www.lsh.co.uk

Economic Viability Assessment (Stage One)

Prepared on behalf of:

Copeland Borough Council

Prepared by
Lambert Smith Hampton

6th Floor
Hardman Street
Spinningfields
Manchester M3 3HF

Suite 1
Cumbria Tourism Building
Windermere Road
Staveley
Kendal
Cumbria, LA8 9PL

Tel: +(0)161 2426411
: +(0)1539 760790

Date: December 2017
Ref: CBCEVA/V3

Contents

Executive Summary

Introduction

- In June 2017, Copeland Borough Council commissioned Lambert Smith Hampton ('LSH') to prepare and advise on an Economic Viability Assessment ('EVA'), which would form part of the evidence base for the new all-encompassing Local Plan.
- The new Local Plan will replace the December 2013 Core Strategy, for which the Council had previously been preparing an accompanying Site Allocations and Policies Plan. This underwent a consultation period of the Preferred Options in January – February 2015. However, in May 2017 a decision was made to suspend preparation of this document since the allocations proposed in the Core Strategy could not demonstrate a five year housing supply.
- The EVA forms part of the new Local Plan evidence base and constitute 'stage one' of the process, therefore providing a generic formula-based approach that will assess the viability of a representative range of housing, commercial and employment development sites across the Borough. This is considered appropriate for a 'high level' evidence-based study.
- The Council can then use this information to establish appropriate early assumptions that will be used establish whether certain types of sites will be deliverable in accordance with the new Local Plan.
- 'Stage two' of the plan will require a more detailed analysis of sites and their deliverability, taking into consideration other aspects such as affordable housing and s106 costs, along with associated development sites for the Moorside scheme.

Market Analysis Conclusions

- Residential new build activity has been lacking in Whitehaven during recent years, particularly in Millom and Egremont where there has been no activity in the period since 2012.
- Residential new build and post-1997 transactional evidence suggests that the principal town of Whitehaven has seen marginally higher values than the Key Service Centres in Copeland (Cleator Moor, Egremont, Millom). However, values in some rural locations have been considerably higher. Evidence obtained identifies that higher values would be achieved in small popular villages, such as St Bees, Beckermet and Ennerdale Bridge, rather than other local centres within the Council's area of planning control.
- In respect of land values, based on planning policy, transactional evidence and our experience in the Copeland Borough, a benchmark Greenfield land value of £190,000 - £225,000 is appropriate.

- Having regard to the commercial market, evidence suggests that demand for office space in the Borough is limited overall, whist there is also relatively low demand for industrial accommodation.
- There is a surplus of retail stock coming on to the market both locally and regionally in Cumbria, which contrasts with low levels of demand for this type of space.
- Across the office, industrial and retail property types, achieved values tend to be marginal in Copeland.

Method Overview

- LSH has tested viability on the identified sites using a Residual Appraisal Model ('RAM'), which reviews the potential surplus for planning contributions across use classes using various development scenarios and assumptions within. The RAM approach is in accordance with RICS Viability Guidance and Valuation Information Paper 12.
- The LSH RAM model broadly uses the traditional residual valuation approach, which calculates the Gross Development Value (GDV) and subtracts costs and target profit to produce a residual land value, however in the LSH model this output is rather an 'additional profit' that is essentially a surplus for planning contributions.
- The assumptions have been tested with local house builders, developers and agents, whilst having also been agreed with Council officers. Assumptions are based on market evidence, site-specific viability audits, and other relevant viability studies for CIL and Local Plans, along with local market knowledge.
- Using this model, we have appraised each of the agreed development sites having regard to land values and developers profit levels to establish whether there is a resulting surplus that could contribute towards affordable housing or other planning contributions.
- Schedules of the development scenarios and adopted assumptions have been included within section 7 of the report.

Viability Assessment Findings

- 'Stage one' viability testing has resulted in a mixed viability picture and a number of conclusions across different areas and scenarios. The below findings provide useful guidance to establish the most viable scenarios and inform on potential site allocations.

    - Viability modelling in Whitehaven shows that large, medium, small and small/medium greenfield residential sites are viable.

- In Key Service Centres development on medium greenfield sites is also viable and both small and small/medium greenfield development is viable in high value local centres/villages.
- Medium/large retail development on brownfield sites in Whitehaven is also viable.
- The above viable sites will generate a surplus for affordable housing, elevated planning policy requirements and s106 contributions. The findings of the emerging SHMA and housing needs will identify prioritisation in this regard.
- In average value local centres and villages, small/medium Greenfield residential development is unviable, along with mixed use brownfield development and speculative office / employment which is unviable based on adopted values and build costs.
- Large and medium brownfield residential development in Whitehaven is marginal in terms of viability.
- The above unviable sites generate no surplus for affordable housing, elevated planning policy requirements and s106 contributions.
- Based on these ‘stage one’ findings, careful consideration will need to be given to those unviable scenarios at the ‘stage two’ viability analysis in terms of their future delivery options.

- Our viability modelling assumes speculative development by house builders and developers in accordance with national guidance and standard practise. However, it should be noted that a number of schemes are rather occupier or operator-led and therefore based on a different financial rationale. Therefore, employment, commercial, mixed use and residential sites must be identified to meet this prospective demand.
- A pragmatic approach to site delivery including enabling development, potential public sector funding, support or direct delivery will likely be required to facilitate such development.

1. Introduction

Background to Commission

1.1 Lambert Smith Hampton ('LSH') was appointed by Copeland Borough Council '(the Council') in June 2017 to advise on and prepare an Economic Viability Assessment ('EVA') covering a representative range of housing, commercial and employment development sites. This EVA will form part of the evidence base for a new all-encompassing Copeland Local Plan.

1.2 The Council adopted its Core Strategy in December 2013. It has since been preparing its Site Allocations and Policies Plan which underwent consultation of the Preferred Options in January – February 2015.

1.3 In preparing for an additional period of consultation on a revised version of the Preferred Options report due to the extent of potential change, it became evident that the Council could not demonstrate a five year supply of housing land with the allocations proposed against the housing requirements as set out in the adopted Core Strategy.

1.4 A decision was therefore made in May 2017 to suspend the progression of the Site Allocations and Policies Plan and focus upon a new all-encompassing Local Plan and update / produce the necessary evidence base in support of its adoption.

1.5 As part of the progression of the Site Allocations and Policies Plan, certain aspects of the evidence base have been updated or newly procured, including a new Retail Study and Employment Land Review, research into the five year housing land supply and a high level housing market commentary. The Council is also in the process of preparing Masterplans and Growth Plans for the four key towns.

1.6 This evidence base will include this EVA as well as a further stage of detailed site specific viability analysis that will inform decisions over land allocations for the future housing needs of the Borough, with a view to ensuring a realistic five year housing land supply and an appropriate range of choice of viable employment land.

1.7 This EVA is envisaged to constitute 'stage one' of a two stage process, with the emphasis herein being on a generic, formula based approach to assess the viability of an appropriate spectrum of representative types of sites within the Borough in accordance with best practice. The primary objectives of this exercise are to provide an information base to enable Council Officers to make broad brush, early assumptions on whether genres of sites are likely to be deliverable and to support the progression of the Local Plan towards the examination process.

1.8 It is envisaged that this EVA will progress into a future ‘stage two’ which will involve a more detailed analysis of proposed sites for development that will help to inform which sites to allocate and will contribute positively to the Borough’s housing and employment land supply by demonstrating achievability and viability. This will also need to consider likely s106 contributions, test the extent of affordable housing which can be viably delivered within residential schemes for example. This stage will also include the consideration of Associated Development sites in relation to the proposed Moorside development (envisaged to primarily provide accommodation for the workforce during construction) to ensure that the Borough maximises the potential long term legacy and regenerative benefits of required off-site development.

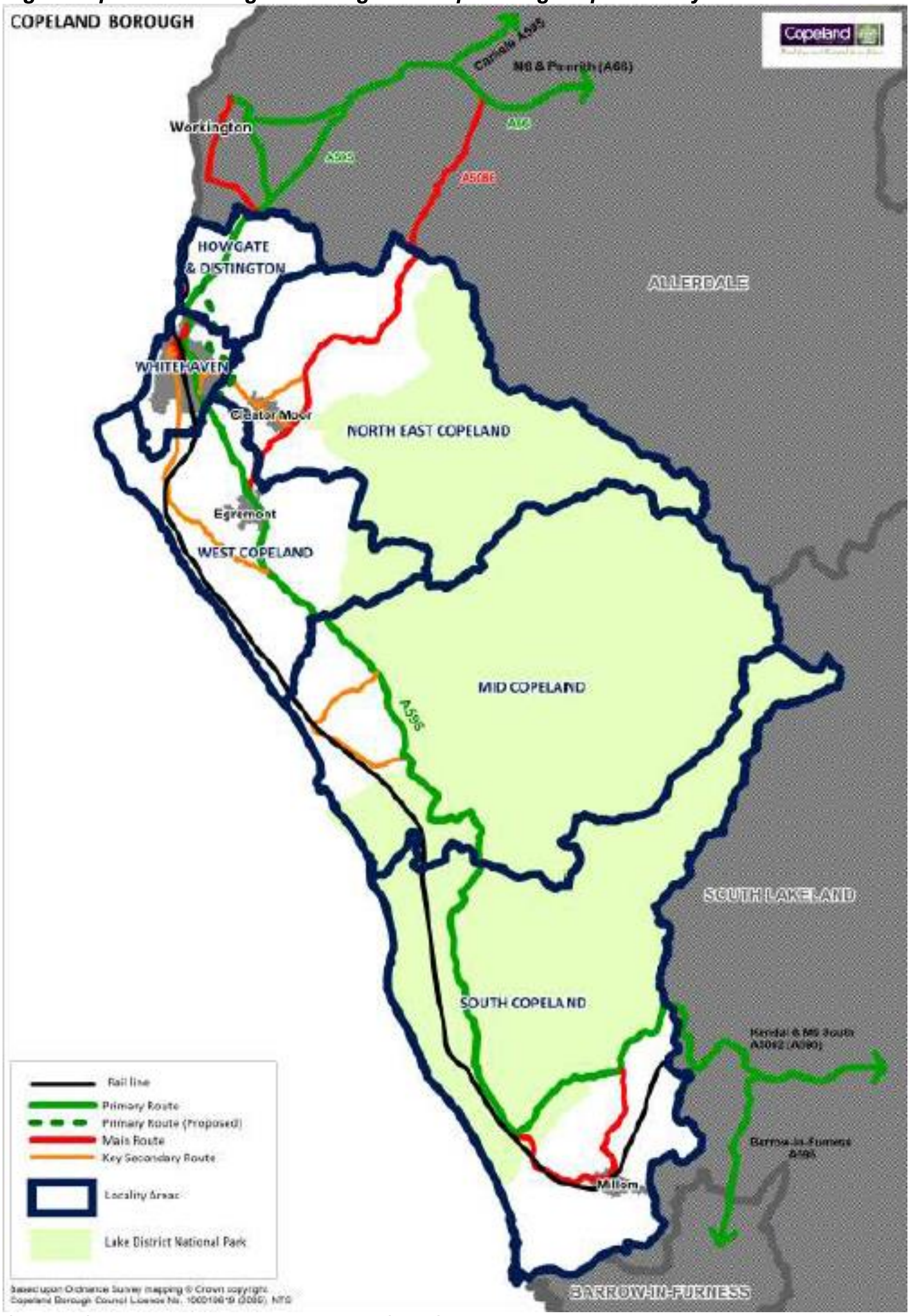
1.9 The information, commentary, findings and advice contained in this EVA are considered appropriate for a ‘high-level’ plan-wide evidence-based study and should not be considered to set any kind of precedent for future use by applicants in relation to site-specific planning applications. Values, costs, assumptions and issues relating to specific sites must be considered on their own merits at the date of each planning application. The conclusions and recommendations contained in this report are concerned with policy requirement, guidance and regulations which may be subject to change.

Copeland Borough – Overview

1.10 Copeland is a predominantly rural Borough, much of which (approximately 65%) falls within the Lake District National Park. The Local Plan area features around 30 miles of Cumbrian coastline with adjoining land along the coastal plain. The high fells of the Western Lake District form a dramatic backdrop to this area. The main towns and settlements of Whitehaven, Egremont and Cleator Moor are located predominantly to the north and west of the Borough, with the exception of Millom, which lies at the southernmost point, on the Duddon estuary. Millom and the nearby village of Haverigg are separated from the rest of the Borough’s area of planning control by the western Lake District National Park between Silecroft and Holmrook.

1.11 The traditional industries of coal and iron ore mining and processing which drove the growth of the main settlements declined during the 20th century. The nuclear sector became established in the 1950s with the development of the Sellafield complex. Today around 12,500 (around 40% of all employees in Copeland) are employed at the plant but this is set to decline as decommissioning is progressed. The site is also host to over 60% of the UK’s nuclear waste; with the appropriate treatment of this legacy a major issue.

Fig 1: Copeland Borough showing area of planning responsibility



Source: Copeland Local Plan 2013-2028: Core Strategy and the Development Management Development Planning Document

1.12 The proposed new nuclear power station at Moorside (adjacent to the Sellafield site), presents extensive future housing and employment growth opportunities. It is envisaged that projections in these areas will form an integral part of the subject evidence base and emerging Local Plan.

1.13 Another key consideration within the Borough is the 'Britain's Energy Coast West Cumbria' initiative which aims to build on Copeland's nuclear and engineering strengths and to create further knowledge and energy based opportunities, whilst diversifying the economic base. West Lakes Science and Technology Park, to the immediate south of Whitehaven is home to a number of businesses involved in such activities.

1.14 In 2016 the Council published the 'Copeland Growth Strategy', which focuses on what needs to be done by the Council and stakeholders to ensure that the Borough's economic potential is both understood and maximised. The Strategy looks to use the nuclear sector as a springboard to develop a more diverse and sustainable economy across the Borough.

1.15 Away from Sellafield the Borough's economy is characterised by low wages and is based around services, tourism and agriculture. The agricultural sector remains an important contributor to the local economy, maintaining the countryside and landscapes valued and enjoyed by residents and visitors alike. This sector is strongly supported at the present time by EU subsidies. The outcome of 'Brexit' negotiations and the detail of any replacement funding subsidy regime from the UK government will have a significant effect on the future of agriculture within the Borough and beyond.

1.16 New approaches to development in rural areas are needed to support farm enterprises and other rural businesses. Tourism is an important opportunity, especially given the overlap with the Lake District National Park UNESCO World Heritage Site and the presence of the Coast to Coast footpath and C2C cycle path. Further significant growth in the local tourist sector will require new and improved attractions, facilities and accommodation throughout the Borough.

1.17 With respect to the housing market, whilst considered to be broadly in balance, there are gaps in provision, including detached and executive properties across the Borough and particularly in Whitehaven. There is a need to target new development to existing centres as the most sustainable locations and to support population and economic growth. In recent years delivery of new housing development within Whitehaven as a percentage of total delivery within the Borough has not been met. In areas within and close to the Lake District National Park, residents face the challenge of a lack of affordable housing as a result of high demand for retirement and second homes.

1.18 The quality of infrastructure within the Borough is also a major challenge. As a relatively remote part of the North West, the fells and lakes of the Lake District form a natural barrier to communication, migration and investment. Key routes into the Borough are indirect; the now partially de-trunked A595 runs along the Cumbrian coast, linking Barrow and Dalton to the south, entering the Borough at Duddon Bridge, running close to Millom along the Whicham valley, then up the coast to Egremont and Whitehaven, before connecting with the A66 and continuing to the north to Wigton and Carlisle. Whilst this route has been much improved between Calder Bridge and Distington, it is arguably not fit for purpose to the south – leaving Millom particularly isolated from the rest of the Borough. The Cumbrian coastal railway connects to services on the West Coast mainline but trains run infrequently, off peak services are very poor and there are no trains at all south of Whitehaven on Sundays. The new Northern Rail franchise should start to improve rail services over the next two years, with timetable improvements scheduled for May 2018 and December 2019 which will increase the frequency of trains along the Cumbrian coast and introduce Sunday services.

1.19 Copeland is also characterised by its range of beautiful and distinctive landscapes which require protection. Much of Copeland's built heritage is of significant historic interest, with Conservation Areas in Whitehaven, Cleator Moor, Egremont, Beckermet, St Bees and Millom, and many Listed Buildings and a number of Scheduled Ancient Monuments. The Georgian town centre and harbour area of Whitehaven are considered to be of national significance and provide a major opportunity for inward investment through heritage led regeneration orientated around tourism and the consolidation of independent, niche retailing and service industries set within an attractive historic environment.

Lambert Smith Hampton

1.20 LSH is a fully integrated commercial property services consultancy with more than 30 offices across the UK and Ireland. LSH works with investors, developers and occupiers from across the public and private sector, managing some of the country's most complex commercial property portfolios. LSH's planning and development consultancy team has considerable experience in developing evidence base documents for local planning authorities ('LPAs') and the planning process. LSH is also currently retained by five LPAs across Cumbria, North Lancashire and North Yorkshire to provide site-specific viability consultancy support.

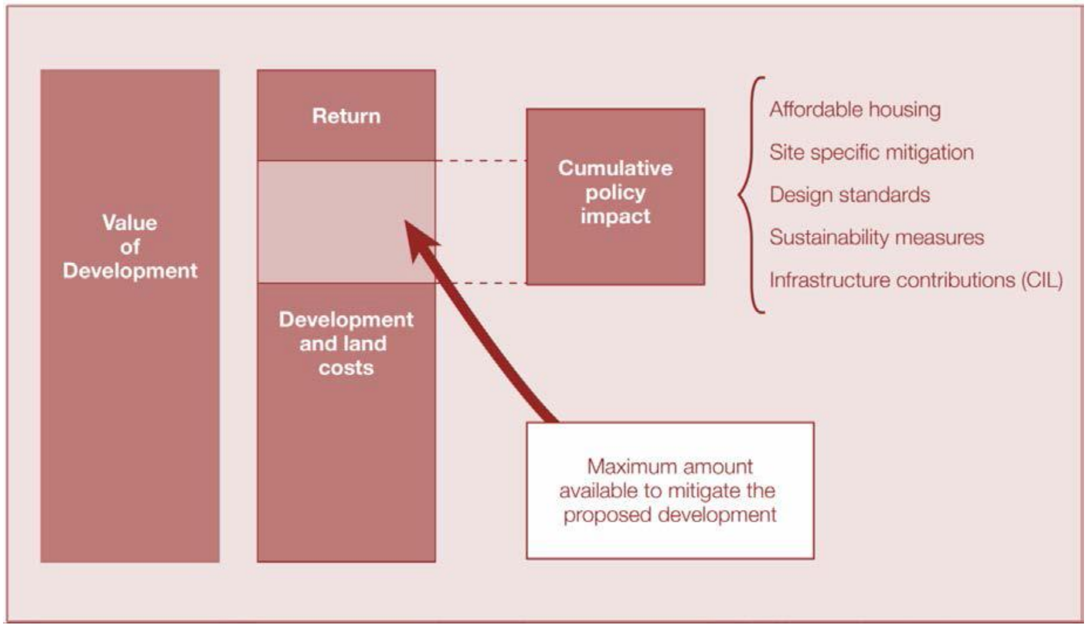
2. National Planning Policy Context

2.1 Viability testing in order to objectively assess deliverability has become a key part of the plan-making process. This EVA has been prepared in this context and takes full account of all relevant primary legislation, statutory regulations, mandatory planning guidance and policy, best practice and potential public policy changes.

National Planning Policy Framework – Viability testing for deliverability

2.2 The *National Planning Policy Framework* ('NPPF') [1], published in March 2012, introduced a requirement to assess the viability of the Local Plan. The NPPF states that plans should be deliverable and that the sites and scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened, as illustrated by the diagram below:

Fig 2: Cumulative policy impact viability threshold



2.3 The two NPPF paragraphs specifically relating to viability are set out below (with our emphasis):

(Para 173) Pursuing sustainable <u>development requires careful attention to viability and costs in plan-making</u> and decision-taking. Plans should be deliverable. Therefore, <u>the sites and the scale of development identified in the plan should not be subject to such a scale of</u>

[1] *'National Planning Policy Framework'* - Department for Communities and Local Government ('DCLG') (ISBN 9781409834137), March 2012: https://www.gov.uk/guidance/national-planning-policy-framework

obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, such as requirements for affordable housing, standards, infrastructure contributions or other requirements should, when taking account of the normal cost of development and mitigation, provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.

(Para 174) Local planning authorities should set out their policy on local standards in the Local Plan, including requirements for affordable housing. They should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, supplementary planning documents and policies that support the development plan, when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle. Evidence supporting the assessment should be proportionate, using only appropriate available evidence.

2.4 The NPPF [1] (para 158) requires that Local Plans are '*based on adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area'*. It is imperative that *'the assessment of and strategies for housing, employment and other uses are integrated, and that they take full account of relevant market and economic signals.'* It is envisaged that this EVA will form a key part of the Council's emerging suite of evidence in this regard.

2.5 Paragraph 173 of the NPPF is typically utilised by planning applicants at the planning application stage in order to make specific evidence-based submissions to demonstrate why a specific site cannot viably provide policy compliant headline planning contributions (for example, on-site affordable housing, s106 or s278 commuted sum payments). In the context of a truly *'deliverable'* Local Plan, sites where such evidence-based submissions are accepted by the LPA as justified should very much be in the minority. Conversely there may be a small number of allocated sites within an adopted Local Plan which can theoretically viably provide planning obligations above those required by policy.

2.6 Viability testing for deliverability in the context of a Local Plan does not necessarily envisage every emerging allocated site to be capable of delivering all of the LPAs requirements. Indeed some sites will be unviable, for example brownfield sites with a high level of site-specific abnormal costs, even with no planning policies imposed upon them. The NPPF envisages that a significant majority of sites put forward for allocation within a Local Plan should be able to viably bear the cumulative impact of policies put forward by the LPA. The ultimate objective in the Local Plan process is to assemble and present the necessary evidence base to an Inspector in order to facilitate the firm conclusion that a Development Plan is deliverable.

NPPF – Deliverable housing supply

2.7 Another key NPPF [1] requirement of relevance to this EVA relates to the duty of LPAs to '*boost significantly the supply of housing'* by using:

(Para 47) …their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework, including identifying key sites which are critical to the delivery of the housing strategy over the plan period.

2.8 The same paragraph (47) also requires that LPAs *'identify and update annually a supply of specific deliverable sites sufficient to provide five years worth of housing against their housing requirements with an additional buffer...to ensure choice and competition in the market for land'.* The anticipated *'additional buffer'* for Copeland Borough, where recent years have seen a 'record of persistent under delivery of housing', is likely to be 20%.

2.9 Paragraph 159 of the NPPF specifically states that in order to *'have a clear understanding of housing needs in their area'* each LPA should prepare a Strategic Housing Market Assessment ('SHMA') to *'identify the scale and mix of housing and the range of tenures that the local population is likely to need over the plan period'* and a Strategic Housing Land Availability Assessment ('SHLAA') *'to establish realistic assumptions about the availability, suitability and the likely economic viability of land to meet the identified need for housing over the plan period.'*

2.10 Paragraph 50 calls for LPAs *'to deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities.'*

2.11 Paragraph 50 also sets out the parameters for the collection of off-site commuted sums in lieu of on-site affordable housing where appropriate:

(Para 50) …where (LPAs) have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.

2.12 Footnote 1 to paragraph 47 provides further guidance on the circumstances required for a site to be considered *'deliverable'*. Such sites must be *'available now, offer a suitable* *location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years and in particular that development of the site is viable.'* Furthermore sites with planning consent will *'be considered deliverable until permission expires, unless there is clear evidence that schemes will not be implemented within five years, for example they will not be viable, there is no longer a demand for the type of units or sites have long term phasing plans.'*

2.13 Footnote 2 to paragraph 47 [1] details the circumstances required for a site to be considered *'developable'*. Such sites *'should be in a suitable location for housing development and there should be a reasonable prospect that the site is available and could be viably developed at the point envisaged.'*

2.14 The government has confirmed its intention to publish a revised NPPF in Spring 2018, informed by wider consultations, with an emphasis on planning for the right homes in the right places and turning existing and future planning permissions more quickly into homes through reforms such as the Housing Delivery Test.

National Planning Practice Guidance – Overview

2.15 The Government published the *National Planning Practice Guidance* ('NPPG') [2] in March 2014 as a live web-based resource which is subject to regular updating. The NPPG replaced over 7,000 pages of planning guidance that was previously published in separate documents. The NPPG adds further context to the NPPF and it is intended that the two should be read together. The NPPF and NPPG cumulatively set out what the Government expects of LPAs, the overall aim being to ensure that the planning system allows land to deliver new homes and employment whilst protecting valuable natural and historic environments.

2.16 The NPPG currently contains guidance on 50 separate topic areas. We will comment specifically on guidance provided on five topic areas of particular relevance to this EVA:

- Viability
- Housing and economic land availability assessment
- Local Plans
- Planning obligations (including guidance on 'pooling' and the '10 unit threshold')
- Starter Homes

[2] *'Planning Practice Guidance'* - DCLG, March 2014 (re-published November 2016, most recent update July 2017): https://www.gov.uk/government/collections/planning-practice-guidance#planning-practice-guidance-categories

NPPG – Viability

2.17 Guidance on 'viability' [2] begins within a reminder of the expectations of the NPPF in relation to *'viability in planning'* in the context of both plan-making and decision taking:

(Para 001 Reference ID: 10-001-20140306) The (NPPF) says that plans should be deliverable and that the sites and scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened.

Understanding Local Plan viability is critical to the overall assessment of deliverability. Local Plans should present visions for an area in the context of an understanding of local economic conditions and market realities. This should not undermine ambition for high quality design and wider social and environmental benefit but such ambition should be tested against the realistic likelihood of delivery

The (NPPF) policy on viability applies also to decision-taking. Decision-taking on individual schemes does not normally require an assessment of viability. However viability can be important where planning obligations or other costs are being introduced. In these cases decisions must be underpinned by an understanding of viability, ensuring realistic decisions are made to support development and promote economic growth. Where the viability of a development is in question, local planning authorities should look to be flexible in applying policy requirements wherever possible.

2.18 A summary of other paragraphs within the 'viability' topic area of relevance to *'viability in plan-making'* is set out in the table below (with our own emphasis):

Fig 3: Summary of NPPG relating to 'viability in plan-making'

Paragraph heading	**Guidance contained within**
Para 004: The underlying principles for understanding viability in planning (*Reference ID: 10-004-20140306*)	<u>Evidence based judgement</u> informed by relevant available facts. Requires realistic understanding of costs, value of development and understanding of market. <u>Understanding past performance</u>, e.g. build rates and scale of historic planning obligations. Direct engagement with development sector recommended. <u>Collaboration</u> between LPA, business community, developers, landowners and other interested parties recommended in order to improve understanding of deliverability and viability. Transparency of evidence encouraged wherever possible. <u>Consistent approach to viability</u> across all aspects of LPA evidence base (e.g. for housing, economic and retail policy). Where possible infrastructure and development policies should be prepared in parallel, ideally in conjunction with a masterplan approach.

Paragraph heading	**Guidance contained within**
Para 005: How should viability be assessed in plan-making? (*Reference ID: 10-005-20140306*)	Local Plans should be based on clear and deliverable vision of the area. Viability assessment a tool that can assist with development of plans and plan policies, should not compromise quality of development but ensure Local Plan vision and policies realistic and provide high level assurance that plan policies viable. Development of policies should be tested and kept under review in context of evidence of likely ability of market to deliver. Evidence should be proportionate to ensure plans underpinned by broad understanding of viability. Greater detail necessary in areas or for sites of known marginal viability.
Para 006: Should every site be tested? (*Reference ID: 10-006-20140306*)	Not necessary. Site typologies used to determine viability at policy level. Assessment of samples of sites helpful to support evidence. More detailed assessment may be necessary for key sites on which delivery of plan particularly relies.
Para 007: How should costs be considered in plan-making? (*Reference ID: 10-007-20140306*)	Consider range of costs on development, e.g. costs imposed through national and local standards and policies as well as a realistic understanding of likely cost of section 106 planning obligations and section 278 agreements for highways works. Cumulative cost should not cause development types or strategic sites to be unviable.
Para 008: How should changes in values and costs be treated in plan-making? (*Reference ID: 10-008-20140306*)	Should allow for a viability buffer to respond to changing markets and avoid need for frequent plan updating. Current costs and values used when assessing viability of policy. Policies should be deliverable and not based on expectation of future rises in values. Where any relevant future change to regulation or policy is known, likely impact on current costs should be considered.
Para 009: How should different development types be reflected in viability assessments for plan-making? (*Reference ID: 10-009-20140306*)	Viability assessments should be proportionate, but reflect range of different development likely to come forward in an area and needed to deliver vision of the plan. Different types of residential development, such as self-build and private rented sector housing, are funded and delivered in different ways – should be reflected in viability assessments.
Para 010: How should the viability of planning obligations be considered in plan-making? (*Reference ID: 10-010-20140306*)	Requirements for obligations should be sufficiently flexible to prevent planned development being stalled.
Para 012: The key factors to be taken into account in assessing viability in plan-making: Gross Development Value ('GDV') (*Reference ID: 10-012-20140306*)	For the purposes of plan-making, GDV is the assessment of potential value generated by development in the area. • Housing schemes = total sales and/or capitalised rental income from developments (including grant and other external sources of funding). • Retail and commercial development = broad assessment of value in line with industry practice. Values based on comparable, market information. Average figures may need to be used, based on types of development plan seeking to bring forward. Where possible, specific evidence from existing developments should be used after adjustment to take into account types of land use, form of property, scale, location, rents and yields. For housing, historic information about delivery rates can be informative.

Paragraph heading	Guidance contained within
Para 013: The key factors to be taken into account in assessing viability in plan-making: Costs (*Reference ID: 10-013-20140306*)	For the purposes of plan-making, a broad assessment of costs required. Should be based on robust evidence reflecting local market conditions. All development costs should be taken into account, including: • build costs (based on appropriate data, e.g. Building Cost Information Service, 'BCIS') • known abnormal costs • infrastructure costs • potential cumulative costs of emerging policy requirements and standards • finance costs • professional, project management, sales and legal costs
Para 014: The key factors to be taken into account in assessing viability in plan-making: Land value (*Reference ID: 10-014-20140306*)	Assessment of land or site value central to consideration of viability. In all cases, estimated land or site value should reflect common principles: • reflect emerging policy requirements and planning obligations; • provide competitive return to willing developers and land owners (including equity resulting from those building their own homes); and • be informed by comparable, market-based evidence wherever possible. Disregard transacted bids significantly above market norm
Para 015: The key factors to be taken into account in assessing viability in plan-making: Competitive return to developers and land owners (Reference ID: 10-015-20140306)	NPPF states viability should consider "competitive returns to a willing landowner and willing developer to enable development to be deliverable." Return will vary significantly between projects to reflect size and risk profile of project. Rigid approach to assumed profit levels should be avoided. Comparable schemes or data sources reflected wherever possible. A competitive return for land owner is price at which reasonable land owner would be willing to sell their land for development. Price will need to provide incentive for land owner to sell in comparison to value of other options available, including current use and/or alternative uses (which comply with planning policy).
Para 025: How should viability be considered for brownfield sites in plan-making? (Reference ID: 10-025-20140306)	Policies should reflect desirability of re-using brownfield land, and fact often more expensive to develop. Where cost of land a major barrier, landowners should be engaged in considering options to secure successful development. Need to consider implications of planning obligations on viability of brownfield sites across an area. Provided sites capable of delivering competitive return LPAs should select sites that meet the range of their policy objectives, in context of risks to delivery of plan. To incentivise re-use of brownfield sites, LPAs should work with interested parties (e.g. Local Enterprise Partnership) and look at different funding mechanisms available to contribute to costs when considering which sites to allocate. Assumptions about land values should reflect levels of mitigation and investment required to bring sites back into use. The impact of land remediation relief could also be considered.

