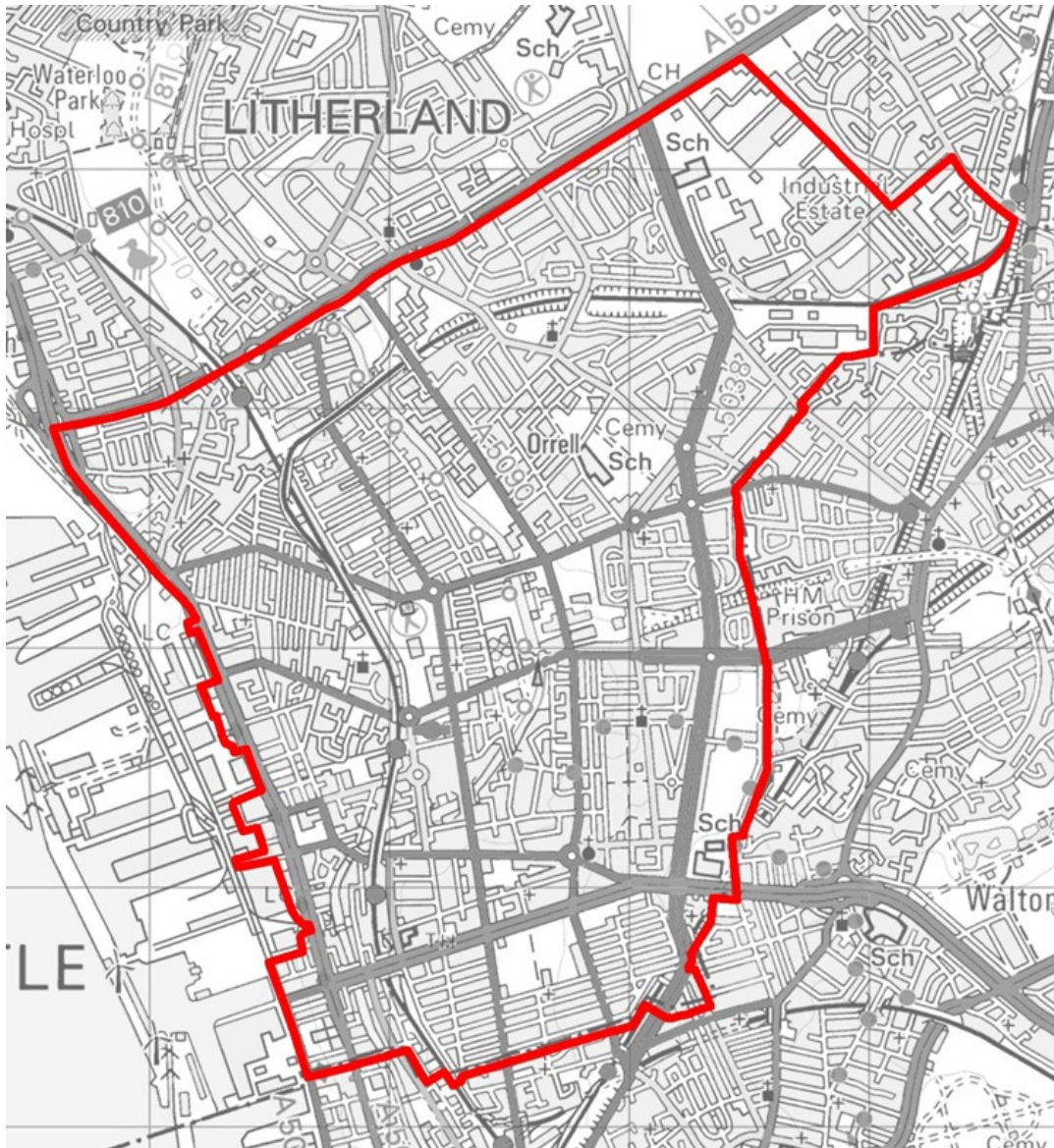

Bootle Area Action Plan - Viability Testing

Completed on behalf of Sefton Council



March 2024

CP Viability Ltd



Independent Property Experts

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EXECUTIVE SUMMARY

- i. Sefton Council (“the Council”) is bringing forward an Area Action Plan for Bootle (entitled ‘Our Future, Our Bootle’). This draft document proposes various policies which developers would be required to meet when delivering new residential development in the town.
- ii. The Council has a responsibility to ensure that any new policies introduced would not have a significant impact on the viability and delivery of new residential development (and in the worst case prevent new development for coming forward). It is therefore necessary to undertake viability testing of the proposed new policies to ensure that the requirements do not undermine future development in Bootle.
- iii. The policies identified that are likely to impact on scheme viability include:
 - **BAAP2: Best use of resources**
 - **BAAP9: Nature**
 - **BAAP17: Affordable Housing**
 - **Housing Mix**
 - **M4(2) and M4(3) accessibility and adaptability**
 - **BAAP24: Environment improvement**
 - **Recreation Mitigation**
- iv. Following the requirements of the Planning Practice Guidance: Viability, to test the viability of the proposed planning policies we have undertaken appraisal testing of 16 typologies for housing and apartments (typical sites expected to be delivered within Bootle). This has been supplemented with testing of 6 ‘live’ sites. Please note, the testing of the live sites is based on the limited information currently available.
- v. Furthermore, and again in keeping with the guidance, we have also undertaken ‘sensitivity’ appraisal testing, where key appraisal inputs are varied to see the impact this has on the viability outcomes.

- vi.** Our testing results can be summarised as follows:
- For our 'base' appraisal testing only 1 out of the 16 typologies shows a viable outcome with the full planning policies applied.
 - If the sales values are increased by 10% then 6 out of the 16 are viable. All 4 apartment typologies (within the 16) are unviable.
 - If the sales values are increased by 20% then 11 out of the 16 are viable. All 4 apartment typologies (within the 16) are unviable.
 - If lower build costs are applied to the smaller schemes then 3 of the 16 are viable.
 - If the benchmark land value is increased by 10%, only 1 out of the 16 typologies shows a viable outcome with the full planning policies applied.
 - If the benchmark land value is increased by 20%, only 1 out of the 16 typologies shows a viable outcome with the full planning policies applied.
- vii.** In terms of the 6 'live' sites, only 1 is shown to be viable (which is a 100% affordable housing scheme, with grant funding assumed). However, for 4 of the 6 schemes only a relatively modest increase in the sales values would change the outcomes to viable (and enable the full planning policies to be delivered).
- viii.** However, for the purposes of our 'base' testing we have adopted what we consider to be cautious sales values. There are signs that there is the potential for some value uplift across the wider Bootle area. If value uplifts can be achieved, then the policy asks can be delivered in part or full (dependent on the level of value uplift). Furthermore, general improvements across Bootle (e.g. infrastructure, school, amenities etc) would also boost values further. If these improvements can be delivered, then there is a greater chance of the planning policies being provided by developers.
- ix.** Finally, we would also stress that our modelling (bar 1 live site) does not factor in any grant funding. If funding of this nature is available then this would ensure viable schemes which can deliver planning policies (part or in full).

1. Introduction

1.1. Background

1.1.1. Sefton Council (“the Council”) is bringing forward an Area Action Plan for Bootle (entitled ‘Our Future, Our Bootle’). An initial “Issues and Options” consultation process was undertaken in Nov 2021 to Jan 2022. A further consultation of the draft ‘Our Future, Our Bootle’ was commenced in July 2023 (known as the “Preferred Options” stage). This draft document proposes various policies which developers would be required to meet when delivering new residential development in the town.

1.1.2. The Council has a responsibility to ensure that any new policies introduced would not have a significant impact on the viability and delivery of new residential development (and in the worst case prevent new development for coming forward). It is therefore necessary to undertake viability testing of the proposed new policies to ensure that the requirements do not undermine future development in Bootle.

1.2. Brief

1.2.1. In the context of the above, the Council requires viability testing to establish the cumulative impact of the draft ‘Our Future, Our Bootle’ policy requirements on development viability.

1.2.2. The Council has requested testing on both ‘live’ planning sites (i.e. proposed Bootle AAP allocations) and also hypothetical development sites (as per the requirements of the Planning Practice Guidance: Viability).

1.2.3. CP Viability have subsequently been instructed to complete the viability testing of the ‘Our Future, Our Bootle’ draft policy requirements.

1.3. CP Viability Ltd

1.3.1. CP Viability specialises in providing advice to local authorities on all matters related to housing and commercial development, including individual site assessments, area wide studies and also providing expert witness advice at planning appeals. The company's Director, David Newham, has extensive experience in undertaking development appraisals and market studies (including the assessment of individual schemes across Sefton, acting as an independent advisor upon the instruction of the Council).

2. Methodology

2.1. The Residual Method

- 2.1.1.** Central to undertaking viability testing is the residual method of valuation (sometimes referred to as a development appraisal). This is an established valuation approach, which can be illustrated by the following equation:

$$\begin{aligned} & \textbf{Completed Development Value} \\ & \textit{(i.e. Total Revenue)} \\ & \textit{Less} \\ & \textbf{Development Costs} \\ & \textit{(Developer's Profit + Construction + Fees + Finance)} \\ & \textit{Equals} \\ & \textbf{Residue for Land Acquisition} \end{aligned}$$

- 2.1.2.** In other words, to arrive at the land value the assessor assumes the scheme has been completed, and from this income takes away all the costs associated with delivering that scheme. The 'residual' (if any is left), equates to the value that could be paid for the land based on the development being proposed.
- 2.1.3.** Whilst a simple concept, it is stressed that in reality the residual method often becomes a complicated and detailed approach. This is because the methodology inherently requires a wide variety of inputs to be factored into the assessment, all of which are subject to variance (e.g. sales values, build costs, professional fees, abnormal works, Council policies, profit, marketing, finance etc). All of these inputs need to be considered carefully, as potentially relatively small variances to one or two inputs could have a significant impact on the results of the assessment.

- 2.1.4.** This inherent flaw in the methodology is recognised by the RICS and wider industry, and as a result ‘sensitivity’ testing is recommended to try and minimise the impact of these potential variances. Nevertheless, the industry still considers this to be the most appropriate methodology for assessing development sites and appraising land value.
- 2.1.5.** Furthermore, in undertaking a residual appraisal it is important to factor in the impact that the timings of payments and income can have on funding and cash flow. For this reason, and particularly for more complex developments, it is appropriate to use a discounted cash-flow approach when preparing a residual appraisal.
- 2.1.6.** The residual method can be applied to both residential and commercial development and is therefore applicable to Whole Plan and CIL viability testing or, as in this case, Area Action Plan policies. We have subsequently utilised this approach in undertaking our viability testing.
- 2.1.7.** The Planning Practice Guidance: Viability¹ (the main guidance document for undertaking viability) and the RICS “Assessing viability in planning under the National Planning Policy Framework 2019 for England”² (the main professional guidance document) are clear that the appraisal inputs (e.g. revenue, build costs, professional fees, developer’s profit etc) should be evidence based and reflect the dynamics of the market being assessed.

¹ <https://www.gov.uk/government/collections/planning-practice-guidance>

² <https://www.rics.org/profession-standards/rics-standards-and-guidance/sector-standards/land-standards/assessing-viability-in-planning-under-the-national-planning-policy-framework-2019-for-england-rics-guidance-note-1st-edition>

2.2. Benchmark Land Value ('BLV')

2.2.1. The BLV attempts to identify the minimum price that a hypothetical landowner would accept in the prevalent market conditions to release the land for development. Whilst a relatively straight forward concept in reality this is open to interpretation and is generally one of the most debated elements of a viability appraisal. It is also often confused with market value, however the guidance stresses that this is a distinct concept and therefore is different to market value assessments.

2.2.2. The standard approach is to run an initial appraisal based on all of the above fixed inputs to arrive at a site value for the site. In accordance with the RICS guidance, this residual site value can then be compared to the “benchmark land value” (which is the minimum price that a hypothetical landowner would accept and a hypothetical developer would pay for the scheme to be delivered). If the residual site value is above this “benchmark” then the scheme is viable. If the residual site value falls below this figure then the scheme is deemed to be unviable.

2.2.3. Viability assessors are provided some guidance through the Planning Practice Guidance: Viability, which states the following:

2.2.3.1. 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.

