range of sites to be modelled with different types /combinations of affordable homes and differing percentage of market homes, including 'local occupancy'

- 1 dwelling
- 3 dwellings
- 5 dwellings
- 7 dwellings
- 10 dwellings
- 20 dwellings
- 30 dwellings
- 25 dwellings – specialist older persons

Stage Two testing – to be conducted based on windfall and potential allocations once we have better idea of what affordable tenures to include going forward

Slide 8

SUB AREAS – YORKSHIRE DALES NATIONAL PARK



Sub area	District
1. Mallerstang upper Lunesdale and Westmorland Dales	Eden
2. Dentdale, Garsdale, Rawthey Valley & and Lunesdale	South Lakeland/ Lancaster
3. Swaledale & Arkengarthdale	Richmondshire
4. Wensleydale, Bishopdale & Coverdale	Richmondshire
5. Ribblesdale & Chapel le Dale	Craven
6. Wharfedale, Littondale, Langstrothdale & Malhamdale	Craven

Slide 9

Housing Market Value Areas



- Based on sales data from Land Registry over last 5 years
- Property size from EPCs
- Few new build sales – existing sales adjusted to account for new build uplift (by + 4%)
- Would you agree that sales values are higher in the wards that are shaded orange?

Slide 10

MARKET VALUES – YORKSHIRE DALES NATIONAL PARK AUTHORITY

Market GIA SQ M	120	100	93	93	79	74	
	Detached		Semi	Terraced		Bungalow	Specialist Older persons
	4 Bed	3 Bed	3 Bed	3 Bed	2 Bed	2 bed	2 bed flat
South West @ £3,437 sqm	£412,440	£343,700	£319,650	£320,000	£271,500	£305,200	£306,000
North East @ £2,754 sqm	£330,480	£275,400	£256,100	£256,000	£217,500	£244,500	£246,000
On development of 1-3 units + 5% added to selling price for 'exclusivity' Bungalows +20% Reduction in value for 'local occupancy'? 10-20%?							

Slide 11 – Discussion session

Q+A Session

- Do the sizes of sites to be tested provide a good starting point have we missed any out?
- Do the housing market areas look reasonable to you?
- Are the market values, based on the value areas, as you would expect?
- What reduction to selling price for local occupancy?



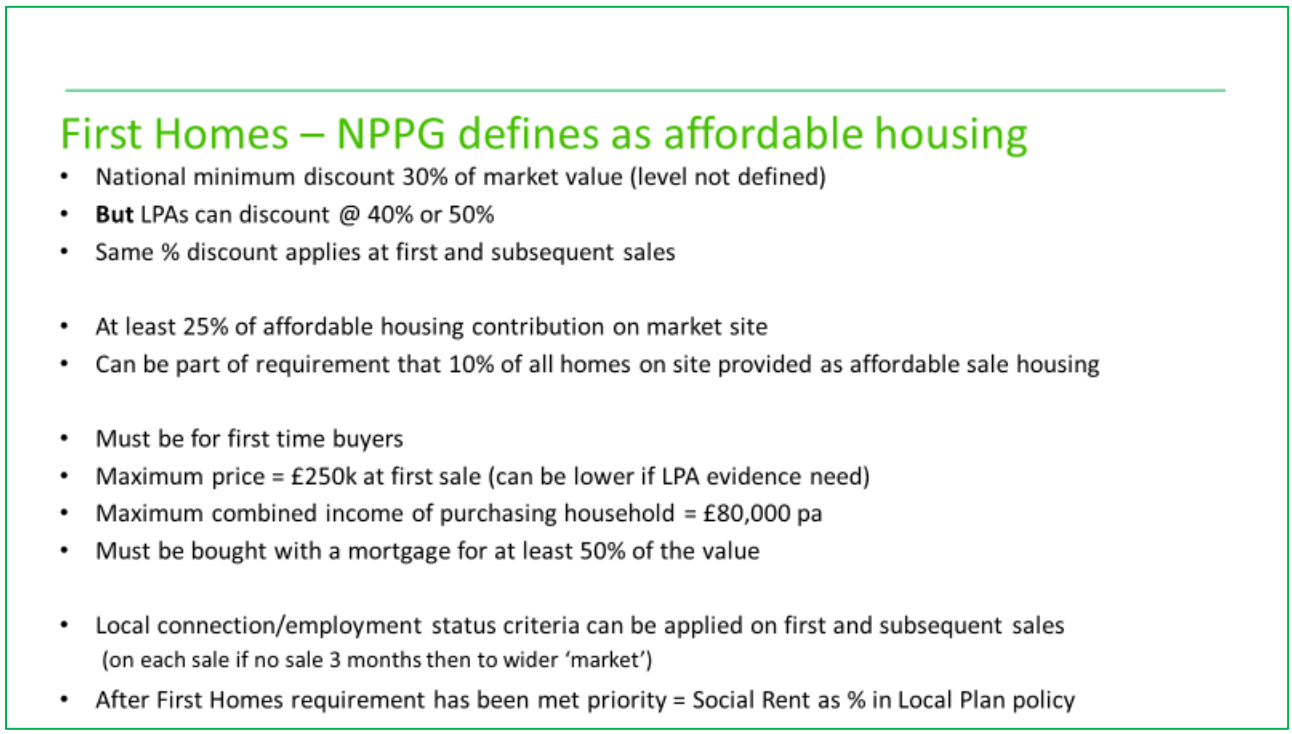
Discussion of slides 7-10

The points listed below were made during the discussion on slides 7-10 above.

- The value areas are incorrectly named – they should be South East & North West.

- Value areas may be skewed by the large ward of Sedbergh / Kirby Lonsdale
- The range of values is quite wide in each area – 3 areas might be better (note from consultant team – from the way the data falls, this is likely to split the lower value, North West, area with the northern tip showing the lowest values).
- Value areas may change post COVID as those people who are able to work from home are more attracted to living in deeply rural areas where there is strong broadband – consultant team commented that there may be scope for some 'What if' scenario testing as part of the viability modelling.
- Smaller properties generally have higher values on a per sqm basis compared to larger detached properties. **Some local evidence on this was offered**.
- The reduction in selling price for local occupancy properties should be around 20%.

Slide 12



Slide 13

Affordable housing matrix

	YDNPA Actual annual gross LQ income	YDNPA Actual annual key worker gross income	YDNPA Actual household income – living wage (1ft/1Pt) worker	YDNPA Actual household income – living wage (1ft/1Pt worker)	YDNPA Actual median income
Social rent (£390 pcm)					
Affordable rent (£445 pcm)					
First Homes @ 30% discount = £250k 5% deposit					
Shared ownership (50% equity stake = £134,375)					
Shared ownership (25% equity = £67,188)					
Discounted Market Sale @ 30% discount of average price = £228,069)					
Local occupancy (equivalent to 16% of LQ market values = £161,000)					
Market Rent LQ (£550 pcm)					
Market Rent Median (£672 pcm)					
Market sale LQ (£190,000)					

Slide 14 – **Discussion session**

Q+A Session

- Are some types of affordable housing easier to deliver?
- What is an appropriate value for First Homes?
- Is there an overlap with affordable tenures in terms of objective for people who live and work in the NP?
- For shared ownership – what is a realistic value for sale share?