NPPG – Housing and economic land availability assessment

2.19 This topic section of the NPPG [2] contains one paragraph of particular relevance to this EVA:

(Para 021 Reference ID: 3-021-20140306) A site is considered achievable for development where there is a reasonable prospect that the particular type of development will be developed on the site at a particular point in time. This is essentially a judgement about the economic viability of a site and the capacity of the developer to complete and let or sell the development over a certain period.

NPPG – Local Plans

2.20 This section of the NPPG [2] sets out the purpose of the Local Plan within the planning system and highlights key issues for plan preparation (such as the necessary level of detail, content, duty to cooperate, frequency of review and evidence base), examination and adoption.

2.21 Three paragraphs within this section make specific reference to viability in the context of plan delivery and/or the necessary evidence-base. These are set out below (with our emphasis):

(Para 010 Reference ID: 12-010-20140306). While the content of Local Plans will vary depending on the nature of the area and issues to be addressed, all <u>Local Plans should</u> be as focused, concise and accessible as possible. They should <u>concentrate on the critical issues facing the area</u> – including its development needs – and the strategy and opportunities for addressing them, <u>paying careful attention to both deliverability and viability</u>.

(Para 014 Reference ID: 12-014-20140306). <u>Appropriate and proportionate evidence is essential</u> for producing a sound Local Plan, and paragraph 158 onwards of the (NPPF) sets out the types of evidence that may be required…<u>The evidence needs to inform what is in the plan and shape its development</u> rather than being collected retrospectively. <u>It should also be kept up-to-date</u>…Local planning authorities should publish documents that form part of the evidence base as they are completed.

(Para 018 Reference ID: 12-018-20140306). A Local Plan is an opportunity for the local planning authority to set out a positive vision for the area, but <u>the plan should also be realistic about what can be achieved and when (including in relation to infrastructure</u>). <u>This means</u> paying careful attention to providing an adequate supply of land, identifying what infrastructure is required and how it can be funded and brought on stream at the appropriate time; and <u>ensuring that the requirements of the plan as a whole will not prejudice the viability of development</u>… The <u>evidence which accompanies an emerging</u>

Local Plan should show how the policies in the plan have been tested for their impact on the viability of development…

NPPG – Planning obligations

2.22 Both Section 122 of the Community Infrastructure Levy Regulations 2010 [3] and Paragraph 204 of the NPPF [1] stipulate that planning obligations must be:

- *necessary to make the development acceptable in planning terms;*
- *fairly and reasonably related in scale and kind to the development*.

2.23 The NPPG [2] contains a specific topic section which provides further detailed guidance on the implementation of planning obligations. Paragraphs of particular relevance to viability and assumptions to be made within this EVA are set out below (with our emphasis):

(Para 002 Reference ID: 23b-002-20140306). Developers may be asked to provide contributions for infrastructure in several ways. This may be by way of the Community Infrastructure Levy and planning obligations in the form of section 106 (Town and County Planning Act 1990) agreements and section 278 (Highways Act 1980) agreements. Developers will also have to comply with any conditions attached to their planning permission. Local authorities should ensure that the combined total impact of such requests does not threaten the viability of the sites and scale of development identified in the development plan.

(Para 004 Reference ID: 23b-004-20150306). Planning obligations must be fully justified and evidenced. Where affordable housing contributions are being sought, planning obligations should not prevent development from going forward.

(Para 007 Reference ID: 23b-007-20150306). Policy for seeking planning obligations should be grounded in an understanding of development viability through the plan making process…

2.24 This topic section of the NPPG also sets out the specific circumstances where contributions for affordable housing and tariff style planning obligations (section 106 planning obligations) can and cannot be sought from small scale development, following the Court of Appeal decision of 13 May 2016, which give legal effect to the policy set out in the written ministerial statement of 28 November 2014:

(Para 031 Reference ID: 23b-031-20161116). Contributions should not be sought from developments of 10-units or less, and which have a maximum combined gross floorspace

[3] 'The *Community Infrastructure Levy Regulations 2010* (made under regulation-making powers set out within the *Planning Act 2008*), April 2010: http://www.legislation.gov.uk/uksi/2010/948/part/11/made

directly related to the development; and, of no more than 1,000 square metres (gross internal area). In designated rural areas (as described under section 157(1) of the Housing Act 1985, which includes National Parks and Areas of Outstanding Natural Beauty) , LPAs may choose to apply a lower threshold of 5-units or less. No affordable housing or tariff-style contributions should then be sought from these developments. In addition, in a rural area where the lower 5-unit or less threshold is applied, affordable housing and tariff style contributions should be sought from developments of between 6 and 10-units in the form of cash payments which are commuted until after completion of units within the development.

2.25 Finally, also of relevance to planning obligations is the stipulation of the Community Infrastructure Levy Regulations 2010 [3] that planning obligations cannot be pooled from a more than five separate section 106 agreements to fund a single infrastructure project.

Starter Homes

2.26 A topic section of the NPPG [2] on 'starter homes' was published in March 2015 following the written ministerial statement of Brandon Lewis (the then Minister of State, Department for Communities and Local Government) [4]. earlier in the month. The written ministerial statement marked the end of a period of consultation by the Government on 'starter homes'. At that point in time it was envisaged that 'starter homes' would be built on under-used or unviable commercial or industrial sites not currently identified for housing, on both public and private land through a new national exception site planning policy. These homes would only be available for sale to young (below the age of 40 at the time of purchase) first time buyers at a minimum 20% discount below their open market value, with discounted prices being retained for a five year period.

2.27 Whilst the NPPG section on 'starter homes' has not been updated since March 2015 and remains 'live', it seems that the Government's policy position on 'starter homes' has moved on the intervening period.

2.28 The Annex to the Housing White Paper [6] sets out in more detail the policy proposal to

---

[4] *Written Ministerial Statement of The Minister of State, Department for Communities and Local Government (Brandon Lewis), 2 March 2015:* https://publications.parliament.uk/pa/cm201415/cmhansrd/cm150302/wmstext/150302m0001.htm#1503022000006

[5] *Government Press release – 'PM and Chancellor announce 'one nation' plans to spread homeownership across the country',: 4 July 2015:* https://www.gov.uk/government/news/pm-and-chancellor-announce-one-nation-plans-to-spread-homeownership-across-the-country

[6] *Housing White Paper: 'Fixing our broken housing market', Department for Communities and Local Government, 7 February 2017:* https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/590464/Fixing_our_broken_housing_market_-_print_ready_version.pdf

publish a revised definition of affordable housing as part of revisions to the NPPF [1]. Specific details of the proposed new definition of affordable housing are reproduced below (from 'Box 4' of the Annexe to the Housing White Paper [6]):

Affordable housing: *housing that is provided for sale or rent to those whose needs are not met by the market (this can include housing that provides a subsidised route to home ownership), and which meets the criteria for one of the models set out below.*

Social rented and affordable rented housing: *eligibility is determined with regard to local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision.*

Social rented housing *is owned by local authorities and private registered providers (as defined in section 80 of the Housing and Regeneration Act 2008), for which guideline target rents are determined through the Government's rent policy. It may also be owned by other persons and provided under equivalent rental arrangements to the above, as agreed with the local authority or with the Homes and Communities Agency.*

Affordable rented housing *is let by local authorities or private registered providers of social housing to households who are eligible for social rented housing. Affordable Rent is subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable).*

Starter homes *are housing as defined in Sections 2 and 3 of the Housing and Planning Act 2016 and any subsequent secondary legislation made under these sections. The definition of a starter home should reflect the meaning set out in statute at the time of plan-preparation or decision-taking. Local planning authorities should also include income restrictions which limit a person's eligibility to purchase a starter home to those who have maximum household incomes of £80,000 a year or less (or £90,000 a year or less in Greater London).*

Discounted market sales housing *is housing that is sold at a discount of at least 20 per cent below local market value. Eligibility is determined with regard to local incomes and local house prices. It should include provisions to remain at a discount for future eligible households.*

Affordable private rent housing *is housing that is made available for rent at a level which is at least 20 per cent below local market rent. Eligibility is determined with regard to local incomes and local house prices. Provision should be made to ensure that affordable private rent housing remains available for rent at a discount for future eligible households or for alternative affordable housing provision to be made if the discount is withdrawn. Affordable private rented housing is particularly suited to the provision of affordable housing as part of Build to Rent Schemes.*

Intermediate housing *is discount market sales and affordable private rent housing and other housing that meets the following criteria: housing that is provided for sale and rent at a cost above social rent, but below market levels. Eligibility is determined with regard to local incomes and local house prices. It should also include provisions to remain at an affordable price for future eligible households or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement. These can include Shared Ownership, equity loans, other low cost homes for sale and intermediate rent (including Rent to Buy housing).*

2.29 For the purposes of this EVA we have assumed that starter homes are included within the general affordable 'home ownership' tenure alongside existing typologies (e.g. shared ownership homes and discounted market sales products). In order to assess the viability effect of this potentially emerging change to the NPPF [1], this EVA will consider the viability outcome if housing sites within the Borough of more than ten units were required to *'deliver a minimum of 10% affordable home ownership units.'*

3. Local Planning Policy Context

Historical Local Plan

3.1 In 2006 the Council adopted a ten year Local Plan for the area ('2006 Local Plan') [7] where it has planning responsibilities – i.e. the portion of the Borough outside the National Park. In 2008 the Council began the process of replacing the 2006 Local Plan with a new Local Plan, incorporating a range of planning documents under the umbrella title of the Local Development Framework (LDF). The most important of these documents is the *Core Strategy and the Development Management Policies Development Planning Document* (the 'Core Strategy) [8] which covers a 15 year time frame (2013-2028).

Core Strategy and Development Management DPD

3.2 The Core Strategy was adopted in December 2013. It sets out the strategic direction for development up to 2028, and provides the overarching vision, high-level spatial policies and the more specific development management policies to guide development. This includes development to provide adequate housing and employment land.

3.3 The Core Strategy replaced the 2006 Local Plan, with the exception of some policies relating to specific areas of land which were due to be reviewed in the subsequent Site Allocations and Policies Plan.

Core Strategy – Strategic Objectives

3.4 The Core Strategy includes 20 Strategic Objectives for growth, diversification, quality of life, accessibility and protection of natural and historic assets in Copeland during the plan period. These Strategic Objectives flow out of the Council' vision for the Borough to 2028 (*'By 2028, Copeland will be an economically and socially sustainable, well-connected and environmentally responsible place of choice.'*). Strategic Objectives considered to have specific relevance to this EVA are:

---

[7] *Copeland Local Plan 2001-2016:* adopted 2006:
https://www.cumbria.gov.uk/elibrary/Content/Internet/538/755/1929/1982/39559154710.pdf
note hyperlink relates to 2nd deposit version (April 2005) – adopted version not available online

[8] *Copeland Local Plan 2013-2028: Adopted Core Strategy and Development Management Policies DPD:* adopted December 2013:
http://www.copeland.gov.uk/sites/default/files/attachments/copeland_local_plan_2013_2028.pdf

Objectives for Economic Opportunity and Regeneration

3.5 These objectives cover growth and diversification of the local economy, generating good employment opportunities, improving education and skill levels in the Borough, increasing revenue from tourism, and responding to the decommissioning of Sellafield.

- ***Strategic Objective 1***
  Support future renewable and low carbon energy generating capacity in Copeland in line with Britain's Energy Coast: A Masterplan for West Cumbria.
- ***Strategic Objective 2***
  Promote the diversification of the Borough's rural and urban economic base to enable a prosperous mixed economy, including creative and knowledge based industries, specialist engineering and the energy sector building on Copeland's nuclear skills base, and tourism exploiting heritage, the potential of the unspoiled coast and the quiet of the western lakes.
- ***Strategic Objective 3***
  Provide a wide range of modern, high-quality employment sites and premises and promote the creation of a high-end knowledge based employment cluster at Westlakes Science and Technology Park.
- ***Strategic Objective 4***
  Promote the vitality and viability of towns and Local Centres, taking advantage of the built heritage that exists in Copeland's towns and villages (notably Whitehaven and Egremont) to enhance the shopping experience for residents and visitors.
- ***Strategic Objective 5***
  Support the Nuclear Skills Academy, higher education at Westlakes, and the Borough's other educational establishments to improve educational attainment and skills to meet business needs.

Objectives for Sustainable Settlements

3.6 These objectives relate to the quality of life for local people, and to ensuring that settlements meet the needs of all: in terms of access to housing, community services and facilities, leisure, sport and employment.

- ***Strategic Objective 6***
  Focus major development in Whitehaven, and encourage complementary and additional development in Cleator Moor, Millom and Egremont and in Local Centres where opportunities exist, in line with strategic infrastructure provision.

- ***Strategic Objective 7***
  Enable a 'balanced housing market' ensuring that all housing is of good quality, affordable, responds to differing needs from deprived industrial communities to the more prosperous rural areas, and is provided in places where people want to live.

Objectives for Environmental Protection and Enhancement

3.7 These objectives relate to the natural and historic assets of Copeland; to ensure that they are protected and enhanced and that local development acknowledges global imperatives.

- ***Strategic Objective 14***
  Adapt to the impacts of climate change by minimising development in flood risk areas and by improving the extent of tree cover and connectivity of wildlife corridors.

- ***Strategic Objective 15***
  Promote recycling and waste minimisation.

- ***Strategic Objective 16***
  Conserve and enhance all landscapes in the Borough, with added protection given to the designated St Bees Head Heritage Coast site.

- ***Strategic Objective 17***
  Protect and enhance the many places and buildings of historical, cultural and archaeological importance and their settings.

- ***Strategic Objective 18***
  Improve green infrastructure and protect and enhance the rich biodiversity and geodiversity both within and outside of the Borough's many nationally and internationally designated sites, ensuring that habitats are extended, connected by effective wildlife corridors and that lost habitats are restored.

- ***Strategic Objective 19***
  Safeguard and where possible enhance the natural (including mineral and soil) resources in the Borough and, in addition, address the impacts of mining, iron working, nuclear energy and other former land uses.

- ***Strategic Objective 20***
  Facilitate the best use of land i.e. prioritise previously developed land for development (where this does not threaten valued biodiversity features) and secure an appropriate density of development on any given site.

Core Strategy Policies

3.8 Specific Core Strategy [8] policies considered to have particular relevance to this EVA are listed below. Further detail on each of these policies is set out at *Appendix 1*:

Policy ST2 – Spatial Development Strategy
Policy ST3 – Spatial Development Priorities
Policy ST4 – Providing Infrastructure
Policy ER3 – The Support Infrastructure for the Energy Coast
Policy ER4 – Land and Premises for Economic Development
Policy ER5 – Improving the Quality of Employment Space
Policy ER6 – Location of Employment
Policy ER7 – Principal Town Centre, Key Service Centres, Local Centres and other service areas: Roles and Functions
Policy ER8 – Whitehaven Town Centre
Policy ER11 – Developing Enterprise and Skills
Policy SS1 – Improving the Housing Offer
Policy SS2 – Sustainable Housing Growth
Policy SS3 – Housing Needs, Mix and Affordability
Policy T1 – Improving Accessibility and Transport
Policy ENV1 – Flood Risk and Risk Management
Policy ENV4 – Heritage Assets

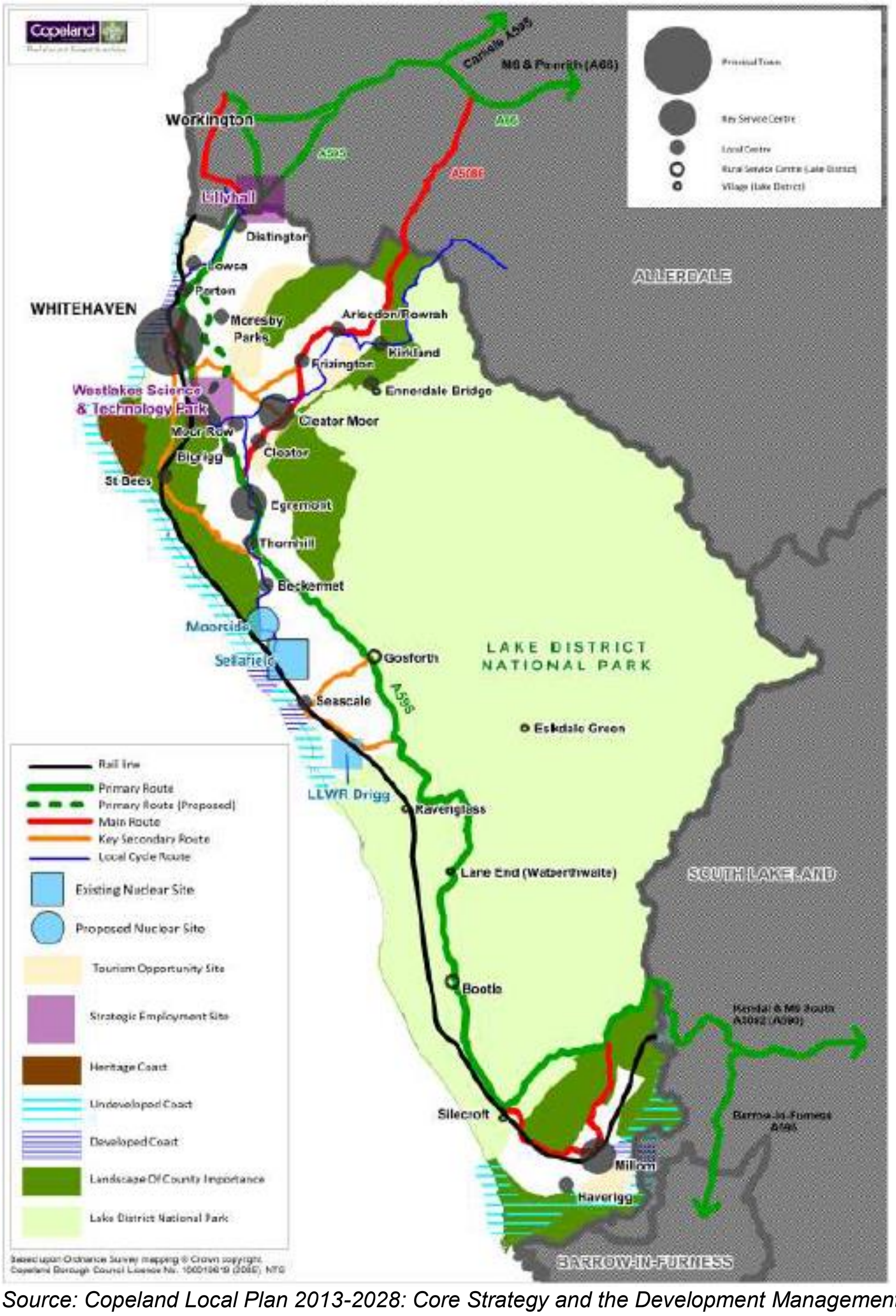
3.9 We take the view that the above Core Strategy [8] policies are of key importance to this EVA as it imperative that the assumed site typologies and scenarios which will be viability tested are reflective of the nature of development envisaged for the Borough. Even though the Council are moving towards a replacement Local Plan, for the time being the Core Strategy represents the Council's view of the most likely distribution and nature of development envisaged for each key settlement within the Council's area of planning control.

Settlement Hierarchy

3.10 Further to policy ST2, the Core Strategy identifies a 'settlement hierarchy' with the associated type and scale of development envisaged for each level of settlement: This hierarchy promotes growth in the main settlements and other key development locations, rather than spreading development more thinly, to maximise sustainable development by reducing the need to travel, making the best use of existing development and infrastructure and increasing opportunities for regeneration and the competitiveness of the Borough as a whole. The settlement hierarchy proposed is:

- Principal Town – Whitehaven
- Key Service Centres – Cleator Moor, Egremont, Millom
- Local Centres – Arlecdon/Rowrah, Beckermet, Bigrigg, Cleator, Distington, Frizington, Haverigg, Kirkland/Ennerdale Bridge, Lowca/Parton, Moor Row, Moresby Parks, Seascale; St Bees, Thornhill

Fig 4: Map of Copeland Borough showing Settlement Hierarchy and Locations



Source: Copeland Local Plan 2013-2028: Core Strategy and the Development Management Development Planning Document

3.11 The Core Strategy provides further details of the relative intended roles of the different settlements within the Borough in terms of type and scale of development, which we have reproduced below:

Fig 5: Copeland Borough Settlement Hierarchy with Type and Scale of Development

	Type and Scale of Development		
Classification	**Retail and Services**	**Employment**	**Housing**
Principal Town: Whitehaven	Convenience goods, large supermarkets and comparison goods provision. Supporting a range of provision to meet the needs of Copeland and support Whitehaven's role as a tourist centre.	A range of employment types. Provide opportunities both for expansion and start-up, and encourage clusters of new business types. Support opportunities to improve and expand on the existing tourism offer in this area.	Allocations in the form of estate-scale development where appropriate and continuing initiatives for large scale housing renewal. This could involve extensions to the town's settlement boundary. Infill and windfall housing. Larger sites will require a proportion of affordable housing.
Key Service Centre: Cleator Moor; Egremont and Millom	Range of comparison and convenience shopping. Emphasis will be on retention of existing provision. Mixed-use development will be supported in principle.	Small and medium enterprises will be encouraged to set up and grow. Provide opportunities for expansion and start up, with focus on linkages to nuclear sector and tourism.	Moderate allocations in the form of extensions to the towns to meet general needs. Infill and windfall housing. Larger sites will require a proportion of affordable housing.
Classification	**Retail and Services**	**Employment**	**Housing**
Local Centre: Arlecdon/Rowrah; Beckermet; Bigrigg; Cleator; Distington; Frizington; Haverigg; Kirkland/ Ennerdale Bridge; Lowca/Parton; Moor Row; Moresby Parks; Seascale; St Bees; Thornhill	Convenience shopping to meet day-to-day needs, which could include farm shops or similar. Emphasis will be on retention of existing provision.	Emphasis will be on retention. Expansion potential may include tourism in some places, generally limited by environmental constraints. New provision most likely to be provided through conversion/ re-use of existing buildings or completion of sites already allocated.	Within the defined physical limits of development as appropriate. Possible small extension sites on the edges of settlements. Housing to meet general and local needs. Affordable housing and windfall sites.

Source: Copeland Local Plan 2013-2028: Core Strategy and the Development Management Development Planning Document

3.12 The Core Strategy [8] puts forward the following provisional expectation of the distribution of housing development in the context of the settlement hierarchy, disregarding any additional housing that will be necessitated if the Moorside nuclear development ultimately proceeds:

- Whitehaven – at least 45% of all new homes within the plan period
- Cleator Moor – at least 10%
- Egremont – at least 10%
- Millom – at least 10%
- Local Centres – not more than 20% (in combination)

3.13 A key challenge from this 'Settlement Hierarchy' is the evolution of policy towards the distribution of new housing development across the Borough and ultimately the identification of appropriate sites to accommodate envisaged development. The recent housing land supply position statement identified current local supply as being 33% in Whitehaven, 36% in key services centres and 30% in local centres. The SHLAA identified opportunities for the expansion of Whitehaven (to the north and the south), Egremont (to the south and south west), Millom (to the south west), Cleator (to the north), Moor Row (to the west and south), and small expansion of the development boundaries of Arlecdon, Beckermet, Bigrigg, Ennerdale Bridge and Seascale. It is envisaged that these sites will be given further consideration as part of the emerging plan process, alongside sites provisionally allocated within the Site Allocations and Policies Preferred Options document.

Preferred Options and Housing Land Supply Position Statement

3.14 Following adoption of the Core Strategy [8] in December 2013 the Council has since been preparing its Site Allocations and Policies Plan which underwent consultation of the Preferred Options in January – February 2015.

3.15 In preparing for an additional period of consultation on a revised version of the Preferred Options report due to the extent of potential change, it became evident that the Council could not demonstrate a five year supply of housing land with the allocations proposed against the housing requirements as set out in the adopted Core Strategy. Earlier this year PFK were commissioned to provide the Council with a housing land supply position statement (as at 1 April 2016) which reached a conclusion that the Borough could only demonstrate 2.3 years of housing supply.

3.16 The adopted Core Strategy housing requirement was for 230 new homes per annum for the first five years of the plan period (up to March 2018), with an uplift to 300 new homes from year 6 onwards. Completion rates across the Borough have, however, only averaged 159 dwellings per annum for the period since 2005 and have not exceeded 200 dwellings per year for 11 years.

3.17 A decision was therefore made in May 2017 to suspend the progression of the Site Allocations and Policies Plan and focus upon a new all-encompassing Local Plan and update / produce the necessary evidence base in support of its adoption.

Potential Future Policy Challenges

3.18 It is clear that Copeland requires development to modernise and diversify the economy and to provide a better range of housing and a better quality of life for its residents, whilst at the same time respecting the exceptional environment. Whether or not the proposed Moorside facility is ultimately developed will have a very significant effect on the future direction of development needs and distribution across the Borough.

3.19 National issues of relevance to viability include potential detailed policy guidance on starter homes and/or further shifts in national affordable housing policy. Other potential national policy changes may follow in due course from the Housing White Paper [6] consultation exercise and the associated objective of the government to deliver a million additional new homes by 2020 and a further 500,000 by 2022.

3.20 The government intends to publish a revised NPPF in Spring 2018, with an emphasis on planning for the right homes in the right places and turning existing and future planning permissions more quickly into homes through reforms such as the Housing Delivery Test.

3.21 The Government has also recently completed a consultation exercise on a proposed standardised calculation for objectively assessed housing need (OAN). Local Plans submitted for examination after March 2018 will be required to plan to meet the need for housing implied by the new OAN methodology.

3.22 In parts of the Borough there may be scope to increase affordable housing yield through starter home or discounted market sale housing on emerging allocated sites. As an affordable housing product, this type of housing is a lower cost burden on developers than social rented or intermediate housing. Whilst starter or discounted market sale homes will not be the right product for all those in affordable housing need, pure development economics suggest that they should provide a significant opportunity to increase the affordable housing yield from housing allocations.

3.23 In common with other Cumbrian authorities, notwithstanding the preceding observations, the greatest issue for housing delivery across the Borough appears to be the capacity of the small number of locally active housebuilders and developers and allied to this the difficulties in viably securing site labour in sufficient volume. A key challenge to increasing the rate of delivery of available and future allocated housing sites appears to be the question of whether more housebuilders can be attracted to operate within the Borough in order to increase housebuilding capacity.

4. Viability Assessment Professional Guidance

4.1 In this Section of the EVA we detail the professional guidance we have used to establish our method to assess the viability of the various land uses and development typologies described in Chapter 7.

Professional Guidance and Viability

4.2 Our EVA has regard to national planning policy guidance (see Chapter 2) and relevant professional guidance and reports published by various bodies to facilitate this process.

4.3 *National Planning Practice Guidance* ('NPPG') [2] (Viability, paragraph 16) provides the most concise definition of viability:

'A site is viable if the value generated by its development exceeds the costs of developing it and also provides sufficient incentive for the land to come forward and the development to be undertaken.'

4.4 An important source of guidance is *'Viability Testing in Local Plans – Advice for planning practitioners'* (known as the 'Harman Report'), [9] which provides practical advice for planning practitioners on developing viable local plans and viability testing. The following definition of viability is provided (at page 14):

'An individual development can be said to be viable if, after taking account of all costs, including central and local government policy and regulatory costs and the cost and availability of development finance, the scheme provides a competitive return to the developer to ensure that development takes place and generates a land value sufficient to persuade the land owner to sell the land for the development proposed. If these conditions are not met, a scheme will not be delivered.'

4.5 Royal Institution of Chartered Surveyors ('RICS') guidance (*Financial Viability in Plannin*g) (known as the 'RICS Viability Guidance') [10] provides a methodology framework and guiding principles for financial viability in the planning context. It defines 'financial viability for planning purposes' as being:

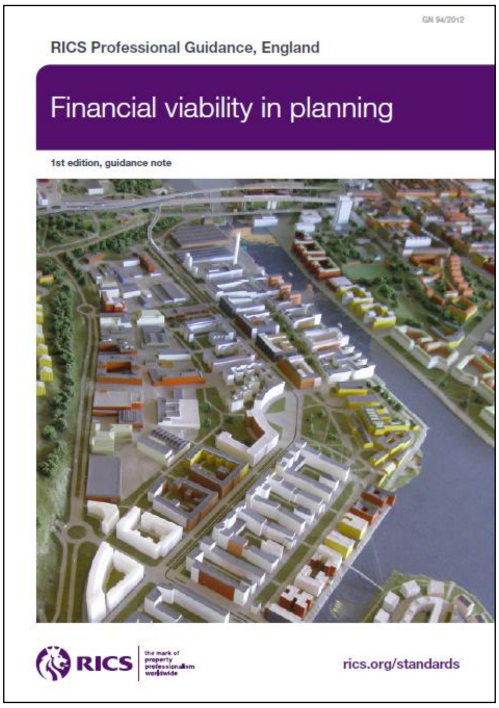
'An objective financial viability test of the ability of a development project to meet its costs including the cost of planning obligations, while ensuring an appropriate Site Value for the landowner and a market risk adjusted return to the Applicant delivering the project.'

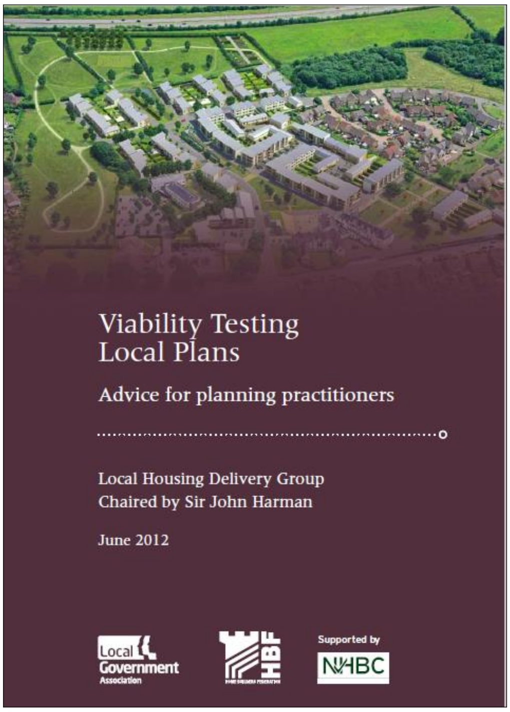
---

[9] *Viability Testing in Local Plans – Advice for planning practitioners:* LGA/HBF – Sir John Harman (June 2012): http://www.nhbc.co.uk/NewsandComment/Documents/filedownload,47339,en.pdf

[10] *Financial Viability in Planning* - RICS Guidance Note 1st Edition (GN 94/2012) (RICS, Aug 2012): http://www.rics.org/Documents/Financial_viability_in_planning_1st_edition_PGguidance_2012.pdf

4.6 The Harman Report [9] and the RICS Viability Guidance [10] provide useful guidance on key aspects of both plan-wide and site-specific viability testing, including the above definitions of 'viability' and the inclusion of detailed commentary on the land value assumption.





The Harman Report – Overview

4.7 The Harman Report was produced in 2012 in the wake of the launch of the NPPF [1] and was the culmination of the work of an independent cross-industry steering group featuring stakeholders from across the housebuilding industry convened the previous year by the then Housing Minster (Grant Shapps). This steering group, chaired by Sir John Harman, was charged with supporting the Government's objective to increase housing supply with the production of practical advice for local authorities and planning practitioners on developing viable Local Plans underpinned by a commitments from the Home Builders Federation ('HBF') to engage their members in applying this advice.

4.8 The Harman Report provides guidance on the task of viability testing in relation to a whole plan and the policies that are being developed as part of plan making. The advice is aimed at those responsible for Local Plans and plan policy making, as well as those with whom planners will work and engage to produce deliverable and sustainable plans. The primary role of a Local Plan EVA is stated to be *'to provide evidence to show that the* [viability and deliverability] *requirements set out within the NPPF are met. That is, that the policy requirements for development set out within the plan do not threaten the ability of the sites* *and scale of that development to be developed viably. Demonstrably failing to consider this issue will place the Local Plan at risk of not being found sound.'* (Page 14).