2.2.3.2. The EUV should disregard any hope value.

2.2.3.3. Benchmark land value should reflect the implications of abnormal costs, site specific infrastructure costs and professional site fees. This follows the principle that if two identical sites are next to one another, and one has significant abnormal costs and the other does not, the site with abnormal costs will naturally have a lower site value than the land unconstrained by abnormals. In other words, as abnormal costs increase, site value decreases and vice versa (although it is not necessarily the case that cost equals value). This is because a landowner would be forced to reduce their expectations of value as a developer would have to factor in the cost of the undertaking the abnormal costs, resulting in a lower offer. As long as the landowner still secured a reasonable uplift over the EUV this would represent an acceptable deal and therefore the scheme would be viable. It would become unviable if the offer became too close to the EUV leaving no incentive for the landowner to release the land for development.

2.2.3.4. Where recent market evidence is used to inform assessment of benchmark land value this evidence should be based on developments which are compliant with policies, including affordable housing. 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.

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

2.2.3.6. Alternative Use Value of the land may be informative in establishing benchmark land value. However, these should be limited to those uses which have an existing implementable permission for that use. Valuation based on AUV includes the premium to the landowner. If evidence of AUV is being considered the premium to the landowner must not be double counted.

2.2.3.7. The guidance is silent on what the level of premium uplift should be above the existing use value. However, in our experience, for brownfield sites, we typically see uplifts in the region of 5% to 30%. The lower end of the range typically reflects lower value sites, sites with high abnormals, sites where there is limited prospect of attracting an occupier for the existing use. The upper end of the range reflects, in our experience, higher value sites, with reduced abnormals, that either have existing tenants in situ or a good prospect of securing an occupier for the existing use.

2.2.4. Establishing the BLV is therefore crucial in determining whether a site is viable or not.

2.3. Site Types

2.3.1. The guidance indicates that site testing can either be based on real 'live' sites or hypothetical site typologies (or both), drawing upon historic completions and planning permissions.

2.3.2. The guidance states that the types of sites assessed as part of the viability testing should represent the likely supply of development over the plan period. Once identified, these are then tested using the residual method, with comparisons to the separately identified BLV, as outlined above.

2.3.3. As indicated above in Section 1, for the purposes of this exercise the Council has requested an assessment of both ‘live’ planning sites (i.e. proposed Bootle AAP allocations) and hypothetical sites. We consider this to be a robust approach.

2.3.4. The Council has identified the following ‘live’ planning sites for consideration (please note the modelling has been based on the information currently available for these sites – as the sites come forward and further detail becomes available this could impact on the viability conclusions reached).

Site Ref.	Site	Site size	Indicative No. of dwellings
BH1	Peoples site, Linacre Lane, Bootle	2.9	110
BH2	Coffee House Bridge	2.1	85
BH3	Site of the former Bootle Gas Works	5.3	210
BH4	Site of Litherland House, Litherland Road	3.0	110
BH5	Site of the former Johnsons Cleaners Site	1.6	121
BH6	503-509 Hawthorne Road, Bootle	2.69	158
Total			794

2.3.5. As for the hypothetical testing, the guidance indicates a number of factors which could be considered including:

- Varying levels of infrastructure dependent on the size of the scheme.
- The potential for ‘abnormal’ costs such as remediation and decontamination.
- Density rates.
- Geographical locations impacting on revenue and sales rates.

2.3.6. However, the guidance recognises that a balance needs to be struck between key viability considerations and ensuring there are a manageable number of site typologies to ensure the testing is as robust as possible. In other words, it is acknowledged that all variations will not be able to be fully tested. However, what is important is that key fluctuations are reflected through the viability modelling as much as possible.

2.3.7. For the purposes of this exercise, and taking into account the likely nature of sites that will come forward (following discussions with the Council), we have tested the following typologies:

- 5 houses brownfield
- 10 houses brownfield
- 15 houses brownfield
- 25 houses brownfield
- 50 houses brownfield
- 100 houses brownfield
- 6 apartments brownfield
- 12 apartments brownfield
- 24 apartments brownfield
- 50 apartments brownfield

2.3.8. Please note, for the houses we have considered a density rate of 40 dwellings per net Ha and also separately 50 dwellings per net Ha (reflecting the reality that more terraced / townhouse properties, as well as 3 storey dwellings can often reflect market demand in an urban setting which would increase density).

2.4. Evidence

2.4.1. Primary data is crucial to ensuring the viability testing is robust. The following sources of evidence have been considered:

- Land Registry for residential and land sales.
- Build Cost Information Service (BCIS) part of the RICS for build costs.
- An in-house database of historic viability assessments undertaken across the region (including within Sefton Council).

3. 'Our Future, Our Bootle' draft: relevant policies

3.1. Introduction

3.1.1. Through discussions with the Council, we have looked to establish the policies within the draft 'Our Future, Our Bootle' document which could impact on the viability of future residential development schemes.

3.1.2. The policies identified include the following:

- **BAAP2: Best use of resources**
- **BAAP9: Nature**
- **BAAP17: Affordable Housing**
- **Housing Mix**
- **M4(2) and M4(3) accessibility and adaptability**
- **BAAP24: Environment improvement**
- **Recreation Mitigation**

3.1.3. We have considered each in turn.

3.2. BAAP2: Best use of resources

3.2.1. This indicates that major development should incorporate measures to reduce greenhouse gas emissions by making the most of natural solar gain, energy efficiency measures and use of local carbon or renewable energy. The policy also encourages low water consumption on new build housing (fewer than 110 litres per person per day).

- 3.2.2.** Part L & F interim changes to Building Regulations came into effect from June 2023. This requires a 31% reduction in CO₂ emissions compared to the previous standards. This is an interim step towards Future Homes Standard, which is expected in 2025 and will require a 75-80% reduction in carbon emissions (albeit the precise details are still to be confirmed).
- 3.2.3.** The Department of Levelling Up, Housing and Communities impact assessment suggested that the most cost effective route to meeting the interim standards was through the use of Air Source Heat Pumps. This estimates an additional average cost per dwelling of £4,070. In other schemes we are appraising typically developers are allowing for the installation of heat pumps and some improvement to general insulation.
- 3.2.4.** Furthermore, where the BCIS rates are applied, it is stressed that these figures already allow for existing heating systems inherently within the costings. These costs therefore have to be deducted before the new heat pump costs are applied (otherwise there would be a double-counting of heating systems within each dwelling). Adding the heat pump costs on top would therefore, in our view, reflect double-counting, therefore some allowance for this needs to be factored into the rate used for the Part L & F changes. However, adopting a cautious approach, for the purposes of this exercise we consider a £5,000 per dwelling allowance to be appropriate, plus £1,000 per dwelling to cover electric vehicle charging points. This is deemed to be meet the requirements of draft policy BAAP2.
- 3.2.5.** Please note, we are also conscious that the Future Homes standard is due to come into effect in 2025. However, we would comment on this as follows:

- The full details of the Future Homes Standard are unconfirmed. The expectation is that there will be a requirement for 75-80% less carbon emissions than homes built prior to the June 23 Part L & F Building Regulations changes. However, without final confirmation it is difficult to appropriately reflect these costs without the final details.
- It is unclear how the improvements in energy efficiency will impact on the 'end values' of dwellings. Our adopted values are essentially based on the values of dwellings prior to the introduction of the Part L & F changes in June 2023. It is likely that a dwelling which is more energy efficient (and therefore attracts lower energy bills) would have a higher market value when compared to a dwelling which is less efficient. It is conceivable that the majority (if not all) of the costs associated with delivering the Future Homes Standard would be offset by an improvement in the market value of the dwelling. This, at this stage, remains untested in the marketplace therefore it is difficult to appropriately balance this in the plan testing.

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

3.2.7. In terms of the water efficiency element to the policy, we are aware of the "Advice on water efficient new homes for England"³. This notes that the current Building Regulations has a standard of 125 litres per person per day. It goes on to suggest that the cost of delivering 110 litres per person per day would only be circa £9 per home. This is not therefore considered to have a material impact on viability.

³ <https://database.waterwise.org.uk/wp-content/uploads/2019/10/Advice-on-water-efficient-homes-for-England061118.pdf>

3.3. BAAP9: Nature

3.3.1. This refers to the national requirement for 10% Biodiversity Net Gain. However, the Council anticipates that only a small number of sites within Bootle will have Biodiversity Net Gain requirement.

3.3.2. Even so, the policy also goes on to state that schemes that do not have to provide Biodiversity Net Gain will be expected to “...take opportunities for securing measurable net gains for biodiversity within the development”. The Council, though, envisages that this could be delivered through typical landscaping and boundary treatments, which are costed in the appraisal through the ‘externals’ allowance (see below Section 4). No further explicit cost allowance is therefore deemed necessary for this particular policy requirement.

3.4. BAAP17: Affordable Housing

3.4.1. For all new residential developments providing 15 or more dwellings there is a requirement for a minimum 15% affordable housing provision, with the tenure split as follows:

- Minimum 33% affordable or social rented
- Minimum 25% First Homes
- Up to 42% discounted homes for sales (which could include shared ownership and First Homes)

3.4.2. Our modelling subsequently reflects this policy requirement.

3.5. Housing Mix

3.5.1. For all new residential developments providing 25 or more dwellings there is a requirement for the following:

- A minimum of 25% of market housing should be 1- or 2-bedroom properties
- A minimum of 40% of market housing should be 3-bedroom properties
- A minimum of 25% of affordable housing (rented or for sale) should be 1-bedroom properties
- A minimum of 60% of affordable housing (rented or for sale) should be 1 or 2-bedroom properties
- A minimum of 85% of affordable housing (rented or for sale) should be 1, 2 or 3-bedroom properties

3.5.2. For our 25 house typology we have subsequently assumed the following:

- 1/2 bed terrace (70 sq m) 7 units
- 2/3 bed terrace / semi (90/105 sq m depending on density) 10 units
- 3/4 bed terrace / semi (110/130 sq m depending on density) 8 units
- Of the above 2 are assumed to be Affordable Rented each 1 or 2 bed
- Of the above 2 are assumed to be First Homes each 2 or 3 bed

3.5.3. For our 50 house typology we have subsequently assumed the following:

- 1/2 bed terrace (70 sq m) 12 units
- 2/3 bed terrace / semi (90/105 sq m depending on density) 20 units
- 3/4 bed terrace / semi (110/130 sq m depending on density) 18 units
- Of the above 3 are assumed to be Affordable Rented each 1 or 2 bed
- Of the above 5 are assumed to be Shared Ownership or First Homes each 2 or 3 bed

3.5.4. For our 100 house typology we have subsequently assumed the following:

- 1/2 bed terrace (70 sq m) 25 units
- 2/3 bed terrace / semi (90/105 sq m depending on density) 40 units
- 3/4 bed terrace / semi (110/130 sq m depending on density) 35 units
- Of the above 5 are assumed to be Affordable Rented each 1 or 2 bed
- Of the above 10 are assumed to be Shared Ownership or First Homes each 2 or 3 bed

3.6. M4(2) and M4(3) accessibility and adaptability

3.6.1. All new homes are to be built to M4(2) accessibility and adaptability standard. On schemes of 50 or more dwellings, there is also a requirement that 5% of the housing is provided as the enhanced M4(3) 'wheelchair' user home.

3.6.2. We have undertaken Local Plan studies recently where an allowance equivalent to £7 per sq m has been applied to cover the M4(2) standard requirement. This is deemed to be appropriate here and has been included in addition to the standard plot cost.

3.6.3. For the M4(3) standard we have recently completed Local Plan studies where an allowance equivalent to £400 per sq m has been adopted in the modelling. We consider this allowance to be appropriate for the purposes of this exercise.

3.7. BAAP24: Environment improvement

3.7.1. For schemes of 10 or more homes this policy requires a capital contribution of £2,577 per home. We have reflected this in the modelling.

3.8. Recreation Mitigation

3.8.1. New build scheme of 10 or more homes must meet the requirements of the Habitats Regulations in relation to recreation pressure on the Sefton Coast, in line with Local Plan policy NH2 'Nature' and the Nature Conservation SPD. Applicants may wish to 'opt in' to the approach set out in the Information Note 'Managing and mitigating the impact of recreation pressure on the Sefton Coast' approved in June 2023. As this site is in the 'coastal zone', the opt in approach would mean a contribution of £348 per new home (2023/24 rates). As this is a legal requirement, this cannot be offset due to viability issues. We have reflected this in the modelling.