Discussion of slides 12-13

The points listed below were made during the discussion on slides 12-13 above.

- From a viability perspective it is hard to deliver affordable housing in the NP, especially sites of 100% affordable homes. It is hard to achieve enough viability alongside the other asks from development.
- Concerns were raised that the First Homes will have the impact of drying up the supply of S106 sites as a route for providing a mix of affordable housing tenures.
- Specialist older persons housing (market or affordable) should be located in the towns where there is a critical mass who could take up the properties. In villages ilt is possible that a cluster of bungalows would be a more appropriate solution, but these would not offer on-site care.
- A recent affordable housing consultation in Sedbergh showed there is strong interest in rented and shared ownership.
- It can take a long time to deliver affordable housing in the NP, which can mean that those specific households who initially expressed a need may have moved on by the time the scheme is built.
- Some participants considered that affordable rented homes are easier to deliver than affordable home ownership because this form of accommodation fits in with the existing Estate model.
- Other participants were of the view that developers will are only interested in buying sites where there is no affordable rent but are more interested where the scheme involves affordable sale dwellings because it better fits their economic model.

Slide 15

What should be the Benchmark Land Value?

Yorkshire Dales National Park Value per gross ha		
Greenfield sites (range £0.2m - £0.4m)	Sites with existing brownfield use / smaller infill	Rural Exception Sites
£0.3m	£0.72m	8K per plot

Provisional– based on existing use + a premium – reference to–

- MHCLG land values for policy appraisal
- previous studies & appraisals
- market land transactions

Benchmark Land Value– enough to enable transaction but not the same as best price. Land will transact above this value

"Under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan." PPG para 6

Slide 16 – **Discussion**



Discussion of slide 15

The points listed below were made during the discussion on slide 15 above.

- Surprise at the low value for greenfield sites (expressed as 15 times local agricultural land value) – not much above that proposed for Rural Exception sites when calculated on a 35 dph basis.
- Land values too low for market sites – only applicable to sale of affordable plots/sites at agreed transfer prices to HAs.
- **Examples of recent transactions were requested as without evidence to the contrary the viability appraisal would be based on published national norms adjusted to fit data for Yorkshire Dales**

Slide 17

Residential Testing – dwelling sizes

House type description	Affordable sqm	Market sq m
1 bedroom flat	50 (2p)	50
2 bedroom bungalow	70 (4p)	74
1 bedroom terrace	58 (2p)	58
2 bedroom terrace	79 (4p)	79
3 bedroom terrace	93 (5p)	93
4 bedroom terrace	97 (5p)	97
3 bed semi detached	93 (5p)	93
3 bed detached		100
4 bed detached		120 larger for a single unit?
An allowance of 10% of floor area will be added to the flats for circulation and common areas (20% for sheltered) **Units are compliant with Nationally Described Space Standards –would local occupancy or First Homes be at this size?**		

Slide 18

Residential Testing – market dwelling mix

Type	
1 bed flat	-
2 bed bungalow	5%
2 bed terrace	20%
3 bed terrace	15%
3 bed semi	10%
3 bed detached	20%
4 bed detached	30%

- Mix is based on past delivery
- Takes account of SHMA but is not the same because SHMA mix includes affordable
- Average density 35 dph
- Will market deliver any 1 beds?
- Should bungalows be included?
- Will local occupancy homes be on distinct sites of just 2 & 3 beds or will it be a part of delivery on some larger schemes?

Slide 19

Affordable Housing Dwelling Mix – Mixed Tenure Sites

Affordable Housing Development Mix House Type	Rented 66%	Affordable home ownership 33%
1 bed flat / house	10%	
2 bed house	80%	60%
3 bed house	10%	40%
4 bed house	?	

Current policy (YDNPA) –

- target of 50% affordable on sites of 11 or more dwellings, or 33% affordable housing and 33% local occupancy
- Sites 6-10 commuted sum and 5 or fewer as local occupancy
- RES – 100% affordable

Do the targets in the table look realistic as a starting point?

- Mix is based on need identified in SHMA – is it deliverable?
- We will talk to RPs & enablers separately – but are there any particular issues to raise now?

Slide 20 – **Discussion session**



Discussion of slides 17-19

The points listed below were made during the discussion on slides 17-19 above.

- Housing associations would expect all affordable units to meet Nationally Described Space Standards.
- Support for the affordable rented dwelling mix (including the lack of 4 bed units) but for affordable home ownership the aspiration is for 3 bed houses.
- There should be more 3 bed affordable rented properties to attract families into the NP, the predominance of 2 bed properties suggested in the slide would perpetuate the older age demographic.
- Policy should not be too prescriptive on tenure mix.

Slide 21

Build Cost (BCIS mean 5 yr) and new Building Regs

Type	Yorkshire Dales NP	
Flats (1-2 storey)	£1,335	Per sqm
One-off houses - detached	£2,485	Per sqm
2-5 houses (general)	£1,247	Per sqm
6-9 houses (general)	£1,188	Per sqm
10+ houses (general)	£1,129	Per sqm
Bungalows	£1,365	Per sqm
Sheltered flats	£1,387	Per sqm
Plot costs	15% 10%	Up to 10 dwellings 10 dwellings and over
Site infrastructure	£5,000	Per unit, 10 – 100 dwellings
Accessibility – Part M4	£1,400	Per dwelling to meet M4(2)
Delivery Rates – any comments?		
Density – 35 dph as standard – in what circumstances might this vary?		

Slide 22

Other costs		
Professional fees	8-10%	Of build costs
Finance	5.35%	Of development costs
Marketing fees	3%	Of Market GDV
Developer return **Contractor return (for affordable)**	17.5% 6%	Of GDV
Agents & Legal **SDLT**	1.75% Per HMRC figures	
S106	Not normally collected	
Future Homes Standard **Electric Vehicle Charging** **Biodiversity net gain**	£3,130 £865 £1,212	Per house (lower for flats) Per unit (£100 if ducting only) Per unit - Central scenario from Govt impact assessment (and is higher than currently collected in NP)