4.9 The Harman Report [9] identifies that the most important function of a Local Plan viability assessment is to consider the cumulative impact of policies. This means *'taking account of the range of local requirements such as design standards, community infrastructure and services, affordable housing, local transport policies and sustainability measures, as well as the cost impact of national policy and regulatory requirements. The test should include both existing policies that the planning authority intends to retain and the new policy requirements that it is seeking to introduce.'* (Page 15).

4.10 The fact that some of these policy requirements may not be straightforward to cost is highlighted, with the accompanying advice that attempts must be made to *'consider the impact of all policies that may result in a development cost or benefit'*. (Page 15). The challenges that developers and housebuilders face in working with a large number of complex and overlapping standards, many of which are applied at local level are recognised. It is acknowledged that achieving compliance with these standards in combination presents a significant challenge to the industry, as *'the costs of achieving compliance and the burden and costs of demonstrating compliance can…be significant, and in some circumstances can have an impact on viability'* (Page 8).

4.11 The Harman Report advises that *'The role of the test is not to give a precise answer as to the viability of every development likely to take place during the plan period ... Rather, it is to provide high level assurance that the policies within the plan are set in a way that is compatible with the likely economic viability of development needed to deliver the plan.'* (Page 15)…*Because of the potentially widely different economic profiles of sites within a local area…a more proportionate and practical approach* [is suggested to be that]*…local authorities create and test a range of appropriate site typologies reflecting the mix of sites upon which the plan relies.* (Page 11).

4.12 It is pointed out that *'a plan-wide test will only ever provide evidence of policies being 'broadly viable'. The assumptions that need to be made in order to carry out a test at plan level mean that any specific development site may still present a range of challenges that render it unviable given the policies in the Local Plan, even if those policies have passed the viability test at the plan level. This is one why our advice advocates a 'viability cushion' to manage these risks'* (Page 18).

4.13 The Harman Report sets out the following recommended steps for assessing '*the viability of Local Plans'* (Part Two):

Step 1: Review existing evidence and consider scope for alignment of assessments

- *Existing evidence*
  - *Review existing assessments and their evidence bases* [e.g. site specific planning viability audits; viability and market evidence within recent Strategic Housing Land Availability Assessments ('SHLAA's)] *to determine what can be used or developed further as part of the plan-wide viability assessment…This will help to reduce the burden and is in line with guidance to consider appropriate and available evidence. Particular consideration should be given to approaches that have been used in the past that have found good levels of support from local stakeholders* (Page 22).
    - Note, at the present time the Council has little in the way of recent evidence base due to the fact that until May 2017 the Council was pursuing the process of replacing the 2006 Local Plan with a Local Plan in a LDF format. This process began in 2008 with the most significant step being the adoption of the Core Strategy [8] in 2013 (see 3.1 to 3.3 above). The Council produced a SHLAA [11] in 2013. Viability assessment of SHLAA sites was undertaken by GVA Grimley Ltd during 2011. We have reviewed the GVA Grimley report and note the conclusion reported that few of the sites tested were viable at the date of assessment, but that with improved market conditions a significant proportion of the sites could be considered viable.
    - We have taken the view that the 2011 viability assessment work is now out of date. Furthermore in light of the Council's May 2017 decision to focus upon a new all-encompassing Local Plan our brief in preparing this EVA (Stage One) is to look to test the viability of potential site typologies across the Borough in the context of current market conditions.
    - The Council has confirmed that no site-specific planning viability submissions have been received and audited within the past two years.
- *Alignment of assessments*
  - *While considering the potential for other exercises to inform the evidence for a plan viability test, it is also important to explore the potential for aligning or combining future assessments* (Page 232).
  - *This aspect relates particularly to situations where a LPA envisages the foreseeable introduction of a CIL charging regime, where it would be good practice*

[11] *Copeland Local Plan: Strategic Housing Land Availability Assessment* (Draft final report for consultation): August 2013: http://www.copeland.gov.uk/sites/default/files/attachments/130802_copelandshlaadraftfinal_web.pdf

to combine viability testing for the Local Plan and in respect of CIL. The Council is not currently considering the introduction of CIL.

Step 2: Agree the appraisal methodology, assumptions and information to be used

Consultation with appropriate stakeholders is advocated in order to 'sense-check' assumptions and maximise the likelihood of industry 'buy-in' to the viability testing process and the subsequent delivery of development in accordance with the policies of a Local Plan. As part of the formulation of this EVA we have consulted with relevant stakeholders. Further details are provided in *Appendix 2*.

- <u>Existing models and methodologies</u>
  - *The local planning authority should be in a position to make a well-informed judgement as to the merits of any given approach to the viability assessment. Critically, it should make every effort to get stakeholders to agree on the approach and to ensure that the assumptions used are transparent and available to all parties. Most existing models use a residual land value methodology to assess viability. Here, the difference between the value and costs of development are compared with land values to determine whether development will be viable. We recommend that the residual land value approach is taken when assessing the viability of plan-level policies* (Page 25).
    - Further detail on the methodology and modelling that has been utilised in the preparation of this EVA is detailed at 4.37 to 4.40 below.
- <u>Treatment of viability over time</u>
  - *…it is sensible for the assessment of plan viability similarly to adopt a slightly different approach for the first five years from that taken for the longer term period covered by the plan. The most straightforward way to assess plan policies for the first five years is to work on the basis of current costs and values…The one exception…should be recognition of significant national regulatory changes to be implemented, particularly during the first five years, where these will bring a change to current costs over which the developer or local planning authority has little or no control…For the period beyond the first five years (ie. the 6-15 year period), it is suggested that a more flexible approach may be taken, recognising the impact of economic cycles and policy changes over time…Inevitably, this will require predicting some key variables…The best a council can realistically seek to do is to make some very cautious and transparent assumptions with sensitivity testing of the robustness of those assumptions…albeit that it should be recognised that the forecasts for the latter part of the plan period are unlikely to be proved accurate and will need review* (Pages 26 and 27).

        - Sensitivity testing has been adopted within this EVA. Sensitivity analysis within the viability model assess the impact of increasing and decreasing market values and construction costs.
- _Treatment of Threshold Land Value_ – see 4.14 to 4.21 below.
- _Consideration of types of site_
    - *…partners should…consider the types of site that are likely to form the supply for development over the plan period. Planning authorities may build up data based on the assessment of a number of specific local sites included within the land supply, or they may create a number of hypothetical sites, typologies or reasonable assumptions about the likely flow of development sites. In either case, a reasonably wide variety of sites has to be considered* (Pages 31 and 32).
        - This EVA has adopted the second approach of viability testing a range of hypothetical sites agreed with the Council and 'sense-checked' through consultation with relevant stakeholders. These sites are taken to represent a realistic range of site typologies likely to come forward for development in the proposed all-encompassing Local Plan. Further detail on the nature of the hypothetical sites we have tested is set out in Chapter 7 below.
- _Policy requirements_
    - *the scoping exercise must also include a thorough consideration of the potential policy requirements within the emerging Local Plan that are to be costed and included within the assessment – that is, requirements that are likely to give rise to added costs of development, and therefore have an impact on viability…Here is a range of requirements that planning authorities may consider:*
      • Site-specific Sustainability.
      • Site-specific Design Demands.
      • Community Infrastructure and Services (s106 and CIL).
      • Affordable Housing.
      • Adoption Costs, Bonding, etc.
      • Transport Policies.
      Where these are proposed, their cost impact should be included within the viability assessment (Page 33).
        - This EVA is a 'Stage One' assessment which is being made in advance of any specific formulated policies in the envisaged all-encompassing Local Plan. We have, however, sought information from the Council on typical ranges of affordable housing and s106 contributions agreed in respect of approved schemes over the past two to three years as in our experience it is unlikely that an EVA will reveal significant changes in the viability of potential schemes within a specific LPA area. Even if an EVA did reveal

such viability changes it is unlikely the market would tolerate extreme shifts in planning policy on issues of relevance to viability from one Local period to the next. Consequently we take the view that the Council's recent 'track record' in respect of affordable housing and s106 contributions is of direct relevance to this EVA. This has influenced the parameters we have viability tested within and the range over which specific assumptions have been sensitivity tested.

- We also hold data, which has been 'sense-checked' with stakeholders, on the cost effect of sustainability and design demands. This cost information has been built into the assumptions we have adopted.

Step 3: Information gathering and viability modelling

Consultation with appropriate stakeholders with knowledge of the local market (*'estate agents, developers, registered providers, land agents and local surveyors and valuers'* Page 34) is again advocated in order to 'sense-check' assumptions. As part of the formulation of this EVA we have consulted with relevant stakeholders. Further details are provided in *Appendix 1*. The specific assumptions we have adopted within this EVA in respect of development revenues, costs, developer return and land values are set out in Chapter 7 below.

- <u>*Development revenues and costs*</u>
  - *Revenue*
    - Average figures for types of development envisaged, based on local housing net sales values
    - Value received by developer for affordable housing
  - *Build costs*
    - *Based on BCIS or other appropriate data, adjusted only where good evidence for doing so based on specific local conditions and policies including low quantities of data (Page 34)*
  - *External works, infrastructure and site abnormals*
    - *…likely to vary significantly from site to site.* [LPA] *should include appropriate average levels for each type of site unless more specific information is available. Local developers should provide information to assist in this area where they can, taking into account commercial sensitivity.* (Page 35)
  - *Site acquisition costs*
  - *Site specific mitigation*
    - Average figures for types of development envisaged for infrastructure items such as flood protection, sustainable urban drainage schemes (SUDS), ecological considerations, and off-site highways works. Where

possible, engagement with utility providers, Highways Agency, Environment Agency, land owners and site promoters is encouraged.

- *Fees*
  - Will vary with the changing complexity of sites and should reflect likely nature of sites coming forward for development.
- *Sales and marketing costs*
- *Finance costs*
- *Common viability testing problems to be avoided:*
  - Overlooking the distinction between the gross site area and the net developable area (the gross to net ratio can often be circa 50% on larger sites).
  - Use of BCIS build cost data and failure to include an additional allowance for external site and infrastructure costs
  - Application of finance costs to only build costs and not purchase and infrastructure costs.
  - Overlooking the cost of promoting schemes and associated fees, over and above planning fees.

- Return on development and overhead
  - *The level of overhead will differ according to the size of developer and the nature and scale of the development. A 'normal' level of developer's profit margin, adjusted for development risk, can be determined from market evidence and having regard to the profit requirements of the providers of development finance…Smaller scale, urban infill sites will generally be regarded as lower risk investments when compared with complex urban regeneration schemes or large scale urban extensions* (Page 36).
- Land values
  - *In order to determine an appropriate 'current use value', planning authorities should take up-to-date advice from local agents and valuers. This is likely to give a more locally accurate picture than relying on nationally available datasets…What ultimately matters for housing delivery is whether the value received by the land owner is sufficient to persuade him or her to sell their land for development* (Page 37).

Step 4: Viability appraisal and tests

Once assumptions have been agreed an initial viability assessment can be carried out, initially on a high-level basis. Subsequent detailed analysis can follow, where appropriate. *The appraisal should be able to provide a profile of viability across a geographical range and/or range of different types of site. This will be far more informative than blanket averages for the whole area…Once this profile is established, it may also help to include* *some tests of…actual sites likely to come forward for development if this information is available. This will allow a sense check of the profile.* (Page 38).

Step 5: Review outputs, refine and revise the modelling

The LPA should share initial outputs from viability modelling with relevant stakeholders for comment. Consultants (where utilised) should be on hand to explain technical detail. Initial outputs may lead to need to change some assumptions to more closely achieve balance between community aspirations and viability. Alternatively it may be that alternative policy options can be suitably illustrated by sensitivity testing. Local members and relevant stakeholders should be fully briefed on the purpose and outcome of any revised modelling. Where the assessment indicates significant risk to delivery there may the need to lower or revise policy aspirations and/or allocate a greater quantity or a different mix of land.

Keeping the viability of plan policies under review

Once Local Plan adopted further supplementary policies directly affecting costs and viability should not be introduced without an appropriate and robust viability review. Where plan-wide viability testing evidence is found sound it is easier to proceed with periodic 'refreshes' of assumptions and testing using the same methodology. Where policies have been set with a 'viability cushion', modest changes in development variables should not overly affect viability and deliverability. Where the rate of delivery meets plan's delivery assumptions it is unlikely that a specific review will be necessary. This should be monitored on an annual basis, potentially alongside key variables such as house prices, finance costs, build costs and land values.

The Harman Report – Threshold Land Value

4.14 One of the key issues for plan wide viability analysis is the Threshold Land Value ('TLV') – defined in the Harman Report as '*the value at which a typical willing landowner is likely to release land for development.'* (Page 28)

4.15 The Harman Report recommends that when considering the appropriate TLV, account needs be given to *'the fact that future plan policy requirements will have an impact on land values and owners' expectations'.* Concern is expressed that *'using a market value approach as the starting point carries the risk of building-in assumptions of current policy costs rather than helping to inform the potential for future policy* (Page 29).

4.16 The Harman Report recommends that '*the (TLV) is based on a premium over current use values and 'credible' alternative use values'*. However, it is accepted that *'alternative use values are most likely to be relevant in cases where the Local Plan is reliant on sites* *coming forward in areas (such as town and city centres) where there is competition for land among a range of alternative uses'* (Page 29).

4.17 The Harman Report does not prescribe what the premium over existing use value should be, but proposes that this should be '*determined locally* (and) *it is important that there is evidence that* (the ratio utilised) *represents a sufficient premium to persuade landowners to sell'* It is further recognised that in certain circumstances, particularly in areas where landowners have *'long investment horizons'* (e.g. family trusts, Crown Estate, Oxbridge Colleges, Financial Institutions), *'the premium will be higher than in those areas where key landowners are more minded to sell'* (Page 30).

4.18 The Harman Report states that reference to market values can provide a useful *'sense check'* to the assumed TLV used in the viability model, but '*it is not recommended that* [this is] *used as a basis for the input to a model*' (Page 29). *'Local sources should be used to provide a view on market values (the 'going rate'), as a means of giving a further sense check on the outcome of the current use plus premium calculation'* (Page 30).

4.19 This section of the Harman Report also highlights a range of specific circumstances where any perceived 'premium' over existing (current) use value is likely to vary significantly, for example;

- Urban sites with alternative potential uses
- Large greenfield sites (*'where a prospective seller is potentially making a once in a lifetime decision over whether to sell an asset that may have been in* [the same] *ownership for many generations. Accordingly, the uplift to current use value sought by the landowner will invariably be significantly higher than in an urban context'*, Page 30).
- Smaller, edge-of-settlement greenfield sites (where *'landowners' required returns are likely to be higher than those associated with larger greenfield sites'*, Page 31).

4.20 Based upon our considerable experience of the property market the approach advocated in the Harman Report risks ignoring the workings of the property market, where almost all willing landowners are driven by achieving the best return for land sales. Judgements on the potential return will in the vast majority of circumstances be based on market evidence of what has been achieved in other recent sales.

4.21 We would advocate a land value assumption based on an appropriate reduction to historic market values, reflecting potential emerging / proposed planning policies. It is, however, important for planners and viability consultants to appreciate that the market will generally only tolerate an increase to the perceived policy burden by a certain degree. For example, if a LPA had an existing policy regime which required the provision of 10% on-site affordable housing on sites of more than ten units, if sales or land value evidence showed little recent change, a proposed increase In an emerging Local Plan to 50% on-site affordable housing would be unlikely to be conducive to the ongoing delivery of residential development at the same rate as the existing policy regime.

RICS Viability Guidance– Overview

4.22 The RICS Viability Guidance [10] was published shortly after the Harman Report in August 2012 to provide RICS accredited viability practitioners with guidance on how the viability test required by the NPPF [1] can be satisfied. It is less academic and much more 'market facing' in its approach and includes technical guidance on determining an appropriate site / benchmark value. The RICS Viability Guidance *'provides all those involved in financial viability in planning and related matters with a definitive and objective methodology framework and set of principles that can be applied mainly to development management. The principles are however applicable to the plan making and CIL (area wide) viability testing.'* (Page 4)

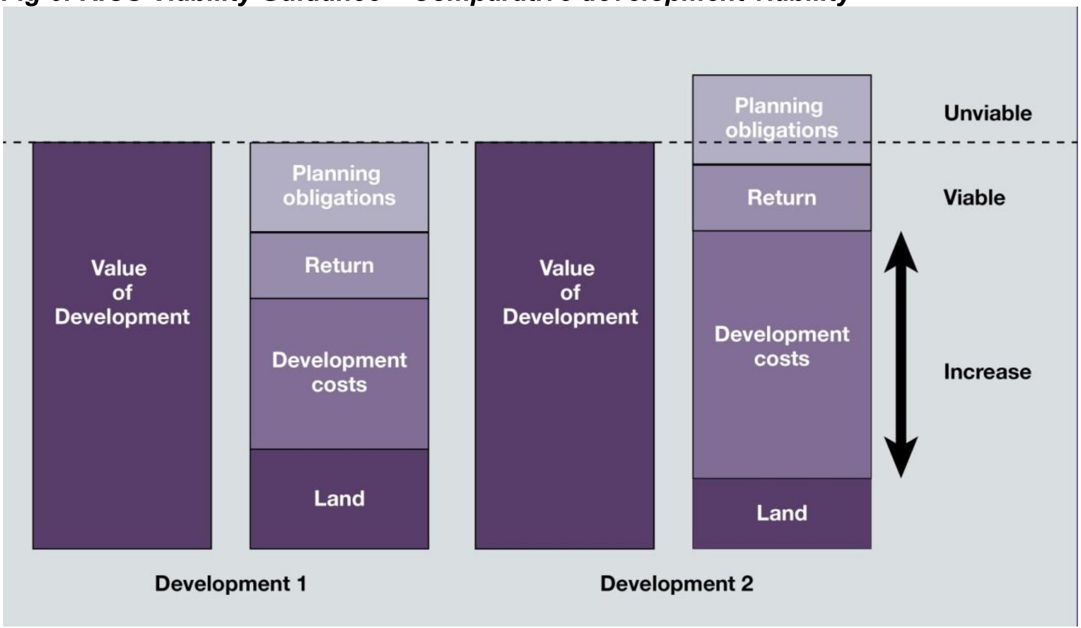
4.23 Whilst in some respects the RICS Viability Guidance and the Harman Report can be seen as complimentary, there are contradictions between the two papers, particularly insofar as the determination of an appropriate benchmark or TLV.

4.24 When undertaking a viability assessment for planning purposes, LSH takes full consideration of the RICS Viability Guidance, which provides a definitive and objective methodology framework to support plan wide and affordable housing viability assessments. It is grounded in the statutory and regulatory planning regime that currently operates in England, consistent with the Localism Act 2011, the NPPF and Community Infrastructure Levy (CIL) Regulations 2010.

4.25 The RICS Viability Guidance identifies that the fundamental issue in considering viability assessments in a '*planning context is whether an otherwise viable development is made unviable by the extent of planning obligations or other requirements'* (Page 10, Para 2.1.2).

4.26 The RICS Viability Guidance illustrates this issue through an illustrative diagram (see *Fig 5* below). The development economics of Development 1 is such that policy requirements can be met whilst also meeting a reasonable site value, development costs and a market risk adjusted return for the development. Under Development 2, costs have increased, while development values have remained static and the proposed site value is slightly reduced. The impact of this is that Development 2 is potentially unviable.

Fig 6: RICS Viability Guidance – Comparative development viability



Source: Financial Viability in Planning - RICS Guidance Note 1st Edition

4.27 In general circumstances, the RICS Viability Guidance [10] proposes the use of a residual appraisal methodology for financial viability testing. The residual method:
recognises that the value of a development scheme is a function of a number of elements: the value of the completed development (gross development value (GDV)); the direct costs of developing the property (gross development cost (GDC)); the return to the developer for taking the development risk and delivering the scheme; the cost of any planning obligations, and the cost or value of the site. The residual approach is used for development situations where the direct comparison with other transactions is not possible due to the individuality of development projects. However, practitioners will seek to check residual development appraisals with market evidence (Page 11, Para 2.2.1).

4.28 A residual appraisal facilitates an assessment of the impact of planning obligations or policy implications on viability. This method allows for either the level of developer return or site value to be inputted with the consequential output (either a residual land value or return respectively) being used to compared to a target return or value, known as a benchmark, having regard to the market.

4.29 *Fig 6* (below) shows the key elements in a development / residual appraisal model:

Fig 7: The Residual Appraisal Method

Residual Value approach with land value as output
Gross Development Value (The combined value of the complete development) LESS **Gross Development Cost** (Cost of creating the asset, including a profit margin) (i.e. Construction + fees + finance charges + profit) = **RESIDUAL LAND VALUE** *(which is then compared with acceptable competitive return for willing landowner)*

Residual Value approach with developer profit as output
Gross Development Value (The combined value of the complete development) LESS **Gross Development Cost** (Cost of creating the asset, including a purchase of land) (i.e. Land + Construction + fees + finance charges) = **RESIDUAL PROFIT (RETURN)** *(which is then compared with acceptable competitive return for willing developer)*

4.30 If the residual appraisal output (residual land value or residual profit) is above the target benchmark, in the context of a set of reasonable and realistic development assumptions, then a scheme is considered to be viable. If the residual output is close to or slightly below the benchmark then the scheme is likely to be of marginal viability. If the residual output is significantly below the benchmark the scheme will be considered to be unviable and one or more costs of the scheme (land value, planning contributions development costs or profit) will need to be reduced in order for the scheme to proceed.

4.31 The RICS Viability Guidance [10] provides the following definition of Site Value:
Site value should equate to the market value subject to the following assumption: that the value has regard to development plan policies and all other material planning considerations and disregards that which is contrary to the development plan' (Page 12, Para 2.3.1).

4.32 Any assessment of Site Value will also have regard to prospective planning obligations while also having regard to the prevailing property market.

4.33 In the context of plan-wide viability testing the RICS Viability Guidance puts forward a second assumption that needs to be applied to the definition of Site Value:

'Site value (as defined above) may need to be further adjusted to reflect the emerging policy…The level of the adjustment assumes that site delivery would not be prejudiced. Where an adjustment is made, the practitioner should set out their professional opinion underlying the assumptions adopted. These include, as a minimum, comments on the state of the market and delivery targets as at the date of assessment' (Page 12, Para 2.3.3)

4.34 The RICS Viability Guidance [10] adopts the RICS definition of market value as the appropriate basis to assess site value (see 4.31 above). This is consistent with NPPF, which acknowledges that 'willing sellers' of land should receive 'competitive returns'. Competitive returns can only be achieved in a market context (i.e. market value) not one which is hypothetically based with an arbitrary mark-up applied, as in the case of existing use value (or current use value) plus a premium.

4.35 The RICS Viability Guidance provides specific commentary on the issues that can arise where viability testing is undertaken with assumed site value based on 'EUV plus a premium', rather than on the basis of market value adjusted to take account of existing and emerging development plan policies:

One approach has been to adopt current use value (CUV) plus a margin or a variant of this, i.e. existing use value (EUV) plus a premium. The problem with this singular approach is that it does not reflect the workings of the market as land may not be released at CUV or CUV plus a margin (EUV plus). It is possible, however, that current use represents market value, providing that the CUV is in excess of the residual value produced by a proposed development (Page 17, Para 3.4.1)

Once a Site Value…has been established, and therefore has regard to the market, it is of course possible to show ('back out') how this can be disaggregated in terms of EUV plus the premium element. Practitioners and users will see the significant variance that can occur between different schemes in respect of the 'premium' element. This is why the practice of applying a singular approach, i.e. in the absence of market testing, of so called standard mark ups (the 'premium') to EUV is arbitrary, does not reflect the market, and can result in the over or under valuing of the site in question (Page 17, Para E.1.11).

4.36 Whilst 'EUV plus a premium' can be useful to help 'triangulate' the market value for a particular site, the emphasis does have to be on property market evidence if the scheme is to be grounded in reality and therefore deliverable. It is for these reasons that we commend the RICS Guidance.

5. Residential Market Context

Residential Market Context – National

5.1 According to the *Rightmove* House Price Index [12] for July 2017, the average price of UK property coming to the market was down up by 0.1% compared to the previous month at £316,421. This represents an annual increase of 2.8%.

5.2 Despite sales falling on a month-by-month basis overall, the North of England experienced an 11% increase in sales agreed year-on-year, compared to a 3% increase in the South.

5.3 According to the *Zoopla* area guide for the United Kingdom [13], over the last 12 months the highest number of sales were semi-detached houses, followed by terraced, detached and flats. These trends are reflected in the following table:

Fig. 8. National house price and sales volume data based (past 12 months)

House Type	Average Price Paid	Current Average Value	Number of Sales
Detached	£377,397	£433,721	188,689
Semi-detached	£241,645	£265,108	211,149
Terraced	£227,152	£247,152	199,939
Flats	£250,233	£300,222	129,011
All	£268,576	£304,469	773,630

Source: www.zoopla.com (June 2017)

5.4 RICS publish a monthly UK residential market survey which provides an indication of current and future conditions in the UK residential sales and lettings market. This survey is published monthly, was most recently published in November 2017 [14] and has provided the following headline findings over the past five months:

- National price growth indicator nears zero as London and South East pull down the UK average
- Continued lack of momentum for both sales and enquiries
- Sales prices for more expensive homes (£1m+) coming in below initial asking price

5.5 The surveys highlight that sales activity continues to lack momentum and price growth is reported to have come to a standstill at the national level, with regional patterns displaying a mixed picture. Reference is made to political uncertainty in the aftermath of the General Election and the ongoing Brexit process causing hesitancy from both buyers and vendors.

---

[12] *Rightmove* House Price Index: http://www.rightmove.co.uk/news/house-price-index/

[13] *Zoopla* Area guide for UK: https://www.zoopla.co.uk/market/uk/

[14] *RICS UK Residential Market Survey (July 2017):* https://www.rics.org/Global/November_2017_RICS_UK_Residential_Market_Survey_tp.pdf

5.6 The survey notes that there continues to be a lack of supply, with new instructions falling for the twenty-first consecutive month during November. Consequently, average stock levels on estate agents' books remain close to record lows, limiting choice for potential home buyers.

5.7 In respect of market forecasts, respondents are not anticipating activity in the sales market to gain impetus over the next year. Notwithstanding this, the outlook appears a little more positive in some parts of the UK.

Residential Market Context – Regional

5.8 The County of Cumbria in north-west England comprises six districts (Allerdale, Barrow, Carlisle, Copeland, Eden and South Lakeland) the Lake District National Park and part of the Yorkshire Dales National Park. Key road connections are provided by the M6, A75 and A69 from the South, North and East respectively. Within the region, major road connections comprise the A595/A596, A590/A591, A6 and A66.

5.9 In 2016, Cumbria had a total resident population of 497,900. The table below gives further economic statistics for the region compared with the wider North West area and Great Britain, as a percentage of population.

Fig. 9. Percentage of population economically active in context

Category	Cumbria	North West	Great Britain
Population aged 16-64	60%	62.8%	63.1%
Economically Active	78.8%	75.6%	77.8%
Unemployment	4%	5.2	4.8%

Source: NOMIS, Labour Market Profile – Cumbria (2016) [15]

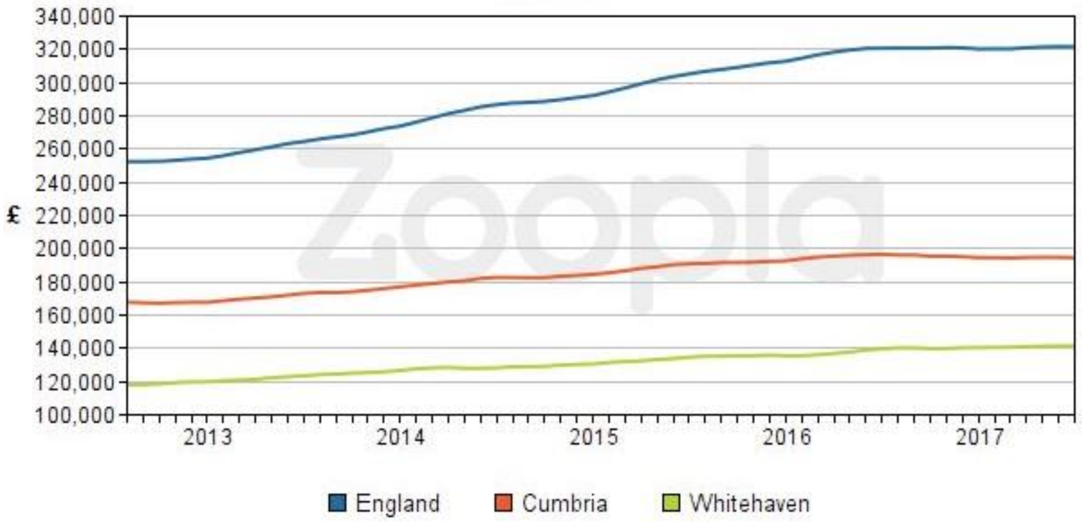
5.10 There were a total of 231,000 employee jobs in 2016, 64.5% of which were full time positions and 35.9% part time roles. The sectors employing the highest number of people in Cumbria during 2016 were Manufacturing (16.9%), Retail Trade (15.2%) and Accommodation and Food Service Industries / Human Health and Social Work Activities (13.4%).

5.11 The graph below compares national home value trends with the County of Cumbria and Whitehaven – the major service town and principal town of Copeland Borough. Cumbria's average house value circa £200,000 which is approximately 37% less than the average for England of £320,000. Whitehaven's average house price of circa £140,000 is estimated by *Zoopla* to currently sit approximately 30% below the County average. It should be pointed out that this average house price is largely reflective of the nature of housing stock in

15 *NOMIS official labour market statistics, Labour Market Profile – Cumbria*: https://www.nomisweb.co.uk/reports/lmp/la/1941962771/report.aspx?town=cumbria

Whitehaven, comprising a predominance of small terraced properties, significant numbers of relatively low value ex-Council properties and an identified under-supply of large executive homes.

Fig. 10. Value Trends Graph – Whitehaven, Cumbria, England (past 5 years)



Source: Zoopla 2017

5.12 In the Cumbria region over the 12 months to June 2017 the highest number of recorded sales were terraced houses, followed by semi-detached, detached and flats. These trends are reflected in the following table:

Fig. 11. Cumbria house price and sales volume data (12 months to June 2017)

House Type	Average Price Paid	Current Average Value	Number of Sales
Detached	£280,387	£311,003	1,687
Semi-detached	£167,356	£175,731	2,077
Terraced	£121,126	£129,021	2,373
Flats	£130,773	£150,896	466
All	£177,006	£194,006	6,609

Source: www.zoopla.com (June 2017) [13]

Copeland Borough – Geographical Overview

5.13 Copeland is the western-most Cumbrian district, bound by the western coastline, along with the Allerdale and South Lakeland districts to the north-east and south-east respectively. Communities within Copeland are connected via a road network mainly comprising the A595 road, which runs from north to south, the A5086 Cockermouth to Egremont road and with several 'B' and minor roads.

5.14 According to NOMIS [15], Copeland Borough had a population of 69,300 in 2016, of whom 61.3% were aged 16-64, compared to the national average of 63.1%. As a percentage of the total population, 75.2% were classed as economically active which is broadly in line with the wider regional and national figures.

5.15 The sectors employing the highest number of people in Copeland were Skilled Trades Occupations as 20.2% and Professional Occupations at 19.8%.