4. Typology Viability Assumptions

4.1. Typologies

4.1.1. As set out above in paragraph 2.3.7, we have adopted the following typologies for the purposes of the exercise:

- 5 houses brownfield
- 10 houses brownfield
- 15 houses brownfield
- 25 houses brownfield
- 50 houses brownfield
- 100 houses brownfield
- 6 apartments brownfield
- 12 apartments brownfield
- 24 apartments brownfield
- 50 apartments brownfield

4.1.2. For the house typologies, we have tested these at both 40 dwellings per net Ha density and 50 dwellings per net Ha density.

4.1.3. In terms of dwelling mix, have reviewed the Council's policy requirements, we have adopted the following:

Typology	1/2b terr	2/3b terr/semi	3/4b terr/semi	3/4b terr/semi/det
5/10 housing	30%	40%	40%	-
15 housing	30%	40%	30%	-
25 housing	30%	40%	30%	-
50/100 housing	25%	40%	-	35%

4.1.4. For the apartment typologies we have assumed a 50/50 split between 1 and 2 bed flats.

4.1.5. As for dwelling sizes, we have assumed the following:

- **5/10/15 housing typology:** for 40 dwellings per net Ha average size 90 sq m, increased to 105 sq m for 50 dwellings per net Ha scenario.
- **25 housing typology:** for 40 dwellings per net Ha average 1/2 bed terrace size 70 sq m, 2/3 bed semi / terrace size 90 sq m, 3/4 bed semi / terrace 110 sq m. For the 50 dwellings per net ha scenario the 2/3 bed semi / terrace is increased to 105 sq m and the 3/4 bed semi / terrace to 130 sq m.
- **50/100 housing typology:** for 40 dwellings per net Ha average 1/2 bed terrace size 70 sq m, 2/3 bed semi / terrace size 90 sq m, 3/4 bed semi / terrace / detached 120 sq m. For the 50 dwellings per net ha scenario the 2/3 bed semi / terrace is increased to 105 sq m and the 3/4 bed semi / terrace / detached to 105 sq m.
- **Apartment typologies:** average apartment size of 62.5 sq m.

4.2. Gross to net ratios

4.2.1. As discussed in Section 3, it is anticipated that the majority of sites will be not be significantly affected by Biodiversity Net Gain requirements. Furthermore, the Bootle Area Action Plan allocations does not require new public open space on new developments. In light of this, and based on our experience, we deem the following gross to net ratios to be appropriate:

- 5/10/15 houses brownfield 90%
- 25 houses brownfield 85%
- 50/100 houses brownfield 80%
- Apartments brownfield 90%

4.3. Gross Development Value

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

4.3.2. In terms of evidence, we have initially focused on new build housing / apartments across the Bootle Area Action Plan boundary (or schemes which are close by to this). We have looked to identify sales through the Land Registry and, where possible, cross-reference this with the individual dwellings sizes as shown through the Energy Performance Certificate records. This enables us to establish a rate per sq m, which is a useful way of distilling values and allowing for analysis between different size and type dwellings.

4.3.3. In terms of the Bootle Area Action Plan boundary, the majority of this is covered by postcode 'L20'. We have therefore initially focused on this postcode area when researching new build transactions through the Land Registry. However, since Jan 2021 only 8 new build transactions are recorded on the Land Registry, as follows:

L20 New Build transactions since Jan 2021

Address	Pcode	Sq m	£ psm	Price	Date	Type
26, WISHING WELLS LITHERLAND ROAD	BOOTLE L20 3JF	54	£1,611	£ 87,000	14/01/2021	Flat
2F HARRIS DRIVE	BOOTLE L20 6LG	77	£2,273	£174,995	22/02/2021	Semi
1 ST ELIZABETH AVENUE	BOOTLE L20 6FA	79	£2,152	£169,995	09/04/2021	Semi
1 SPRINGWELL ROAD	BOOTLE L20 6LU	80	£1,987	£158,995	23/02/2021	Semi
5 SPRINGWELL ROAD	BOOTLE L20 6LU	80	£1,987	£158,995	08/01/2021	Semi
2D HARRIS DRIVE	BOOTLE L20 6LG	83	£2,108	£174,995	09/02/2021	Semi
		79.8	£2,102			
3 SPRINGWELL ROAD	BOOTLE L20 6LU	96	£2,083	£199,995	08/01/2021	Detached
2E HARRIS DRIVE	BOOTLE L20 6LG	97	£2,268	£219,995	12/04/2021	Detached
		96.5	£2,176			

4.3.4. However, these sales are now around 3 years old and there has been significant inflation since this time. We have subsequently referred to the House Price Index and note that the average house price in Sefton as at Mar 2021 (deemed to be a reasonable average point in time for this dataset) was £183,301. The average house price in Sefton as at Dec 23 (the latest point currently shown in the data) is £212,200. This is an increase of 15.77%. However, it is accepted that this covers all areas of Sefton, including some higher value areas. Adopting a cautious approach, we therefore consider a 10% uplift to be reasonable to bring the above data into the current market. With 10% inflation allowed the above sales values adjust to the following:

L20 New Build transactions since Jan 2021 (with inflation)

Address	Pcode	Sq m	£ psm	Price	Date	Type
26, WISHINGWELLS LITHERLAND ROAD	BOOTLE L20 3JF	54	£1,772	£ 95,700	14/01/2021	Flat
2F HARRIS DRIVE	BOOTLE L20 6LG	77	£2,500	£192,495	22/02/2021	Semi
1 ST ELIZABETH AVENUE	BOOTLE L20 6FA	79	£2,367	£186,995	09/04/2021	Semi
1 SPRINGWELL ROAD	BOOTLE L20 6LU	80	£2,186	£174,895	23/02/2021	Semi
5 SPRINGWELL ROAD	BOOTLE L20 6LU	80	£2,186	£174,895	08/01/2021	Semi
2D HARRIS DRIVE	BOOTLE L20 6LG	83	£2,319	£192,495	09/02/2021	Semi
		79.8	£2,312			
3 SPRINGWELL ROAD	BOOTLE L20 6LU	96	£2,292	£219,995	08/01/2021	Detached
2E HARRIS DRIVE	BOOTLE L20 6LG	97	£2,495	£241,995	12/04/2021	Detached
		96.5	£2,393			

4.3.5. In terms of other postcodes, part of the southern section of postcode area 'L30' covers the Bootle Area Action Plan. However, there are no new build transactions recorded on the Land Registry in postcode area L30 since Jan 2021.

4.3.6. Finally, the southern section of postcode area 'L21' (to the south of Princess Way) also forms part of the Bootle Area Action Plan. Again, though, no new build transactions are recorded in 'L21' since Jan 2021.

4.3.7. Given the lack of transactional evidence since Jan 2021 we have subsequently also considered whether there are any ongoing new build schemes in Bootle currently being marketed for sale. We note the following:

St Wilfrid’s Place – Bellway Homes

House name	Type	Sq m	Asking	Asking psm
The Blacksmith	2b semi	59.73 sq m	£195,995	£3,281 psm
The Tailor	3b semi	74.51 sq m	£234,995	£3,154 psm
The Baxter	3b det	92.06 sq m	£271,995	£2,954 psm
The Coppersmith	3b det	95.32 sq m	£269,995	£2,833 psm
The Mason	3b det	98.38 sq m	£294,995	£2,998 psm
The Cobbler	4b det	106.46 sq m	£327,995	£3,081 psm

- Situated to the east of Hawthorne Rd, west of Orrell Rd and the south of A5036 Church Rd (the northern boundary to the Bootle Area Action Plan).
- This shows that for a good quality, volume house builder product, asking prices within the Bootle Area Action Plan can push circa £3,000 per sq m.

Morris Meadows, Park Lane – One Vision Housing Group

House name	Type	Sq m	MV	MV psm
The Cavendish	3b semi	83.00 sq m	£235,000	£2,831 psm
The Leighton	2b semi	71.40 sq m	£195,000	£2,731 psm

- Whilst situated in Netherton, this is only a few hundred metres to the north eastern edge of the Bootle Action Area and is therefore deemed to be a useful point of comparison (also, like St Wilfrid’s Place, just to the south of A5036).
- These are being marketed as 25% shared ownership. The market values are therefore projected based on the value given for the 25% share.
- For typically sized 2 storey semi dwellings this suggests a value expectation in the region of £2,700 - £2,850 per sq m.

Liverpool Apartments, Bootle L20

3/7/24, 1:51 PM

1 bedroom apartment for sale in Liverpool Apartments, Bootle, L20

rightmove



NEW HOME

£131,500

Added on 21/02/2024

MARKETED BY

Properly, London

13 Palace Street London SW1E
5HX



PROPERTY TYPE
Apartment

BEDROOMS
1

BATHROOMS
1

Call agent

Request details

- We note the above currently being advertised, although it is unclear precisely which scheme this relates to.
- The advert goes to state that the scheme will be completed in "Q4 2024"
- 1 bed flats are 44 sq m in size. The asking price of £119,000 and £131,500. There are also 2 beds being marketed at £154,000 and £170,000.

Stanley Rd, Bootle

- Located close to Bootle town centre.
- New development where there is a 1 bed flat available for sale at £127,250 and another at £130,000.

4.3.8. As shown above, values expectation for new build housing and flats ranges broadly from circa £2,750 to £3,000 per sq m.

4.3.9. However, we are conscious that this is derived from a relatively small sample of new build evidence. We have subsequently also considered recent 'second-hand' sales / current asking prices from across Bootle, focusing on more modern dwellings. We note:

Terraced: second-hand, modern



- 79 Westfields Drive, Bootle
- Built around 2012
- 2 bed mid terrace 57 sq m
- Sold for £150,000 (£2,632 per sq m) in Jul 23



- 49 Westfields Drive, Bootle
- Built around 2012
- 2 bed mid terrace 69 sq m
- Sold for £150,000 (£2,174 per sq m) in Aug 23



- 43 Keble Rd, Bootle
- Built around 2014
- 2/3 bed mid terrace 71 sq m
- Sold for £150,000 (£2,113 per sq m) in Aug 23



- 93 Queens Rd, Bootle
- Built around 2013
- 2 bed terrace 66 sq m
- Sold for £145,000 (£2,197 per sq m) in Jul 23



- 24 Hertford Road, Bootle
- Built around 2013
- 3 bed terrace 2.5 storey 98 sq m
- Current asking price £165,000 (£1,684 per sq m)



- William Henry St, Bootle
- Modern (unknown build date)
- 3 bed terrace 2.5 storey size unknown
- Current asking price £165,000



- 45 Keble Rd, Bootle
- Built around 2014
- 2/3 bed end terrace 71 sq m
- Current asking price £165,000 (£2,324 per sq m)



- 67 Primary Avenue, Bootle
- Built around 2003
- 3 bed mid terrace 80 sq m
- Current asking price £160,000 (£2,000 per sq m)



- Barnton Close, Bootle
- Built around 2008
- 2 bed mid terrace size unknown
- Current asking price £140,000

4.3.10. Whilst a relatively small sample, for the most recently built terraces (within the last 5 – 10 years) the above suggests a value range of circa £2,100 to £2,600 per sq m for 2 storey terraces, with an average across the sample of £2,288 per sq m. We would expect a new build to attract a premium above this, to reflect factors such as the purchaser benefiting from the full 10 years Building Warranty, the latest specifications / Building Regulations, the prestige of being the first to own the property etc.

4.3.11. We note, though, that this is significantly below the St Wilfrid's asking price of £195,995 for a 2 bed 60 sq m terrace (£3,281 per sq m), albeit accepting that this is only an asking price (and may therefore reduce if sales incentives are used to drive sales). There is perhaps a differential due to locational factors, with the above evidence typically reflecting homes in long, traditional terraced arrangements whereas St Wilfrid's Place is perhaps more reflective of a modern volume housebuilder scheme (in terms of design, curving roads and open spaces to maximise open feel etc). This suggests there may therefore be an uplift in value possible if a scheme comes forward which moves away from the traditional terraced arrangement of long rows.

4.3.12. That said, we do note that the Morris Meadows scheme also suggests a higher rate per sq m, in excess of £2,700 per sq m. The new build evidence (as opposed to the adjusted 'second-hand' modern housing evidence) does suggest values in excess of £2,700 per sq m, potentially in excess of £3,000 per sq m.

4.3.13. In terms of the 2.5 / 3 storey dwellings identified, the rate per sq m reduces (which is in line with expectations and in keeping with what we see elsewhere for 2.5 / 3 storey dwellings). 3 bed terraces (albeit sizes unknown) point to a value in the region of £160,000 to £165,000, which would suggest in the region of £180,000 if a new build premium is allowed.