Slide 23 – **Discussion session**

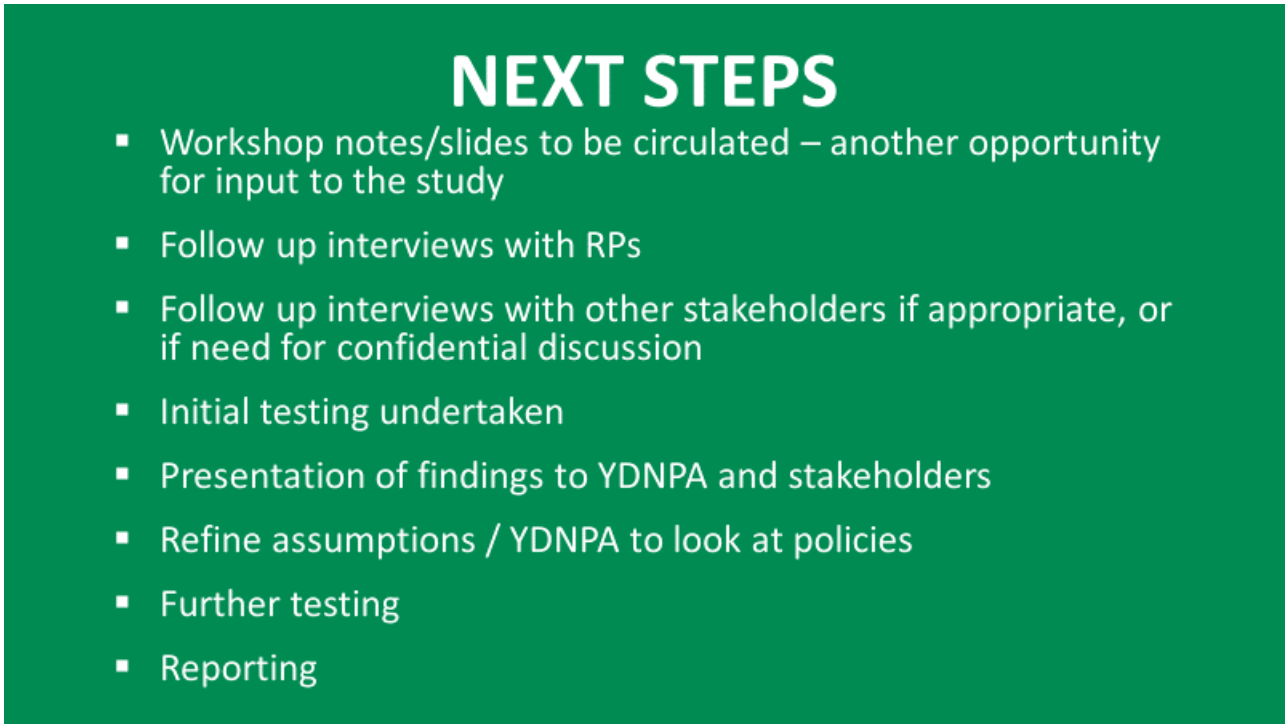


Discussion of slides 17-19

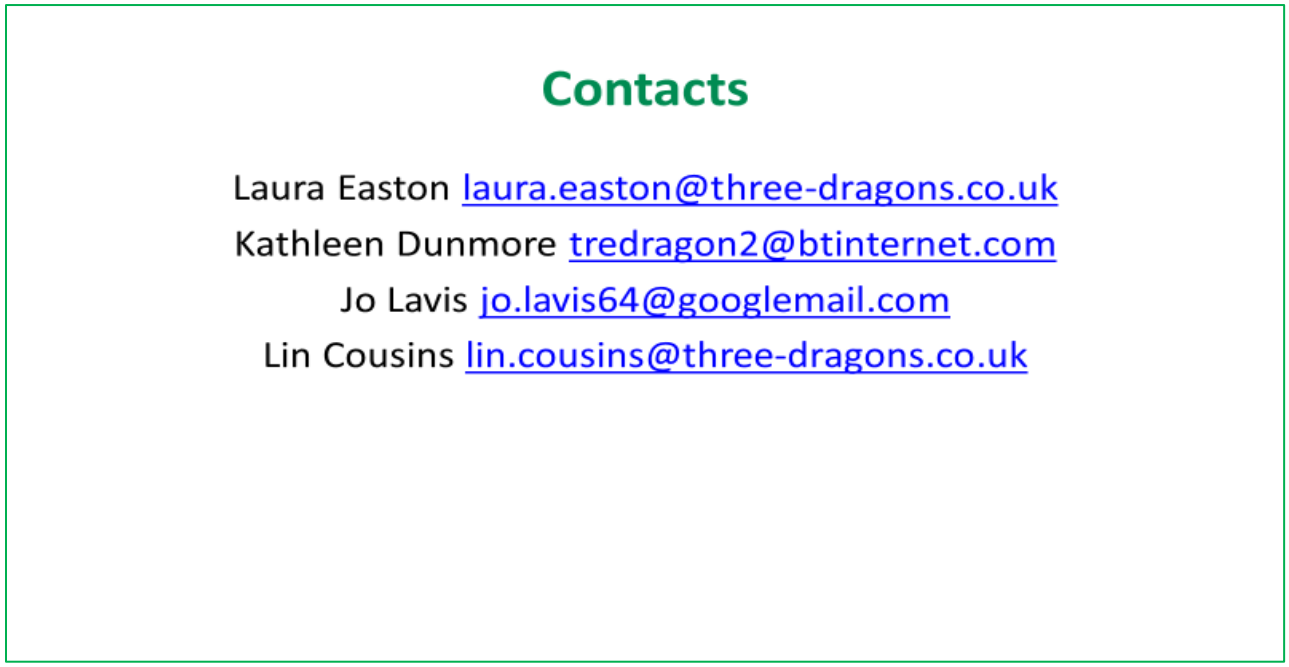
The points listed below were made during the discussion on slides 17-19 above.

- Particular types of stone would cost more than allowed for in average build costs.
- £5,000 per unit for additional infrastructure is not enough given that in some areas of the NP the costs of bringing infrastructure to development are high.
- **Examples of additional costs were requested.**

Slide 24



Slide 25



The chair thanked everyone for their attendance and contributions, encouraging participants to get in touch if they had further information or comment. The slides and this note to be circulated and further one-to-one interviews will be undertaken.

Appendix III - Benchmark Land Value – background data

Appendix I, Table 1: Premiums to existing use value in recently adopted Local Plans

Local authority	Date of adoption	Date of inspectors/ examiners report	BLV approach
Runnymede	Jul-20	May-20	x20 premium on agricultural value for Greenfield
South Kesteven	Jan-20	Jan-20	EUV plus 20% and on greenfield sites a further uplift of £400,000 per hectare
South Oxfordshire	N/a	Nov-20	Greenfield EUV agricultural or paddock x 20, Brownfield EUV + 20%
Suffolk Coastal	Sep-20	Sep-20	EUV plus somewhere between X10 and X15 for greenfield
Sunderland City	Jan-20	Jan-20	Brownfield industrial EUV + 20%; Greenfield agricultural + 20% as well as + £250,000/ha
Tower Hamlets	Jan-20	Sep-19	Calculated on Capital Value of building plus 20% premium
Harrogate	N/a	May-20	Adopts a 20% premium
Kirklees	N/a	Jan-20	Range used for greenfield from 10 to 20 x agricultural land value but for brownfield premium ranging from a minus figure up to a 50% uplift.
Durham	Oct-20	Sep-20	EUV x 13-60 for greenfield EUV + 16%-45% for brownfield
Oxford City Council	Jun-20	May-20	EUV + 30% . EUVs were estimated by looking at specific sites and calculating EUV based on (floorspace*rent)/yield
Westminster	Apr-21	Mar-21	EUV + 20% - based on specific sites using floorspce*rent/yield
Newcastle	Jun-20	Mar-20	Greenfield premium is between 10x to 15x EUV noting that abnormals over £150k/ha would come off this. No fixed premium for brownfield.
North Warwickshire BC		Jul-21	Greenfield land - uses 12.5% and £250k mainly