Copeland Borough – House Price Trends

5.16 The table below shows house price data for Copeland Borough for the 22 months from January 2016:

Fig. 12. Copeland house price and sales volume data (2016 and 2017)

2016		
House Type	**Average Price Paid**	**Number of Sales**
Detached	£238,730	247
Semi-detached	£129,119	349
Terraced	£92,857	394
Flats	£89,510	36
All	£140,192	1,026 (85.5 sales per month)

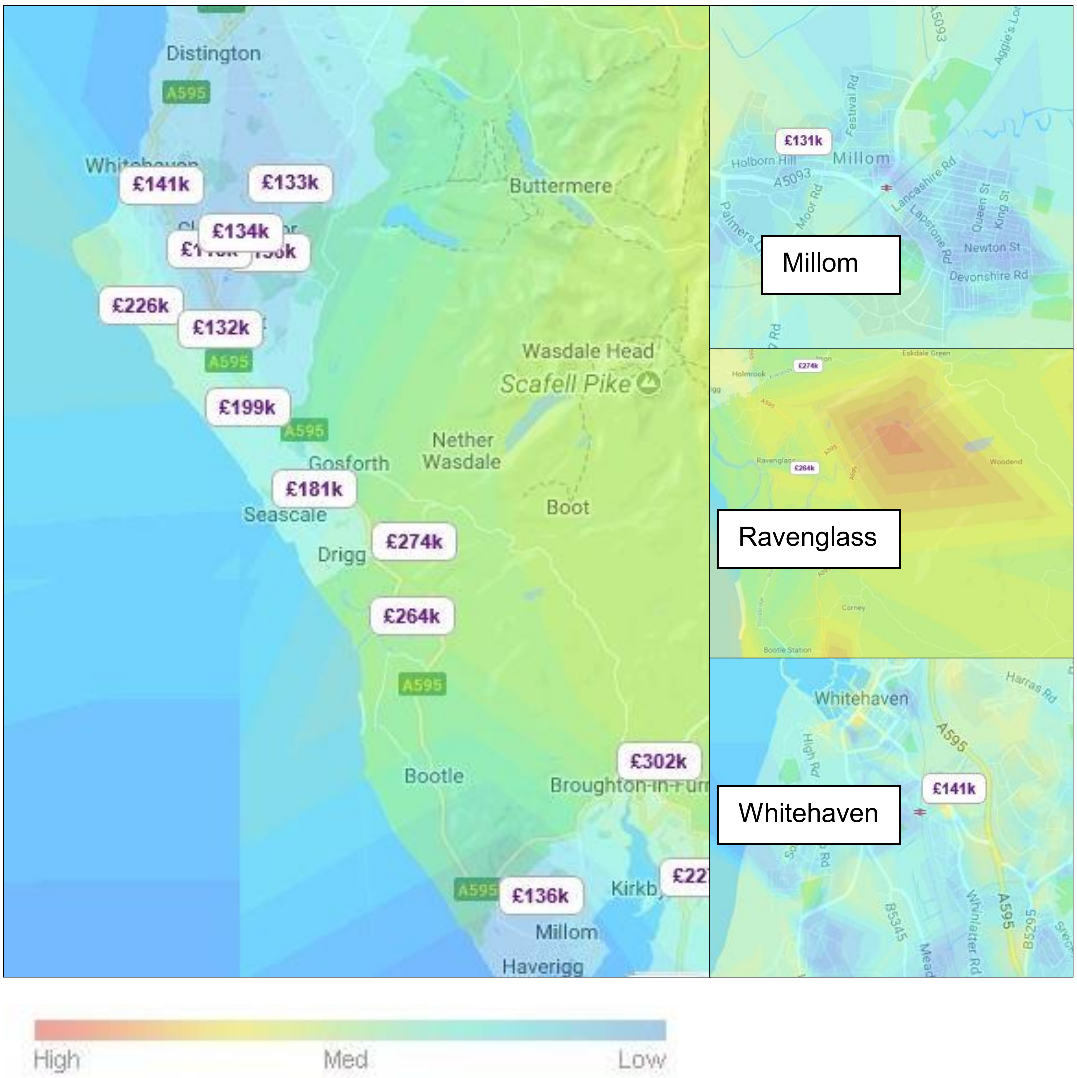
2017 (Jan to October only)		
House Type	**Average Price Paid**	**Number of Sales**
Detached	£240,528	185
Semi-detached	£132,903	260
Terraced	£95,238	260
Flats	£100,402	26
All	£145,588	731 (73.1 sales per month)

Source: Land Registry Price Paid Data [16]

5.17 The heatmaps below show the range of house price levels across Copeland Borough which varies considerably in different areas. For example, traditional industrial towns such as Whitehaven, Cleator Moor and Millom are of relatively low value which is indicated by 'cooler' colours. In contrast, the higher value areas are located more predominantly in villages and rural areas towards the southern part of the district, near the and within the National Park, which is indicated by 'warmer' colours.

[16] *HM Land Registry Price Paid Data*: http://landregistry.data.gov.uk/app/standard-reports

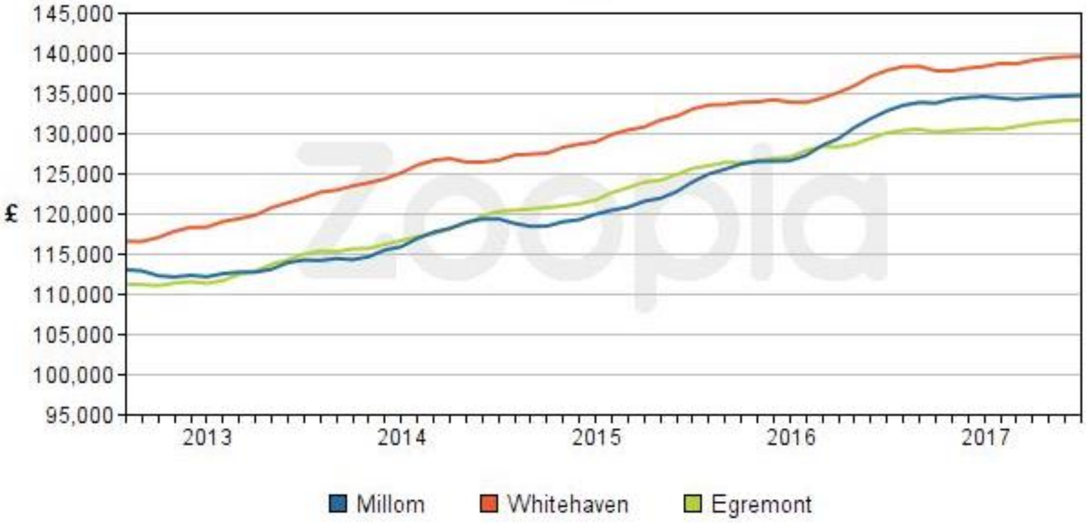
Fig. 13. Copeland house price heatmap

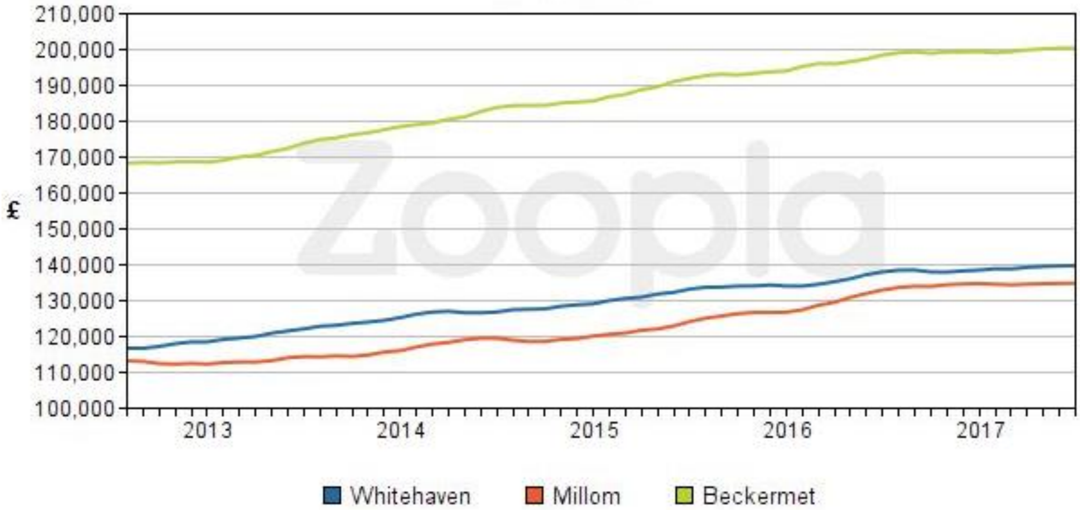


Source: www.zoopla.com (June 2017) [13]

5.18 This trend in house price variation across the Borough can also be seen in the Zoopla graphs below, where the principal town of Whitehaven has been marginally above key service centres such as Millom and Egremont in terms of value trends over the past five years. In contrast, rural village locations such as Beckermet have achieved significantly higher values, with average values sitting around 30% higher.

Fig. 14. Value Trends Graph – Selected Copeland settlements (past 5 years)





Source: www.zoopla.com (June 2017) [13]

5.19 The *Zoopla* website [13] complies a 'zed-index' which is the average property value in a given area based on current *zoopla* estimates, which in turn are based on a range of information including sales data, asking prices, regional price trends. *Zoopla's* 'zed-index' provides a useful starting point when reviewing the current price differentials between different areas, although any assumptions must be considered in the context of the respective nature of the generic housing stock of each area (i.e. a predominance of small terraced houses will reduce average recorded sale prices).

5.20 The table below shows current 'zed-index' figures for each postcode sub-area within Copeland Borough Council's area of planning control:

Fig. 15. Copeland 'Zed-Index' Figures

Postcode sub-area	'zed-index' figure	Settlements in area	Value change in past 12 months	Number of sales in past 12 months
CA14	£141,139	Distington *(note this area includes part of Allerdale Borough – Workington, Great Clifton, Seaton, Camerton)*	+1.27%	431
CA19	£274,260	Drigg, Holmrook *(note this area includes part of the Lake District NP – Irton, Eskdale Green, Santon Bridge, Boot)*	+1.3%	3
CA20	£181,601	Seascale, Sellafield, Calder Bridge *(note this area includes part of the Lake District NP – Gosforth, Nether Wasdale, Wasdale Head)*	+ 1.23%	53
CA21	£202,572	Beckermet, Braystones	+ 1.3%	8
CA22	£132,438	**Egremont**, Bigrigg, Thornhill, Haile, Wilton, Nethertown	+ 1.27%	102
CA23	£135,527	Cleator, Ennerdale Bridge *(note this area includes part of the Lake District NP – Ennerdale)*	+ 1.5%	15
CA24	£116,992	Moor Row	+ 1.49%	12
CA25	£135,838	**Cleator Moor**	+ 1.59%	74
CA26	£131,073	Frizington, Rowrah, Arlecdon	+ 1.32%	47
CA27	£224,043	St Bees	+ 1.46%	23
CA28	£140,049	**Whitehaven**, Sandwich, Low Moresby, Lowca, Parton	+ 1.46%	367
LA18	£129,628	**Millom**, Haverigg, Kirksanton *(note this area includes part of the Lake District NP – Silecroft, Whicham)*	- 0.44%	94

Source: www.zoopla.com (June 2017) [13]

Copeland Borough – Overview of New Build Residential Market Evidence

5.21 We have carried out a review of current new build asking prices and a market review of new build sales values recently achieved within Copeland Borough. This is based on a detailed analysis of HM Land Registry new-build price paid data [16], cross-referenced to floor area data held on the EPC (Energy Performance Certificate) database [17] in order to derive achieved values on a £ per square metre / foot basis. This provides a good baseline for forming a professional view on assumed new build values likely to be achieved on hypothetical future sites across the Borough, as to be modelled within this EVA.

5.22 In recent years there has been a paucity of major residential developments taking place in the Borough outside of Whitehaven. Due to this limited transactional evidence we have

[17] *Domestic energy performance certificate register (DCLG)*: https://www.epcregister.com/

extended the analysis period for the remainder of the Borough to the past five years (1 June 2012 to 31 May 2017). We have analysed new build sales values achieved in Whitehaven since January 2016.

Whitehaven – New Build Residential Market Activity and Evidence

5.23 There have been 72 new build sales across five sites within Whitehaven over the 17 month period since January 2016. Further detailed analysis of each individual sale is set out at *Appendix 3(i)*:

Fig. 16. Summary of new build market evidence – Whitehaven (Jan 2016 to May 2017)

Address	*Ave floor area (m^2)*	*Number of market sales in period*	*Ave sale price per unit*	*Ave £ per m^2*	*Ave £ per ft^2*
Ceda Park, Hensingham, CA28 8TG *(W R Richardson)*	83	9	**£144,056**	£1,743	**£162**
Hunslet Place, CA28 9BF – Bungalow units only *(John Swift Homes)*	93	4	**£192,975**	£2,069	**£194**
Waters Edge, CA28 9PE *(Story Homes)*	121	8	**£249,325**	£2,067	**£192**
Wilson Howe, CA28 9SA *(Story Homes)*	160	23	**£304,950**	£1,909	**£177**
Edgehill Park, CA28 9SD *(Story Homes)*	98	28	**£194,880**	£1,988	**£185**
Totals / averages across all sites					
Bungalow units	93	4	**£192,975**	£2,088	**£192**
Terraced units	90	10	**£154,280**	£1,724	**£160**
Semi-detached units	85	19	**£162,826**	£1,917	**£178**
Detached units	144	39	**£285,259**	£1,980	**£184**
ALL UNITS	118	72	**£229,632**	£1,945	**£181**

5.24 It is noted that three of the above sites are being developed by Story Homes. To provide some regional context, the table below shows sales information from three Story Homes' sites in Carlisle over a similar period (January 2016 to March 2017):

Fig. 17. Selective new build market evidence – Carlisle (Jan 2016 to March 2017)

Address	*Ave floor area (m^2)*	*Number of market sales in period*	*Ave sale price per unit*	*Ave £ per m^2*	*Ave £ per ft^2*
Eden Gate, Houghton *(Story Homes)*	126	35	**£280,067**	£2,228	**£207**
The Grange, Dalston *(Story Homes)*	110	42	**£233,544**	£2,117	**£197**
The Ridings, Blackwell *(Story Homes)*	111	28	**£207,489**	£1,872	**£174**

Edgehill Park, Whitehaven (Story Homes)

5.25 Residential units continue to be built and offered for sale by Story Homes at Edgehill Park (CA28 9SD), which forms part of a large-scale residential development of more than 400 dwellings on land to the south of the Woodhouse estate on land between Wilson Pit Road and St Bees Road on the south-western edge of Whitehaven:

Fig. 18. Site and Location Plan of Edgehill Park development within Whitehaven

Source: Site Plan – *Story Homes 'Edgehill Park' Brochure /* Location Plan – *Google maps*

5.26 *Fig. 16* (above) shows summary analysis of 28 sales of units at this site over the past 18 months. Further detailed analysis for these sold units is set out at *Appendix 3(i)*. Gross sale prices achieved range from £129,950 for $65m^2$ ($700ft^2$) semi-detached units to £279,950 for $120m^2$ ($1,292ft^2$) detached units. Details of asking prices for ten units being marketed at this site with our analysis are set out below:

Fig. 19. Asking Prices – Edgehill Park, Whitehaven (July 2017)

Unit type	*Floor area (m^2)*	*Floor area (ft^2)*	*Asking price*	*Asking price (£ per m^2)*	*Asking price (£ per ft^2)*
(Plot 92) *Warwick* – 4 bed detached house with single integral garage	130.3	1,402	**£272,950**	£2,095	**£194.7**
(Plot 66) Warwick	130.3	1,402	**£272,950**	£2,095	**£194.7**
(Plot 74) *Boston* – 4 bed detached house with single integral garage	125.5	1,351	**£269,950**	£2,151	**£199.8**
(Plot 71) *Greenwich* – 4 bed detached house with single integral garage	117.2	1,261	**£239,950**	£2,048	**£190.3**
(Plot 75) *Greenwich*	117.2	1,261	**£239,950**	£2,048	**£190.3**
(Plot 67) *Greenwich*	117.2	1,261	**£237,950**	£2,031	**£188.7**
(Plot 48) *Marlborough* – 2 bed apartment with courtyard parking	68.1	733	**£129,950**	£1,908	**£177.3**
(Plot 52) *Marlborough*	68.1	733	**£124,950**	£1,835	**£170.5**
(Plot 47) *Marlborough*	68.1	733	**£122,950**	£1,805	**£167.7**
(Plot 49) *Marlborough*	68.1	733	**£119,950**	£1,761	**£163.6**
Min (Size / Price)	68.1	733	**£119,950**	£1,761	**£163.6**
Average (Houses)	123.0	1,323	**£255,617**	£2,079	**£193.2**
Average (Flats)	68.1	733	**£124,450**	£1,827	**£169.8**
Max (Size / Price)	130.3	1,402	**£272,950**	£2,095	**£194.7**

Warwick *Boston* *Greenwich* *Marlborough*

Source: Story Homes Edgehill Park Brochure / Rightmove[12]

5.27 Story Homes are currently the most active housebuilder across Cumbria. To provide further regional context, the Warwick house type features on a number of their active sites across North and West Cumbria. The table below shows current asking prices for this house type across nine current developments:

Fig. 20. Current Asking Prices – Warwick unit type across various sites (July 2017)

Site	**Warwick house type**
Strawberry Grange, Strawberry How Road, Cockermouth	£366,950
Edenholme Park, Cumwhinton, Nr Carlisle	£319,950
Eden Gate, Houghton, Nr Carlisle	£319,950
The Oaks, Clifton, Nr Penrith	£309,950
St Andrew's View, Low Road, Thursby, Nr Carlisle	£309,950
Crindledyke Farm, Kingstown, Nr Carlisle	£284,950
Cairns Chase, Moor Road, Stainburn, Nr Workington	£284,950
Edgehill Park, Whitehaven	**£272,950**
The Ridings, Blackwell, Nr Carlisle	£263,950*

* = No units of this type currently available on site. Figure relates to most recent sale price achieved

The Mount, Whitehaven (John Swift Homes)

5.28 Following on from the recently completed 'Hunslet Place' scheme, which saw 14 bungalow units built on the site of the former Pondfield Garage on Solway Road, Whitehaven (see *Fig 16.* and *Appendix 3(i)*), John Swift Homes are now in the process of constructing 17 bungalows at 'The Mount', on the north-eastern edge of Whitehaven:

Fig. 21. Site and Location Plan of The Mount development within Whitehaven

Source: John Swift Homes 'The Mount' Brochure

5.29 Details of current asking prices for ten units being marketed at this site with our analysis are set out below:

Fig. 22. Current Asking Prices – The Mount, Whitehaven (July 2017)

Unit type	*Floor area (m^2)*	*Floor area (ft^2)*	*Asking price*	*Asking price (£ per m^2)*	*Asking price (£ per ft^2)*
(Plot 2) *Balmoral* – 4 bed detached bungalow with single integral garage	184.6	1,987	**£355,000**	£1,923	**£178.7**
(Plot 7) *Balmoral*	184.6	1,987	**£355,000**	£1,923	**£178.7**
(Plot 3) *Balmoral*	184.6	1,987	**£349,950**	£1,896	**£176.1**
(Plot 6) *Sandringham* – 3 bed detached bungalow with single integral garage	130.1	1,400	**£315,000**	£2,421	**£225.0**
(Plot 5) *Sandringham*	130.1	1,400	**£310,000**	£2,383	**£221.4**
Min (Size / Price)	130.1	1,400	**£310,000**	£2,383	**£221.4**
Average	162.8	1,752	**£336,990**	£2,070	**£192.3**
Max (Size / Price)	184.6	1,987	**£355,000**	£1,923	**£178.7**

Balmoral *Sandringham*

Source: Source: John Swift Homes 'The Mount' Brochure / John Swift Homes facebook page

5.30 The above average asking price of £2,070 per m^2 (£192.3 per ft^2) is not overly dissimilar to the average of £2,069 per m^2 (£192 per ft^2) achieved across the last four units sold at 'Hunslet Place' (see *Fig 16*), although the 'Hunslet Place' units have a smaller average floor area (93m^2) than the above five units at 'The Mount' (162.8 m^2). The disparity between the asking price per m^2 / per ft^2 for the two different house types at 'The Mount' can be explained by the observation that the *Sandringham* house type is limited to one level and the *Balmoral* is situated across two levels, with the upper floor being of a dormer nature within the roofspace. Floorspace situated within attics and roofspace in bungalows is not generally as valuable as ground floor space.

Outside Whitehaven – New Build Residential Market Activity and Evidence

5.31 We have identified 122 new build sales across six sites outside Whitehaven over the five year period from June 2012. Further detailed analysis of each individual sale is set out at *Appendix 3(ii)*:

Fig. 23. Summary of new build market evidence – Copeland outside Whitehaven (June 2012 to May 2017)

Address	*Ave floor area (m^2)*	*Number of market sales in period*	*Ave sale price per unit*	*Ave £ per m^2*	*Ave £ per ft^2*
Keekle Meadow, Cleator Moor, CA25 5RW *(High Grange Developments)*	140	37	**£226,586**	£1,621	**£151**
Scholars Green, Distington CA14 5UA– Bungalow units only *(John Swift Homes)*	80	14	**£157,789**	£1,971	**£183**
The Looms, Frizington, CA26 3AT *(Barratt Homes)*	76	38	**£120,620**	£1,587	**£147**
The Dunes, Seascale, CA20 1NN Bungalow units only (*Citadel Estates)*	72	2	**£199,950**	£2,777	**£258**
The Links (Phase 2), Seascale, CA20 1RB *(Persimmon Homes)*	85	26	**£162,803**	£1,923	**£179**
Holly Mews, St Bees, CA27 0EA *(High Grange Developments)*	172	5	**£317,500**	£1,842	**£171**

5.32 The other key service centres in Copeland Borough, Millom and Egremont, have seen no new build activity in the period since 2012. We have therefore compiled schedules of re-sales of relatively recently built houses (taken to be those houses built from 1997 onwards) in both of these towns in order to provide an indication of the likely level of market values achievable for new build housing:

Fig. 24. Summary of market evidence of re-sales of post-1997 built housing – Millom (September 2015 to May 2017)

Address	*Year built*	*Floor area (m^2)*	*House Type*	*Sale Price*	*Date of sale*	*£ per m^2*	*£ per ft^2*
1 Old Moor Gardens, Millom, LA18 5ER	1999	94	Semi-Detached (4 Bed)	**£180,000**	28/04/2017	£1,915	**£178**
89 Lowther Road, Millom, LA18 4PW	2004	80	Semi-Detached (4 Bed)	**£165,000**	03/06/2016	£2,063	**£192**
5 Old Moor Gardens	1999	106	Semi-Detached (4 Bed)	**£160,000**	15/04/2016	£1,509	**£140**
93 Lowther Road	2004	84	Semi-Detached (3 Bed)	**£154,000**	22/10/2015	£1,833	**£170**
3 Ruskin Close, Millom, LA18 4PX	2004	117	Detached (4 Bed)	**£174,000**	22/09/2015	£1,487	**£138**
Averages		96	-	**£166,600**	-	£1,761	**£164**

Fig. 25. Summary of market evidence re-sales of post-1997 built housing – Egremont (September 2015 to May 2017)

Address	*Year built*	*Floor area (m^2)*	*House Type*	*Sale Price*	*Date of sale*	*£ per m^2*	*£ per ft^2*
20 Clintz Road, Egremont, CA22 2QZ	2006	119	Detached (4 Bed)	**£215,000**	20/12/2016	£1,807	**£168**
15 Langhorn Court, Egremont, CA22 2QZ	2007	89	Detached	**£192,000**	01/12/2016	£2,163	**£201**
22 Langhorn Court	2008	90	Detached	**£195,000**	18/11/2016	£2,167	**£201**

Address	*Year built*	*Floor area (m^2)*	*House Type*	*Sale Price*	*Date of sale*	*£ per m^2*	*£ per ft^2*
9 Rowntree Gardens, Egremont, CA22 2ER	2005	87	Semi-Detached (3 Bed)	**£130,000**	26/07/2016	£1,494	**£139**
4 Rowntree Gardens	2005	98	Semi-Detached (3 Bed)	**£148,000**	28/04/2016	£1,506	**£140**
5 Rowntree Gardens	2005	62	End-Terraced (2 Bed)	**£100,000**	30/03/2016	£1,613	**£150**
23 Langhorn Court	2008	81	Semi-Detached (3 Bed)	**£160,000**	07/03/2016	£1,975	**£184**
11 Langhorn Court	2007	113	Detached	**£190,000**	01/12/2015	£1,681	**£156**
7 Rowntree Gardens	2004	63	End-Terraced (2 Bed)	**£103,000**	13/11/2015	£1,635	**£152**
2 Rowntree Gardens,	2004	87	Semi-Detached (3 Bed)	**£139,999**	14/09/2015	£1,609	**£150**
Averages		89	-	**£157,350**	-	£1,765	**£164**

Commentary on Residential Transactional Analysis

5.33 We take the view that the above analysis of new build house price transactions, asking prices and sales prices achieved by re-sales of post-1997 built housing (5.23 to 5.32) reiterates the trends seen in house price variations across the Borough as described above (5.16 to 5.20), that the principal town of Whitehaven shows marginally higher values than the key service centres. In contrast, some rural village locations have achieved significantly higher values.

5.34 Unfortunately the sample size of relevant transactional data outside of Whitehaven is relatively small and potentially skewed by the range of disparate housing products seen across the most recently active residential sites. Of the six sites identified outside of Whitehaven (see 5.31 and *Fig. 23*) at one extreme there are the larger than average unit types constructed by High Grange Developments at Keekle Meadows, Cleator Moor and

Holly Mews, St Bees (140 and 172 m^2 average floor areas for the two sites respectively), which is likely to lead to quantum discounting in comparison to more typical unit areas. It is notable, however, from these two sites by the same developer that the five transactions at St Bees are around 13% on average higher than the average for the Cleator Moor site. Furthermore the units at St Bees are on average more than 30m^2 per unit larger and also feature 2.5 storey house types, both factors which would be expected to lead to relative quantum discounting. This evidence supports the theory that small popular villages, such as St Bees, Beckermet and Ennerdale Bridge would be expected be achieve to higher values than other local centres within the Council's area of planning control.

5.35 To further comment on the six sites identified outside of Whitehaven (see 5.31 and *Fig. 23*) at the other extreme are the smaller than average sized units constructed by Barratt Homes at The Looms, Frizington (76m^2 average per unit), of which only one unit is detached. These sales also all took place more than three years ago. The value trends graphs at *Fig.14* suggest that values across the Borough have increased on average by 10% to 15% over this period.

5.36 Scholars Green, Distington and The Dunes, Seascale are both developments featuring only bungalows, where average sale prices per unit area are expected to be higher than in comparison to two storey houses. The most recent sale at Scholars Green was more than two years ago and the sample size of just two recorded sales to date at The Dunes is not large enough to form a definitive conclusion on values in Seascale. The Links (Phase 2), also in Seascale, featuring wholly house units, produces an average across 26 transactions of within £2 per ft^2 of the average achieved over the past 18 months by the 72 recorded new build transactions in Whitehaven (see *Fig 16*).

5.37 With regard to the difference in value between the principal town of Whitehaven and the key service centres, *Fig 16* indicates that 72 new build transactions since January 2016 have produced an average value of £181 per ft^2. *Fig 24* and *Fig 25* show an identical average of £164 per ft^2 achieved for re-sales of post-1997 built housing in Millom and Egremont. This average is circa 10% below Whitehaven. Whilst it would be expected that net new build prices will be around 5% below the figures recorded by HMLR (due to developer sales incentives) this observation clearly indicates that Whitehaven would be expected to achieve slightly higher values than Millom and Egremont for the same unit type. The average of £151 per ft^2 achieved across 37 transactions (with an average unit floor area of 140 m^2) at Keekle Meadow, Cleator Moor (between late 2013 and late 2016) can be compared to the average of £177 per ft^2 achieved across 23 transactions (with an average unit floor area of 160 m^2) at Wilson Howe, Whitehaven (since January 2016). This observation supports the view that Whitehaven would be expected to achieve marginally higher values than Cleator Moor for the same unit type.

5.38 Informed by the above analysis, further commentary is provided in Chapter 7 of the respective market value assumptions adopted within our viability testing of hypothetical site-type scenarios across the Borough.

Land Price Analysis

5.39 Comparable market evidence of land obtained across Copeland indicates that land values range widely across the Borough:

***Fig. 26.* Land Transactions and asking prices in Copeland (2017)**

Address	Description	Area (acres)	Sale Price/Date	Price per acre
East Road, Egremont, CA22 3ED	Site suitable for residential development.	1.10	£130,000 March 2017	£118,182
37 Main Street, Whitehaven, CA28 6NY		0.05	£15,000 June 2017	£278,810
Land at Market Street,Cleator Moor CA25 5AX	Cleared site suitable for redevelopment.	0.29	£100,000	£344,828 (Asking)
Low Road, Whitehaven	Planning consent for 107 units subjectto section 106 agreement.	8.4	£1,680,000	£200,000 (Asking)
The Hill, Millom, LA18	Flat land with development potential.	0.7	£150,000	£214,286 (Asking)

5.40 The tables below detail recent transactional evidence for residential development sites across the Borough and have been obtained from HM Land Registry (and therefore in the public domain). It can be seen that that transactions have been limited and that land values are diverse:

Fig. 27. Summary of recent residential land transactional evidence – Whitehaven (2011 to 2016)

Name of site	Purchase date	Price	Apx Net acres	Price per net acre	Comment
The Mount (Land to north-east of Rannerdale Dr),	Mar 2016	£475,000	1.99	**£238,693**	17 units (all bungalows). Greenfield scheme on urban edge of

Whitehaven, CA28 6JJ – Bungalow units only *(John Swift Homes*					Whitehaven (Gross site area 2.27 acres; density is 7.49 units per gross acre)
Hunslet Place, Solway Rd, Whitehaven, CA28 9BF – Bungalow units only *(John Swift Homes)*	June 2014	£120,617	1.06	**£113,511**	13 units (all bungalows). Brownfield scheme on site of former Pondfield garage and hardstanding area (No difference between gross and net site area) (Average value of market units sold 01/01/16 to 30/06/17 = **£194/ft^2**)
Ceda Park, Main St, Hensingham, Whitehaven, CA28 8TG *(W R Richardson)*	Oct 2012	£222,640	1.14	**£195,865**	22 units. Brownfield scheme on site of former school (No difference between gross and net site area) (Average value of market units sold 01/01/16 to 30/06/17 = **£162/ft^2**)
Waters Edge, High Rd, Whitehaven CA28 9PE *(Story Homes)*	Nov 2011	£150,000	4.26	**£35,211**	40 units (32 houses and 8 flats). Brownfield scheme on site of former offices of Rhodia chemical works (Gross site area 4.47 acres) (Average value of market units sold 01/01/16 to 30/06/17 = **£192/ft^2**)

Fig. 28. Summary of recent residential land transactional evidence – Outside of Whitehaven

Name of site	**Purchase date**	**Price**	**Apx Net acres**	**Price per net acre**	**Comment**
Scholars Green, Distington CA14 5UA– Bungalow units	Nov 2012	£67,760	1.2	**£56,467**	15 units (all bungalows). Brownfield scheme on site of former

only *(John Swift Homes)*					school (Gross site area 1.27 acres) (Average value of market units sold = **£183/ft²**)
The Dunes, Seascale, CA20 1NN Bungalow units only (*Citadel Estates)*	Mar 2008	£401,121	1.52	**£263,947**	17 units (all bungalows). Greenfield 'infill' site in village, purchased at peak of property market in 2008. Site land-banked and not developed until 2016/17 (Gross site area 1.53 acres) (Average value of market units sold = **£258/ft²**)
Holly Mews, St Bees, CA27 0EA *(High Grange Developments)*	Feb 2008	£50,000	0.86	**£57,810**	Site purchased speculatively prior to planning application. 11 units. Phase One (five units) completed. Developer's website states that phase two currently 'being revised to reflect demand for executive detached homes at Bees'. Greenfield 'infill' site in village (Assume no difference between gross and net site area) (Average value of market units sold to date = **£171/ft²**)

Note: 1 Acre = 0.404686 hectares

5.41 In the context of the above evidence, adopted local and national planning policy and our ongoing local knowledge and experience of Copeland Borough and the wider Cumbrian residential land market we take the high-level view that a benchmark greenfield land value of between £190,000 and £225,000/net developable acre is appropriate for sites (without any significant abnormal costs) within the Borough at the present time.