4.3.14. Having considered the above, for our 'base' model we have adopted an average value of £2,750 per sq m for a 2 bed terrace of 70 sqm (i.e. £192,500). However, we have also undertaken sensitivity testing to reflect the potential for an uplift (in keeping with the St Wilfrid's Place evidence).

4.3.15. In terms of 2/3 bed semi detached evidence:

Semi: second-hand, modern



- 9 Lincoln Crescent, Bootle
- Built around 2012
- 3 bed semi 103 sq m
- Sold for £186,000 (£1,806 per sq m) in Nov 23



- 36 Pennington Avenue, Bootle
- Built around 2007
- 2 bed semi 53 sq m
- Sold for £140,000 (£2,642 per sq m) in Sep 23



- Roseworth Avenue
- Built around 2000
- 3 bed semi 83 sq m
- Current asking price £199,999 (£2,410 per sq m)



- Fernbank Drive, Bootle
- Modern (unknown when built)
- 3 bed semi 73.3 sq m
- Current asking price £190,000 (£2,592 per sq m)



- Eleanor Road, Bootle
- Modern (unknown when built)
- 3 bed semi 76.3 sq m
- Current asking price £190,000 (£2,490 per sq m)



- 54 Lincoln Crescent, Bootle
- Built around 2011
- 3 bed end terrace 80 sq m
- Current asking price £170,000 (£2,125 per sq m)

4.3.16. The majority suggest a value 'tone' in the region of £2,500 per sq m for circa 75 to 85 sq m semi-detached dwellings (but again a premium uplift would need to be applied for new build). At St Wilfrid's Place again the evidence suggests value expectations are in excess of £3,000 per sq m. At Morris Meadows the value is in excess of £2,800 per sq m for a 3 bed semi of 83 sqm.

4.3.17. Having considered the above, for the purposes of our modelling, we have allowed an average £2,750 per sq m for a 3 bed terrace / semi (slightly adjusted to reflect this being larger and also to include some terraced units which pulls down the average), which equates to £247,500. However, in our 50 dwelling per net Ha typology we have assumed that the average size of these units would increase to 105 sq m. Based on our review of the above and our wider experience in the market, we consider a circa 10% to 15% deduction to be appropriate to the rate per sq m. We have adopted £2,400 per sq m (£252,000 per unit).

4.3.18. As for the detached evidence:

Detached: second-hand, modern



- 16 Edith Close, Bootle
- Built around 2020
- 3 bed detached 93 sq m
- Sold for £241,000 (£2,591 per sq m) in Apr 23



- 89 Monfa Road, Bootle
- Built around 2014
- 3 bed detached 97 sq m
- Sold for £225,000 (£2,320 per sq m) in Mar 23



- Kingfield, Bootle
- Modern (Unknown when built)
- 4 bed detached 110.6 sq m
- Current asking price £280,000 (£2,532 per sq m)



- Westfields Drive, Bootle
- Modern (Unknown when built)
- 4 bed detached 109.4 sq m
- Current asking price £275,000 (£2,514 per sq m)

4.3.19. Again, the general value 'tone' is around £2,500 per sq m above, whereas St Wilfrid's suggests circa £2,900 to £3,000 per sq m.

4.3.20. As our 4 bed dwelling type of 110 sq m includes terraces, semi and detached (with 2 and 3 storey properties) we have looked to adopt a ‘blended’ rate to cover these variations. We consider £2,600 per sq m to be reasonable for the 40 dwellings per net Ha. For the 50 dwelling per net Ha testing, to reflect quantum (larger dwellings of a particular type typically generate a lower rate per sq m) we have adjusted the average rate down to £2,500 per sq m.

4.3.21. As for apartments, for new build 1 bed flats, based on the 2 schemes above, we consider an average of £120,000-£130,000 to be appropriate. For a 2 bed flat we consider £150,000-£175,000 to be realistic. On a ‘blended’ basis, for both 1 and 2 beds, this equates to an average of £145,000.

4.3.22. For Affordable Rented units, based on our experience across the wider market, we have assumed 50% of market value. For the ‘shared ownership’ we have assumed 67.5% on market value. Finally, for First Homes, the guidance indicates that a minimum discount of 30% is to be applied. On this basis, we have assumed 70% of the equivalent market value.

4.4. Plot construction costs

4.4.1. Plot construction costs relate to the sub-structure and super-structure. To establish these costs, the Build Cost Information Service (“BCIS”) is a favoured tool in the industry, particularly for the purposes of an area wide study. This is because the data, which is based on voluntary tender information submitted to the RICS, gives a rate per sq m to apply to an assessment. Furthermore, it also can be rebased to particular locations, and can also be adjusted dependent on the size of the dwellings (for example a rate is given for 2 storey housing and a separate rate for single storey dwellings), therefore giving greater accuracy. The use of this data for the purposes of plan-wide viability testing is supported in the Planning Practice Guidance: Viability.

- 4.4.2.** However, the BCIS data does not include externals, contingency, Part L changes (at least at the current time), abnormal costs and professional fees and therefore these have to be allowed for separately in the appraisals.
- 4.4.3.** To give the BCIS data some context, between January 2015 and Aug 2023 there were 141 separate housing (only) schemes across the UK which were used for 'elemental' analysis in determining the various BCIS rates. Of this sample, the size of schemes ranged from 1 house to 239 houses, with an average of 25.28 houses per scheme submitted into the data. 59.57% of the sample comprised schemes consisting of 20 houses or less and only 10.64% of the sample (15 schemes) comprised 50 or more dwellings. In other words, the vast majority of the data used for analysis when determining the various BCIS rates was derived from small schemes implemented by either local or relatively small contractors. The efficiency savings that a volume housebuilder is able to make with respect to both labour and material are not therefore reflected in the figures. On this basis, the BCIS rates can be regarded as being high compared to the costs incurred by volume house builders. For this reason, the BCIS median rate is not generally used when considering a scheme that would be implemented by a volume house builder.
- 4.4.4.** For smaller schemes, the median rate is therefore generally deemed to be appropriate (as this is reflective of the rate per sq m experienced by smaller housebuilders building smaller schemes, who cannot therefore access the efficiency savings of a national volume house builder). Instead, we find that the BCIS lower quartile is routinely used when assessing the viability of scheme that would be delivered by a volume regional or national housebuilder (typically deemed to be schemes of 50 or more dwellings).
- 4.4.5.** For clarity, when testing the housing typologies, we consider it appropriate to apply the BCIS lower quartile rate for schemes of 50 or more dwellings. For those housing schemes below 50 units the BCIS is deemed to be applicable.

4.4.6. For apartment schemes, as these do not typically attract volume homebuilders, the median rate is deemed to be appropriate. However, typically, the higher the number of storeys the higher the rate per sq m. For the 6 and 12 apartment models we have assumed these would be provided through 2 storey buildings. However, for the 24 and 50 apartment typologies we have assumed that these would be delivered through buildings of at least 3 storeys (and therefore have consider a different rate to the 2 storey figure).

4.4.7. Adopting the current BCIS ‘default’ figures (rebased to Sefton) The plot costs used in our updated modelling are therefore as follows:

Plot construction costs (£ per sq m)

Site type (dwellings)	BCIS rate used	Rate (£ per sq m)
5/10/15/25 housing	Median	£1,510
50/100 housing	Lower Quartile	£1,337
6/12 Apartments	Median 2 storey	£1,657
24/50 Apartments	Median 3 storey	£1,739

4.5. External / Site Infrastructure

4.5.1. Based on our experience, external / infrastructure costs can typically fluctuate from circa 10% to 20% of the plot construction cost. However, not all housebuilders / developers allocate the same costs under the same labels (for example some parties may consider flood risk mitigation works to be an abnormal cost, whilst others may allocate it as a standard external allowance). For the purposes of this study we have taken external costs / site infrastructure to include ‘standard’ requirements for roadways, drainage, all services, parking, footpaths, landscaping and any other typical construction costs that falls outside the curtilage of the dwellings.

4.5.2. By way of evidence, we have reviewed the external cost allowances put forward by applicants in their own viability appraisals (from schemes appraised within the last 2 years or so)::

Housing

Local Authority	Date of appraisal	Units	Externals (% of build cost)
North Yorkshire Council	Feb-23	9	10.00%
Ribble Valley BC	Dec-22	9	10.58%
Selby District Council	Apr-22	11	5.00%
North Kesteven DC	May-22	12	15.00%
Wakefield District Council	May-22	12	10.13%
Lancaster CC	Sep-23	14	15.00%
Amber Valley	May-23	15	15.00%
Wirral Borough Council	Mar-23	15	15.00%
Barnsley BC	Aug-23	17	10.00%
Ashfield	Nov-22	18	15.00%
Liverpool CC	Mar-22	19	21.44%
Mansfield DC	Sep-23	19	24.28%
Barnsley BC	Mar-23	22	15.00%
North East Derbyshire	Sep-22	22	15.00%
Lancaster CC	Nov-23	23	10.65%
Ashfield	Feb-23	24	15.00%
Lancaster CC	Jul-22	25	18.50%
Nottingham City	Jul-23	26	15.00%
Amber Valley	Oct-23	31	15.00%
Amber Valley	Aug-22	34	12.50%
Amber Valley	Mar-23	34	15.00%
Sefton MBC	Aug-23	36	10.09%
Lancaster CC	Mar-23	45	15.00%
Amber Valley	Aug-23	51	15.00%
Barnsley BC	Mar-23	51	15.00%
Lancaster CC	Mar-23	57	19.73%
Bolsover DC	Oct-23	58	9.58%
Northumberland CC	Sep-23	61	15.00%
Northumberland CC	Mar-22	64	15.00%
Wakefield District Council	Apr-23	66	11.75%
Ribble Valley BC	Dec-22	74	21.86%
North Yorkshire Council	Dec-23	79	10.00%
North Yorkshire Council	Jul-23	93	14.48%
North Yorkshire Council	Oct-23	109	9.24%
			14.11%

4.5.3. The average across the sample is therefore just over 14% of the plot construction costs.

4.5.4. Generally, we would expect smaller schemes (with less requirement for estate roads) to have lower external cost allowances. Although a small sample, this is shown through the attached with schemes providing less than 15 houses showing an external cost of 10.95%.

4.5.5. In terms of apartments, we note the following:

Apartments

Local Authority	Date	Units	Externals (% of build cost)
Breckland Council	Apr-22	12	5.87%
Broxtowe BC	Apr-23	14	5.00%
Nottingham City	Aug-23	15	5.00%
Lincoln CC	Oct-22	18	10.00%
Calderdale MBC	Nov-23	20	5.00%
Nottingham City	Nov-22	22	10.00%
Hyndburn Borough Council	Sep-23	22	5.00%
Preston City Council	Jan-23	24	5.00%
Rushcliffe BC	Oct-22	26	5.00%
East Staffordshire BC	Jul-22	29	5.00%
Nottingham City	Jul-22	29	5.00%
Tameside MBC	Apr-22	33	11.18%
Tameside MBC	Apr-23	33	5.00%
Sheffield CC	Oct-22	35	5.00%
Liverpool CC	Dec-23	45	0.67%
Lincoln CC	Jul-22	47	10.00%
Sheffield CC	May-22	55	5.00%
Sheffield CC	Sep-22	59	0.53%
Calderdale MBC	Mar-23	60	5.00%
			5.70%

4.5.6. The average is significantly lower than the housing schemes, with an average closer to 5%.

4.5.7. Having considered the above evidence and based on our own experience, we consider a 10% of plot costs allowance to be appropriate for the 5 and 10 house typologies. For the 15, 25, 50 and 100 we have increased this to 15%. For the apartments we have adopted 5%.

4.6. Part L Building Regulations and Electric Vehicle Charging

- 4.6.1.** The BCIS rate excludes the Part L and F allowance. Please note, the Part L & F Building Regulations changes require a 31% reduction in CO2 emissions. This came into full effect from June 2023 and therefore these changes will impact on the subject site. The Department of Levelling Up, Housing and Communities impact assessment suggested that the most cost effective route to meeting the interim standards was through the use of Air Source Heat Pumps. This estimates an additional average cost per dwelling of £4,070. In other schemes we are appraising typically developers are allowing for the installation of heat pumps and some improvement to general insulation.
- 4.6.2.** Where the BCIS rates are applied, it is stressed that these figures already allow for existing heating systems inherently within the costings. These costs therefore have to be deducted before the new heat pump costs are applied (otherwise there would be a double-counting of heating systems within each dwelling). Adding the heat pump costs on top would therefore, in our view, reflect double-counting, therefore some allowance for this needs to be factored into the rate used for the Part L & F changes. Based on other schemes we have appraised and adopting a cautious approach we consider a £5,000 per dwelling allowance to be reasonable for the Part L & F Building Regulations changes.
- 4.6.3.** It is also the case that the BCIS rates do not currently cover the requirement for Electric Vehicle charging points on new homes. Based on individual schemes we have appraised (across the country) we deem an additional allowance of £1,000 per dwelling to be sufficient to meet these costs.