Note that it was not always possible to determine the premium applied – these examples show those cases where the premium was clear

Appendix III, Table 2: local land value research

Source	Value	Note
YDNPA - Viability testing of affordable housing threshold January 2016 (NPS)	Plot values £5K – affordable 38K – open market 28.5K – local occupancy Higher for sites of 5 or fewer	This would give a value of £752K hectare at 35 dph with 50% affordable and no local occupancy
Craven Local Plan Viability Evidence Base 2019 **(Aspinal Verdi)**	£658,933 per hectare - Skipton £461,253 per hectare - rest of Craven	
Financial Viability assessment Report – Richmondshire Local Plan & CIL May 2020 **(Aspinal Verdi)**	£99 – 321K per net hectare (residential) (£494 - £659k per net ha retail/warehouse) (barn conversion £37K and £75K per plot)	
Eden – Economic Viability Assessment Appendix 1 2015 **(NPS)**	c£725K net developable hectare (lower in Alston Moor)	
YDNPA submitted viability assessment 1	Concludes that equivalent of £700K ha is not enough to bring site forward	Under 10 dwellings Not policy compliant
YDNPA submitted viability assessment 2	£1.5m ha equivalent	Not policy compliant
MHCLG – Land Values for Policy appraisal 2019 Industrial land per hectare	Industrial per hectare South Lakeland £500k Eden £300k Craven £600k Richmondshire £400k Lancashire £525k	
MHCLG – Land Values for Policy appraisal 2019 Agricultural land per hectare	Agricultural York /N Yorks E riding £20k Lancs £25k Cumbria £26k Humber £22k	

Appendix IV – Current Local Plan Policies

i. **Affordable Housing** – The YDNPA 2016 Local Plan, policy C1, requires that, on sites of 11[71] or more dwellings, 50% must be affordable housing or alternatively the housing should be split 33% open market housing / 33% affordable housing / 33% local occupancy restricted housing. On sites of between six and 10 dwellings, the National Park Authority will require the payment of a commuted sum in lieu of the delivery of the relevant proportion of affordable housing. On sites of up to five dwellings, new housing will be restricted to local occupancy but there is no requirement to provide affordable homes[72].

ii. For rural exception sites (RES) all dwellings will be available for people with a local connection, at an affordable cost, in perpetuity[73].

iii. Note that other local authorities currently included within the boundary of the National Park will have slightly different policies which require a significantly lower proportion of affordable housing Note that these Local Plans were adopted in 2019 at the latest (Craven) or, in some cases significantly, before. It is therefore likely they will change to reflect changes in national policy

Craven – policy C2 Affordable Housing requires that on sites of 10 or more dwellings 30% of homes on greenfield sites and 25% of homes on brownfield/previously developed land should be affordable homes. On sites of 6-10 dwellings in designated rural areas – a contribution in lieu of onsite provision is required[74].

South Lakeland -On all schemes of nine or more dwellings in the Principal/Key Service Centres, and three or more dwellings outside of these areas, no less than 35% of the total number of dwellings proposed must be affordable[75].

Eden - 30% of all new housing must be affordable homes on schemes with 11 or more units, and (excepting Penrith) in Market Towns, Key Hubs and the Smaller Villages and Hamlets a commuted sum will be required from sites with 6 to 10 units. In other rural areas new housing will be restricted to affordable housing, in an existing settlement comprised of a coherent group of three or more dwellings[76].

[71] Amended to 10 or more in line with changes to NPPF definition of 'major development' – see NPPF glossary July 2021
[72] Policy C1 Housing in Settlements YDNPA Local Plan 2016
[73] Policy C2 Rural Exception Sites YDNPA Local Plan 2016
[74] policy C2 – Affordable Housing Craven Local Plan 2019
[75] policy CS6.3 – provision of affordable housing South Lakeland Core Strategy 2010
[76] Policy HS1 – affordable housing Eden Local Plan 2014-2032

Appendix V - Results

30 dwellings

		Scheme Details										BMLV 1 Residual Value			BMLV 2 Residual Value			BMLV 3 Residual Value		
Test Ref	*Test Description*	Value area	Greenfield/ Brownfield	Dwgs	Aff Rent %	SO %	FH %	Total AH %	Gross Ha	Net Ha	Density (dwgs per net ha)	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**
Test 1	*60%AH*	South East	Brownfield	30	39.0%	6.0%	15.0%	60.0%	0.857	0.857	35.01	428,400	1,172,954	**319,949**	648,300	939,860	**86,855**	904,500	668,288	**-184,717**
Test 1	*50%AH*	South East	Brownfield	30	32.5%	5.0%	12.5%	50.0%	0.857	0.857	35.01	428,400	1,726,298	**720,753**	648,300	1,493,204	**487,659**	904,500	1,221,632	**216,087**
Test 2	*40%AH*	South East	Brownfield	30	26.0%	4.0%	10.0%	40.0%	0.857	0.857	35.01	428,400	2,279,340	**1,121,257**	648,300	2,046,564	**888,481**	904,500	1,774,992	**616,909**
Test 2	*40%AH*	North West	Brownfield	30	26.0%	4.0%	10.0%	40.0%	0.857	0.857	35.01	428,400	998,875	**60,887**	648,300	766,099	**-171,889**	904,500	494,527	**-443,461**
Test 3	*30%AH*	North West	Brownfield	30	19.5%	3.0%	7.5%	30.0%	0.857	0.857	35.01	428,400	1,388,783	**330,579**	648,300	1,156,007	**97,803**	904,500	884,435	**-173,769**
Test 1	*60%AH*	South East	Greenfield	30	39.0%	6.0%	15.0%	60.0%	0.857	0.857	35.01	264,000	1,347,218	**494,213**	355,500	1,250,228	**397,223**	447,000	1,153,238	**300,233**
Test 1	*50%AH*	South East	Greenfield	30	32.5%	5.0%	12.5%	50.0%	0.857	0.857	35.01	264,000	1,900,562	**895,017**	355,500	1,803,572	**798,027**	447,000	1,706,582	**701,037**
Test 2	*40%AH*	South East	Greenfield	30	26.0%	4.0%	10.0%	40.0%	0.857	0.857	35.01	264,000	2,453,922	**1,295,839**	355,500	2,356,932	**1,198,849**	447,000	2,259,942	**1,101,859**
Test 2	*40%AH*	North West	Greenfield	30	26.0%	4.0%	10.0%	40.0%	0.857	0.857	35.01	264,000	1,173,457	**235,469**	355,500	1,076,467	**138,479**	447,000	979,477	**41,489**
Test 3	*30%AH*	North West	Greenfield	30	19.5%	3.0%	7.5%	30.0%	0.857	0.857	35.01	264,000	1,563,365	**505,161**	355,500	1,466,375	**408,171**	447,000	1,369,385	**311,181**