5.42 Clearly, with respect to any future site-specific viability testing, the appropriate land value attributable to each case must be considered on its own merits in the context of relevant factors and circumstances.

5.43 To provide an idea of regional context, the table below sets out a selection of transactional evidence of residential land from across Cumbria, obtained from HM Land Registry:

Fig. 29. Summary of residential land transactional evidence – Cumbria (2011 to 2016)

Name of site	Purchase date	Price	Apx Net acres	Price per net acre	Comment
BARROW BOROUGH					
Site of Former Park View School, Barrow	2013	£900,000	4.62	**£194,805**	63 'executive' units (0 affordables). Brownfield – demolition of former school *(Net site area assumes 80% gross to net ratio)*
Site of Former Thorncliffe School, Barrow	2013	£875,000	3.08	**£284,091**	40 'executive' units (0 affordables). Brownfield – demolition of former school *(Net site area assumes 80% gross to net ratio)*
EDEN DISTRICT (£300 to £325k per net acre benchmark for greenfield sites on edge of Penrith)					
Land at Carleton Heights, Penrith *(Persimmon Homes)*	June 2015	£1,112,000	3.35	**£331,940**	Phase 1 of a 560 units scheme - 55 units (16 affordables). Greenfield / urban edge
Name of site	**Purchase date**	**Price**	**Apx Net acres**	**Price per net acre**	**Comment**
Land at Elm Close, High Hesket *(McManus Builders)*	July 2014	£611,000	1.73	**£353,179**	24 units (11 affordables). Greenfield scheme in village

Land off Scaur Lane ('The Meadows'), Lazonby *(Story Homes)*	June 2014	£1,230,000	4.03	**£305,211**	48 units (14 affordables). Greenfield scheme in village (Average value of 11 market units sold 01/07/15 to 31/07/16 = **£203/ft^2**)
CARLISLE DISTRICT (£150k to £300k per net acre benchmark for greenfield sites across Carlisle District)					
Carleton Clinic, Cumwhinton Rd, Carlisle *(Taylor Wimpey)*	May 2016	£2,991,451	14.13	**£211,643**	189 units. Greenfield / urban edge
The Ridings, Durdar Rd, Blackwell (Phases 1 and 2 only) *(Story Homes)*	Jan 2016 Feb 2015 Mar 2014	£2,178,451	8.85	**£246,046**	108 units (from a total for overall scheme of 318). Greenfield / urban edge (Average value of 28 market units sold 01/01/16 to31/03/17 = **£174/ft^2**)
The Grange, Townhead Rd, Dalston *(Story Homes)*	Jan 2016	£1,510,000	10.06	**£299,289**	121 units Greenfield / village (Average value of 42 market units sold 01/01/16 to31/03/17 = **£197/ft^2**)
SOUTH LAKELAND DISTRICT (£350 to £400k benchmark for greenfield sites on edge of Kendal)					
Land adj Value View, Pennington, Ulverston *(D & E Wood Developments)*	Dec 2014	£300,000	0.75	**£400,000**	5 units (2 affordables). Windfall / rural in-fill
Name of site	**Purchase date**	**Price**	**Apx Net acres**	**Price per net acre**	**Comment**
Land off Allithwaite Road ('Oversands View'), Kents Bank, Grange-over-Sands	Oct 2014	£1,495,000	3.94	**£379,442**	42 units (33% affordable housing). Greenfield scheme on edge

(Russell Armer)					of village (Average value of 14 non-bungalow market units sold 01/01/16 to 28/02/17 = **£263/ft²**)
Vicarage Dr, Kendal *(Russell Armer)*	Oct 2014	£380,000	1.01	**£383,800**	15 units (5 affordables). Windfall / urban in-fill
Natland Mill Beck Farm, Kendal *(Story Homes)*	June 2014	£2,180,000 + cost of building farmhouse = say £2,500,000	7.4	**£337,800**	76 units (26 affordables). Greenfield / urban edge
Dale Street Infant School, Ulverston	August 2011	£105,000	0.45	**£233,333**	8 units (0 affordables). Brownfield – demolition of former school with replacement by new build dwellings

6. Commercial Market Context

Commercial Market Review

National Overview

6.1 According to the Q1 2017 RICS UK Property Market Chart Book, commercial headline rents and capital vales are expected to grow over the next 12 months across the office, industrial and retail sectors, with tenant demand increasing for the third consecutive quarter.

6.2 In London and the regions, the industrial sector had the strongest performance to date, whilst the office and retail sectors were the weaker markets demonstrating lower take up levels.

6.3 Industrial availability has recently dropped and on this basis both prime and secondary rents are likely to rise.

6.4 Prime office rents are forecast to increase, albeit less so in secondary locations. Projections for prime and secondary space in London remain negative, with low rental expectations.

6.5 The retail market has mixed forecasts, with prime rents to experience marginal growth, but this is unlikely for secondary retail space. Investment supply has declined to a lesser extent in the retail market compared to the office and industrial sectors.

6.6 Investment enquiries have been active during Q1, with increased demand being reported by respondents. Each of the commercial sectors, particularly industrial, have experienced demand from overseas investors. Northern Ireland was the only UK area to decline in foreign investment enquiries.

6.7 The RICS also publishes a quarterly commercial market survey. The most recent edition is the Q2 2017 study and provides an updated position on the commercial market from the Chart Book above. In summary:

- Rental expectations were lower in office and retail sectors due to falling occupier demand for these property types across the UK; however there has been some growth in industrial rents.
- Availability of space grew for retail, remained steady for offices and declined for industrial property.
- Capital values are expected to increase, albeit modestly, for prime assets. The secondary retail market is the only exception.

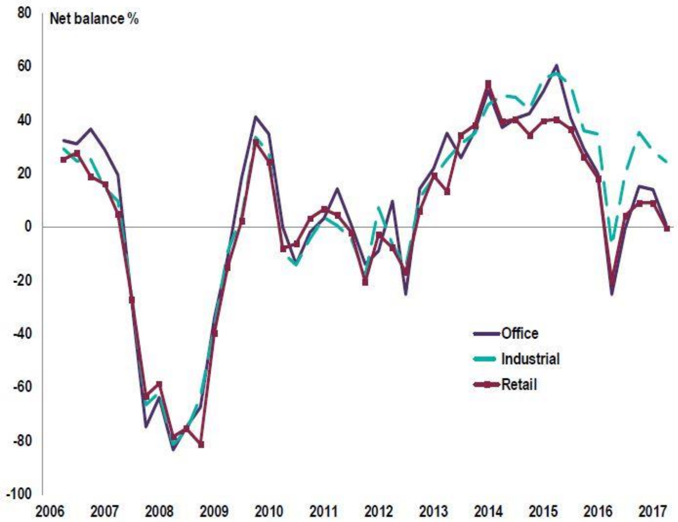
Fig. 30 - Rental Expectations by Sector

Source: RICS Commercial Market Survey Q2 2017

6.8 As shown above, in Q2 rental growth can be seen across all sectors, apart from secondary retail where rents are continuing to decline to a larger extent than in Q1.

6.9 Across the UK, the headline investment demand indicator continues to remain positive in virtually all areas; the figure below shows investor requirements by sector:

Fig. 31 Investor Requirements by Sector



Source: RICS Commercial Market Survey Q2 2017

6.10 Looking more specifically at the UK Retail Market, Knight Frank's Q1 2017 Market Snapshot indicates:

- Prime rents – stable but growth possible in prime locations
- Prime yields – inward pressure in prime high streets and stable across retail warehouse market. Outward pressure in secondary shopping centre sub-sector
- Supply – demand continues to outstrip supply in the best locations
- Demand – concentration of demand in prime locations while stable in secondary.

Office Market

Regional Office Market

6.11 The current average asking rent for offices in Cumbria is £8.27/ft^2, with an availability rate of 8.8% which equates to 327,449ft^2 of office space. Offices in Cumbria spend an average of 8.5 months on the market.

6.12 During the last 12 months 42,633ft^2 of office accommodation has been leased; however there is a minus 47,800ft^2 absorption rate which indicates that stock supply has significantly outweighed take up levels.

6.13 Based on lease transactions over the last three years, asking and achieved rents have ranged from £2.38 to £30.33/ft^2 and size of accommodation leased has varied considerably, between 61 and 9,654ft^2.

6.14 The majority of Cumbrian office lettings have been in town centre locations, particularly Carlisle, Kendal, Penrith and Ulverston, and many cases involve period conversions above retail premises. Nonetheless, some transactions have comprised stock in out of town business parks at the following: Port Road Retail Park, Atlantic House in Carlisle and Enterprise House; Redhills Business Park and Skirsgill Business Park in Penrith; Haig Enterprise Park in Whitehaven; Clock Tower Business Centre in Ulverston; Lakeland Business Park in Cockermouth.

6.15 With regard to sales figures, the average rate was £95/ft^2 during the last year; however there were not enough transactions to ascertain an average yield for investment deals.

Local Office Market

6.16 LSH has used *Costar* and EGi to ascertain levels of take up and availability rates within the Copeland District for office premises. The following table shows current availability:

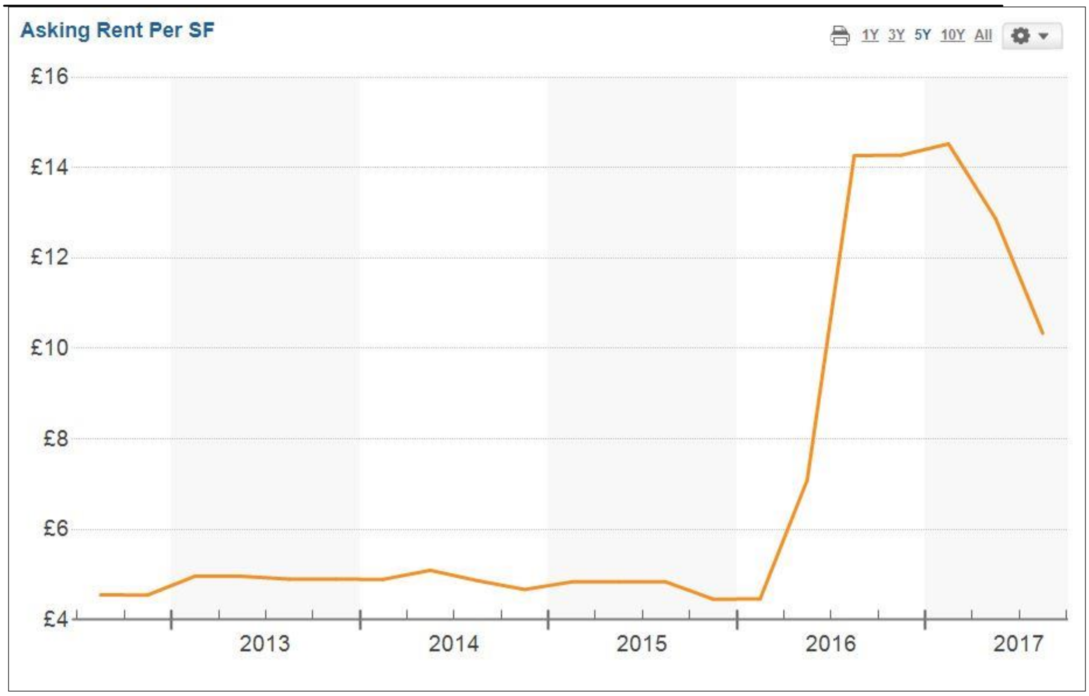
Fig. 32. Current office availability in Copeland

Location	Size (ft^2)	Characteristics	Tenure	Price per ft^2
Union Hall Scotch Street Whitehaven CA28 7NJ	5,849	Built 1875	Leasehold	Withheld
Sir Christopher Harding House North Shore Whitehaven CA28 7XY	2,422	Built 2005	Leasehold	Withheld
Market Square Millom LA18 4JA	379	Built 1875	Leasehold	£4.76
69 Lowther Street Whitehaven CA28 7AD	1,210	Built 1924	Leasehold	£6.61
23-24 Lowther Street Whitehaven CA28 7DG	3,567	Built 1982	Leasehold	£8.97
Hensingham Business Park Unit 1 Linden Row Whitehaven CA28 8XX	689	Built 2017	Leasehold	Withheld
Unit 7 Linden Row	689	Built 2015	Leasehold	Withheld
Unit 6 Linden Row	689	Built 2015	Leasehold	Withheld
Unit 5 Linden Row	4,747	Built 2015	Leasehold	Withheld
Unit 4 Linden Row	2,385	Built 2015	Leasehold	Withheld
Unit 3 Linden Row	2,385	Built 2015	Leasehold	Withheld
62-63 King Street Whitehaven CA28 7JS	3,267	Built 1865	Leasehold	£6.45
22-23 King Street Whitehaven CA28 7JN	1,105	Built 1990	Leasehold	£5.88
Union Hall Scotch Street Whitehaven CA28 7NJ	5,849	Built 1875	Leasehold	Withheld
Fleswick Court Westlakes Science & Technology Park Crow Park Way Moor Row CA24 3HZ	1,643	Built 2000	Leasehold	£17.50
Ingwell Drive Moor Row CA24 3JZ	Ingwell Hall 664 Innovation Centre 760 Ingwell Hall 780 Galemire Court 954 / 1,456 Ingwell Hall 1,613 Bassenthwaite Pavilion 2,226 Ingwell Hall 4,409		Leasehold	Not quoted

Location	Size (ft^2)	Characteristics	Tenure	Price per ft^2
69 Lowther Street Whitehaven CA28 7AD	1,210		Leasehold	£6.61
Former HSBC St Georges Road Millom LA18 4JA	1,261		Leasehold	Not quoted
Sneckyeat Road Whitehaven CA28 8PF	Unit 10F 1,290 Unit 10A 11,940		Leasehold	Not quoted
Offices Queen Street Whitehaven CA28 7AR	4,766		Leasehold	£6.71

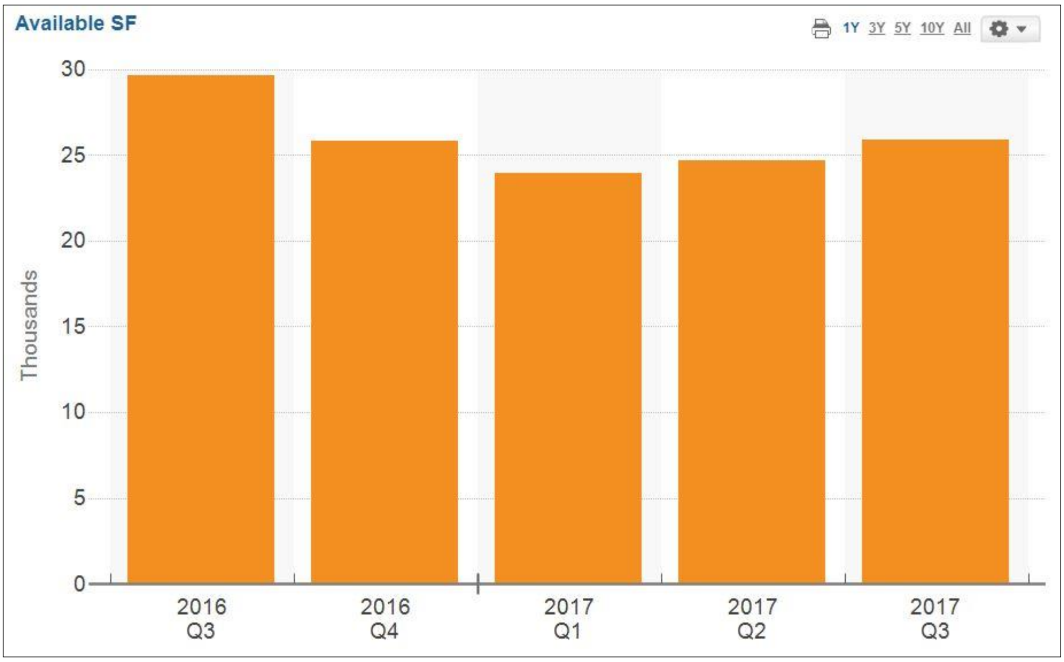
6.17 Within Copeland Borough the average rent for office properties is £10.34/ft^2 which is higher than the five year average of £6.27/ft^2. There have not been enough investment deals to ascertain an average yield.

Fig. 33 Average office asking rents Copeland Borough



6.18 There is an availability rate of 6.5% which equates to 25,888ft^2 of office accommodation.

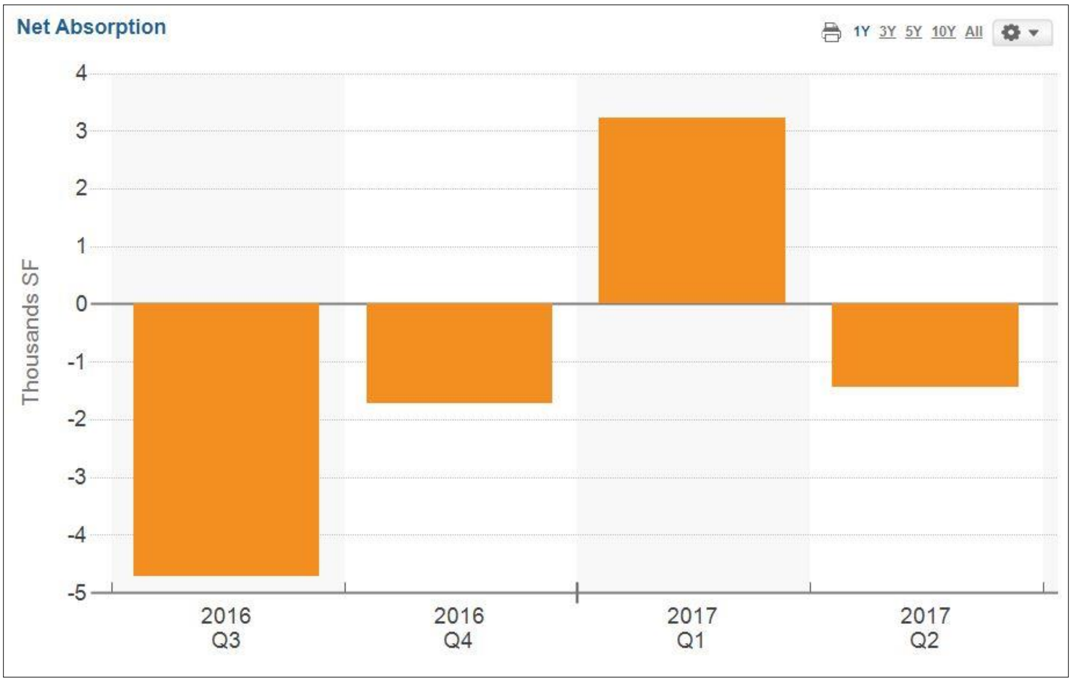
Fig. 34 Available office space Copeland Borough



6.19 Over the last twelve months there has been no office space leased, compared to the five year average of 1,763ft^2. The absorption rate was minus 10,743ft^2, which is considerably lower than the five year average of 4,712ft^2. The negative absorption rate indicates that there is a lack of demand for available office space in Copeland Borough. Feedback that the Council has received from local occupiers suggests that the lack of take-up stems from a lack of suitable office accommodation. Offices spend on average 10.3 months on the market before being let.

6.20 We are also aware that there is significant latent demand linked to Sellafield and their supply chain (and potentially the future Moorside facility), but current available office supply is not considered to be suitable for this demand.

Fig. 35 Net absorption of office space Copeland Borough



Industrial Market

Regional Industrial Market

6.21 The current average asking rent for industrial properties in Cumbria is £3.27/ft^2, with an availability rate of 9.5% which equates to 1,480,968ft^2 of industrial space.

6.22 Based on deals that have taken place over the last three years, both asking and achieved rents have varied between £1.64 and £20.41/ft^2 while size of space leased has ranged between 101ft^2 and 248,333ft^2.

6.23 Over the last 12 months there has been a minus 29,397ft^2 absorption rate, with 293,591ft^2 of industrial space leased. The negative absorption rate indicates that there is a surplus of stock available compared to take up levels. Industrial properties spend an average of 8.2 months on the market.

6.24 Having regard to the sales market, over the last year the average sale price was £41/ft^2 and 6.8% yield.

6.25 Industrial lettings in Cumbria have taken place at the following locations:

- **Barrow-in-Furness** – Andrews Court
- **Brampton** – Townfoot Industrial Estate
- **Carlisle** – Port Road Business Park, St Nicholas Business Park and Kingstown Business Park
- **Cleator Moor** – Leaconsfield Industrial Estate

- **Cockermouth** – Derment Mills Commercial Park
- **Kendal** – Dockray Hall Industrial Estate, Parkside Business Park
- **Millom** – Devonshire Road Industrial Estate
- **Milnthorpe** – Moss End Business Park
- **Penrith** – Stirsgills Business Park, North Lakes Business Park
- **Ulverston** – Crakeside Business Park, Lightburn Trading Estate
- **Whitehaven** – Whitehaven Commercial Park, Haig Enterprise Park
- **Wigton** – Western Bank Industrial Estate
- **Workington** – Lilyhall Industrial Estate, St Helens Business Park

Local Industrial Market

6.26 LSH has used *Costar* and *EGi* to ascertain levels of take up and availability rates within the Copeland District for industrial property. The table below shows the current availability:

Fig. 36. Current industrial availability in Copeland

Location	**Size (ft^2)**	**Characteristics**	**Tenure**	**Price per ft^2**
Former Council Depot Baybarrow Road Egremont CA22 2NG	16,405	Built 1920	Leasehold	£2.13
Unit 1a Howgill Business Park Low Road Whitehaven CA28 9HS	671	Built 1990	Leasehold	£7.45
Sneckyeat Road Industrial Estate Unit 6 Sneckyeat Road Whitehaven CA28 8PF	1,965	Built 1950	Leasehold	£3.82
Commercial Units Linden Row Whitehaven CA28 8XX	Unit 1- 689 Unit 8- 1,447	-	Leasehold	Not Quoted
Sneckyeat Road Whitehaven CA28 8PF	Unit 6 – 1,965 5,008	-	Leasehold	Not Quoted
Joe McBain Avenue Whitehaven CA28 8EA	27,319	-	Leasehold	Not Quoted
Unit 1 Chapel Street Industrial Estate Egremont Cumbria CA22 2DU	4,241	-	Leasehold	POA

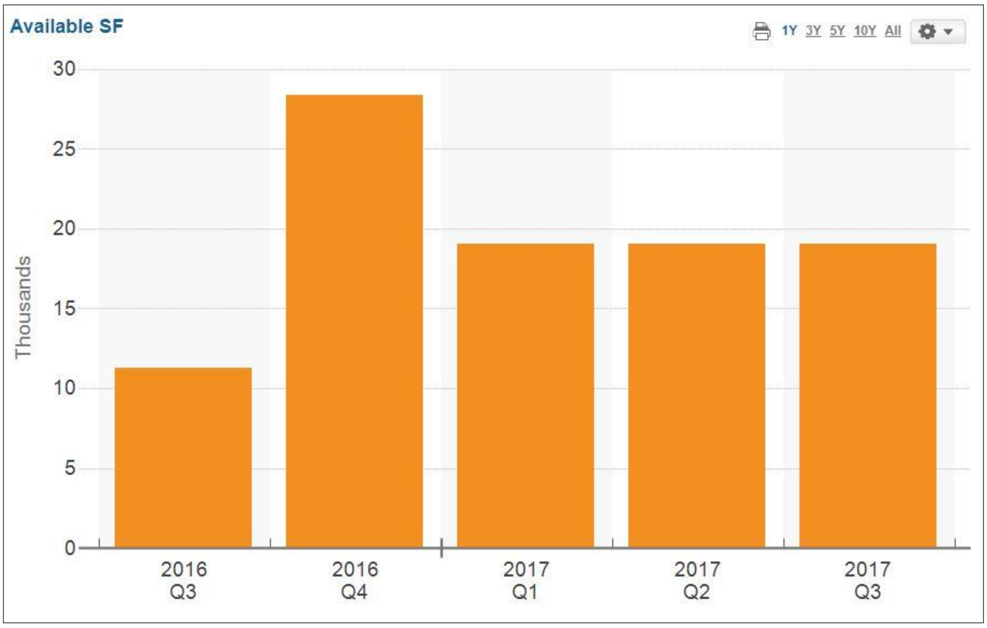
6.27 The above table demonstrates that there is a lack of available leasehold industrial space in Copeland and currently no accommodation for sale.

6.28 The following graph shows that in the district of Copeland the average rent for industrial premises is £2.49/ft^2, which is in line with the five year average of £2.56/ft^2. There have not been enough investment deals to ascertain an average yield.

Fig. 37 Average industrial asking rents Copeland Borough

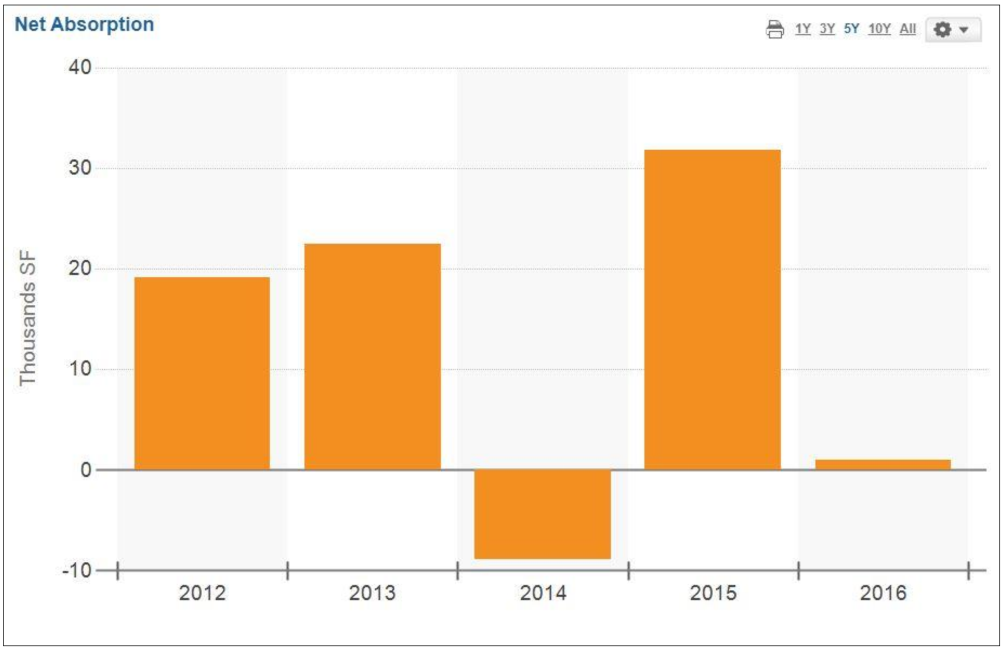
6.29 There is an availability rate of 4% which equates to 19,041ft^2 of industrial accommodation.

Fig. 38 Available industrial space Copeland Borough



6.30 Over the last twelve months there has been no industrial space leased, compared to the five year average of 14,236ft^2. The absorption rate was 1,000ft^2 which is significantly lower than the five year average of 12,943ft^2 and indicates that levels of demand for industrial stock in Copeland has decreased. Industrial properties spend on average 8.2 months on the market before being let.

Fig. 39 Net absorption of industrial space Copeland Borough



Retail Market

Regional Retail Market

6.31 The Cumbrian retail market has seen transactions take place in Carlisle, Barrow-in-Furness, Kendal and Workington during the last three years, mostly in town centre period conversion properties. Amongst these transactions, rents have varied widely and size of space leased has ranged from 70ft^2 to 55,000ft^2.

6.32 The current average asking rent for retail space in Cumbria is £17.39/ft^2 and there is an availability rate of 7.1%, which equates to 630,494ft^2.

6.33 Over the last 12 months approximately 238,875ft^2 of retail space has been leased; however there is a negative absorption rate of minus 46,159ft^2 which indicates that there is a plethora of retail stock coming on to the market compared to current demand levels. On average retail accommodation spent 7.6 months on the market.

6.34 Having regard to the sales market, over the last year the average sale price was £74/ft^2, much lower than the average asking price of £141/ft^2, whilst the average yield achieved was 8.1% for investment transactions.