4.7. Contingency

4.7.1. We would stress that contingency is ultimately a figure which may never be realised by a developer (and there is a line of argument to say that a contingency should not be allowed in viability testing for this reason, as essentially 'risk' is reflected already in developer profit). In other words, this is a cost which may never be drawn upon by the developer in which case this simply becomes an additional profit, potentially at the expense of planning policy requirements.

4.7.2. However, and notwithstanding this, it is common practice to apply contingencies to viability modelling (as well as this approach being approved through the viability guidance) therefore we are of the view that it is appropriate to make some allowance for contingency in the appraisal, albeit not overstating this given the pressures on Councils to deliver planning policies. We consider that a 3% allowance reflects a reasonable balance between the need to include some level of contingency but also the Council's need to deliver planning policies.

4.8. Abnormals / Site Specific Infrastructure Works

4.8.1. Costs of this nature can be defined as construction costs which are over and above the standard requirements of a housing / apartment scheme. This can include a variety of costs, such as remediation works, decontamination, demolition, enhanced foundation solutions, flood mitigation works, 'opening' infrastructure works etc.

- 4.8.2.** By their very nature, these costs are bespoke to the specific circumstances of individual sites. These can therefore fluctuate from zero to potentially millions of pounds, dependent on factors such as ground conditions, whether there are existing buildings in situ, access, existing services, impact of neighbouring sites etc. When undertaking typology testing it is therefore impossible to cover every potential level of abnormal / site specific infrastructure costs which could impact on a site.
- 4.8.3.** This is because the guidance is clear that there is a relationship between the level of abnormal / site specific infrastructure works and the level of benchmark land value. This is set out in the Planning Practice Guidance: Viability which states that the impact of abnormal / site specific infrastructure works, as much as possible, should be reflected in the corresponding benchmark land value (as much as possible). In other words, as abnormal / site specific infrastructure work increase the benchmark land value should decrease and vice versa. To some degree the impact of abnormal costs can be offset in the land price (at least when determining viability).
- 4.8.4.** In practical terms, though, it is not always the case that if abnormal costs go up by £100,000 per Ha the land value will always decrease by £100,000 per Ha (or vice versa), as the land value still has to be at a sufficient level to incentivise a landowner to release the site for development. For example, if a site has an existing use value as an agricultural field at £25,000 per Ha and, after abnormal costs are deducted, a residential scheme can only deliver a land value of £30,000 per Ha then this would not represent a sufficient incentive for a landowner to release the site for development. There still has to be some sort of suitable premium above the existing use value. However, it is reasonable that the burden of the higher abnormal costs on a development should not fall solely on the Council through a reduction in their planning policies. The principle that the land value must bear the most significant proportion of any abnormal costs is a sound one.

- 4.8.5.** In short, changes in abnormal costs are of course significant. However, when assessing viability, they should be balanced against land value (which can serve to dampen the effect of abnormal costs on the overall viability outcome).
- 4.8.6.** Within this context, and acknowledging that whatever abnormal / site specific infrastructure costs are allowed this has to be balanced with the level of benchmark land value (therefore dampening the overall effect that changes to the abnormal has on the viability outcome) we have adopted abnormal / site specific infrastructure costs at a rate of £300,000 per net Ha. We have then looked to balance this allowance with the level of corresponding benchmark land value.

4.9. Professional fees

- 4.9.1.** This includes costs for architects, quantity surveyors, engineers, project management etc, as well as the Building Warranties. This is usually expressed as a percentage of the plot construction and standard external costs.
- 4.9.2.** By way of evidence, we have again referred to the examples identified from individual planning applications that we have been involved with since 2022 (set out within the 'externals' subsection above). This details the individual assumptions put forward by applicants in their own appraisals (and does not therefore reflect our own opinions). For professional fees, we note the following allowances put forward:

Housing

Local Authority	Date of appraisal	Units	Prof fees (applied to build)
North Yorkshire Council	Feb-23	9	7.85%
Ribble Valley BC	Dec-22	9	5.77%
Selby District Council	Apr-22	11	8.24%
North Kesteven DC	May-22	12	9.13%
Wakefield District Council	May-22	12	7.66%
Lancaster CC	Sep-23	14	2.58%
Amber Valley	May-23	15	8.00%
Wirral Borough Council	Mar-23	15	6.95%
Barnsley BC	Aug-23	17	6.89%
Ashfield	Nov-22	18	5.66%
Liverpool CC	Mar-22	19	6.89%
Mansfield DC	Sep-23	19	6.12%
Barnsley BC	Mar-23	22	10.00%
North East Derbyshire	Sep-22	22	9.94%
Lancaster CC	Nov-23	23	10.07%
Ashfield	Feb-23	24	1.46%
Lancaster CC	Jul-22	25	8.70%
Nottingham City	Jul-23	26	10.43%
Amber Valley	Oct-23	31	8.00%
Amber Valley	Aug-22	34	5.92%
Amber Valley	Mar-23	34	5.78%
Sefton MBC	Aug-23	36	7.69%
Lancaster CC	Mar-23	45	7.94%
Amber Valley	Aug-23	51	8.60%
Barnsley BC	Mar-23	51	8.04%
Lancaster CC	Mar-23	57	9.26%
Bolsover DC	Oct-23	58	7.07%
Northumberland CC	Sep-23	61	4.80%
Northumberland CC	Mar-22	64	7.12%
Wakefield District Council	Apr-23	66	8.00%
Ribble Valley BC	Dec-22	74	2.78%
North Yorkshire Council	Dec-23	79	5.71%
North Yorkshire Council	Jul-23	93	5.90%
North Yorkshire Council	Oct-23	109	6.00%
			7.09%

4.9.3. The average across the sample is therefore just over 7% of the plot construction costs. Generally, we would expect larger schemes (for reasons of quantum) to have lower professional fees costs. This is not shown through the above, however this may be due to some outlying examples.

4.9.4. In terms of the apartments, we note the following:

Apartments

Local Authority	Date	Units	Prof fees (applied to build)
Breckland Council	Apr-22	12	15.75%
Broxtowe BC	Apr-23	14	7.50%
Nottingham City	Aug-23	15	6.78%
Lincoln CC	Oct-22	18	7.29%
Calderdale MBC	Nov-23	20	6.96%
Nottingham City	Nov-22	22	8.84%
Hyndburn Borough Council	Sep-23	22	10.00%
Preston City Council	Jan-23	24	7.35%
Rushcliffe BC	Oct-22	26	6.78%
East Staffordshire BC	Jul-22	29	7.00%
Nottingham City	Jul-22	29	6.29%
Tameside MBC	Apr-22	33	11.91%
Tameside MBC	Apr-23	33	11.00%
Sheffield CC	Oct-22	35	8.90%
Liverpool CC	Dec-23	45	8.00%
Lincoln CC	Jul-22	47	9.73%
Sheffield CC	May-22	55	5.22%
Sheffield CC	Sep-22	59	8.65%
Calderdale MBC	Mar-23	60	9.94%
			8.63%

4.9.5. The average is closer to 9%. Again, we would expect some saving on the percentage for larger scale schemes, for reasons of quantum.

4.9.6. Having considered the above, for the 5 and 10 housing typologies we have adopted professional fees equivalent to 9%, reduced to 8% for the 15 house scheme and 7% for the 25, 50 and 100.

4.9.7. As for the apartments, we have adopted 10% for the 6 and 12 unit typology, reduced to 9% for the 24 and 8% for the 50.

4.10. Marketing and legal costs

4.10.1. These are normally expressed as a percentage of revenue, plus an allowance on a 'per dwelling' basis to cover legal costs. By way of evidence, we have again referred to the examples identified from individual planning applications that we have been involved with since 2022 (set out within the 'externals' subsection above). This details the individual assumptions put forward by applicants in their own appraisals (and does not therefore reflect our own opinions). For marketing / disposal fees, we note:

Housing

Local Authority	Date of appraisal	Units	Marketing
North Yorkshire Council	Feb-23	9	1.32%
Ribble Valley BC	Dec-22	9	0.46%
Selby District Council	Apr-22	11	2.73%
North Kesteven DC	May-22	12	1.50%
Wakefield District Council	May-22	12	1.00%
Lancaster CC	Sep-23	14	3.00%
Amber Valley	May-23	15	2.00%
Wirral Borough Council	Mar-23	15	2.03%
Barnsley BC	Aug-23	17	2.50%
Ashfield	Nov-22	18	2.00%
Liverpool CC	Mar-22	19	2.50%
Mansfield DC	Sep-23	19	0.88%
Barnsley BC	Mar-23	22	3.00%
North East Derbyshire	Sep-22	22	3.00%
Lancaster CC	Nov-23	23	3.00%
Ashfield	Feb-23	24	1.50%
Lancaster CC	Jul-22	25	3.00%
Nottingham City	Jul-23	26	2.37%
Amber Valley	Oct-23	31	3.00%
Amber Valley	Aug-22	34	1.00%
Amber Valley	Mar-23	34	2.00%
Sefton MBC	Aug-23	36	2.46%
Lancaster CC	Mar-23	45	3.00%
Amber Valley	Aug-23	51	4.22%
Barnsley BC	Mar-23	51	2.50%
Lancaster CC	Mar-23	57	3.50%
Bolsover DC	Oct-23	58	3.00%
Northumberland CC	Sep-23	61	3.00%
Northumberland CC	Mar-22	64	3.00%
Wakefield District Council	Apr-23	66	2.00%
Ribble Valley BC	Dec-22	74	3.00%
North Yorkshire Council	Dec-23	79	2.50%
North Yorkshire Council	Jul-23	93	1.72%
North Yorkshire Council	Oct-23	109	2.50%
			2.36%

4.10.2. The average across the sample is therefore just under 2.5% of the revenue.

Generally, we would expect larger schemes to have higher sales / marketing costs (to reflect the requirement for a show home, onsite staff etc), whereas a smaller scheme can simply use a local agent. This is shown through the above, with schemes of 15 units or less showing an average under 2%.

4.10.3. In terms of the apartments, we note the following:

Apartments

Local Authority	Date	Units	Marketing
Breckland Council	Apr-22	12	1.32%
Broxtowe BC	Apr-23	14	3.00%
Nottingham City	Aug-23	15	2.00%
Lincoln CC	Oct-22	18	1.50%
Calderdale MBC	Nov-23	20	1.00%
Nottingham City	Nov-22	22	2.50%
Hyndburn Borough Council	Sep-23	22	3.00%
Preston City Council	Jan-23	24	3.50%
Rushcliffe BC	Oct-22	26	2.00%
East Staffordshire BC	Jul-22	29	2.00%
Nottingham City	Jul-22	29	1.00%
Tameside MBC	Apr-22	33	1.50%
Tameside MBC	Apr-23	33	1.50%
Sheffield CC	Oct-22	35	2.00%
Liverpool CC	Dec-23	45	3.00%
Lincoln CC	Jul-22	47	3.00%
Sheffield CC	May-22	55	0.51%
Sheffield CC	Sep-22	59	2.00%
Calderdale MBC	Mar-23	60	2.00%
			2.02%

4.10.4. Having considered the above, and based on our own experience in the market place, for the 5 and 10 housing typologies we have adopted marketing / disposal fees equivalent to 2%, increased to 2.5% for the 15, 25, 50 and 100 housing schemes. For the apartments, we have adopted 2% for the 6 and 12 typologies, increased to 2.5% for 24 and 50.

4.10.5. With regards to legal costs, we consider an allowance of £800 per dwelling to be reasonable.

4.11. Finance

4.11.1. Taking into account recent increases in the Bank of England Base Rate (to the current figure of 5.25%), we deemed a debit interest of 10% to be appropriate for smaller schemes of 5, 10 and 15 houses. For developments of 25, 50 and 100 we have reduced this to 9%. For all the apartment schemes we have applied 10%.

4.11.2. To calculate the finance, we have inputted our appraisal data into the ARGUS Development Appraisal Toolkit, which is an industry approved discounted cash flow model (appended to this report).