20 dwellings

		Scheme Details										BMLV 1 Residual Value			BMLV 2 Residual Value			BMLV 3 Residual Value		
Test Ref	*Test Description*	Value area	Greenfield/ Brownfield	Dwgs	Aff Rent %	SO %	FH %	Total AH %	Gross Ha	Net Ha	Density (dwgs per net ha)	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**
Test 1	*60%AH*	South East	Brownfield	20	39.0%	6.0%	15.0%	60.0%	0.571	0.571	35.03	282,300	785,740	**217,070**	428,700	639,340	**70,670**	599,500	468,540	**-100,130**
Test 1	*50%AH*	South East	Brownfield	20	32.5%	5.0%	12.5%	50.0%	0.571	0.571	35.03	282,300	1,154,910	**484,547**	428,700	1,008,510	**338,147**	599,500	837,710	**167,347**
Test 2	*40%AH*	South East	Brownfield	20	26.0%	4.0%	10.0%	40.0%	0.571	0.571	35.03	282,300	1,524,081	**752,026**	428,700	1,377,681	**605,626**	599,500	1,206,881	**434,826**
Test 2	*40%AH*	North West	Brownfield	20	26.0%	4.0%	10.0%	40.0%	0.571	0.571	35.03	282,300	669,417	**44,092**	428,700	523,017	**-102,308**	599,500	352,217	**-273,108**
Test 3	*30%AH*	North West	Brownfield	20	19.5%	3.0%	7.5%	30.0%	0.571	0.571	35.03	282,300	929,485	**224,016**	428,700	783,085	**77,616**	599,500	612,285	**-93,184**
Test 1	*60%AH*	South East	Greenfield	20	39.0%	6.0%	15.0%	60.0%	0.571	0.571	35.03	282,300	893,182	**324,512**	428,700	833,898	**265,228**	599,500	773,540	**204,870**
Test 1	*50%AH*	South East	Greenfield	20	32.5%	5.0%	12.5%	50.0%	0.571	0.571	35.03	174,858	1,262,352	**591,989**	234,142	1,203,068	**532,705**	294,500	1,142,710	**472,347**
Test 2	*40%AH*	South East	Greenfield	20	26.0%	4.0%	10.0%	40.0%	0.571	0.571	35.03	174,858	1,631,523	**859,468**	234,142	1,572,239	**800,184**	294,500	1,511,881	**739,826**
Test 3	*30%AH*	South East	Greenfield	20	19.5%	3.0%	7.5%	30.0%	0.571	0.571	35.03	174,858	2,000,693	**1,126,945**	234,142	1,941,409	**1,067,661**	294,500	1,881,051	**1,007,303**
Test 1	*50%AH*	North West	Greenfield	20	32.5%	5.0%	12.5%	50.0%	0.571	0.571	35.03	174,858	516,789	**-28,393**	234,142	457,505	**-87,677**	294,500	397,147	**-148,035**
Test 2	*40%AH*	North West	Greenfield	20	26.0%	4.0%	10.0%	40.0%	0.571	0.571	35.03	174,858	776,859	**151,534**	234,142	717,575	**92,250**	294,500	657,217	**31,892**
Test 3	*30%AH*	North West	Greenfield	20	19.5%	3.0%	7.5%	30.0%	0.571	0.571	35.03	174,858	1,036,927	**331,458**	234,142	977,643	**272,174**	294,500	917,285	**211,816**

10 dwellings

		Scheme Details										BMLV 1 Residual Value			BMLV 2 Residual Value			BMLV 3 Residual Value		
Test Ref	*Test Description*	Value area	Greenfield/ Brownfield	Dwgs	Aff Rent %/ Soc Rent %	SO %	FH %	Total AH %	Gross Ha	Net Ha	Density (dwgs per net ha)	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**
Test 1	*50%AH*	South East	Brownfield	10	32.5%	5.0%	12.5%	50.0%	0.286	0.286	34.97	139,543	579,061	**243,880**	210,429	508,176	**172,995**	294,500	424,104	**88,923**
Test 2	*40%AH*	South East	Brownfield	10	26.0%	4.0%	10.0%	40.0%	0.286	0.286	34.97	139,543	763,647	**377,619**	210,429	692,762	**306,734**	294,500	608,690	**222,662**
Test 7	*50%AH, AR replaced by SR*	South East	Brownfield	10	32.5%	5.0%	12.5%	50.0%	0.286	0.286	34.97	139,543	514,799	**183,473**	210,429	443,914	**112,588**	294,500	359,842	**28,516**
Test 11	*50%AH, UQ Build costs*	South East	Brownfield	10	32.5%	5.0%	12.5%	50.0%	0.286	0.286	34.97	139,543	413,786	**78,605**	210,429	342,901	**7,720**	294,500	258,829	**-76,352**
Test 2	*40%AH*	North West	Brownfield	10	26.0%	4.0%	10.0%	40.0%	0.286	0.286	34.97	139,543	336,315	**23,652**	210,429	265,430	**-47,233**	294,500	181,358	**-131,305**
Test 3	*30%AH*	North West	Brownfield	10	19.5%	3.0%	7.5%	30.0%	0.286	0.286	34.97	139,543	466,349	**113,615**	210,429	395,464	**42,730**	294,500	311,392	**-41,342**
Test 9	*25%AH*	North West	Brownfield	10	16.3%	2.5%	6.3%	25.0%	0.286	0.286	34.97	139,543	531,366	**158,596**	210,429	460,481	**87,711**	294,500	376,409	**3,639**
Test 7	*30%AH, AR replaced by SR*	North West	Brownfield	10	19.5%	3.0%	7.5%	30.0%	0.286	0.286	34.97	139,543	243,024	**-98,338**	210,429	172,139	**-169,223**	294,500	88,067	**-253,295**
Test 10	*20%AH with SR*	North West	Brownfield	10	13.0%	2.0%	5.0%	20.0%	0.286	0.286	34.97	139,543	570,679	**179,415**	210,429	499,794	**108,530**	294,500	415,722	**24,458**
Test 11	*25%AH UQ Build Costs*	North West	Brownfield	10	16.3%	2.5%	6.3%	25.0%	0.286	0.286	34.97	139,543	355,378	**-17,392**	210,429	284,493	**-88,277**	294,500	200,421	**-172,349**