Local Retail Market

6.35 LSH has used Costar and EGi to ascertain levels of take up levels and availability rates within the Copeland District for retail premises. The table below shows the current availability:

Fig. 40. Current retail availability in Copeland

Location	Size (ft^2)	Characteristics	Tenure	Annual Rent / Price per ft^2 / Capital Value
The Distressed Sailor, Egremont Road, Whitehaven, CA28 8NH (Retail Bar)	1,732	Built in 1900	Leasehold	£26,000 per annum
46-47 King Street Whitehaven, CA28 7JH (Ground Floor Retail)	932	Built in 1920	Leasehold	£27,500 per annum
51-52 King Street, Whitehaven, CA28 7JH (Ground Floor Retail)	1,274	Built in 1959	Leasehold	£30,000 per annum
53 King Street, Whitehaven, CA28 7JH (Ground Floor Retail)	742	Built in 1934	Leasehold	£18,750 per annum
62-63 King Street, Whitehaven, CA28 7JS (Ground Floor Retail)	3,267	Built in 1865	Leasehold	£9,000 per annum
76-77 King Street, Whitehaven, CA28 7LE (Ground Floor Retail)	781	Built in 1900	Leasehold	£16,500 per annum / £159/ft^2
79A King Street, Whitehaven, CA28 7LE (Ground Floor Retail)	413	Built in 1865	Leasehold	£15,000 per annum
21 Lowther Street, Whitehaven, CA28 7DG (Ground Floor Retail)	1,230	Built in 1975	Leasehold	£18,500 per annum
35 Lowther Street, Whitehaven, CA28 7JS (Ground Floor Retail)	515	Built in 1956	Leasehold	£9,000 per annum
31 Main Street, Egremont, CA22 2DR (Ground Floor Retail)	441	Built 1885	Leasehold	£4,800 per annum
11 Market Place, Whitehaven, CA28 7JD (Ground Floor Retail)	544	Built in 1880	Leasehold	Withheld

Location	Size (ft^2)	Characteristics	Tenure	Annual Rent / Price per ft^2 / Capital Value
Pears House, Millenium Way, Whitehaven, CA28 7HW (Ground Floor Retail)	2,339	Built in 2009	Leasehold	£13,000 per annum
11-11A Duke Street Whitehaven CA28 7ER (Retail/Residential)	438	Built 1930	Freehold	£171/ft^2
51 Duke Street Whitehaven (Retail)	5,000	Built 1826	Freehold	£14/ft^2
22-25 High Street Cleator Moor CA25 5LB (Retail/Residential)	3,180	Built 1910	Freehold	£41/ft^2
1-2 King Street Whitehaven (Retail)	1,815	Built 1900	Freehold	£72/ft^2
46-47 King Street (Retail)	932	Built 1920	Freehold	Withheld
53 King Street (Retail)	742	Built 1934	Freehold	Withheld
Lancashire Road Millom LA18 4BX (Retail/Office)	461	Built 1960	Freehold	£87/ft^2
19 Main Street Egremont CA22 2DW (Retail/Residential)	607	Built 1987	Freehold	£222/ft^2
31 Main Street Egremont CA22 2DW (Retail/Residential	441	Built 1885	Freehold	£164/ft^2
148 Main Street Frizington CA26 3SB (Retail)	727	Built 1951	Freehold	£103/ft^2
11 Market Place Whitehaven CA28 7JD (Retail)	544	Built 1880	Freehold	£46/ft^2
51 Market Place Whitehaven (Retail/Residential)	313	Built 1864	Freehold	£192/ft^2
Millennium Way Pears House, Unit 2 Whitehaven CA28 7HW (Retail/Office)	2,339	Built 2009	Freehold	-
Millennium Way Pears House, Unit 7, Duke Street Whitehaven CA28 7HR (Retail)	2,339	Built 2009	Freehold	-
8 Roper Street Whitehaven CA28 7AU (Retail)	493	-	Leasehold	£10,000 per annum
7-8a Strand Street Whitehaven CA28 7LF (Retail)	528	-	Freehold	£220,000 asking price

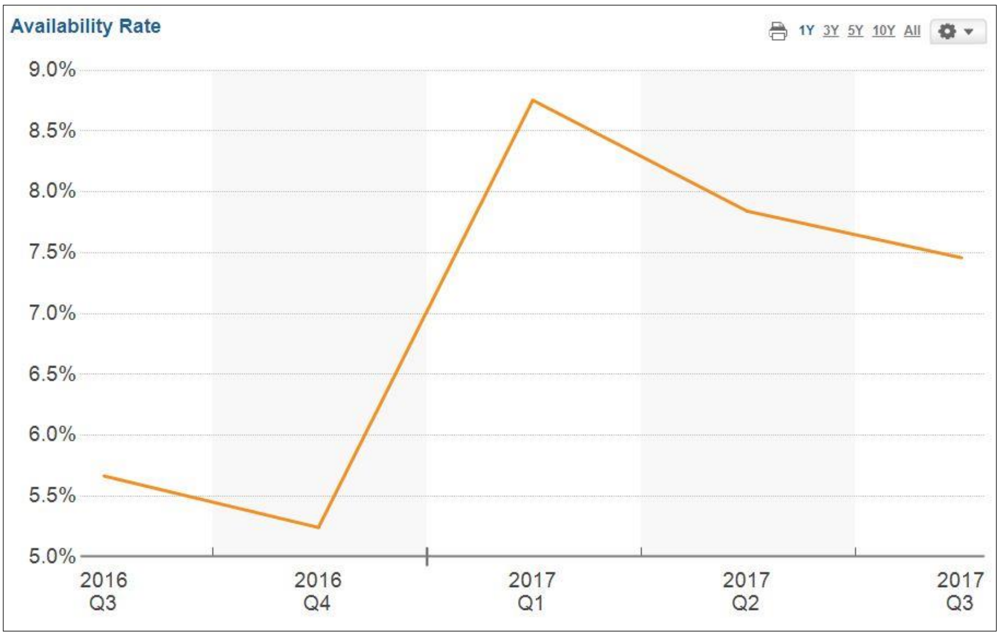
Location	Size (ft^2)	Characteristics	Tenure	Annual Rent / Price per ft^2 / Capital Value
4 Market Place Whitehaven CA28 7JE (Retail)	660	-	Leasehold	£6,000 per annum
Lowther Buildings Lowther Street Whitehaven CA28 7DG (Retail)	1,502	-	Leasehold	£18,500 per annum
79a King Street Whitehaven CA28 7LE (Retail)	2,288	-	Leasehold	£15,000 per annum
1a & 1b Quay Street Whitehaven CA28 7LS (Retail)	12,968	-	Leasehold	Not quoted
78 Lowther Street Whitehaven CA28 7RB (Retail)	-	-	Freehold	£200,000 asking price
19 Main Street Egremont CA22 2DW (Retail)	-	-	Freehold	£140,000 asking price
1a Westmorland Road Whitehaven CA28 8NS (Retail)	-	-	Leasehold	£25,000 per annum
Proposed Retail Units Preston Street Whitehaven CA28 9DL (Retail)	6,000 4,000	-	Leasehold	Not quoted
King Street Whitehaven Cumbria (Retail)	-	-	Leasehold	£5,700 per annum
Duke Street Whitehaven (Retail)	60	-	Freehold	£95,000 asking price
Lapstone Road Millom (Retail)	-	-	Freehold	£84,950 asking price
King Street Whitehaven (Retail)	-	-	Freehold	£69,950 asking price
St Georges Terrace Millom (Retail)	-	-	Freehold	£55,000 asking price

6.36 The average asking rent for retail space in Copeland is £10.72/ft^2, which is generally in line with the £10.55/ft^2 five year average.

Fig. 41 Average retail asking rents Copeland Borough

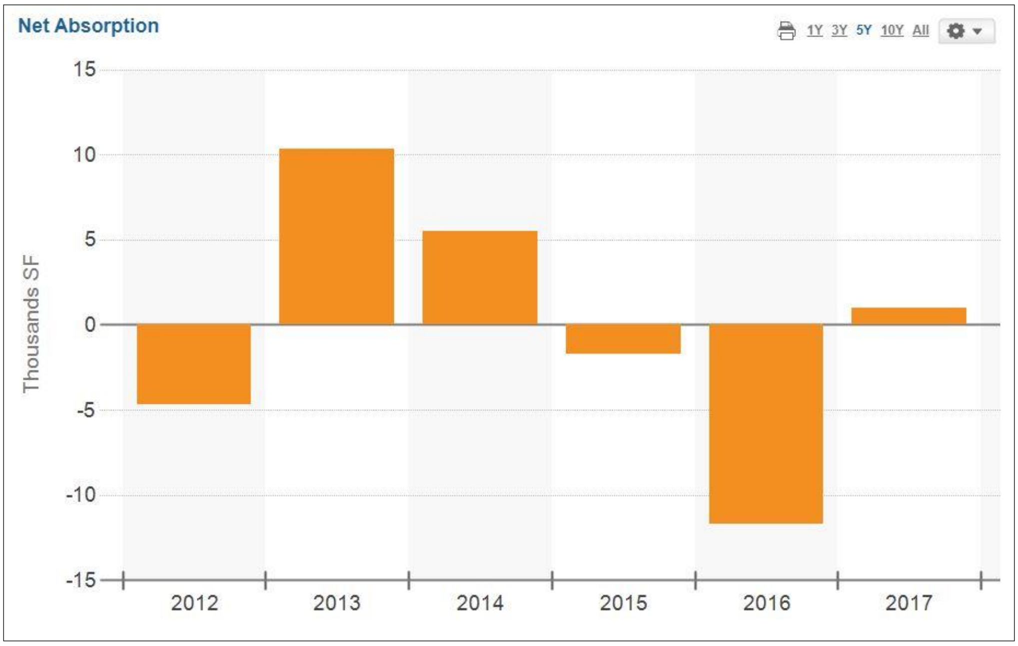
6.37 There is an availability rate of 7.9% which equates to 46,007ft^2 and is higher than the 6.3% five year average.

Fig. 42 Available retail space Copeland Borough



6.38 Approximately 4,621ft^2 of retail accommodation has been leased over the last 12 months; however there is a 12 month absorption rate of minus 13,148ft^2, which is significantly lower than the five year average. This negative figure indicates that there is low demand for retail stock compared to the higher supply levels.

Fig. 43 Net absorption of retail space Copeland Borough



7. Method, Viability Assessment Assumptions and Stakeholder Feedback

7.1 This section of the report explains the method we have adopted to conduct our viability analysis, the assumptions we have adopted in our viability modelling and the stakeholder engagement we have undertaken to test these assumptions.

The LSH Viability Model

7.2 Viability testing within this EVA has been undertaken using a Residual Appraisal Model ('RAM') developed by LSH, which has been designed specifically to review planning contributions over a wider number of use classes. It is an ideal tool to use to assess the impact of varying planning contributions assumptions to inform and determine the appropriate and viable balance between developer contributions. The uses and typologies can be agreed and varied during testing.

7.3 In this instance development scenarios and assumptions used within the LSH RAM have been tested with locally active housebuilders, developers and agents and agreed with Council officers. A schedule outlining proposed development scenarios and appraisal assumptions was circulated by email and comments and feedback invited. Feedback received has in turn been critically reviewed and informed minor adjustments to appraisal assumptions.

7.4 The assumptions are based on Borough-wide market and cost evidence, site-specific viability audits we have recently undertaken for Cumbrian LPAs, our local market knowledge and other relevant CIL and local plan viability studies LSH have had involvement in. The model caters for both generic and specific inputs as required to define and review potential planning policy objectives and contributions.

7.5 This RAM approach reflects RICS Viability Guidance and the RICS Valuation Information Paper 12 (VIP 12) [18] which provides guidance for development valuations. It also reflects the procedural methodology in the Harman Guidance.

---

[18] *Valuation of development land* - RICS Valuation Information Paper 12 (RICS, March 2008): http://www.rics.org/Global/Downloads/12_ValDvpmtLand_2008.pdf

Fig 44: LSH EVA Residual Appraisal Methodology

Residual Value approach with ‘additional profit’ as output
Gross Development Value (The combined value of the complete development) LESS **Gross Development Cost + Target Profit** (Cost of creating the asset, including a purchase of land and target level of profit) (i.e. Land + Construction + fees + finance charges + target profit) = **RESIDUAL ‘ADDITIONAL PROFIT’** ***(the available ‘surplus’ for planning contributions)***

7.6 The LSH RAM takes the form of a bespoke *Microsoft Excel* template, tailored to allow for a variety of planning contributions to be included and tested. The LSH RAM enables transparent and quick analysis of a variety of different uses and sized schemes as well as different values and builds costs (i.e. sensitivity testing) and their impact on delivering viable local planning policy options. Using the LSH RAM, we have appraised each of the agreed development typologies having regard to market values of land and normal levels of developers profit to establish whether there is any development surplus which could provide for affordable housing or other planning contributions.

7.7 This EVA constitutes ‘stage one’ of a two stage process, with the emphasis herein being on a generic, formula based approach to assess the viability of an appropriate spectrum of representative types of sites within the Borough in accordance with best practice. The primary objectives of this exercise are to provide an information base to enable Council Officers and Members to make broad brush, early assumptions on whether genres of sites are likely to be deliverable in the context of prospective planning policy objectives and to support the progression of the Local Plan towards the examination process.

7.8 Based on our analysis of the local residential and commercial property markets, we have prepared appropriate assumptions for use in our viability modelling. A draft schedule of development scenarios and appraisal assumptions was prepared and circulated to locally active housebuilders, developers and property agents. Feedback and comment on the draft schedule was invited. Based on the limited feedback received, the assumptions were reviewed and minor revisions made.

7.9 The remainder of this section of the EVA outlines the various assumptions adopted and where these have been amended in light of stakeholder feedback, why and how they have been changed.

Development Scenarios

7.10 Based upon analysis of existing site allocations, recent planning and development activity and potential future development in the Borough a series of scenarios have been defined to test viability. These scenarios are detailed below:

Fig 45: Copeland Borough EVA – Development Scenarios

Scenario	Summary
W1	A large greenfield residential development site located in Whitehaven with a development capacity of 400 units, comprising: • 130 no. two bed houses • 140 no. three bed houses • 80 no. four bed houses • 30 no. two bed bungalows • 10 no. two bed apartments • 10 no. two bed apartments
W2	A large brownfield residential development site located in Whitehaven with a development capacity of 400 units: • 130 no. two bed houses • 140 no. three bed houses • 80 no. four bed houses • 30 no. two bed bungalows • 10 no. two bed apartments • 10 no. two bed apartments
W3	A medium brownfield mixed use development site located in Whitehaven with the following development capacity: • 5 no. two bed apartments • 5 no. one bed apartments • 6,000 sqft net internal area retail floorspace • 50 external car parking spaces
W4	A large greenfield employment development site located in Whitehaven with the following development capacity: • 38,000 sqft net internal area industrial unit • 27,000 sqft net internal area, two storey office building • 125 car parking spaces
W5	A brownfield retail development site in Whitehaven with capacity for an 18,050 net internal area retail store with 125 car parking spaces.

Scenario	Summary
W6	A medium greenfield residential development site located in Whitehaven with a development capacity of 75 units, comprising: • 20 no. two bed houses • 24 no. three bed houses • 15 no. four bed houses • 8 no. two bed bungalows • 4 no. two bed apartments • 4 no. two bed apartments
W7	A medium brownfield residential development site located in Whitehaven with a development capacity of 75 units, comprising: • 20 no. two bed houses • 24 no. three bed houses • 15 no. four bed houses • 8 no. two bed bungalows • 4 no. two bed apartments • 4 no. two bed apartments
W8	A small greenfield residential development site located in Whitehaven with a development capacity of 15 units, comprising: • 6 no. two bed houses • 7 no. three bed houses • 2 no. four bed houses
W9	A small brownfield residential development site located in Whitehaven with a development capacity of 15 units, comprising: • 6 no. two bed houses • 7 no. three bed houses • 2 no. four bed houses
KSC1	A small brownfield residential development site located in a Key Service Centre with a development capacity of 15 units, comprising: • 5 no. two bed houses • 8 no. three bed houses • 2 no. four bed houses

Scenario	Summary
KSC2	A medium brownfield residential development site located in a Key Service Centre with a development capacity of 75 units, comprising: • 20 no. two bed houses • 24 no. three bed houses • 15 no. four bed houses • 8 no. two bed bungalows • 4 no. two bed apartments • 4 no. two bed apartments
LCV1	A small greenfield residential development site located in an average market value Local Centre or Village with a development capacity of 15 units, comprising: • 4 no. two bed houses • 6 no. three bed houses • 5 no. four bed houses
LCV2	A small-medium greenfield residential development site located in an average market value Local Centre or Village with a development capacity of 50 units, comprising: • 12 no. two bed houses • 18 no. three bed houses • 15 no. four bed houses • 5 no. two bed bungalows
LCV3	A small greenfield residential development site located in a high market value Local Centre or Village with a development capacity of 15 units, comprising: • 4 no. two bed houses • 6 no. three bed houses • 5 no. four bed houses
LCV4	A small-medium greenfield residential development site located in a high market value Local Centre or Village with a development capacity of 50 units, comprising: • 12 no. two bed houses • 18 no. three bed houses • 15 no. four bed houses • 5 no. two bed bungalows

7.11 A detailed schedule of these development scenarios and associated appraisal assumptions is included at *Appendix 4*.

Market Value Assumptions

Gross Development Value (GDV)

7.12 Market Values achieved across the Copeland district for new build homes are diverse and tend to be at the lower end in traditional industry towns such as Whitehaven and Millom although from the evidence obtained it does appear that approximately a 3% premium should be added to new Whitehaven homes.

7.13 The following table demonstrates broadly the rates and total areas that we have adopted for each house type in Whitehaven, Key Service Centre and Local Service Centre locations, based on comparable evidence sourced for new build and modern re-sale homes:

Fig 46: Market Value Assumptions – GDVs (Price / £/ft^2), Floor areas, Net to gross

House Type	1 bed Apartment	2 Bed Apartment	2 Bed Bungalow	2 bed House	3 bed House	4+ bed House
Whitehaven Price (£/ft^2)	£95,000 (£176.58)	£120,000 (£185.76)	£150,000 (£214.29)	£130,000 (£172.64)	£160,000 (£174.86)	£205,000 (£161.68)
Key Service Centres Price (£/ft^2)	£90,000 (£171.93)	£115,000 (£178.02)	£145,000 (£207.14)	£125,000 (£166)	£150,000 (£163.93)	£190,000 (£153.60)
Local Centre / Village (Average Value) Price (£/ft^2)			£145,000 (£207.14)	£125,000 (£166)	£150,000 (£163.93)	£190,000 (£153.60)
Local Centre / Village (High Value) Price (£/ft^2)			£175,000 (£233.33)	£150,000 (£199.20)	£180,000 (£196.72)	£230,000 (£185.93)
Area (£/ft^2) Net Gross	538 646	646 760	700 700	753 753	915 915	1,237 1,237
Net / Gross Ratio	85%	85%	100%	100%	100%	100%

7.14 Stakeholders raised no objection to the market value assumptions.

Land Value Assumptions

7.15 What can be considered to be a reasonable landowner return will depend upon the specific circumstances of the case, for example whether a site is greenfield or brownfield in nature, the extent of abnormal costs, current and future uses of the land. Clearly if a landowner does not receive close to what they perceive to be a reasonable return in relation to the sale of their land then it will not be made available for development.

7.16 The Threshold Land Value ('TLV') is a viability concept relating to a land value at or above that which it is assumed a landowner would be prepared to sell.

7.17 The Residual Land Value ('RLV') is the amount remaining to buy the land once the total cost of a development and an appropriate profit are deducted from the gross development value. The RLV must be above or close to the TLV in order for a scheme to be considered to be potentially viable.

7.18 Typically a landowner will have a preconceived notion of the value or worth of their site. In the case of greenfield sites (typically in an existing agricultural use) it is relatively simple to reconcile whether this notion is realistic through the benchmarking of greenfield land values against other relevant transactions. The benchmarking of land value for brownfield sites is much more subjective, depending on such factors as the existing and previous use of the property or site in question, the extent of abnormal or remediation costs required to facilitate an alternative use for the site and lost income from the termination of existing investments on the site and the perceived historic investment in the site or building by the landowner.

7.19 The 'RICS Viability Guidance' [10] states that 'site value' as a (landowner) benchmark should *'equate to the market value subject to the following assumption: that the value has regard to development plan polices and all other material planning considerations and disregards that which is contrary to the development plan.'*

7.20 Having regard to the evidence, we have adopted the following land value thresholds for each of the subject areas in regards to residential development:

- Whitehaven greenfield - £200,000 per acre
- Whitehaven brownfield - £150,000 per acre
- Key Service Centres (Cleator Moor, Egremont, Millom) greenfield - £190,000 per acre
- Key Service Centres (Cleator Moor, Egremont, Millom) brownfield - £140,000 per acre
- Local Centres / Village (Average Value) - £190,000 per acre
- Local Centres / Village (High Value) - £225,000 per acre

7.21 For commercial / mixed use developments the following assumed land values have been adopted:

- Whitehaven Mixed Use (Brownfield) - £500,000 per acre
- Whitehaven Medium / Large Employment (Greenfield) - £125,000 per acre
- Whitehaven Medium / Large Retail (Brownfield) - £650,000 per acre

7.22 Stakeholders raised no objection to the market value assumptions.

Construction Cost Assumptions

Basic Build Costs

7.23 These are direct costs relating to the creation of each proposed dwelling unit, including preliminaries, cost of creating substructure and superstructure, but excluding abnormal items. They do not include the costs of any external works beyond the footprint of the walls of each dwelling.

7.24 A useful starting point for the calculation of basic build costs for new build schemes is RICS's BCIS ('Building Cost Information Service') – the UK property market's leading provider of construction cost and price information. Adopted BCIS costs should be location adjusted to the District and we would generally advocate the use of lower quartile cost data. BCIS costs are based on Gross Internal Area ('GIA'). For residential schemes BCIS 'Average Prices' data arises from the analysis of sample cost returns from a range of schemes, including wholly affordable housing schemes (which will typically have greater relative costs than private residential schemes), of varying design. At the time of writing we have seen a significant increase in BCIS costs over the past 12 to 18 months. This increase has been greater than the rate of increase seen in representative local build costs.

7.25 For medium and larger sites the lower quartile figure has been used for the Cumbria region. For smaller sites, where efficiences of scale will be reduced a 10% increase to the lower quartile build cost has been made. The following table provides a breakdown of the build costs by development scenario and property type.

Fig 47: Base Build Cost Assumptions – By development scenario and property type

Dev. Scenario / Property Type	W1	W2	W3	W4	W5	W6	W7	W8	W9	KSC1	KSC2	LCV1	LCV2	LCV3	LCV4
House (£ psf)	76.42		-	-	-	76.42		84.91			80.66	84.91			
Bungalow (£ psf)	84.06		-	-	-	84.06		-	-	-	88.73	-	93.40	-	93.40
Apartment (£ psf)	89.22		-	-	-	-	-	-	-	-	-	-	-	-	-
Mixed Use (£ psf)	-	-	115.29	-	-	-	-	-	-	-	-	-	-	-	-
Office (£ psf)	-	-	-	103.22	-	-	-	-	-	-	-	-	-	-	-
Industrial (£ psf)	-	-	-	51.93	-	-	-	-	-	-	-	-	-	-	-
Retail (£ psf)	-	-	-	-	49.98	-	-	-	-	-	-	-	-	-	-

7.26 One stakeholder initially objected to the use of BCIS lower quartile build costs for all residential developments, suggesting that the median rate was more appropiate to reflect build costs for smaller sites and local housebuilders. However, they were satisfied that provided there was a reasonable uplift to build costs for smaller sites (i.e. 10% uplift) and that smaller local housebuilders were satisfied, there would be no objection to the use of BCIS lower quartile build costs. There were no other objections to the build cost assumptions.

Infrastructure and External Costs

7.27 These are the costs of any external works beyond the footprint of the walls of each dwelling. These include the cost of 'non-abnormal' external works within the curtilage of each plot and within the communal areas of the site such as the installation of utilities, drainage, highways infrastructure and site landscaping. Many of these items will depend on individual site circumstances and can only properly be estimated following a detailed assessment of each site. It is however possible to generalise. External costs are typically lower for higher density than for lower density schemes as higher density schemes will have a smaller area of external works, and services can be used more efficiently. Large greenfield sites are more likely to require substantial expenditure on bringing mains services to the site.

7.28 Typically we expect to see external costs comprising from around 10% of basic build costs for smaller sites (up to 0.5 hectares) and increasing to 20% of basic build costs for larger Greenfield schemes (of 1.5 hectares and above).

7.29 The following table shows the assumptions adopted in regards to each scenario, based on the aforementioned principles:

Fig 48: Demolition and external works assumptions – By development scenario

Dev. Scenario	W1	W2	W3	W4	W5	W6	W7	W8	W9
Demolition (£k per acre)	-	100	110	-	105	-	105	-	110
External Works (%)	20	20	10	10	10	20	20	10	10

Dev. Scenario	KSC1	KSC2	LCV1	LCV2	LCV3	LCV4
Demolition (£k per acre)	110	-	-	-	-	-
External Works (%)	10	20	10	15	10	15

7.30 Stakeholders raised no objection to the proposed assumptions for demolition or external works costs.

Site-specific abnormal costs

7.31 Abnormal costs should be those specific to the site, which are over and above costs that can reasonably be expected to be incurred for the development of an allocated, level and well-drained greenfield site with adopted highways and utilities available to the site boundary.

7.32 Stakeholders suggested that it will be important that abnormal costs are reflected in more detailed site specific viability modelling.

Contingency

7.33 A contingency allowance will typically range between 2% and 5% of total build costs for new build schemes. For previously undeveloped and otherwise straightforward sites we would normally allow a contingency of around 2-3% with a higher figure of 5% on more risky types of development and previously developed land.

Fig 49: Assumed contingency allowances – By development scenario

Dev. Scenario	W1	W2	W3	W4	W5	W6	W7	W8	W9	KSC1	KSC2	LCV1	LCV2	LCV3	LCV4
Contingency (%)	3	5	5	3	5	3	5	3	5	5	3	4	3	4	3

7.34 One stakeholder responded objecting to the proposed contingencies and suggesting an assumption of 5% should be adopted across the board. From typical experience 5% is usually the upper limit for new build schemes and would overestimate the contingency on more straightforward sites.

Professional Fees

7.35 Professional fees for schemes within the local area (including statutory fees) will typically fall into the range of 5% to 10% of construction costs, dependent upon scale and nature of scheme. Sites requiring input from wider range of professionals (e.g. Brownfield, flood-affected and more complicated sites) are likely to be at the higher end of this range.

Fig 50: Assumed professional fees – By development scenario

Dev. Scenario	W 1	W 2	W 3	W 4	W 5	W 6	W 7	W 8	W 9	KSC 1	KSC 2	LCV 1	LCV 2	LCV 3	LCV 4
Professional Fees (%)	7	8	9	9	8	7	8	7	8	9	8	9	8	9	8

7.36 Stakeholders raised no objections to the proposed professional fee assumptions.

Developer contributions (s106)

7.37 Typical developer cost contributions provided through s106 agreements relate to education, off-site public open and community space provision and off-site highways. However, for the purposes of this EVA, we have assumed no s106 costs in order to assess the baseline viability position for development across Copeland. More detailed viability modelling, including s106 costs and affordable housing will be included in more detailed viability modelling associated with analysis of emerging site allocations.

Marketing and disposal costs

7.38 Marketing and disposal costs include sales legal fees, sales promotion and agency, marketing budget and sales incentives (where necessary). Typically these cumulative costs are expected to fall within the range of 1.5% and 3% of GDV. For the purposes of this EVA, we have assumed a flat rate of 3% of GDV for all development scenarios.

7.39 Stakeholders raised no objection to the proposed marketing and disposal cost assumption.

Site acquisition costs

7.40 Site acquisition costs will typically be covered within a budget of 1.5% of site value and will incorporate acquisition agents and legal fees. In addition to this allowance SDLT (Stamp Duty Land Tax) is accounted for at the prevailing rate for the development scenario in question.

Fig 51: Assumed SDLT – By development scenario

Scenario Type	W1	W2	W3	W4	W5	W6	W7	W8	W9
SDLT (£)	309,495	229,481	0	1,015	3,955	49,495	34,496	1,800	600

Scenario Type	KSC1	KSC2	LCV1	LCV2	LCV3	LCV4
SDLT (£)	360	46,495	1,956	29,086	4,233	36,480

7.41 Stakeholders raised no objection to the site acquisition cost assumptions.

Development Finance Costs

7.42 Finance costs within a development appraisal are usually based on the accumulated debt, ideally calculated using a cash flow model in the context of the application of appropriate timescales for the scheme in question. At present most mainstream developers can obtain finance in the range of 4 to 5% per annum with a credit facility or up to around 60% loan to value. When the arrangement costs of obtaining finance are taken into account the total cost of finance will typically fall within the range of 6% to 7% per annum.

7.43 It is appreciated that the business models of some developers will involve investing more of their own funds into schemes, with other developers requiring greater external funding. The 'RICS Viability Guidance' [10] (detailed below) is very clear on how such matters must be dealt with:

'viability appraisals…should disregard either benefits or disbenefits that are unique to the applicant, whether landowner, developer or both; for example, internal financing arrangements. The aim should be to reflect industry benchmarks as applied to the particular site in question for a planning application …. Clearly, there must be consistency in viability principles and application across these interrelated planning matters.'

7.44 Consequently, for consistency, the assumption is advocated that finance will be 7% per annum of accumulated debt; assuming a requirement for 100% debt funding.

7.45 Stakeholders raised no objection to the proposed borrowing cost assumption.

Timescale Assumptions

7.46 Timescale assumptions for development appraisals relate to three key elements:

- Pre-construction
  - 3 months lead-in for pre-construction enabling and mobilisation
- Construction
  - 6 months construction per residential and commercial unit
- Sale
  - 6 months average between construction start and first sale for all residential sites
  - 2 sales per month on all small and medium residential sites
  - 4 sales per month on all large residential sites (assuming two sales outlets)
  - It is assumed that commercial units will be pre-let or pre-sold

Assumed Developer Return

Developer Return (Profit) ***(Competitive return to a willing developer)***

7.47 There has been much debate at appeal and through assessment of Local Authority policy and guidance documents of what might be considered a competitive and appropriate developer return. The following points are useful to refer to in this regard:

- The Planning Advisory Service 'Viability Handbook and Exercises' (para 4.80) (January 2011) advises that:
  Where a positive residual land value is achieved...Typical required margins, depending on the developer and the risks of the development, are a 20% margin on cost and 17.5% margin on GDV.

- The accompanying guidance to the HCA's Development Appraisal tool comments as follows on *Developer's Return for Risk and Profit (including developer's overheads)*:
  <u>Open Market Housing</u>
  The developer 'profit' (before taxation) on the open market housing as a percentage of the value of the open market housing. A typical figure currently may be in the region of 17.5-20% and overheads being deducted, but this is only a guide as it will depend on the state of the market and the size and complexity of the scheme.

<u>Affordable Housing</u>

The developer 'profit' (before taxation) on the affordable housing as a percentage of the value of the affordable housing (excluding SHG). A typical figure may be in the region of 6% (the profit is less than that for the open market element of the scheme, as risks are reduced), but this is only a guide.

- LSH Planning and Development Consultancy team members provided expert witness services in relation to a key appeal decision in relation to a large urban edge housing scheme in Kendal in 2013. The following extract, taken from the Appeal Decision, sets out the Inspector's conclusion as to developer return:

  'The concept of a 'competitive return' is not further defined by the NPPF, and could be the subject of differing interpretations by the parties involved in any particular development. The assessment of a competitive return will involve an element of judgement. Clearly, however, excessively ambitious predictions must be tempered by comparison with industry norms and local circumstances.

  In this case, it is common ground that a competitive return for the developer can be taken as a profit of 18-20% of the gross development value ('GDV')…I see no reason to reach a different conclusion.'

7.48 It is important to acknowledge that the returns sought by different developers and how they secure this through the whole development process can vary considerably. Developers will take into account a range of factors relating to the risk profile of the scheme, such as scheme size, time of delivery, location and other market factors, in determining what an acceptable rate of return is. Developer's Return is often the most potentially contentious aspect of any Viability Assessment.

7.49 From experience LSH are aware that widely differing profit margins will be expected by different Developers within the Cumbria area. Some smaller developers may be willing to accept profit levels of between 8 and 15% of GDV (net of central overheads) in order to keep their workforce employed. Such smaller developers will generally have low level or no funding requirements and the policies of lenders will have minimal relevance.

7.50 Other Developers have greater profit expectations of anything from 15% and 20% of GDV. Developers falling into this bracket will generally utilise bank funding facilities and therefore the current risk-averse cautious policies of lenders will have a greater effect. In general terms ongoing reduced sales rates across the UK continue to cause lenders some concern.

7.51 Whilst many funders do expect 20% of GDV as a starting point on medium and large schemes, there is typically scope for a developer with a reasonable track record to agree a reduction to 18% of GDV where viability becomes an issue and all three parties to transaction (the landowner, developer, LPA) will each need to potentially compromise expectations, to some extent, in order to broker a mutually acceptable solution.

7.52 Stakeholder feedback to the draft development scenarios and appraisal assumptions schedule was that given the challenges of the Copeland property market, developers will continue to require a 20% profit on GDV. If a lower profit level is assumed it risks precluding less experienced developers from the local market and potential deterring regional and national housebuilders from developing locally.

7.53 In order to ensure that Copeland remains open and attractive to a broad range of housebuilders and developers, we have adopted 20% profit on GDV.

8. Viability Assessment Findings

8.1 This section of the report presents the findings of the stage one viability modelling. The findings are presented in turn by settlement / settlement type and development scenario.

8.2 Full development appraisals are provided for each development scenario at *Appendix 5*. The outturn of the development appraisals is the potential surplus for planning contributions (affordable housing, physical infrastructure works, community and green infrastructure provision and commuted sums) available after total development costs (land acquisition, build costs, professional fees, borrowing costs and developers proft) are discounted from the gross development value.

8.3 The findings for each development scenario include the sensitivity matrix extracted from the viability appraisal. The sensitivity analysis:

- Identifies the potential surplus for planning contributions based on increases and decreases to the gross development value and / or the constructions costs.
- The central box within the sensitivity matrix provides the viability outturn based upon the appraisal assumptions detailed in this report.
- Gross development values increase in 10% increments running horizontally in the matrix.
- Construction costs increase in 5% increments running vertically in the matrix.
- Colouring in the sensitivity matrix follows a traffic lighting sequence, where green shades illustrate development generating a strong surplus for planning contributions, yellow shades illustrate development generating very limited or nil surplus for planning contributions and orange and red shades show development that is unviable.