4.12. Developer profit

4.12.1. The Planning Practice Guidance: Viability refers to a range of developer's profit from 15% to 20% on revenue. It is stressed that profit is a function of risk and therefore it is appropriate to allow some fluctuation from site to site (as different sites carry different risks).

4.12.2. In our experience, the lower end of the profit range suggested in the Planning Practice Guidance: Viability typically applies to smaller scale developments, where the level of capital employed is repaid within a relatively short time period. Other factors also come into play, such as the level of associated abnormal costs, whether this is an established residential market, expected rates of sale etc. The upper end of the range is more often reserved for larger scale developments where the level of capital employed is significantly higher and the 'pay back' period is considerably longer (which increases the risks of, for example, economic conditions changing during the delivery process which could impact on the profitability of a site or the government introducing new national requirements which increases costs).

4.12.3. With regards to the affordable units, the rationale is that affordable dwellings can be ‘bulk sold’ to a single Registered Provider upon practical completion, often with a deal having been agreed before the construction works take place. This significantly reduces the risks associated with constructing these units (compared to market value dwellings that are constructed speculatively and then sold on an individual basis over time).

4.12.4. As advocated by the Planning Practice Guidance: Viability we therefore consider it appropriate to adjust the profit level dependent on the scheme in question. For the market value and First Homes units at housing schemes, we have adopted a profit equivalent to 15% on revenue for the 5 and 10 dwelling typology. For the 15 and 25 typology this is uplifted to 17.5% and finally 20% is applied to the 50 and 100 typologies. Similarly for the apartments (where the risk is arguably elevated as sales cannot commence until the entire property is completed), we have adopted 15% for the 6 apartment typology, 17.5% for the 12 and 20% for the 24 and 50 typologies. For any affordable rent and shared ownership (which would be ‘pre-sold’ to a Registered Provider and transferred in bulk) we have reduced the profit to 6% on revenue.

4.13. Benchmark Land Value

4.13.1. The Planning Practice Guidance: Viability states that the benchmark land value should be based on the existing use value plus a premium. It cannot, for example, be based on purchase price. Furthermore, the level of benchmark land value needs to reflect the level of abnormal / infrastructure costs which impact on the site, the professional fees and also the planning policy requirements. For this reason, a benchmark land value may differ from a land transaction (where perhaps ‘hope value’ for future development is included or that site had a different level of abnormal costs etc).

4.13.2. The first element of the assessment of the benchmark land value is therefore to determine the existing use value. The existing use value has to exclude any 'hope value' for future development and instead be based only on the current use of the property. For example, for a greenfield site this could be as a grazing field, for a brownfield site this could have an open air storage use or it could have an existing building in situ capable of being occupied.

4.13.3. The guidance is silent on the appropriate level of premium uplifts for both greenfield and brownfield sites. However, in our experience, brownfield premium uplifts typically range from circa 5% to 30% of the existing use value. The lower end of the range reflects sites where the existing use value is essentially redundant or the property has lay empty for an extended period. The upper end of the range typically reflects sites where there is a clear market for the existing use (perhaps even a tenant in situ). Furthermore, the level of abnormal costs also has an impact on this premium. If the abnormal costs are high, the premium uplift should push down and vice versa.

4.13.4. In summary, the key principles for establishing the benchmark land value are therefore as follows:

- The existing use value must disregard any hope value for future development.
- A BLV must reflect the implications of all abnormal costs, site specific infrastructure costs and professional fees. The inference being that the higher these costs are the lower the premium should be above the existing use value.

- Where market evidence is used to inform the benchmark land value this should only be based on schemes which are compliant with the full planning policies (including affordable housing). This is so that historic benchmark land values of non-policy compliant developments are not used to inflate values over time.
- In plan making the landowner premium should be tested and balanced against emerging policies.
- For any viability assessment data sources to inform the establishment the landowner premium can include market evidence, although ultimately the benchmark land value can be different dependent on the circumstances. Also, benchmark land values from other viability assessments can be used as a guide.

4.13.5. As discussed above, we have made an abnormal cost allowance of £300,000 per net Ha. The level of benchmark land value therefore needs to reflect this level of abnormal cost allowance.

4.13.6. Please note, when considering brownfield typologies (as is the case here), it is difficult to establish a typical 'existing use value' as this will vary dependent on the nature of the site. The existing use value of a cleared, brownfield site (for example) will be substantially different from the existing use value of a site with an existing office building or retail unit (or whatever the case may be). This makes it difficult to identify a single benchmark land value to suit all scenarios because a viability assessment of this nature cannot take into account every scenario.

4.13.7. For illustrative purposes (and as per the comments above accepting that a benchmark land value can differ from market transactions) we note the following from within Bootle:

- Our Lady Star of the Sea Social Club, Elm Rd: 0.32 Ha gross site area with an existing social club in situ. Sold for £270,000 in Feb 2021 (£833,963 per gross Ha).
- Land on the east side of Jubilee Rd: 0.031 Ha gross site area. Cleared site. Sold for £13,864 in Jan 23 (£450,762 per gross Ha).
- Land Lying To The North East Of Hawthorne Road: 0.42 Ha gross site area. Undeveloped site used for storage purposes. Stated on the Land Registry to have sold in Nov 2019 for 'under £100,000'. Even at £99,999 this would only equate to £240,367 per gross Ha.
- Land lying to the east of Harris Drive: long, narrow strip of wooded area running along the railway line. 2.46 Ha. Bought by developers in Dec 22 for £920,000 (£373,410 per Ha).
- Johnson Cleaners site, Midmay Rd: building on a part of the site but mostly cleared land. 2.46 Ha. Bought by developers in Dec 17 for £720,000 (£438,855 per Ha).
- Land and buildings north side of Aintree Rd: storage land extending to 0.14 Ha. Sold in Oct 18 for £125,000 (£885,029 per Ha).
- Aintree Hotel, Aintree Rd: building in situ plus cleared land extending to 0.15 Ha. Sold in Dec 21 for £260,000 (£1,717,807 per Ha).
- Land and buildings to east side of Washington Parade: edge of town centre location purchased by the Council in June 2020 extending to 0.23 Ha. Sold for £550,000 (£2,380,123 per Ha).

4.13.8. As shown above, values range from sub £250,000 per Ha to in excess of £2million per Ha dependent on the circumstances of the site (such as whether there are buildings in situ, the size of the site, the level of 'hope value' for future planning allowed for by the purchaser, the planning position of the site, the level of abnormal costs associated with development etc). it is therefore difficult to adopt a single appropriate brownfield rate per Ha.

4.13.9. However, one key differential is to do with the size of a site. Typically, the larger the site the higher the land value when expressed on a 'per Ha' basis (for reasons of quantum). In light of this, for the smaller sites we consider it appropriate to focus on a fixed capital value, rather than relying on a rate per Ha. For the 5 house typology (0.11 Ha gross), as well as the 6 and 12 apartment typologies we consider a relatively modest sum of £50,000 to be an appropriate benchmark land value for the purposes of our base testing. For the 24 apartment typology we have increased this to £75,000, whilst for the 10 house typology we have increased this to £100,000. For the 50 apartment typology we have increased this further to £140,000 and for the 15 house typology we have increased this to £150,000.

4.13.10. For the larger housing typologies we have, though, focused on the rate per Ha. For the 25 house typology we consider £400,000 per Ha to be a reasonable benchmark land value, reduced to £375,000 per Ha for the 50 house typology and finally £350,000 per Ha for the 100 house typology.

4.13.11. However, given the potential for variance we have undertaken sensitivity testing, adjusting the level of benchmark land value to see what impact this could have on the viability outcomes.

4.14. Sensitivity Testing

4.14.1. The RICS acknowledges that the residual method is highly sensitive to its various inputs. In other words, if appraisal inputs were to vary (in some cases by a relatively small margin) this could potentially have a significant impact on the viability outcomes. For this reason, the RICS recommends the use of sensitivity testing whereby key appraisal inputs are varied to demonstrate the impact this could have on the overall outcomes. The results of all the appraisal results should then be considered holistically before final conclusions are reached.

4.14.2. In addition to our 'base' appraisal testing (which reflects our initial views on the various appraisal inputs) we have subsequently run the following sensitivity testing scenarios:

Sensitivity Test 1 – increased market values by 10% (broadly in between our base assumption and the level of value expectation at Bellway Homes St Wilfrid's Place scheme).

Sensitivity Test 2 – increased market values by 20% (values more aligned the level of value expectation at Bellway Homes St Wilfrid's Place scheme)

Sensitivity Test 3 – adoption of the BCIS lower build cost across all typologies (rather than the median rate used for schemes below 50 dwellings in the base modelling).

Sensitivity Test 4 – 10% increase in the benchmark land values (accepting that benchmark land value could vary from the base assumptions, dependent on the circumstances of the individual sites).

Sensitivity Test 5 – 20% increase in the benchmark land values (again accepting that benchmark land value could vary from the base assumptions, dependent on the circumstances of the individual sites).

5. TYPOLOGY TESTING AND RESULTS

5.1. Base appraisals

Site Type	Dwelling type	AH %	Units per net Ha	Environment Improvement	M4(2)	M4(3)	Recreation Mitigation	Residual	BLV (£ per gross Ha)	BLV	Surplus	Mar 24 Viable?
5	Housing	0.00%	50.00	£ -	£ 3,675		£ -	-£ 49,555	£ 450,000	£ 50,000	-£ 99,555	NO
10	Housing	0.00%	50.00	£ 25,770	£ 7,350		£ 3,480	-£ 120,863	£ 450,000	£ 100,000	-£ 220,863	NO
15	Housing	20.00%	50.00	£ 38,655	£11,025		£ 5,220	-£ 547,293	£ 450,000	£ 150,000	-£ 697,293	NO
25	Housing	16.00%	50.00	£ 64,425	£17,500		£ 8,700	-£ 608,838	£ 400,000	£ 235,294	-£ 844,132	NO
50	Housing	16.00%	50.00	£ 128,850	£36,960	£105,600	£ 17,400	-£ 266,385	£ 375,000	£ 468,750	-£ 735,135	NO
100	Housing	15.00%	50.00	£ 257,700	£73,500	£210,000	£ 34,800	-£ 146,434	£ 350,000	£ 875,000	-£1,021,434	NO
5	Housing	0.00%	40.00	£ -	£ 3,150		£ -	£ 60,050	£ 360,000	£ 50,000	£ 10,050	YES
10	Housing	0.00%	40.00	£ 25,770	£ 6,300		£ 3,480	£ 96,306	£ 360,000	£ 100,000	-£ 3,694	NO
15	Housing	20.00%	40.00	£ 38,655	£ 9,450		£ 5,220	-£ 210,833	£ 360,000	£ 150,000	-£ 360,833	NO
25	Housing	16.00%	40.00	£ 64,425	£15,890		£ 8,700	-£ 333,198	£ 400,000	£ 294,118	-£ 627,315	NO
50	Housing	16.00%	40.00	£ 128,850	£33,600	£ 96,000	£ 17,400	£ 232,830	£ 375,000	£ 585,938	-£ 353,107	NO
100	Housing	15.00%	40.00	£ 257,700	£66,850	£191,000	£ 34,800	£ 754,502	£ 350,000	£1,093,750	-£ 339,248	NO
6	Flats	0.00%	200.00	£ -	£ 3,281		£ -	-£ 284,294	£1,500,000	£ 50,000	-£ 334,294	NO
12	Flats	0.00%	200.00	£ 30,924	£ 6,563		£ 4,176	-£ 665,972	£ 750,000	£ 50,000	-£ 715,972	NO
24	Flats	16.67%	200.00	£ 61,848	£13,125		£ 8,352	-£ 1,703,965	£ 562,500	£ 75,000	-£1,778,965	NO
50	Flats	16.00%	200.00	£ 128,850	£27,344	£ 78,125	£ 17,400	-£ 3,687,813	£ 504,000	£ 140,000	-£3,827,813	NO

5.1.1. As demonstrated above, based on our base appraisal testing, the viability pressure is high across the majority of the site typologies (only 1 of the 16 typologies generates a viable outcome).