		Scheme Details										BMLV 1 Residual Value			BMLV 2 Residual Value			BMLV 3 Residual Value		
Test Ref	*Test Description*	Value area	Greenfield/ Brownfield	Dwgs	Aff Rent %/ Soc Rent %	SO %	FH %	Total AH %	Gross Ha	Net Ha	Density (dwgs per net ha)	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**
Test 6	*50%AH, Principal Residency*	South East	Brownfield	10	32.5%	5.0%	12.5%	50.0%	0.286	0.286	34.97	139,543	499,764	**178,889**	210,429	410,613	**89,738**	294,500	344,807	**23,932**
Test 6	*40%AH, Principal Residency*	South East	Brownfield	10	26.0%	4.0%	10.0%	40.0%	0.286	0.286	34.97	139,543	668,490	**299,630**	210,429	567,605	**198,745**	294,500	513,533	**144,673**
Test 8	*50%AH, Local Occupancy*	South East	Brownfield	10	32.5%	5.0%	12.5%	50.0%	0.286	0.286	34.97	139,543	175,541	**-86,840**	210,429	104,656	**-157,725**	294,500	20,584	**-241,797**
Test 8	*40%AH, Local Occupancy*	South East	Brownfield	10	26.0%	4.0%	10.0%	40.0%	0.286	0.286	34.97	139,543	279,423	**-19,245**	210,429	208,538	**-90,130**	294,500	124,466	**-174,202**
Test 6	*30%AH,, Principal Residency*	North West	Brownfield	10	19.5%	3.0%	7.5%	30.0%	0.286	0.286	34.97	139,543	377,061	**40,435**	210,429	306,176	**-30,450**	294,500	222,104	**-114,522**
Test 6	*20%AH,, Principal Residency*	North West	Brownfield	10	13.0%	2.0%	5.0%	20.0%	0.286	0.286	34.97	139,543	494,340	**119,944**	210,429	423,455	**49,059**	294,500	339,383	**-35,013**
Test 8	*30%AH, Local Occupancy*	North West	Brownfield	10	19.5%	3.0%	7.5%	30.0%	0.286	0.286	34.97	139,543	16,172	**-255,345**	210,429	-54,713	**-326,230**	294,500	-138,785	**-410,302**
Test 8	*20%AH, Local Occupancy*	North West	Brownfield	10	13.0%	2.0%	5.0%	20.0%	0.286	0.286	34.97	139,543	81,896	**-218,090**	210,429	11,011	**-288,975**	294,500	-73,061	**-373,047**
Test 13	*50%AH FH 70%MV*	South East	Brownfield	10	32.5%	5.0%	12.5%	50.0%	0.286	0.286	34.97	139,543	641,610	**299,979**	210,429	570,725	**229,094**	294,500	486,653	**145,022**
Test 12	*30%AH, FH 70%MV*	North West	Brownfield	10	19.5%	3.0%	7.5%	30.0%	0.286	0.286	34.97	139,543	496,312	**140,488**	210,429	425,427	**69,603**	294,500	341,355	**-14,469**

		Scheme Details										BMLV 1 Residual Value			BMLV 2 Residual Value			BMLV 3 Residual Value		
Test Ref	*Test Description*	Value area	Greenfield/ Brownfield	Dwgs	Aff Rent %/ Soc Rent %	SO %	FH %	Total AH %	Gross Ha	Net Ha	Density (dwgs per net ha)	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**
Test 1	*50%AH*	South East	Greenfield	10	32.5%	5.0%	12.5%	50.0%	0.286	0.286	34.97	87,214	631,390	**296,209**	116,286	602,318	**267,137**	145,357	572,247	**237,066**
Test 2	*40%AH*	South East	Greenfield	10	26.0%	4.0%	10.0%	40.0%	0.286	0.286	34.97	87,214	815,976	**429,948**	116,286	786,904	**400,876**	145,357	757,833	**371,805**
Test 2	*40%AH*	North West	Greenfield	10	26.0%	4.0%	10.0%	40.0%	0.286	0.286	34.97	87,214	388,644	**75,981**	116,286	359,572	**46,909**	145,357	330,501	**17,838**
Test 3	*30%AH*	North West	Greenfield	10	19.5%	3.0%	7.5%	30.0%	0.286	0.286	34.97	87,214	518,678	**165,944**	116,286	489,606	**136,872**	145,357	460,535	**107,801**
Test 9	*25%AH*	North West	Greenfield	10	16.3%	2.5%	6.3%	25.0%	0.286	0.286	34.97	87,214	583,695	**210,925**	116,286	554,623	**181,853**	145,357	525,552	**152,782**

7 Dwellings

		Scheme Details										BMLV 1 Residual Value			BMLV 2 Residual Value			BMLV 3 Residual Value		
Test Ref	*Test Description*	Value area	Greenfield/ Brownfield	Dwgs	Aff Rent %	SO %	FH %	Total AH %	Gross Ha	Net Ha	Density (dwgs per net ha)	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**
Test 1	*50%AH*	South East	Brownfield	7	32.5%	5.0%	12.5%	50.0%	0.200	0.200	35.00	97,680	357,368	**122,741**	146,520	308,528	**73,901**	204,500	250,548	**15,921**
Test 2	*40%AH*	South East	Brownfield	7	26.0%	4.0%	10.0%	40.0%	0.200	0.200	35.00	97,680	484,309	**214,090**	146,520	435,469	**165,250**	204,500	377,489	**107,270**
Test 2	*40%AH*	North West	Brownfield	7	26.0%	4.0%	10.0%	40.0%	0.200	0.200	35.00	97,680	185,176	**-33,688**	146,520	136,336	**-82,528**	204,500	78,356	**-140,508**
Test 3	*30%AH*	North West	Brownfield	7	19.5%	3.0%	7.5%	30.0%	0.200	0.200	35.00	97,680	273,920	**27,006**	146,520	225,080	**-21,834**	204,500	167,100	**-79,814**
Test 9	*25%AH*	North West	Brownfield	7	16.3%	2.5%	6.3%	25.0%	0.200	0.200	35.00	97,680	318,285	**57,350**	146,520	269,445	**8,510**	204,500	211,465	**-49,470**
Test 9a	*20%AH*	North West	Brownfield	7	13.0%	2.0%	5.0%	20.0%	0.200	0.200	35.00	97,680	362,667	**87,703**	146,520	313,827	**38,863**	204,500	255,847	**-19,117**
Test 1	*50%AH*	South East	Greenfield	7	32.5%	5.0%	12.5%	50.0%	0.200	0.200	35.00	61,050	393,998	**159,371**	81,400	373,648	**139,021**	101,750	353,298	**118,671**
Test 2	*40%AH*	South East	Greenfield	7	26.0%	4.0%	10.0%	40.0%	0.200	0.200	35.00	61,050	520,939	**250,720**	81,400	500,589	**230,370**	101,750	480,239	**210,020**
Test 2	*40%AH*	North West	Greenfield	7	26.0%	4.0%	10.0%	40.0%	0.200	0.200	35.00	61,050	221,806	**2,942**	81,400	201,456	**-17,408**	101,750	181,106	**-37,758**
Test 3	*30%AH*	North West	Greenfield	7	19.5%	3.0%	7.5%	30.0%	0.200	0.200	35.00	61,050	310,550	**63,636**	81,400	290,200	**43,286**	101,750	269,850	**22,936**
Test 9	*25%AH*	North West	Greenfield	7	16.3%	2.5%	6.3%	25.0%	0.200	0.200	35.00	61,050	354,915	**93,980**	81,400	334,565	**73,630**	101,750	314,215	**53,280**
Test 9a	*20%AH*	North West	Greenfield	7	13.0%	2.0%	5.0%	20.0%	0.200	0.200	35.00	61,050	399,297	**124,333**	81,400	378,947	**103,983**	101,750	358,597	**83,633**