Whitehaven

8.4 The following figures show the viability results for nine scenarios involving small and large scale residential and commercial developments, on greenfield and brownfield sites in Whitehaven:

Fig. 52. Large Greenfield Residential (W1)

	1,492,551	Values 80%	90%	100%	110%	120%
Construction	90%	(3,685,598)	679,474	5,044,546	9,409,618	13,774,689
Costs	95%	(5,461,595)	(1,096,523)	3,268,548	7,633,620	11,998,692
	100%	(7,237,593)	(2,872,521)	1,492,551	5,857,623	10,222,694
	105%	(9,013,590)	(4,648,518)	(283,447)	4,081,625	8,446,697
	110%	(10,789,588)	(6,424,516)	(2,059,444)	2,305,628	6,670,699

8.5 *Fig. 52* demonstrates that based on current values and construction costs, a large greenfield site (400 units) is viable and generates a potential surplus for affordable housing, elevated planning policy standards or planning contributions of £1.492 million. Sensitivity analysis demonstrates that modest changes to market values or construction costs will result if significant changes to development viability.

Fig. 53. Large Brownfield Residential (W2)

	(1,238,705)	Values 80%	90%	100%	110%	120%
Construction	90%	(6,314,042)	(1,948,970)	2,416,102	6,781,174	11,146,245
Costs	95%	(8,141,445)	(3,776,373)	588,699	4,953,770	9,318,842
	100%	(9,968,848)	(5,603,776)	(1,238,705)	3,126,367	7,491,439
	105%	(11,796,252)	(7,431,180)	(3,066,108)	1,298,964	5,664,035
	110%	(13,623,655)	(9,258,583)	(4,893,511)	(528,440)	3,836,632

8.6 *Fig. 53* shows that based on current values and construction costs, a large brownfield site (400 units) generates a negative land value of £1.239. However, sensitivity analysis again suggests modest changes to the market value or construction costs will alter this position. For exampe if construction costs decrease by 5%, the scheme would become viable and produce a surplus of £588,699.

Fig. 53 Medium Mixed Use (W3)

	(566,676)	Values 80%	90%	100%	110%	120%
Construction	90%	(633,209)	(523,927)	(414,646)	(305,364)	(196,082)
Costs	95%	(709,224)	(599,943)	(490,661)	(381,379)	(272,098)
	100%	(785,240)	(675,958)	(566,676)	(457,395)	(348,113)
	105%	(861,255)	(751,974)	(642,692)	(533,410)	(424,128)
	110%	(937,271)	(827,989)	(718,707)	(609,426)	(500,144)

Fig. 54. Employment (W4)

		Values				
	(2,182,505)	80%	90%	100%	110%	120%
Construction Costs	90%	(2,612,211)	(1,998,654)	(1,385,097)	(771,540)	(157,983)
	95%	(3,010,915)	(2,397,358)	(1,783,801)	(1,170,244)	(556,687)
	100%	(3,409,619)	(2,796,062)	(2,182,505)	(1,568,948)	(955,391)
	105%	(3,808,323)	(3,194,766)	(2,581,209)	(1,967,652)	(1,354,095)
	110%	(4,207,027)	(3,593,470)	(2,979,913)	(2,366,356)	(1,752,799)

8.7 *Fig. 53 and Fig. 54* suggest that both a medium mixed use scheme on a Brownfield site (30 units) and a medium / large employment space on a Greenfield site (assuming single storey industrial building and a two storey office), are unviable. Based on applying adopted values and build costs, viability gaps of £566,676 and £2.183 million are produced respectively. Sensitivity analysis show that even in a best case scenario such developments remain unviable, if values increased considerably, by 20% and construction costs decreased by 10%.

Fig. 55. Retail (W5)

		Values				
	2,710,817	80%	90%	100%	110%	120%
Construction Costs	90%	1,929,524	2,393,021	2,856,517	3,320,014	3,783,511
	95%	1,856,674	2,320,171	2,783,667	3,247,164	3,710,660
	100%	1,783,824	2,247,320	2,710,817	3,174,314	3,637,810
	105%	1,710,974	2,174,470	2,637,967	3,101,463	3,564,960
	110%	1,638,123	2,101,620	2,565,117	3,028,613	3,492,110

8.8 *Fig. 55* illustrates that a medium / large retail scheme on a brownfield site in Whitehaven is viable, producing a significant surplus for elevated planning policy standards or planning contributions of £2,711 million based upon the current adopted values and build costs. The sensitivity results show that this type of scheme would still remain viable at a 10% increase in construction costs and 20% decrease in retail values, producing a £1,638,123 surplus.

8.9 *Figs. 56-59* explore the viability of small (15 units) and medium (75 units) scale residential developments on Greenfield and Brownfield sites in Whitehaven.

Fig. 56. Medium Greenfield Residential (W6)

		Values				
	(6,300)	80%	90%	100%	110%	120%
Construction Costs	90%	(925,742)	(142,896)	639,949	1,422,795	2,205,641
	95%	(1,248,867)	(466,021)	316,825	1,099,670	1,882,516
	100%	(1,571,991)	(789,146)	(6,300)	776,546	1,559,391
	105%	(1,895,116)	(1,112,270)	(329,425)	453,421	1,236,266
	110%	(2,218,241)	(1,435,395)	(652,550)	130,296	913,142

8.10 It is clear, from *Fig. 56* that the medium greenfield residential scenario produces a small negative figure of £97,491. Nonetheless, the sensitivity analysis highlights that a 5% decrease in construction cost or a 10% rise in value results in the medium greenfield scenario being viable and producing a surplus.

Fig. 57. Medium Brownfield Residential (W7)

		Values				
	(324,770)	80%	90%	100%	110%	120%
Construction Costs	90%	(1,225,506)	(442,660)	340,185	1,123,031	1,905,876
	95%	(1,557,984)	(775,138)	7,708	790,553	1,573,399
	100%	(1,890,461)	(1,107,615)	(324,770)	458,076	1,240,921
	105%	(2,222,939)	(1,440,093)	(657,247)	125,598	908,444
	110%	(2,555,416)	(1,772,570)	(989,725)	(206,879)	575,966

8.11 *Fig. 57* suggests that medium brownfield scenario is unviable. Based on applying the adopted values and build costs the medium brownfield scenario results in a negative figure of £324,770. Sensitivity analysis shows that a 5% reduction to the build cost or a 10% increase in value results in the scenario generating a small surplus for affordable housing, elevated planning policy standards or planning contributions.

Fig. 58. Small Greenfield Residential (W8)

		Values				
	51,257	80%	90%	100%	110%	120%
Construction Costs	90%	(155,303)	18,998	193,299	367,601	541,902
	95%	(226,324)	(52,023)	122,278	296,579	470,880
	100%	(297,345)	(123,044)	51,257	225,558	399,859
	105%	(368,366)	(194,065)	(19,764)	154,537	328,838
	110%	(439,387)	(265,086)	(90,785)	83,516	257,817

Fig. 59. Small Brownfield Residential (W9)

		Values				
	(74,059)	80%	90%	100%	110%	120%
Construction Costs	90%	(274,999)	(101,452)	72,094	245,641	419,187
	95%	(348,076)	(174,529)	(983)	172,564	346,110
	100%	(421,152)	(247,606)	(74,059)	99,487	273,034
	105%	(494,229)	(320,683)	(147,136)	26,410	199,957
	110%	(567,306)	(393,759)	(220,213)	(46,666)	126,880

8.12 *Fig. 58* and *Fig. 59* highlight that smaller residential developments (15 units) in Whitehaven are less viable (relative to the medium residential scenarios), with the small greenfield scenario producing a small surplus for affordable housing, elevated planning policy standards or planning contributions of £51,257 and the small brownfield scenario resulting in a negative figure of £74,059. The sensitivity analysis shows that the small greenfield scenario soon becomes unviable if values decrease by 10%.

Key Service Centres

8.13 The following figures show the viability of small and medium residential scheme scenarios in idenitifed key service centres outside Whitehaven, namely Cleator Moor, Egremont and Millom:

Fig. 60. Small Brownfield Residential (KCS1)

		Values				
	(139,201)	80%	90%	100%	110%	120%
Construction	90%	(341,531)	(165,721)	10,089	185,899	361,710
Costs	95%	(416,176)	(240,366)	(64,556)	111,254	287,064
	100%	(490,822)	(315,011)	(139,201)	36,609	212,419
	105%	(565,467)	(389,657)	(213,846)	(38,036)	137,774
	110%	(640,112)	(464,302)	(288,492)	(112,682)	63,129

8.14 *Fig. 60* demonstrates that a small residential development on a brownfield site (15 units) is unviable and results in a £139,201 negative value.

Fig. 61. Medium Greenfield Residential (KCS2)

		Values				
	(366,768)	80%	90%	100%	110%	120%
Construction	90%	(1,247,771)	(464,926)	317,920	1,100,766	1,883,611
Costs	95%	(1,590,115)	(807,269)	(24,424)	758,422	1,541,267
	100%	(1,932,459)	(1,149,613)	(366,768)	416,078	1,198,924
	105%	(2,274,803)	(1,491,957)	(709,112)	73,734	856,580
	110%	(2,617,147)	(1,834,301)	(1,051,455)	(268,610)	514,236

8.15 *Fig. 61* shows that the medium greenfield development scenario in the key service centres is unviable and results in a £291,267 negative value.

8.16 Once again, sensitivity analysis shows that modest changes to value or construction costs qucikly changes the viability picture. For example, in relation to the small greenfield scenario, a 10% rise to values would result in development being on the margins of viability and a 10% rise in value combined with a 5% cost saving results in the scneario generating a small surplus. In relation to the medium greenfield scenario a 10% rise to values would result in development becoming viable and generating a modest surplus.

Local Centre / Village (Average Value)

8.17 The following figures show the viability of small and medium residential developments on Greenfield site, for average value Local Centres (outside Whitehaven) and Villages:

Fig. 62. Small Greenfield Residential (LCV1)

		Values				
	(109,990)	80%	90%	100%	110%	120%
Construction	90%	(304,459)	(127,139)	50,180	227,499	404,818
Costs	95%	(384,544)	(207,225)	(29,905)	147,414	324,733
	100%	(464,629)	(287,310)	(109,990)	67,329	244,648
	105%	(544,714)	(367,395)	(190,075)	(12,756)	164,563
	110%	(624,799)	(447,480)	(270,161)	(92,841)	84,478

Fig. 63 Small / Medium Greenfield Residential (LCV2)

		Values				
	(211,288)	80%	90%	100%	110%	120%
Construction	90%	(852,419)	(285,375)	281,669	848,714	1,415,758
Costs	95%	(1,098,898)	(531,854)	35,191	602,235	1,169,279
	100%	(1,345,377)	(778,332)	(211,288)	355,756	922,801
	105%	(1,591,855)	(1,024,811)	(457,767)	109,278	676,322
	110%	(1,838,334)	(1,271,290)	(704,245)	(137,201)	429,843

8.18 The results for both scenarios show negative land values (£109,990 and £211,288 respectively) and therefore that both scenarios are unviable. Both scenarios only become viable if values increase by 10% or construction costs decrease by 10%.

Local Centre / Village (High Value)

8.19 The following figures show the viability of small and medium residential developments on Greenfield site in Local Centres / Villages of high value (Beckermet and St Bees):

Fig. 64. Small Greenfield Residential (LCV3)

		Values				
	199,621	80%	90%	100%	110%	120%
Construction	90%	(67,284)	146,253	359,791	573,329	786,866
Costs	95%	(147,369)	66,168	279,706	493,244	706,781
	100%	(227,454)	(13,917)	199,621	413,159	626,696
	105%	(307,540)	(94,002)	119,536	333,073	546,611
	110%	(387,625)	(174,087)	39,451	252,988	466,526

Fig. 65. Small / Medium Greenfield Residential (LCV4)

		Values				
	564,262	80%	90%	100%	110%	120%
Construction	90%	(224,007)	416,606	1,057,219	1,697,832	2,338,445
Costs	95%	(470,486)	170,127	810,740	1,451,353	2,091,966
	100%	(716,964)	(76,351)	564,262	1,204,875	1,845,488
	105%	(963,443)	(322,830)	317,783	958,396	1,599,009
	110%	(1,209,921)	(569,309)	71,304	711,917	1,352,530

8.20 *Fig. 64* and *Fig. 65* show that both scenarios are viable, although the small (15 units) scenario is less so compared to the small / medium (50 units) scenario. The small greenfield scenario generates a surplus for affordable housing, elevated planning policy standards or planning contributions of £199,621, whilst the small / medium greenfield scenario generates a surplus of £564,262.

9. Conclusions and Recommendations

9.1 LSH was appointed by Copeland Borough Council in June 2017 to advise on and prepare an Economic Viability Assessment ('EVA') covering a representative range of housing, commercial and employment development sites. This EVA will form part of the evidence base for a new all-encompassing Copeland Local Plan.

9.2 This EVA is envisaged to constitute 'stage one' of a two stage process, with the emphasis herein being on a generic, formula based approach to assess the viability of an appropriate spectrum of representative types of development scenario within the Borough in accordance with best practice. The primary objectives of this exercise is to provide an information base to enable Council Officers to make broad brush, early assumptions on whether particular development scenarios and potential locations for future development allocations are likely to be deliverable and to support the progression of the Local Plan towards the examination process.

9.3 It is envisaged that the future 'stage two' of this EVA will involve a more detailed analysis of proposed sites for development that will help to inform which sites to allocate and will contribute positively to the Borough's housing and employment land supply by being demonstrated to be achievable and viable. This will also need to consider likely s106 contributions, test the extent of affordable housing which can be viably delivered within potential or emerging site allocations and include analysis of the emerging Local Plan Policy and its impact on development viability.

9.4 When considering the deliverability of the emerging Copeland Local Plan it is also useful to consider paragraph 154 of the NPPF.

154. Local Plans should be aspirational but realistic. They should address the spatial implications of economic, social and environmental change. Local Plans should set out the opportunities for development and clear policies on what will or will not be permitted and where. Only policies that provide a clear indication of how a decision maker should react to a development proposal should be included in the plan.

9.5 Thus, whilst it important that emerging Local Plan policy is realistic and informed by careful viability analysis, the Plan should be aspirational. The emerging Local Plan will need to consider and identify how viable development can be achieved.

9.6 Overall the viability modellling at this first stage identifies a mixed picture of viability. This picture is not uncommon with our experience of site specific and plan wide viability in neighbouring authorities and across the wider region. The viability modelling shows:

- That large greenfield residential development in Whitehaven is viable and generates a surplus for affordable housing, elevated planning policy requirements and s106 contributions.
- That medium greenfield residential development in Whitehaven and the Key Service Centres is viable and generates a surplus for affordable housing, elevated planning policy requirements and s106 contributions.
- That small and small/medium greenfield residential development in Whitehaven and the high value local centres and villages is viable and generates a surplus for affordable housing, elevated planning policy requirements and s106 contributions.
- That large and medium brownfield residential development in Whitehaven is marginal and generates no surplus for affordable housing, elevated planning policy requirements and s106 contributions.
- That small and small/medium greenfield residential development in the average value local centre and villages is unviable.
- That medium / large retail development on brownfield sites in Whitehaven is viable and generates a significant surplus for elevated planning policy requirements and s106 contributions.
- The mixed use brownfield development is unviable based upon adopted values and build costs.
- That speculative office / employment development is unviable based upon adopted values and build costs.

9.7 This 'stage one' of the EVA provides baseline market evidence and viability modelling for future detailed analysis of potential and emerging site allocations and emerging local plan policies.

9.8 It provides a mixed picture on viability with a number of scenarios providing a surplus for affordable housing, elevated planning policy requirements and s106 contributions. This information provides a useful guide towards the most viable development locations and scenarios (namely, greenfield residential development in Whitehaven and high value local centres and villages) to inform the selection of potential site allocations. The 'stage one' findings also identify that these sites could potentially deliver affordable housing, elevated policy standards or s106 contributions.

9.9 The findings of the emerging SHMA and more particularly housing needs (including affordable housing type and tenure), will inform the priorities for the surplus generated by viable development scenarios and what proportion of this surplus should be directed towards affordable housing, other local plan policy requirements or s106 contributions.

9.10 The 'stage one' findings also identify that employment development, mixed use development, brownfield residential development across the Borough and greenfield residential development in Key Service Centre and average value local service centre and villages have potential viability challenges. These types of development will be unlikely to deliver affordable housing, elevated policy standards or s106 contributions. Rather, careful consideration will need to be given through the 'stage two' viability analysis and development of the emerging Local Plan policy towards how these sites and types of development can be delivered.

9.11 The viability modelling assumes that development will be delivered speculatively by housebuilders and developers in exchange for a reasonable development profit. This approach to assessing development viability follows national guidance and recognised practise. However, a range of developments, including business premises, retail stores, affordable housing schemes and self-build housing, will be occupier or operator led and rely on different financial rationale. Employment, commercial, mixed use and appropriate residential sites should appropriately be identified to meet this potential demand.

9.12 Copeland and the wider region also has a long record of realising development (including major employment developments) that have been assisted through public sector funding support or enabling development. The future context for public sector funding assistance (particularly in light of Brexit) is unclear, although Homes England has recently been given much greater financial support by the Government and now has significant funds to invest in housing delivery. This and other opportunities for public sector support or enabling development are being utilised to advance otherwise unviable commercial developments in neighbouring authorities and across the wider region. Examples include:

- Potential HIF funding to support strategic infrastructure investment that should facilitatate major housing development on large greenfield sites
- Direct development delivery by public sector organisations
- Public sector organisations providing income strip guarantees to developers to support development viability
- Enabling development, whereby high value and highly viable uses are included to cross-subsidise unviable development elements to provide reasonable returns to landowner and developer

9.13 These options to enhance development viability should be considered through the Local Plan preparation process and further site specific and plan-wide viability modelling.

Appendix 1

Core Strategy Policies of relevance to this EVA

Specific Core Strategy [7] policies considered to have particular relevance to this EVA are detailed below:

Policy ST2 – Spatial Development Strategy

- *Development in the Borough should be distributed in accordance with the following principles:*
    - *A Growth: providing for and facilitating growth in the local economy, particularly in the energy sector, accompanied by net growth in jobs and an associated increase in demand for housing and services*
    - *B Concentration: development will be located in the Borough's settlements at an appropriate scale, within defined settlement boundaries, in accordance with the Borough's settlement hierarchy* (see section on 'Settlement Hierarchy' at 3.10 to 3.13 below)*:*
        - *i) Focussing the largest scale development and regeneration on Whitehaven and the important development opportunities there*
        - *ii) Supporting moderate levels of development reflecting the respective scale and functions of the smaller towns (Cleator Moor, Egremont and Millom)* ('Key Service Centres')*, and contributing to the regeneration of the town centres*
        - *iii) Permitting appropriately scaled development in defined Local Centres which helps to sustain services and facilities for local communities*
    - *C Restricting development outside the defined settlement boundaries to that which has a proven requirement for such a location, including:*
        - *iv) Existing major employment locations, especially Westlakes Science and Technology Park, and the completion of defined allocated or safeguarded employment sites*

    D Proportions: the four towns are expected to accommodate approximately 80% of all (non-nuclear) development over the plan period.

Policy ST3 – Spatial Development Priorities

- *In pursuit of economic regeneration and growth to fulfil strategic objectives for Copeland and West Cumbria, the following locations are priorities for development:*
    - *A The site at Moorside selected in National Policy Statement 1-EN6 as the location for a nuclear power station*

- *B Regeneration sites in south and central Whitehaven – the town centre and harbourside, Pow Beck Valley, Coastal Fringe and the South Whitehaven Housing Market Renewal Area.* Note the accompanying narrative to this policy provides further detail on the location of envisaged development in south, west and central Whitehaven:
  - *3.6.3 The sites in south and central Whitehaven are carried forward from the 2006 Local Plan. Their retention as priorities is consistent with objectives of the West Cumbria Economic Blueprint, notably 'A Commercial Kick Start Project' (the proposed offices at Albion Square) and 'A Harbour and Coastal Development Programme'. These are taken forward in more detail in the Whitehaven Town Centre and Harbourside SPD. The Coastal Fringe, predominantly the site of the former Marchon works, will be taken forward in the West Whitehaven SPD. The South Whitehaven area* (comprising the Woodhouse, Greenbank and Kells Housing Market Renewal Area) *will also be taken forward via a SPD, which will include a development brief for major new housing development between Wilson Pit and St Bees Roads.*
- *C Town centre renewal in Cleator Moor, Egremont and Millom*
- *D The sites prioritised for development in the Energy Coast Master Plan*
- *Other sites that may emerge, which reflect the above priorities and/or other Core Strategy or agreed sub-regional growth objectives, will be similarly supported.*

Policy ST4 – Providing Infrastructure

- *A Development that generates a demand for physical, social or environmental infrastructure will be permitted if the relevant infrastructure is either already in place and has the capacity to meet the additional demand, or there is a reliable mechanism in place to ensure that it will be provided when and where required.*
- *B In the specific case of major development, particularly in the energy sector, where the Council is not the determining authority, we will work with developers, Government and the National Infrastructure Directorate to agree packages of measures which ensure that such development makes an optimal contribution to the Borough's needs*
- *C The Council will, until a Community Infrastructure Levy is adopted, apply the following principles in securing developer contributions:*
  - *i) Development proposals should provide, or contribute to the provision of facilities, infrastructure, services, and other environmental and social requirements either on or off site, as is reasonable and necessary to support and mitigate the impact of the development*
  - *ii) The nature and scale of any planning requirements sought for this purpose should be related to the type of development, its potential impact upon the*

surrounding area and, in the case of residential proposals, the need for developer contributions for the provision of affordable housing (see Policy SS3). The Council will not seek contributions which would prejudice the viability of a development, beyond those which would be necessary to make it acceptable.

  - *iii) Contributions for the initial running costs of services and facilities to secure their medium and long-term viability will be agreed through appropriate conditions or obligations, where such costs cannot be sustained in the short term.*

- *D The Council will expect utility and other infrastructure providers to rectify as soon as possible any network shortcomings which risk preventing or delaying development*
- *E A Supplementary Planning Document on Developer Contributions for Infrastructure will set out the appropriate range and level of contributions, and matters for which they will be sought. This, supported by data from the Infrastructure Plan, may form the basis for a future Community Infrastructure Levy.*

Policy ER3 – The Support Infrastructure for the Energy Coast

- *The Council will support energy sector development and other major infrastructure projects by working with operators and developers to:*
  - *C Identify potential sites for supply chain operations, worker accommodation, offsite associated development and other uses supporting the construction of additional energy generating capacity and associated infrastructure. The Council will support sites in locations consistent with the Core Strategy, chosen to minimise undesirable impacts and able to be fully restored with uses leaving a beneficial legacy for the Borough.* The accompanying narrative to this policy provides further detail on the envisaged location and nature of temporary worker and office accommodation likely be required to facilitate the potential construction of the Moorside nuclear power station:
    - *<u>4.4.4 Temporary accommodation</u>: it is anticipated that temporary accommodation will be required for a substantial number of workers. It is also anticipated that land may be required off the Moorside site for offices, short stay accommodation and other purposes related to logistics, storage and off-site fabrication. Mitigation of the impacts of the project would be optimised if such development were located according to the requirements of Policies ST1, ST2, ST3 and ER6, to be consistent with principles of sustainable development.*
    - *4.4.5 Thus the Council's position will be that temporary accommodation should as far as possible be provided within or adjacent to Whitehaven and the Key Service Centres in locations which relate well to transport nodes, especially the railway, assist regeneration programmes, and support the viability and vitality of the town centres. The Council also*

believes that the potential for after use of such sites should be a consideration; for example, the creation of Park and Ride facilities, laying out of sites so that they are capable of beneficial use afterwards, and construction of buildings capable of being adapted for future community or commercial use.

Policy ER4 – Land and Premises for Economic Development

- *The Council will maintain an adequate supply of land and floorspace for economic development by:*
  - *A Allocating land for economic development over the plan period at a rate ahead of that implied by projecting past take up rates, to allow a flexible response to emerging demand*
  - *B Safeguarding employment areas which are considered to be essential for meeting future strategic economic development requirements and assessing development proposals against criteria in Policy DM3*
  - Note, the accompanying narrative to this policy provides further detail on historic take-up rates of employment land, the apparent 'surplus' of allocated employment land in the context of perceived demand (as at 2012) and also provides commentary on the extent of allocated land available at strategic and sustainable economic development locations in and around Whitehaven:
    - *4.5.3 This research (Employment Land Review Update – ELR – 2012) indicates a need for the next 20 years (2011-2030), based on the 2005-2010 take-up, for 24.84 ha. of business park (B1) land, and 8.28 ha. industrial (B2) giving 33.12 ha. in total. The current supply is 88 ha. De-allocating sites identified as not viable would reduce the available supply by about 15ha.*
    - *4.5.4 Although this still represents an apparent 'surplus' of about 40 ha. the supply is dominated by land with particular potential for uses important to the achievement of the spatial development strategy:*
      - *Westlakes Science and Technology Park (27.96 ha. available), which is a strategic site as indicated in Policy ER6 and elsewhere;*
      - *Whitehaven Commercial Park (12.45 ha. available), which should be reserved as a valuable resource for local businesses as other industrial estates become fully developed; and*
      - *a group of sites in Whitehaven (previously identified in the 2006 Local Plan, almost 9 ha. in total) representing the town's best opportunities for developing an office market, for which there is latent demand from the nuclear sector (although other suitable*

uses, particularly tourism-related including hotels, would be supported, particularly on harbourside sites).

Policy ER5 – Improving the Quality of Employment Space

- *The Council will improve the quality of Copeland's employment land portfolio by:*
  - *A Prioritising high-quality office provision within Whitehaven and Key Service Centres to meet inward investment needs in particular…*
  - *B Promoting investment in the public realm at specific employment sites, and working with owners to achieve improvements more generally throughout industrial areas*
  - The accompanying narrative to this policy provides further comment:
    - *4.6.4 … the quality of the environment and public realm is crucial to the market attractiveness of sites. The Council's focus will be on prioritising a limited number of key locations in line with priorities identified in the Energy Coast Master Plan and the 'Spatial Implications' work, but it will also seek more general upgrading of the industrial and employment stock.*

Policy ER6 – Location of Employment

- *A Employment development will be supported in Whitehaven and Key Service Centres.* The accompanying text to this policy comments that:
  - *4.7.2 … opportunities in Whitehaven town centre can add to supply but require less land take; they could also respond to a perceived shortage of quality stock in the centre*
- *B Outside Whitehaven, the Key Service Centres, and the allocated sites, smaller scale economic development proposals will be considered on their merits..:*
- *C The Westlakes Science and Technology Park will continue to be promoted as the focus for a knowledge campus of international significance in line with the requirements of Policy DM4 as regards uses and design standards.* Further context on the intended role of Westlakes Science and Technology Park as a strategic development location with a distinctive role within the West Cumbria economy is set out in the supporting narrative:
  - *4.7.6…Westlakes is intended to build on and strengthen a nationally important concentration of energy-related research and development, and manufacturing. This strategic development location should continue to:*
    - *act as a flagship for university research and inward investment*
    - *attract knowledge-based industry, with special emphasis on technology related to nuclear power and decommissioning, along with knowledge transferable from those to other sectors; and*
    - *assist in the creation of a centre of excellence for the energy industry*

- *4.7.8. Consultation responses* (recognise) *that Westlakes can continue as a flagship site for high-value business, attract inward investment, and be complementary to Lillyhall* (a strategic business park location to the immediate north of Copeland in Allerdale Borough)*. As part of this approach it will be important to maintain high standards of design and landscaping on the site.* Policy DM4 sets out further detail on the exact nature of development which will be permitted at Westlakes:
  - ***Policy DM4 –****Development permitted within the* ***Westlakes Science and Technology Park*** *will only include the following uses:*
    - *A Offices, research and development, studios, laboratories and high tech and light industrial uses which comprise scientific research and development with ancillary industrial production (i.e. Use Class B1)*
    - *B Ancillary development of education by Research Institutes, Universities or similar bodies (within the Use Class D1 definition)*
    - *C Proposals would be required to accord with a detailed development brief for the site and existing development management policies adopted by the Council Development proposals should otherwise demonstrate significant benefits, in terms of developing knowledge-based economy in the Borough or advancing progress towards objectives in the Energy Coast Master Plan.*

Policy ER7 – Principal Town Centre, Key Service Centres, Local Centres and other service areas: Roles and Functions

- *Development will be required to meet the needs of the area, to be of a scale appropriate to the centre, and to not adversely impact on the vitality or viability of other nearby centres. The purpose of each centre will differ according to its role and function. Development objectives are to:*
  - *A Reinforce the role of Whitehaven as the Principal Town through the promotion of a flexible, mixed-use approach, the improvement of strategic and local accessibility, and supporting its continued growth*
  - *B Support Whitehaven's role as a tourist and visitor destination linked to its unique heritage and independent and specialist retailers*
  - *C Protect and where possible enhance the services and facilities provided in the Key Service Centres of Cleator Moor, Egremont and Millom*
  - *D Seek to ensure that the Local Centres and neighbourhood centres maintain essential shops and services to meet the needs of local communities*

- *E Encourage evening and night-time uses that contribute to the vibrancy, inclusiveness and economic vitality of centres…*

Policy ER8 – Whitehaven Town Centre

- *In Whitehaven town centre, development will be encouraged which:*
  - *A Responds to and consolidates the status of Whitehaven as the first and most complete post-mediaeval planned town in the country…*
  - *J Diversifies the range of residential accommodation in the town centre, including the conversion and re-use of vacant floors over shops*

Policy ER11 – Developing Enterprise and Skills

- *The Council will work with its partners to promote and develop the skills and employment opportunities of local people by:*
  - *A Enhancing inward investment and promoting the diversification of the Borough's economy, working with partners to support new and expanding employment sectors, particularly energy-related and environmental and innovative energy technologies, such as tidal, off shore wind and micro-generation*
  - *B Supporting the development of education and training facilities, to encourage people to develop the qualifications and skills that will be attractive to new business and vital for new enterprise*
  - *C Supporting the development of commercial units which meet the needs of businesses, encourage 'start ups' and promote further expansion in order to retain enterprise, jobs and skills within the Borough*
  - *D Encouraging the further development of Research and Development and education and training facilities at the Westlakes Science and Technology Park, along with Further and Higher Education Partners*
  - *E Supporting new spin-off business development that capitalises on the existing or emerging Intellectual Property that exists at Sellafield*
  - *F Focussing employment training and initiatives in Whitehaven, the 3 Key Service Centres, the Westlakes Science and Technology Park and the Sellafield site where there is good access to the strategic road network and where the use of public transport can be maximised*

Policy SS1 – Improving the Housing Offer

- *The Council will work to make Copeland a more attractive place to build homes and to live in them, by:*
  - *A Allocating housing sites to meet local needs in locations attractive to house builders and requiring new development to be designed and built to a high standard*

- *B Promoting the renovation and improvement of the Borough's existing housing stock, and the enhancement of the surrounding residential environment, to meet local housing needs, particularly in Whitehaven, the three smaller towns, and Local Centres*
- *C Considering further partnership and funding options (in consultation with local communities) for demolition and redevelopment schemes in areas of low demand or where the stock does not meet local housing market needs. This will include the continuation of previous Furness and West Cumbria Housing Market Renewal schemes.*
- Context for the Core Strategy policies on 'Sustainable Settlements' is given in the accompanying commentary:
  - *5.1.1 Housing is one of the key strategic spatial issues for Copeland.*
    - *A legacy connected with the Borough's industrial past, of larger than average numbers of terraced and unattractive public sector homes, was met by the inclusion of West Cumbria in the Housing Market Renewal programme, resources for which have now been drastically curtailed.*
    - *Socio-economic and marketing assessments have repeatedly identified a shortage of 'executive' quality housing, resulting in the socially mobile looking for homes outside the Borough and acting as a potential disincentive to inward investment…*
    - *It is…a guiding strategic principle in the Borough…that the range and quality of the Borough's housing stock, and thus the balance of the local housing market, be improved.*
  - *5..2.1 … Policy for sustainable settlements…has the following three distinct but connected aspects:*
    - *promoting a better, more balanced housing 'offer' through continued renewal as well as the encouragement of 'aspirational' and 'executive' housing*
    - *providing, in a sustainable way, the right quantity and quality of land not only to meet identified needs but also to allow for growth; and*
    - *making sure that planning policy helps to meet the needs of the whole community.*

Policy SS2 – Sustainable Housing Growth

- *House building to meet the needs of the community and to accommodate growth will be provided for by:*
  - *A Allocating sufficient land for new housing development to meet identified requirements within the Borough*
  - *B Allocating land in accordance with the following housing targets:*
    - *i) A baseline requirement, derived from projected household growth, of 230 dwellings per year*
    - *ii) Provision for growth 30% above that, to 300 dwellings per year*
    - Further context is provided on the how this housing target arose:
      - *5.3.2 The North West Regional Spatial Strategy set a target for Copeland of 230 dwellings per annum, based on an agreed approach for Cumbria which reflected the then current household projections.*
      - *5.3.8 On the basis of recent market performance, to allow for 230 per year may appear ambitious, but it represents a level of house building that is achievable if the local economy grows, and would indeed be necessary to accommodate it.*
      - *5.3.9 The SHLAA demonstrates that we can find land to accommodate 300 dwellings per year over the Plan period. This can be done without needing to reassess objectives such as those relating to settlement distribution, landscape protection and the environment*
  - *C Seeking densities of over 30 dwellings per hectare, with detailed density requirements determined in relation to the character and sustainability of the surrounding area as well as design considerations*
  - *D Seeking to achieve 50% of new housing development on previously developed 'brownfield' sites.* It is however acknowledged at 5.3.12 that *'the SHLAA and viability assessments indicate that a figure of 25% to 35%, dependent on market conditions, is more realistic…An aspirational 50% target is (however) retained, to make sure that capitalising on brownfield opportunities is a factor in the site allocation process.'*

Policy SS3 – Housing Needs, Mix and Affordability

- *Applications for housing development should demonstrate how the proposal helps to deliver a range and choice of good quality and affordable homes for everyone.*
  - *A Development proposals will be assessed according to how well they meet the identified needs and aspirations of the Borough's individual Housing Market Areas as set out in the (SHMA), by:*
    - *i Creating a more balanced mix of housing types and tenure within that market area, in line with the evidence provided in the SHMA*
    - *ii Including a proportion of affordable housing which makes the maximum contribution (consistent with maintaining the viability of the development) to meeting identified needs in that market area*
    - *iii Establishing a supply of sites suitable for executive and high quality family housing, focussing on Whitehaven and its fringes as a priority and also giving particular attention to the three smaller towns*
    - *iv Ensuring that housing meets special needs, for example those of older people, where there is a genuine and proven need and demand in a particular locality*
    - *v Providing housing for specific groups where there is housing need, including temporary workforce, agricultural workers and key workers*
  - Further narrative is provided on 'Housing mix':
    - *'5.4.4 Housing Mix: The mix of housing in a development should be informed by an assessment of the housing needs of the locality. The Council will not seek to impose a standardised mix, but may set out specific site-based guidelines in the Site Allocations and Policies Plan and/or development briefs. Developers may be required to justify with evidence proposals which do not seek to address identified local needs for particular types of housing. The SHMA indicates unsatisfied demand for:*
      - *larger (especially four bedroom) houses in the north of the Borough;*
      - *smaller (one or two bedroom) homes in Mid and South Copeland;*
      - *detached houses across the Borough;*
      - *bungalows in Whitehaven and Egremont.*
  - Further details are also provided on the Council's intended approach to 'Affordable Housing'
    - *5.4.5…The approach to meeting needs for affordable housing will be based on the conclusions of the SHMA. This indicates a need for 153 affordable dwellings per annum. However, assuming that the market is*

unlikely to provide enough dwellings for that need to be met via planning obligations, it recommends that a quota of 15-25% be sought, subject to development viability and local market variation across the Borough. Viability evidence indicates that at least twenty per cent should be achievable in higher value areas (mostly in rural Mid and South Copeland); thus the Council will seek provision at the higher end of the recommended range in rural areas identified by the viability study as high value, and on green field sites. In urban areas and on brownfield sites, lower levels of provision are more likely to be accepted. The evidence indicates that a split of 60% for rent, 40% equity share would be appropriate. It is proposed to adopt targets reflecting these characteristics, to be set out in more detail in the Site Allocations and Policies Plan or a further Local Development Document.