5.2. Sensitivity Test 1 – increased market values by 10%

Site Type	Dwelling type	AH %	Units per net Ha	Environment Improvement	M4(2)	M4(3)	Recreation Mitigation	Residual	BLV (£ per gross Ha)	BLV	Surplus	Mar 24 Viable?
5	Housing	0.00%	50.00	£ -	£ 3,675		£ -	£ 45,827	£ 450,000	£ 50,000	-£ 4,173	NO
10	Housing	0.00%	50.00	£ 25,770	£ 7,350		£ 3,480	£ 68,792	£ 450,000	£ 100,000	-£ 31,208	NO
15	Housing	20.00%	50.00	£ 38,655	£11,025		£ 5,220	-£ 282,949	£ 450,000	£ 150,000	-£ 432,949	NO
25	Housing	16.00%	50.00	£ 64,425	£17,500		£ 8,700	-£ 166,858	£ 400,000	£ 235,294	-£ 402,152	NO
50	Housing	16.00%	50.00	£ 128,850	£36,960	£105,600	£ 17,400	£ 611,880	£ 375,000	£ 468,750	£ 143,130	YES
100	Housing	15.00%	50.00	£ 257,700	£73,500	£210,000	£ 34,800	£ 1,536,983	£ 350,000	£ 875,000	£ 661,983	YES
5	Housing	0.00%	40.00	£ -	£ 3,150		£ -	£ 153,003	£ 360,000	£ 50,000	£ 103,003	YES
10	Housing	0.00%	40.00	£ 25,770	£ 6,300		£ 3,480	£ 280,283	£ 360,000	£ 100,000	£ 180,283	YES
15	Housing	20.00%	40.00	£ 38,655	£ 9,450		£ 5,220	£ 41,952	£ 360,000	£ 150,000	-£ 108,048	NO
25	Housing	16.00%	40.00	£ 64,425	£15,890		£ 8,700	£ 91,325	£ 400,000	£ 294,118	-£ 202,793	NO
50	Housing	16.00%	40.00	£ 128,850	£33,600	£ 96,000	£ 17,400	£ 1,088,090	£ 375,000	£ 585,938	£ 502,153	YES
100	Housing	15.00%	40.00	£ 257,700	£66,850	£191,000	£ 34,800	£ 2,381,923	£ 350,000	£1,093,750	£1,288,173	YES
6	Flats	0.00%	200.00	£ -	£ 3,281		£ -	-£ 216,390	£1,500,000	£ 50,000	-£ 266,390	NO
12	Flats	0.00%	200.00	£ 30,924	£ 6,563		£ 4,176	-£ 537,244	£ 750,000	£ 50,000	-£ 587,244	NO
24	Flats	16.67%	200.00	£ 61,848	£13,125		£ 8,352	-£ 1,467,028	£ 562,500	£ 75,000	-£1,542,028	NO
50	Flats	16.00%	200.00	£ 128,850	£27,344	£ 78,125	£ 17,400	-£ 3,213,447	£ 504,000	£ 140,000	-£3,353,447	NO

5.2.1. With a 10% uplift in the gross market values, there is an improvement in the viability outcomes, particularly for the larger scale 50 and 100 dwelling house typologies which each change from being previously unviable to a viable outcome.

5.3. Sensitivity Test 2 – increased market values by 20%

Site Type	Dwelling type	AH %	Units per net Ha	Environment Improvement	M4(2)	M4(3)	Recreation Mitigation	Residual	BLV (£ per gross Ha)	BLV	Surplus	Mar 24 Viable?
5	Housing	0.00%	50.00	£ -	£ 3,675		£ -	£ 140,470	£ 450,000	£ 50,000	£ 90,470	YES
10	Housing	0.00%	50.00	£ 25,770	£ 7,350		£ 3,480	£ 256,114	£ 450,000	£ 100,000	£ 156,114	YES
15	Housing	20.00%	50.00	£ 38,655	£11,025		£ 5,220	-£ 21,691	£ 450,000	£ 150,000	-£ 171,691	NO
25	Housing	16.00%	50.00	£ 64,425	£17,500		£ 8,700	£ 264,253	£ 400,000	£ 235,294	£ 28,959	YES
50	Housing	16.00%	50.00	£ 128,850	£36,960	£105,600	£ 17,400	£ 1,484,546	£ 375,000	£ 468,750	£1,015,796	YES
100	Housing	15.00%	50.00	£ 257,700	£73,500	£210,000	£ 34,800	£ 3,196,365	£ 350,000	£ 875,000	£2,321,365	YES
5	Housing	0.00%	40.00	£ -	£ 3,150		£ -	£ 245,955	£ 360,000	£ 50,000	£ 195,955	YES
10	Housing	0.00%	40.00	£ 25,770	£ 6,300		£ 3,480	£ 464,259	£ 360,000	£ 100,000	£ 364,259	YES
15	Housing	20.00%	40.00	£ 38,655	£ 9,450		£ 5,220	£ 289,270	£ 360,000	£ 150,000	£ 139,270	YES
25	Housing	16.00%	40.00	£ 64,425	£15,890		£ 8,700	£ 508,204	£ 400,000	£ 294,118	£ 214,086	YES
50	Housing	16.00%	40.00	£ 128,850	£33,600	£ 96,000	£ 17,400	£ 1,942,787	£ 375,000	£ 585,938	£1,356,850	YES
100	Housing	15.00%	40.00	£ 257,700	£66,850	£191,000	£ 34,800	£ 4,005,265	£ 350,000	£1,093,750	£2,911,515	YES
6	Flats	0.00%	200.00	£ -	£ 3,281		£ -	-£ 148,836	£1,500,000	£ 50,000	-£ 198,836	NO
12	Flats	0.00%	200.00	£ 30,924	£ 6,563		£ 4,176	-£ 409,130	£ 750,000	£ 50,000	-£ 459,130	NO
24	Flats	16.67%	200.00	£ 61,848	£13,125		£ 8,352	-£ 1,231,788	£ 562,500	£ 75,000	-£1,306,788	NO
50	Flats	16.00%	200.00	£ 128,850	£27,344	£ 78,125	£ 17,400	-£ 2,742,272	£ 504,000	£ 140,000	-£2,882,272	NO

5.3.1. With a 20% increase in market values (pushing the values closer towards the price expectation at Bellway Homes St Wilfrid’s Place scheme) the viability outcomes for the majority of the housing typologies show a viable outcome (some of which are comfortable, with high surpluses). The only exception is the 15 house typology in the 50 dwelling per Ha category. However, even with a 20% uplift in the market values, all of the apartment schemes continue to show a significant deficit and therefore an unviable outcome.

5.4. Sensitivity Test 3 – BCIS Lower Quartile applied instead of Median (where applicable)

Site Type	Dwelling type	AH %	Environment Improvement	M4(2)	M4(3)	Recreation Mitigation	Residual	BLV (£ per gross Ha)	BLV	Surplus	Mar 24 Viable?
5	Housing	0.00%	£ -	£ 3,675		£ -	£ 57,466	£ 450,000	£ 50,000	£ 7,466	YES
10	Housing	0.00%	£ 25,770	£ 7,350		£ 3,480	£ 91,299	£ 450,000	£ 100,000	£ -8,701	NO
15	Housing	20.00%	£ 38,655	£11,025		£ 5,220	£ -210,572	£ 450,000	£ 150,000	£ -360,572	NO
25	Housing	16.00%	£ 64,425	£17,500		£ 8,700	£ -80,270	£ 400,000	£ 235,294	£ -315,564	NO
5	Housing	0.00%	£ -	£ 3,150		£ -	£ 151,149	£ 360,000	£ 50,000	£ 101,149	YES
10	Housing	0.00%	£ 25,770	£ 6,300		£ 3,480	£ 276,158	£ 360,000	£ 100,000	£ 176,158	YES
15	Housing	20.00%	£ 38,655	£ 9,450		£ 5,220	£ 71,981	£ 360,000	£ 150,000	£ -78,019	NO
25	Housing	16.00%	£ 64,425	£15,890		£ 8,700	£ 139,937	£ 400,000	£ 294,118	£ -154,181	NO
6	Flats	0.00%	£ -	£ 3,281		£ -	£ 182,505	£1,500,000	£ 50,000	£ -232,505	NO
12	Flats	0.00%	£ 30,924	£ 6,563		£ 4,176	£ -462,922	£ 750,000	£ 50,000	£ -512,922	NO
24	Flats	16.67%	£ 61,848	£13,125		£ 8,352	£ -1,251,568	£ 562,500	£ 75,000	£ -1,326,568	NO
50	Flats	16.00%	£ 128,850	£27,344	£ 78,125	£ 17,400	£ -2,759,897	£ 504,000	£ 140,000	£ -2,899,897	NO

5.4.1. With the BCIS lower quartile applied instead of the median this changes 3 of the housing typologies from a previously unviable outcome to a viable position. However, for the remaining typologies (including all of the apartment typologies) the outcomes remain unviable.

5.5. Sensitivity Test 4 – 10% increase in the benchmark land value

Site Type	Dwelling type	AH %	Units per net Ha	Environment Improvement	M4(2)	M4(3)	Recreation Mitigation	Residual	BLV (£ per gross Ha)	BLV	Surplus	Mar 24 Viable?
5	Housing	0.00%	50.00	£ -	£ 3,675		£ -	-£ 49,555	£ 495,000	£ 55,000	-£ 104,555	NO
10	Housing	0.00%	50.00	£ 25,770	£ 7,350		£ 3,480	-£ 120,863	£ 495,000	£ 110,000	-£ 230,863	NO
15	Housing	20.00%	50.00	£ 38,655	£11,025		£ 5,220	-£ 547,293	£ 495,000	£ 165,000	-£ 712,293	NO
25	Housing	16.00%	50.00	£ 64,425	£17,500		£ 8,700	-£ 608,838	£ 440,000	£ 258,824	-£ 867,662	NO
50	Housing	16.00%	50.00	£ 128,850	£36,960	£105,600	£ 17,400	-£ 266,385	£ 412,500	£ 515,625	-£ 782,010	NO
100	Housing	15.00%	50.00	£ 257,700	£73,500	£210,000	£ 34,800	-£ 146,434	£ 385,000	£ 962,500	-£1,108,934	NO
5	Housing	0.00%	40.00	£ -	£ 3,150		£ -	£ 60,050	£ 396,000	£ 55,000	£ 5,050	YES
10	Housing	0.00%	40.00	£ 25,770	£ 6,300		£ 3,480	£ 96,306	£ 396,000	£ 110,000	-£ 13,694	NO
15	Housing	20.00%	40.00	£ 38,655	£ 9,450		£ 5,220	-£ 210,833	£ 396,000	£ 165,000	-£ 375,833	NO
25	Housing	16.00%	40.00	£ 64,425	£15,890		£ 8,700	-£ 333,198	£ 440,000	£ 323,529	-£ 656,727	NO
50	Housing	16.00%	40.00	£ 128,850	£33,600	£ 96,000	£ 17,400	£ 232,830	£ 412,500	£ 644,531	-£ 411,701	NO
100	Housing	15.00%	40.00	£ 257,700	£66,850	£191,000	£ 34,800	£ 754,502	£ 385,000	£1,203,125	-£ 448,623	NO
6	Flats	0.00%	200.00	£ -	£ 3,281		£ -	-£ 284,294	£1,650,000	£ 55,000	-£ 339,294	NO
12	Flats	0.00%	200.00	£ 30,924	£ 6,563		£ 4,176	-£ 665,972	£ 825,000	£ 55,000	-£ 720,972	NO
24	Flats	16.67%	200.00	£ 61,848	£13,125		£ 8,352	-£ 1,703,965	£ 618,750	£ 82,500	-£1,786,465	NO
50	Flats	16.00%	200.00	£ 128,850	£27,344	£ 78,125	£ 17,400	-£ 3,687,813	£ 554,400	£ 154,000	-£3,841,813	NO

5.5.1. With a 10% uplift in the benchmark land values the outcomes remain as the ‘base’ modelling, with only the 5 housing typology in the 40 dwellings per net Ha category showing a viable outcome.