5 dwellings

		Scheme Details											BMLV 1 Residual Value			BMLV 2 Residual Value			BMLV 3 Residual Value		
Test Ref	*Test Description*	Value area	Greenfield/ Brownfield	Dwgs	LO %	Aff Rent %	SO %	FH %	Total AH %	Gross Ha	Net Ha	Density (dwgs per net ha)	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**
Test 1	*50%AH*	South East	Brownfield	5	0.0%	32.5%	5.0%	12.5%	50.0%	0.143	0.143	34.97	69,771	220,941	**53,351**	104,657	186,055	**18,465**	145,357	145,355	**-22,235**
Test 2	*40%AH*	South East	Brownfield	5	0.0%	26.0%	4.0%	10.0%	40.0%	0.143	0.143	34.97	69,771	310,715	**117,701**	104,657	275,829	**82,815**	145,357	235,129	**42,115**
Test 4	*0%AH*	South East	Brownfield	5	0.0%	0.0%	0.0%	0.0%	0.0%	0.143	0.143	34.97	69,771	669,817	**375,111**	104,657	634,931	**340,225**	145,357	594,231	**299,525**
Test 5	*33%AH/33% LO*	South East	Brownfield	5	33.0%	22.1%	3.4%	8.5%	34.0%	0.143	0.143	34.97	69,771	240,571	**56,319**	104,657	205,685	**21,433**	145,357	164,985	**-19,267**
Test 11	*40%AH UQ Build Costs*	South East	Brownfield	5	0.0%	26.0%	4.0%	10.0%	40.0%	0.143	0.143	34.97				58,143	219,402	**26,388**			
Test 11	*50%AH UQ Build Costs*	South East	Brownfield	5	0.0%	32.5%	5.0%	12.5%	50.0%	0.143	0.143	34.97				104,657	131,301	**-36,289**			
Test 2	*40%AH*	North West	Brownfield	5	0.0%	26.0%	4.0%	10.0%	40.0%	0.143	0.143	34.97	69,771	97,049	**-59,282**	104,657	62,163	**-94,168**	145,357	21,463	**-134,868**
Test 3	*30%AH*	North West	Brownfield	5	0.0%	19.5%	3.0%	7.5%	30.0%	0.143	0.143	34.97	69,771	159,541	**-16,826**	104,657	124,655	**-51,712**	145,357	83,955	**-92,412**
Test 4	*0%AH*	North West	Brownfield	5	0.0%	0.0%	0.0%	0.0%	0.0%	0.143	0.143	34.97	69,771	347,049	**110,574**	104,657	312,163	**75,688**	145,357	271,463	**34,988**
Test 5	*33%AH/33%LO*	North West	Brownfield	5	33.0%	22.1%	3.4%	8.5%	34.0%	0.143	0.143	34.97	69,771	37,580	**-111,635**	104,657	2,694	**-146,521**	145,357	-38,006	**-187,221**
Test 9	*25%AH*	North West	Brownfield	5	0.0%	16.3%	2.5%	6.3%	25.0%	0.143	0.143	34.97	69,771	190,771	**4,399**	104,657	155,885	**-30,487**	145,357	115,185	**-71,187**
Test 10	*20%AH with SR*	North West	Brownfield	5	0.0%	13.0%	2.0%	5.0%	20.0%	0.143	0.143	34.97	69,771	209,197	**13,565**	104,657	174,311	**-21,321**	145,357	133,611	**-62,021**
Test 11	*30%AH UQ Build costs*	North West	Brownfield	5	0.0%	19.5%	3.0%	7.5%	30.0%	0.143	0.143	34.97				104,657	67,060	**-109,307**			
Test 11	*25%AH with UQ Build Costs*	North West	Brownfield	5	0.0%	16.3%	2.5%	6.3%	25.0%	0.143	0.143	34.97				104,657	97,585	**-88,787**			
Test 1	*50%AH*	South East	Greenfield	5	0.0%	32.5%	5.0%	12.5%	50.0%	0.143	0.143	34.97	43,607	247,105	**79,515**	58,143	232,569	**64,979**	72,679	218,033	**50,443**
Test 2	*40%AH*	South East	Greenfield	5	0.0%	26.0%	4.0%	10.0%	40.0%	0.143	0.143	34.97	43,607	336,879	**143,865**	58,143	322,343	**129,329**	72,679	307,807	**114,793**
Test 4	*0%AH*	South East	Greenfield	5	0.0%	0.0%	0.0%	0.0%	0.0%	0.143	0.143	34.97	43,607	695,981	**401,275**	58,143	681,445	**386,739**	72,679	666,909	**372,203**
Test 5	*33%AH/33%LO*	South East	Greenfield	5	33.0%	22.1%	8.5%	3.4%	34.0%	0.143	0.143	34.97	43,607	314,512	**121,641**	58,143	299,976	**107,105**	72,679	285,440	**92,569**
Test 11	*40%AH UQ Build Costs*	South East	Greenfield	5	0.0%	26.0%	4.0%	10.0%	40.0%	0.143	0.143	34.97				58,143	265,916	**72,902**			
Test 11	*50%AH UQ Build Costs*	South East	Greenfield	5	0.0%	32.5%	5.0%	12.5%	50.0%	0.143	0.143	34.97				58,143	177,815	**10,225**			
Test 2	*40%AH*	North West	Greenfield	5	0.0%	26.0%	4.0%	10.0%	40.0%	0.143	0.143	34.97	43,607	123,213	**-33,118**	58,143	108,677	**-47,654**	72,679	94,141	**-62,190**
Test 3	*30%AH*	North West	Greenfield	5	0.0%	19.5%	3.0%	7.5%	30.0%	0.143	0.143	34.97	43,607	185,705	**9,338**	58,143	171,169	**-5,198**	72,679	156,633	**-19,734**
Test 4	*0%AH*	North West	Greenfield	5	0.0%	0.0%	0.0%	0.0%	0.0%	0.143	0.143	34.97	43,607	373,213	**136,738**	58,143	358,677	**122,202**	72,679	344,141	**107,666**
Test 5	*33%AH/33%LO*	North West	Greenfield	5	33.0%	22.1%	8.5%	3.4%	34.0%	0.143	0.143	34.97	43,607	101,917	**-54,185**	58,143	87,381	**-68,721**	72,679	72,845	**-83,257**
Test 11	*30%AH UQ Build costs*	North West	Greenfield	5	0.0%	19.5%	3.0%	7.5%	30.0%	0.143	0.143	34.97				58,143	113,574	**-62,793**	72,679		
Test 9	*25%AH*	North West	Greenfield	5	0.0%	16.3%	2.5%	6.3%	25.0%	0.143	0.143	34.97	43,607	216,935	**30,563**	58,143	202,399	**16,027**	72,679	187,863	**1,491**

1 dwelling and barn conversion

	Scheme Details									BMLV 1 Residual Value			BMLV 2 Residual Value			BMLV 3 Residual Value		
Test Ref	Value area	Greenfield/ Brownfield	Dwgs	Mkt%	LO%	Aff Rent %	Gross Ha	Net Ha	Density (dwgs per net ha)	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**
Test 4	South East	Brownfield	1	100.0%	0.0%	0.0%	0.029	0.029	34.48	13,954	-32,032	**-104,772**	20,931	-39,009	**-111,749**	29,071	-47,149	**-119,889**
Test 4	North West	Brownfield	1	100.0%	0.0%	0.0%	0.029	0.029	34.48	13,954	-111,572	**-169,962**	20,931	-118,549	**-176,939**	29,071	-126,689	**-185,079**
Test 8	South East	Brownfield	1	0.0%	100.0%	0.0%	0.029	0.029	34.48	30,525	-121,940	**-183,130**						
Test 8	North West	Brownfield	1	0.0%	100.0%	0.0%	0.029	0.029	34.48	30,525	-181,110	**-230,400**						
Test 14	South East	Brownfield	2	0.0%	100.0%	0.0%	0.058	0.058	34.48	30,525	-141,575	**-263,315**						
Test 14	North West	Brownfield	2	0.0%	100.0%	0.0%	0.058	0.058	34.48	30,525	-273,495	**-371,435**						
Test 15	South East	Brownfield	2	100.0%	0.0%	0.0%	0.058	0.058	34.48	30,525	-13,535	**-158,375**						
Test 15	North West	Brownfield	2	100.0%	0.0%	0.0%	0.058	0.058	34.48	30,525	-172,615	**-288,755**						

Older Persons

	Scheme Details										BMLV 1 Residual Value			BMLV 2 Residual Value			BMLV 3 Residual Value		
Test Ref	Value area	Greenfield/ Brownfield	Dwgs	Aff Rent %	SO %	FH %	Total AH %	Gross Ha	Net Ha	Density (dwgs per net ha)	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**
SH1	South East	Brownfield	25	0.0%	0.0%	0.0%	0.0%	0.250	0.250	100.00	122,100	2,354,614	**1,206,177**	183,750	2,285,344	**1,136,907**	256,375	2,203,743	**1,055,306**
SH2	South East	Brownfield	25	19.5%	10.5%	0.0%	30.0%	0.250	0.250	100.00	122,100	1,266,465	**415,054**	183,750	1,197,195	**345,784**	256,375	1,115,593	**264,182**
SH1	North West	Brownfield	25	0.0%	0.0%	0.0%	0.0%	0.250	0.250	100.00	122,100	1,106,580	**183,455**	183,750	1,037,310	**114,185**	256,375	955,708	**32,583**
SH3	North West	Brownfield	25	13.0%	7.0%	0.0%	20.0%	0.250	0.250	100.00	122,100	564,370	**-201,955**	183,750	495,100	**-271,225**	256,375	413,499	**-352,826**
OP1	South East	Brownfield	8	28.9%	15.6%	0.0%	44.5%	0.300	0.300	26.67	146,520	191,976	**-35,531**	221,100	117,396	**-110,111**	309,750	28,746	**-198,761**
OP1	South East	Brownfield	8	23.1%	12.4%	0.0%	35.6%	0.300	0.300	26.67	146,520	312,651	**51,626**	221,100	238,071	**-22,955**	309,750	149,421	**-111,605**
OP1	South East	Brownfield	8	17.3%	9.3%	0.0%	26.7%	0.300	0.300	26.67	146,520	433,326	**138,782**	221,100	358,746	**64,202**	309,750	270,096	**-24,448**
OP1a	South East	Brownfield	8	17.3%	9.3%	0.0%	26.7%	0.300	0.300	26.67	146,520	270,967	**4,562**	221,100	196,387	**-70,018**	309,750	107,737	**-158,668**
OP1	North West	Brownfield	8	17.3%	9.3%	0.0%	26.7%	0.300	0.300	26.67	146,520	110,952	**-127,721**	221,100	36,372	**-202,301**	309,750	-52,278	**-290,951**
OP1	North West	Brownfield	8	11.6%	6.2%	0.0%	17.8%	0.300	0.300	26.67	146,520	201,218	**-91,688**	221,100	126,638	**-166,268**	309,750	37,988	**-254,918**
OP1	North West	Brownfield	8	5.8%	3.1%	0.0%	8.9%	0.300	0.300	26.67	146,520	291,484	**-140**	221,100	216,904	**-74,720**	309,750	128,254	**-163,370**
OP1	North West	Brownfield	8	0.0%	0.0%	0.0%	0.0%	0.300	0.300	26.67	146,520	381,750	**63,650**	221,100	307,170	**-10,930**	309,750	218,520	**-99,580**

RES

	Scheme Details								BMLV @ £10k plot Residual Value		
Test Ref	Value area	Greenfield/ Brownfield	Dwgs	Aff Rent %/ Soc Rent %	SO %	FH %	Total AH %	Grant	BMLV, SDLT & Land acq fees (inc within tests)	Scheme RV	**Scheme RV less Dev & Cont Rtn**
v1	South East	Brownfield	10	70.0%	30.0%	0.0%	100.0%		101,750	-223,187	**-294,667**
v2	South East	Brownfield	10	50.0%	50.0%	0.0%	100.0%		101,750	-40,147	**-123,209**
v3	South East	Brownfield	10	40.0%	60.0%	0.0%	100.0%		101,750	66,353	**-23,399**
v4	South East	Brownfield	10	30.0%	70.0%	0.0%	100.0%		101,750	157,873	**62,330**
v1 grant	South East	Brownfield	10	70.0%	30.0%	0.0%	100.0%	450,000	101,750	-223,187	**155,333**
v2 grant	South East	Brownfield	10	50.0%	50.0%	0.0%	100.0%	450,000	101,750	-40,147	**326,791**
v3 grant	South East	Brownfield	10	40.0%	60.0%	0.0%	100.0%	450,000	101,750	66,353	**426,601**
v4 grant	South East	Brownfield	10	30.0%	70.0%	0.0%	100.0%	450,000	101,750	157,873	**512,330**
v1	North West	Brownfield	10	70.0%	30.0%	0.0%	100.0%		101,750	-332,698	**-397,607**
v4	North West	Brownfield	10	30.0%	70.0%	0.0%	100.0%		101,750	-95,283	**-175,637**
v5	North West	Brownfield	10	10.0%	90.0%	0.0%	100.0%		101,750	27,359	**-60,954**
v6	North West	Brownfield	10	0.0%	100.0%	0.0%	100.0%		101,750	99,762	**4,530**
v1 grant	North West	Brownfield	10	70.0%	30.0%	0.0%	100.0%	450,000	101,750	-332,698	**52,393**
v4 grant	North West	Brownfield	10	30.0%	70.0%	0.0%	100.0%	450,000	101,750	-95,283	**274,363**
v5 grant	North West	Brownfield	10	10.0%	90.0%	0.0%	100.0%	450,000	101,750	27,359	**389,046**
v6 grant	North West	Brownfield	10	0.0%	100.0%	0.0%	100.0%	450,000	101,750	99,762	**454,530**