5.6. Sensitivity Test 5 – 20% increase in the benchmark land value

Site Type	Dwelling type	AH %	Units per net Ha	Environment Improvement	M4(2)	M4(3)	Recreation Mitigation	Residual	BLV (£ per gross Ha)	BLV	Surplus	Mar 24 Viable?
5	Housing	0.00%	50.00	£ -	£ 3,675		£ -	-£ 49,555	£ 540,000	£ 60,000	-£ 109,555	NO
10	Housing	0.00%	50.00	£ 25,770	£ 7,350		£ 3,480	-£ 120,863	£ 540,000	£ 120,000	-£ 240,863	NO
15	Housing	20.00%	50.00	£ 38,655	£11,025		£ 5,220	-£ 547,293	£ 540,000	£ 180,000	-£ 727,293	NO
25	Housing	16.00%	50.00	£ 64,425	£17,500		£ 8,700	-£ 608,838	£ 480,000	£ 282,353	-£ 891,191	NO
50	Housing	16.00%	50.00	£ 128,850	£36,960	£105,600	£ 17,400	-£ 266,385	£ 450,000	£ 562,500	-£ 828,885	NO
100	Housing	15.00%	50.00	£ 257,700	£73,500	£210,000	£ 34,800	-£ 146,434	£ 420,000	£1,050,000	-£1,196,434	NO
5	Housing	0.00%	40.00	£ -	£ 3,150		£ -	£ 60,050	£ 432,000	£ 60,000	£ 50	YES
10	Housing	0.00%	40.00	£ 25,770	£ 6,300		£ 3,480	£ 96,306	£ 432,000	£ 120,000	-£ 23,694	NO
15	Housing	20.00%	40.00	£ 38,655	£ 9,450		£ 5,220	-£ 210,833	£ 432,000	£ 180,000	-£ 390,833	NO
25	Housing	16.00%	40.00	£ 64,425	£15,890		£ 8,700	-£ 333,198	£ 480,000	£ 352,941	-£ 686,139	NO
50	Housing	16.00%	40.00	£ 128,850	£33,600	£ 96,000	£ 17,400	£ 232,830	£ 450,000	£ 703,125	-£ 470,295	NO
100	Housing	15.00%	40.00	£ 257,700	£66,850	£191,000	£ 34,800	£ 754,502	£ 420,000	£1,312,500	-£ 557,998	NO
6	Flats	0.00%	200.00	£ -	£ 3,281		£ -	-£ 284,294	£1,800,000	£ 60,000	-£ 344,294	NO
12	Flats	0.00%	200.00	£ 30,924	£ 6,563		£ 4,176	-£ 665,972	£ 900,000	£ 60,000	-£ 725,972	NO
24	Flats	16.67%	200.00	£ 61,848	£13,125		£ 8,352	-£ 1,703,965	£ 675,000	£ 90,000	-£1,793,965	NO
50	Flats	16.00%	200.00	£ 128,850	£27,344	£ 78,125	£ 17,400	-£ 3,687,813	£ 604,800	£ 168,000	-£3,855,813	NO
				£ 2,577	£ 7	£ 400	£ 348		1.2	1.2		

5.6.1. With a 20% uplift in the benchmark land values the outcomes remain as the 'base' modelling, with only the 5 housing typology in the 40 dwellings per net Ha category showing a viable outcome.

6. INDIVIDUAL 'LIVE' SITES TESTING AND RESULTS

6.1. Sites BH1, BH2, BH3, BH4 and BH5

Site	Units	AH %	Abnormals (per net Ha)	S106 per unit	Residual	BLV (£ per gross Ha)	BLV	Surplus	% of BLV	Mar 24 Viable?
BH1 Peoples site, Linacre Lane	110	15.45%	£ 500,000	£ 5,490	£ 453,617	£ 200,000	£ 580,000	-£ 126,383	-21.79%	NO
BH2 Coffee House Bridge	85	15.29%	£ 300,000	£ 5,546	£ 730,431	£ 350,000	£ 735,000	-£ 4,569	-0.62%	NO
BH3 Former Bootle Gas Works	210	15.24%	£ 300,000	£ 5,437	£1,633,162	£ 350,000	£1,855,000	-£ 221,838	-11.96%	NO
BH4 Litherland House, Litherland Rd	110	15.45%	£ 300,000	£ 5,490	£ 838,430	£ 500,000	£1,500,000	-£ 661,570	-44.10%	NO
BH5 Former Johnsons Cleaners site	121	100.00%	£ 300,000	£ 5,355	£1,412,454	£ 350,000	£ 560,000	£ 852,454	152.22%	YES

6.1.1. The assumptions reflect the current information available for each site and also the 'base' typology allowances (i.e. the same market values etc). The exceptions are:

- BH1 where the Council anticipates a higher level of contamination on site. We have subsequently increased the abnormal cost allowance to £500,000 per Ha (and in turn reduced the benchmark land value to £200,000 per Ha).
- BH4 has an existing office building (in a lettable condition). The BLV is therefore increased to £500,000 per Ha.
- BH5 which is a 100% affordable housing scheme. This assumes grant funding is provided.

6.1.2. The only viable outcome is in BH5, where we assume grant funding is being provided. However, BH1 to BH4 only show relatively small deficits. BH1, for example, would only require an uplift in the market values of around 1% for the scheme to generate a viable outcome. For BH2 this increase would only be 0.1%, for BH3 0.6% and BH4 around 3.5%. As Bellway's St Wilfrid's Place scheme shows asking prices closer to 20% above our base assumptions, these uplifts (and viable outcomes) may be achievable.

6.2. Site BH6 (503-509 Hawthorne Rd)

6.2.1. This site is different to BH1 – BH5 as this is proposed for not only 67 houses but also 91 extra care apartments.

6.2.2. We have subsequently adopted the base assumptions, plus the following adjustments:

- The onsite affordable housing provision would be delivered through the housing element, rather than the extra care apartments.
- For the extra care apartment, based on our experience of testing this type of scheme, we have assumed an average 1 bed flat of 55 sq m and 2 bed at 70 sq m. The average assumed value is £4,000 per sq m.
- The extra care flats are assumed to have a gross to net area of 65%.
- Externalities are reduced to 10% to reflect multi storey nature of extra care apartments.
- Professional fees are increased to 8% to reflect specialist nature of scheme design.
- Marketing / disposal costs are increased to 3% to reflect the fact that extra care apartments typically attract higher associated costs.

6.2.3. We have run an appraisal through ARGUS (in keeping with all the other typologies and 'live' site appraisals). By way of a summary, the assumptions and outcome can be shown as follows:

BH6 - 503-509 HAWTHORNE RD, BOOTLE								
GROSS DEVELOPMENT VALUE (GDV)								
Description	Type	Beds	Units	NSA sq m (each)	NSA sq m (total)	£ per sq m	£ each	£ total
MARKET VALUE HOUSING								
Terr/semi	1or2		5	70	350	2,750	192,500	962,500
Terr/semi	2or3		15	90	1,350	2,750	247,500	3,712,500
Terr/semi/det	3or4		23	110	2,530	2,600	286,000	6,578,000
MARKET VALUE EXTRA CARE APARTMENTS								
Apartments			1	51	55	4,000	220,000	11,220,000
Apartments			2	40	70	2,800	280,000	11,200,000
Sub totals			134		9,835			33,673,000
AFFORDABLE RENT	50%							
Terr/semi	1or2		4	70	280	1,375	96,250	385,000
Terr/semi	2or3		4	90	360	1,375	123,750	495,000
Sub totals			8		640			880,000
INTERMEDIATE / SO	67.50%							
Terr/semi	1or2		5	70	350	1,856	129,938	649,688
Terr/semi	2or3		5	90	450	1,856	167,063	835,313
Sub totals			10		800			1,485,000
FIRST HOMES	70.00%							
Terr/semi	1or2		3	70	210	1,925	134,750	404,250
Terr/semi	2or3		3	90	270	1,925	173,250	519,750
Sub totals			6		480			924,000
GDV TOTALS			Units	AH	Sq m			GDV
			158	24	11,755			36,962,000
				15.19%				
GROSS DEVELOPMENT COSTS (GDC) - including land value and developer's profit								
Benchmark / Threshold Land Value								
Gross site area		2.69 Ha	6.65 acres		-1,567,281 per gross Ha		-4,215,985	BLV
Net site area		2.29 Ha	5.65 acres		-1,843,860 per net Ha			941,500
Stamp Duty Land Tax					0		0	-4,215,985
Standard Construction								
Housing		6,150 sq m GIA		at	1,337.00 per sq m		8,222,550	
Extra care		8,623 sq m GIA		at	1,890.00 per sq m		16,297,615	24,520,165
Part L			158	at	5,000.00		790,000	
EV Charging			158	at	1,000.00		158,000	25,468,165
Externals	10.00%	of build costs		or	450,769 per net acre		2,546,817	28,014,982
Contingency	3.00%	of build costs					840,449	28,855,431
Abnormal Construction								
General abnormalities allowance				at	300,000 per net Ha		685,950	685,950
Professional Fees								
Architect, QS, Engineer etc	8.00%	of build costs						2,241,199
Planning Policy Contributions								
Environment improvement			158	at	2,577.00		407,166	
M4(2)				at	7 per sq m		103,412	
M4(3)			587.75	at	400 per sq m		235,100	
Recreation mitigation			158	at	348		54,984	800,662
Disposal								
Marketing and sales	3.00%	of GDV					1,037,910	
Legals-MV residential sales		134 units		at	800 per unit		107,200	
Legals-sales to RP		24 units		at	800 per unit		19,200	1,164,310
Finance								
Interest		calculated by cash flow	9.00% debit		0.00% credit		369,641	369,641
Developer's Target Profit								
Market Value units	20.00%	of GDV					6,919,400	Blended (GDV)
Affordable Units	6%	of cost					141,900	7,061,300
TOTAL COSTS								36,962,507

6.2.4. As shown above, with the full planning policies applied, the scheme generates a residual land value of (minus) - £4,215,985. This is significantly below the benchmark land value of £941,500 and is therefore showing a significantly unviable outcome. Please note, even if the planning policies are removed this generates a negative residual land value and is therefore unviable. The scheme, therefore, appears to be only deliverable if some form of grant funding is provided.

6.2.5. However, we would stress that the individual site appraisals are based on the current information available for each site (which at this stage is limited). As the sites come forward, and more detail emerges (for example through site investigation reports, ecological studies, other technical reports etc) it may be that there is variation to the assumptions we have made. If these variations are significant this is likely to have an impact on the viability outcomes shown in our appraisals.

7. CONCLUSIONS

- 7.1.** As discussed in Section 4, there is some variance in sales values / value expectations across the Bootle Action Plan area. Generally, for the purposes of our 'base' testing we have adopted what we consider to be cautious sales values. The result is that there is, generally, a high level of viability pressure across the different typologies / live sites, to the extent where the majority show an unviable outcome with the full planning policies applied.
- 7.2.** However, there are signs that there is the potential for some value uplift across the wider Bootle area. Bellway Homes St Wilfrid's Place scheme, for example, currently shows asking prices which are circa 10% to 20% higher than we have allowed for in our base modelling. Whilst this site is to the north eastern edge of the Bootle Action Plan area, it does suggest that there is the potential for improvement on the values allowed in our appraisal.
- 7.3.** If higher sales values (than allowed in our base modelling) are proven to be achievable across the Bootle Action Plan area, then this will have a positive impact on the viability outcomes. In our sensitivity testing we look at a 10% uplift in values, as well as a 20%. In these tests, a number of the typologies are viable and able to support the Council's full planning policy requirements. Furthermore, in the 'live' sites in most cases only a modest level of value increase generates a viable outcome with the full planning policies applied.
- 7.4.** Whether the uplift in values can be achieved will depend on numerous factors, including the nature and specific location of the individual sites. Equally, though, more macro factors will impact on value, such as the offering of local schools, the quality of the transport network, amenities and leisure offerings with the town centre etc. In other words, wider improvements to Bootle generally will increase demand for housing in the locality and this in turn will help generate increased values for developers.

7.5. We would also stress that our modelling (bar the 100% affordable housing site BH5) does not factor in any grant funding. If funding of this nature is available and can be accessed (for example the Brownfield Land Release Fund) then this would have a positive impact on the viability of the schemes in 2 ways (i) it will provide a direct capital injection to help the finances of the appraisal (ii) it will reduce the requirement to access third-party debt finance. The provision of grant funding would therefore, in many cases, enable schemes to deliver part / all of the Council planning policy requirements even adopting our cautious 'base' sales values.

7.6. In summary, the modelling does point to viability pressures at the current time. However, grant funding would undoubtedly provide immediate assistance to the delivery of new build dwellings in the Bootle Action Plan area, to the extent where part / all of the Council's planning policy requirements could be delivered. Furthermore, in certain parts of Bootle there appears there is the potential for higher values to be achieved, in which case this would enable the planning policies to also be delivered. Finally, in terms of the longer term vision for the area, if significant improvements to Bootle can be delivered (for example infrastructure, schools, retail, leisure etc) this would have a positive impact on demand for dwellings, which in turn would lead to higher values being achievable. If this vision can be realised then the planning policies set out by the Council will be achievable.