- Finally, the Development Management DPD provides further guidance on *'Standards for New Residential Developments'* at Policy DM12, the following elements of which have implications for viability:
  - *Policy DM12 – Proposals for new residential developments should incorporate:*
    - *A Car parking provision in accordance with adopted residential parking standards*
    - *C A minimum of 0.4ha of public space for every 200 dwellings pro-rata on developments of 10 or more dwellings, and in groups of family housing a minimum of 100m2 of children's play space should be provided at the rate of one play space per 30/40 dwellings*
    - *D All new development should be designed to Lifetime Homes and (on developments of ten dwellings or more) Building for Life standards.* We must respectfully point out that this policy was seemingly contradicted by the narrative at 5.2.4, at the date of publication of the Core Strategy (2013), which states that:
      - *The Council is mindful that there is support for targets which go further than national standards in promoting sustainable construction. However, relatively weak market conditions prevail in most of the Borough, and progress will be made via the Building Regulations towards the highest standards of sustainability by 2016. So it is not proposed that policy should go beyond Building Regulations standards, to minimise the risk of compromising development viability in areas needing increased house building. The Council will, however,*

encourage innovative design incorporating high environmental standards.

- For the avoidance of doubt until the release of an update to Part M of the Building Regulations (which deals with accessibility) with effect from October 2015, Lifetime Homes Standards were taken to be generally higher than the standard required by Building Regulations.

Policy T1 – Improving Accessibility and Transport

- *The Council will support transport improvements that maximise accessibility for all modes of transport but particularly by foot, cycle and public transport.*
  - *D Planning obligations for developments at all major new development* [i.e sites greater than 0.5 hectares or comprising 10 or more dwellings] *sites will be sought to mitigate their impact on the Borough's transportation system.* The commentary at 6.2.6. explains the intention that *'planning obligations will have a key role in securing appropriate improvements to transport infrastructure, especially improvements that will improve and encourage the use of public transport and rail infrastructure.'*

Policy ENV1 – Flood Risk and Risk Management

- *The Council will ensure that development in the Borough is not prejudiced by flood risk through:*
  - *A Permitting new build development only on sites located outside areas at risk of flooding, with the exception of some key sites in Whitehaven*
  - *B Ensuring that developments on important regeneration sites in Whitehaven Town Centre and Harbourside and Pow Beck Valley are designed to address the existing levels of flood risk without increasing flood risk elsewhere.* Such design features are taken to include *'raised floor levels, sufficient means of escape and refuge areas'*
  - *E Support for new flood defence measures to protect against both tidal and fluvial flooding in the Borough, including appropriate land management as part of a catchment wide approach*

Policy ENV4 – Heritage Assets

- *The Council's policy is to maximise the value of the Borough's heritage assets by:*
  - *B Supporting proposals for heritage led regeneration, ensuring that any listed buildings or other heritage assets are put to an appropriate, viable and sustainable use*

Appendix 2
Details of stakeholder consultation

The following stakeholders were consulted in respect of our draft schedule of assumptions *(see Appendix 4)*:

- Allerdale Borough Council (neighbouring West Cumbrian LPA)
- Carigiet Cowan (Commercial property agent)
- Citadel Estates Limited (Residential developer)
- Copeland Borough Council (client LPA)
- High Grange Developments (Residential developer)
- Home Group (Housing Association / Residential developer)
- Hyde Harrington (Commercial property agent)
- John Swift Homes (Residential developer)
- NPL Developments / Whitehaven Developments (Landowner / Residential developer)
- Peill & Co (Commercial property agent)
- Persimmon Homes (Residential developer)
- PF & K (Property agent)
- Smiths Gore/Savills (Land agent) representing Lord Egremont (Landowner)
- Story Homes (Residential developer)
- Tiffen and Co (Property agent)
- Walton Goodland (Commercial property agent)

Appendix 3(i)

New build sales data analysis: Whitehaven (01/2016 to 05/2017)

								m^2	ft^2	£/ft^2	
W R RICHARDSON LTD - CEDA PARK											
12	CEDA PARK	HENSINGHAM	WHITEHAVEN	CA28 8TG	S	£175,000	21/04/2017	104	1119	£156	
15	CEDA PARK	HENSINGHAM	WHITEHAVEN	CA28 8TG	S	£165,000	18/11/2016	104	1119	£147	
10	CEDA PARK	HENSINGHAM	WHITEHAVEN	CA28 8TG	T	£133,000	30/09/2016	74	797	£167	mid
11	CEDA PARK	HENSINGHAM	WHITEHAVEN	CA28 8TG	T	£145,000	19/09/2016	77	829	£175	end
9	CEDA PARK	HENSINGHAM	WHITEHAVEN	CA28 8TG	T	£133,000	21/06/2016	74	797	£167	mid
8	CEDA PARK	HENSINGHAM	WHITEHAVEN	CA28 8TG	T	£133,000	01/06/2016	74	797	£167	mid
5	CEDA PARK	HENSINGHAM	WHITEHAVEN	CA28 8TG	T	£135,000	24/02/2016	82	883	£153	end
6	CEDA PARK	HENSINGHAM	WHITEHAVEN	CA28 8TG	T	£130,000	23/02/2016	74	797	£163	mid
1	CEDA PARK	HENSINGHAM	WHITEHAVEN	CA28 8TG	S	£147,500	29/01/2016	81	872	£169	
			AVERAGES FOR SCHEME			£144,056		83	890	**£162**	
JOHN SWIFT HOMES - HUNSLET PLACE											
1	HUNSLET PLACE		WHITEHAVEN	CA28 9BF	D	£185,000	08/07/2016	83	893	£207	bung
2	HUNSLET PLACE		WHITEHAVEN	CA28 9BF	S	£169,950	26/02/2016	84	904	£188	bung
8	HUNSLET PLACE		WHITEHAVEN	CA28 9BF	D	£247,000	15/02/2016	128	1378	£179	bung
3	HUNSLET PLACE		WHITEHAVEN	CA28 9BF	S	£169,950	08/01/2016	78	840	£202	bung
			AVERAGES FOR SCHEME			£192,975		93	1004	**£192**	
STORY HOMES - WATERS EDGE											
23	WATERS EDGE CLOSE		WHITEHAVEN	CA28 9PE	D	£219,950	03/06/2016	107	1152	£191	
33	WATERS EDGE CLOSE		WHITEHAVEN	CA28 9PE	D	£272,950	01/04/2016	132	1421	£192	
8	TAYLORS WAY		WHITEHAVEN	CA28 9PD	D	£214,950	24/03/2016	101	1087	£198	
31	WATERS EDGE CLOSE		WHITEHAVEN	CA28 9PE	D	£235,950	24/03/2016	114	1227	£192	
29	WATERS EDGE CLOSE		WHITEHAVEN	CA28 9PE	D	£272,950	11/03/2016	132	1421	£192	
27	WATERS EDGE CLOSE		WHITEHAVEN	CA28 9PE	D	£272,950	26/02/2016	132	1421	£192	
25	WATERS EDGE CLOSE		WHITEHAVEN	CA28 9PE	D	£234,950	12/02/2016	114	1227	£191	
21	WATERS EDGE CLOSE		WHITEHAVEN	CA28 9PE	D	£269,950	22/01/2016	133	1432	£189	
			AVERAGES FOR SCHEME			£249,325		121	1298	**£192**	
STORY HOMES - WILSON HOWE											
7	WILSON HOWE		WHITEHAVEN	CA28 9SA	D	£284,950	12/05/2017	122	1313	£217	
12	WILSON HOWE		WHITEHAVEN	CA28 9SA	D	£298,950	08/05/2017	158	1701	£176	
10	WILSON HOWE		WHITEHAVEN	CA28 9SA	D	£284,950	31/03/2017	122	1313	£217	
11	WILSON HOWE		WHITEHAVEN	CA28 9SA	D	£292,950	24/03/2017	152	1636	£179	
6	WILSON HOWE		WHITEHAVEN	CA28 9SA	D	£315,950	24/03/2017	171	1841	£172	
15	WILSON HOWE		WHITEHAVEN	CA28 9SA	D	£287,950	22/03/2017	122	1313	£219	
5	WILSON HOWE		WHITEHAVEN	CA28 9SA	D	£304,950	20/03/2017	171	1841	£166	
3	WILSON HOWE		WHITEHAVEN	CA28 9SA	D	£309,950	24/02/2017	171	1841	£168	
14	WILSON HOWE		WHITEHAVEN	CA28 9SA	D	£299,950	16/12/2016	171	1841	£163	
20	WILSON HOWE		WHITEHAVEN	CA28 9SA	D	£301,950	15/12/2016	158	1701	£178	
16	WILSON HOWE		WHITEHAVEN	CA28 9SA	D	£319,950	18/11/2016	171	1841	£174	
1	WILSON HOWE		WHITEHAVEN	CA28 9SA	D	£362,950	11/11/2016	201	2164	£168	
17	WILSON HOWE		WHITEHAVEN	CA28 9SA	D	£321,950	28/10/2016	171	1841	£175	
18	WILSON HOWE		WHITEHAVEN	CA28 9SA	D	£290,950	27/10/2016	152	1636	£178	
19	WILSON HOWE		WHITEHAVEN	CA28 9SA	D	£304,950	16/09/2016	158	1701	£179	
21	WILSON HOWE		WHITEHAVEN	CA28 9SA	D	£301,950	09/09/2016	158	1701	£178	
2	WILSON HOWE		WHITEHAVEN	CA28 9SA	D	£299,950	02/09/2016	158	1701	£176	
26	WILSON HOWE		WHITEHAVEN	CA28 9SA	D	£292,950	13/07/2016	152	1636	£179	
27	WILSON HOWE		WHITEHAVEN	CA28 9SA	D	£312,950	08/07/2016	171	1841	£170	
22	WILSON HOWE		WHITEHAVEN	CA28 9SA	D	£292,950	13/05/2016	152	1636	£179	
23	WILSON HOWE		WHITEHAVEN	CA28 9SA	D	£297,950	29/04/2016	171	1841	£162	
25	WILSON HOWE		WHITEHAVEN	CA28 9SA	D	£319,950	22/04/2016	171	1841	£174	
24	WILSON HOWE		WHITEHAVEN	CA28 9SA	D	£311,950	30/03/2016	171	1841	£169	
			AVERAGES FOR SCHEME			£304,950		160	1720	**£177**	

Appendix 3(i) *(continued)*

STORY HOMES - EDGEHILL PARK									
44 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	S	£154,950	31/03/2017	74	797	£195	
33 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	D	£279,950	24/03/2017	120	1292	£217	
40 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	D	£268,950	17/03/2017	120	1292	£208	
29 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	S	£184,950	10/03/2017	98	1055	£175	
34 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	S	£184,950	10/03/2017	98	1055	£175	
27 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	S	£129,950	03/03/2017	65	700	£186	
23 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	S	£129,950	17/02/2017	65	700	£186	
21 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	S	£129,950	10/02/2017	65	700	£186	
32 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	S	£178,950	03/02/2017	98	1055	£170	
28 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	D	£270,950	27/01/2017	134	1442	£188	
30 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	S	£178,950	27/01/2017	98	1055	£170	
17 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	D	£269,950	09/12/2016	134	1442	£187	
24 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	S	£176,950	09/12/2016	98	1055	£168	
19 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	D	£230,000	02/12/2016	108	1163	£198	
22 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	S	£177,950	02/12/2016	98	1055	£169	
26 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	D	£261,950	02/12/2016	124	1335	£196	
20 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	S	£163,950	18/11/2016	78	840	£195	
15 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	D	£264,950	28/10/2016	120	1292	£205	
18 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	S	£164,950	28/10/2016	78	840	£196	
11 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	T	£182,950	14/10/2016	110	1184	£155	end
14 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	T	£182,950	07/10/2016	110	1184	£155	end
9 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	T	£184,950	07/10/2016	110	1184	£156	mid
16 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	D	£269,950	30/09/2016	120	1292	£209	
10 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	T	£182,950	23/09/2016	110	1184	£155	end
5 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	S	£162,950	26/08/2016	78	840	£194	
3 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	S	£162,950	19/08/2016	78	840	£194	
8 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	S	£161,950	22/07/2016	78	840	£193	
4 CLARENDON DRIVE	WHITEHAVEN	CA28 9SD	S	£161,950	08/07/2016	78	840	£193	
	AVERAGES FOR SCHEME			£194,880		98	1055	£185	
SUMMARY - HMLR New Build Data - Whitehaven - 01-01-2016 to 31-05-2017						m^2	ft^2	£/ft^2	
Bungalow units	Number of sales (units)		4	£192,975	AVERAGES	93	1004	£192	
Terraced dwellings	Number of sales (units)		10	£154,280	AVERAGES	90	963	£160	
Semi-detached dwellings	Number of sales (units)		19	£162,826	AVERAGES	85	914	£178	
Detached detached	Number of sales (units)		39	£285,259	AVERAGES	144	1551	£184	
ALL UNITS	Number of sales (units)		72	£229,632	AVERAGES	118	1271	£181	

Appendix 3(ii)

New build sales data analysis
Outside of Whitehaven (06/2012 to 05/2017)

HIGH GRANGE DEVELOPMENTS - KEEKLE MEADOWS, CLEATOR MOOR							m²	ft²	£/ft²	
20 KEEKLE MEADOWS ROAD		CLEATOR MOOR	CA25 5RW	D	£264,000	19/12/2016	135	1453	£182	bung
22 KEEKLE MEADOWS ROAD		CLEATOR MOOR	CA25 5RW	S	£200,000	11/11/2016	110	1184	£169	
18 KEEKLE MEADOWS ROAD		CLEATOR MOOR	CA25 5RW	D	£264,000	11/11/2016	135	1453	£182	bung
24 KEEKLE MEADOWS ROAD		CLEATOR MOOR	CA25 5RW	S	£200,000	30/09/2016	109	1173	£170	
29 KEEKLE MEADOWS ROAD		CLEATOR MOOR	CA25 5RW	D	£249,950	23/09/2016	173	1862	£134	
23 KEEKLE MEADOWS ROAD		CLEATOR MOOR	CA25 5RW	D	£320,000	26/08/2016	198	2131	£150	
9 KEEKLE MEADOWS ROAD		CLEATOR MOOR	CA25 5RW	D	£294,000	29/07/2016	192	2067	£142	
4 KEEKLE MEADOWS ROAD		CLEATOR MOOR	CA25 5RW	D	£241,000	01/07/2016	124	1335	£181	
1 RIGG CLOSE		CLEATOR MOOR	CA25 5SU	S	£178,000	25/07/2016	102	1098	£162	
3 RIGG CLOSE		CLEATOR MOOR	CA25 5SU	D	£300,000	19/05/2016	174	1873	£160	
16 KEEKLE MEADOWS ROAD		CLEATOR MOOR	CA25 5RW	S	£200,000	20/04/2016	108	1163	£172	
12 KEEKLE MEADOWS ROAD		CLEATOR MOOR	CA25 5RW	S	£182,000	30/03/2016	109	1173	£155	
14 KEEKLE MEADOWS ROAD		CLEATOR MOOR	CA25 5RW	S	£177,000	24/03/2016	109	1173	£151	
6 RIGG CLOSE		CLEATOR MOOR	CA25 5SU	D	£295,000	14/03/2016	192	2067	£143	
8 RIGG CLOSE		CLEATOR MOOR	CA25 5SU	D	£241,000	08/03/2016	122	1313	£184	
2 RIGG CLOSE		CLEATOR MOOR	CA25 5SU	D	£268,000	19/02/2016	192	2067	£130	
10 KEEKLE MEADOWS ROAD		CLEATOR MOOR	CA25 5RW	S	£178,000	22/01/2016	102	1098	£162	
4 RIGG CLOSE		CLEATOR MOOR	CA25 5SU	D	£290,000	06/11/2015	198	2131	£136	
7 RIGG CLOSE		CLEATOR MOOR	CA25 5SU	D	£249,950	23/10/2015	122	1313	£190	
5 RIGG CLOSE		CLEATOR MOOR	CA25 5SU	D	£249,950	30/09/2015	174	1873	£133	
8 KEEKLE MEADOWS ROAD		CLEATOR MOOR	CA25 5RW	S	£178,000	26/06/2015	102	1098	£162	
6 KEEKLE MEADOWS ROAD		CLEATOR MOOR	CA25 5RW	D	£279,000	01/05/2015	192	2067	£135	
2 KEEKLE MEADOWS ROAD		CLEATOR MOOR	CA25 5RW	D	£249,950	13/03/2015	174	1873	£133	
5 KEEKLE MEADOWS ROAD		CLEATOR MOOR	CA25 5RW	D	£249,950	17/02/2015	184	1981	£126	
3 GARTH CLOSE		CLEATOR MOOR	CA25 5RR	S	£170,000	22/01/2015	109	1173	£145	
4 GARTH CLOSE		CLEATOR MOOR	CA25 5RR	S	£170,000	10/12/2014	109	1173	£145	
1 KEEKLE MEADOWS ROAD		CLEATOR MOOR	CA25 5RW	D	£238,000	16/10/2014	137	1475	£161	
7 KEEKLE MEADOWS ROAD		CLEATOR MOOR	CA25 5RW	D	£240,000	29/09/2014	184	1981	£121	
5 GARTH CLOSE		CLEATOR MOOR	CA25 5RR	D	£275,000	13/08/2014	192	2067	£133	
6 GARTH CLOSE		CLEATOR MOOR	CA25 5RR	S	£160,000	29/08/2014	102	1098	£146	
3 KEEKLE MEADOWS ROAD		CLEATOR MOOR	CA25 5RW	S	£185,000	30/07/2014	*108*	*1163*	*£159*	
6 THWAITE CLOSE		CLEATOR MOOR	CA25 5RP	S	£160,000	01/07/2014	102	1098	£146	
4 THWAITE CLOSE		CLEATOR MOOR	CA25 5RP	S	£170,000	11/04/2014	102	1098	£155	
5 THWAITE CLOSE		CLEATOR MOOR	CA25 5RP	S	£165,000	20/03/2014	102	1098	£150	
2 THWAITE CLOSE		CLEATOR MOOR	CA25 5RP	D	£249,950	14/02/2014	174	1873	£133	
7 THWAITE CLOSE		CLEATOR MOOR	CA25 5RP	S	£183,000	19/12/2013	108	1163	£157	
3 THWAITE CLOSE		CLEATOR MOOR	CA25 5RP	D	£219,000	27/11/2013	112	1206	£182	
		AVERAGES FOR SCHEME			**£226,586**		**140**	**1505**	**£151**	

JOHN SWIFT HOMES - SCHOLARS GREEN, DISTINGTON (on site of former Junior School)							m²	ft²	£/ft²	
1 SCHOLARS GREEN	DISTINGTON	WORKINGTON	CA14 5UA	S	£139,950	11/03/2015	72	775	£181	2 bed bung
11 SCHOLARS GREEN	DISTINGTON	WORKINGTON	CA14 5UA	S	£152,500	19/01/2015	72	775	£197	2 bed bung
13 SCHOLARS GREEN	DISTINGTON	WORKINGTON	CA14 5UA	S	£154,950	18/12/2014	72	775	£200	2 bed bung
2 SCHOLARS GREEN	DISTINGTON	WORKINGTON	CA14 5UA	S	£149,950	31/10/2014	72	775	£193	2 bed bung
14 SCHOLARS GREEN	DISTINGTON	WORKINGTON	CA14 5UA	S	£154,950	24/10/2014	72	775	£200	2 bed bung
12 SCHOLARS GREEN	DISTINGTON	WORKINGTON	CA14 5UA	S	£149,950	26/09/2014	72	775	£193	2 bed bung
10 SCHOLARS GREEN	DISTINGTON	WORKINGTON	CA14 5UA	D	£171,950	22/09/2014	87	936	£184	2 bed bung
3 SCHOLARS GREEN	DISTINGTON	WORKINGTON	CA14 5UA	D	£164,950	23/05/2014	83	893	£185	2 bed bung
9 SCHOLARS GREEN	DISTINGTON	WORKINGTON	CA14 5UA	D	£170,000	15/05/2014	87	936	£182	2 bed bung
8 SCHOLARS GREEN	DISTINGTON	WORKINGTON	CA14 5UA	D	£195,000	09/05/2014	122	1313	£148	2 bed bung
6 SCHOLARS GREEN	DISTINGTON	WORKINGTON	CA14 5UA	D	£165,000	20/02/2014	83	893	£185	2 bed bung
7 SCHOLARS GREEN	DISTINGTON	WORKINGTON	CA14 5UA	D	£160,000	18/02/2014	83	893	£179	2 bed bung
5 SCHOLARS GREEN	DISTINGTON	WORKINGTON	CA14 5UA	S	£139,950	30/01/2014	72	775	£181	2 bed bung
4 SCHOLARS GREEN	DISTINGTON	WORKINGTON	CA14 5UA	S	£139,950	27/01/2014	72	775	£181	2 bed bung
		AVERAGES FOR SCHEME			**£157,789**		**80**	**862**	**£183**	

Appendix 3(ii) *(continued)*

BARRATT HOMES - THE LOOMS, FRIZINGTON									
31 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£127,995	25/04/2014	84	904	£142	
35 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£137,995	17/04/2014	84	904	£153	
60 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£115,000	04/04/2014	71	764	£150	
58 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£119,595	07/03/2014	71	764	£156	
62 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£118,995	27/02/2014	71	764	£156	
43 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£128,150	21/02/2014	84	904	£142	
48 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£119,995	21/02/2014	77	829	£145	
50 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£122,495	23/12/2013	*77*	*829*	*£148*	
44 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£119,995	20/12/2013	77	829	£145	
46 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£119,995	20/12/2013	77	829	£145	
56 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£117,495	20/12/2013	71	764	£154	
40 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£119,995	13/12/2013	77	829	£145	
42 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£119,995	13/12/2013	77	829	£145	
33 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£133,995	28/10/2013	84	904	£148	
38 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£119,995	11/10/2013	77	829	£145	
37 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£133,995	27/09/2013	84	904	£148	
53 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	T	£115,995	27/09/2013	67	721	£161	
55 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	T	£115,995	23/08/2013	71	764	£152	
41 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	D	£137,745	08/07/2013	83	893	£154	
49 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£119,995	05/07/2013	77	829	£145	
45 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£133,995	28/06/2013	84	904	£148	
51 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	T	£116,995	28/06/2013	71	764	£153	
57 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	T	£111,145	28/06/2013	71	764	£145	
54 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£113,995	24/06/2013	77	829	£138	
47 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£119,995	07/06/2013	77	829	£145	
39 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£133,995	31/05/2013	84	904	£148	
3 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	T	£99,995	28/03/2013	58	624	£160	
29 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	F	£122,495	22/03/2013	84	904	£135	
34 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£127,295	22/03/2013	84	904	£141	
32 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£131,295	19/03/2013	84	904	£145	
4 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	S	£124,495	19/12/2012	*84*	*904*	*£138*	
15 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	T	£117,995	18/12/2012	77	829	£142	end
19 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	T	£116,995	14/12/2012	77	829	£141	mid
21 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	T	£117,995	14/12/2012	77	829	£142	end
23 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	T	£115,995	29/11/2012	71	764	£152	end
9 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	T	£101,495	03/08/2012	58	624	£163	mid
31 FRIZINGTON ROAD	FRIZINGTON	CA26 3AS	T	£109,995	02/07/2012	71	764	£144	mid
7 WEAVERS AVENUE	FRIZINGTON	CA26 3AT	T	£101,995	29/06/2012	58	624	£163	end
	AVERAGES FOR SCHEME			**£120,620**		**76**	**818**	**£147**	

CITADEL ESTATES - THE DUNES, CROFT HEAD ROAD, SEASCALE						m²	ft²	£/ft²	
6 THE DUNES	SEASCALE	CA20 1NN	D	£199,950	20/02/2017	72	775	£258	2 bed bung
5 THE DUNES	SEASCALE	CA20 1NN	D	£199,950	16/01/2017	72	775	£258	2 bed bung
	AVERAGES FOR SCHEME			**£199,950**		**72**	**775**	**£258**	
PERSIMMON HOMES - THE LINKS (PHASE 2), LINKS CRESCENT, SEASCALE									
42 LINKS CRESCENT	SEASCALE	CA20 1RB	D	£159,995	24/02/2017	79	850	£188	
56 LINKS CRESCENT	SEASCALE	CA20 1RB	D	£169,995	24/02/2017	92	990	£172	
24 LINKS CRESCENT	SEASCALE	CA20 1RB	F	£174,995	07/02/2017	91	980	£179	
55 LINKS CRESCENT	SEASCALE	CA20 1RB	T	£194,995	22/12/2016	100	1076	£181	
32 LINKS CRESCENT	SEASCALE	CA20 1RB	D	£210,995	16/12/2016	114	1227	£172	
28 LINKS CRESCENT	SEASCALE	CA20 1RB	F	£119,995	21/11/2016	58	624	£192	mid
22 LINKS CRESCENT	SEASCALE	CA20 1RB	S	£162,995	21/10/2016	92	990	£165	
52 LINKS CRESCENT	SEASCALE	CA20 1RB	S	£138,995	29/09/2016	69	743	£187	
45 LINKS CRESCENT	SEASCALE	CA20 1RB	S	£147,995	18/07/2016	85	915	£162	end
26 LINKS CRESCENT	SEASCALE	CA20 1RB	T	£122,995	30/06/2016	58	624	£197	end
30 LINKS CRESCENT	SEASCALE	CA20 1RB	T	£120,995	30/06/2016	58	624	£194	end
50 LINKS CRESCENT	SEASCALE	CA20 1RB	D	£174,995	10/06/2016	79	850	£206	
54 LINKS CRESCENT	SEASCALE	CA20 1RB	S	£141,995	27/05/2016	69	743	£191	
41 LINKS CRESCENT	SEASCALE	CA20 1RB	S	£145,995	26/05/2016	85	915	£160	end
43 LINKS CRESCENT	SEASCALE	CA20 1RB	S	£147,995	29/04/2016	85	915	£162	end
44 LINKS CRESCENT	SEASCALE	CA20 1RB	D	£197,995	29/04/2016	100	1076	£184	
34 LINKS CRESCENT	SEASCALE	CA20 1RB	D	£197,995	18/03/2016	100	1076	£184	
39 LINKS CRESCENT	SEASCALE	CA20 1RB	S	£143,995	14/03/2016	85	915	£157	end
36 LINKS CRESCENT	SEASCALE	CA20 1RB	D	£169,995	26/02/2016	79	850	£200	
20 LINKS CRESCENT	SEASCALE	CA20 1RB	S	£174,995	18/12/2015	92	990	£177	
38 LINKS CRESCENT	SEASCALE	CA20 1RB	S	£139,995	18/12/2015	69	743	£188	
40 LINKS CRESCENT	SEASCALE	CA20 1RB	S	£139,995	18/12/2015	69	743	£188	
47 LINKS CRESCENT	SEASCALE	CA20 1RB	D	£181,995	18/12/2015	107	1152	£158	
51 LINKS CRESCENT	SEASCALE	CA20 1RB	D	£171,995	18/12/2015	79	850	£202	

Appendix 3(ii) *(continued)*

35 LINKS CRESCENT	SEASCALE	CA20 1RB	D	£197,995	13/11/2015	100	1076	£184	
37 LINKS CRESCENT	SEASCALE	CA20 1RB	D	£179,995	13/11/2015	107	1152	£156	
	AVERAGES FOR SCHEME			**£162,803**		**85**	**911**	**£179**	
HIGH GRANGE DEVELOPMENTS - HOLLY MEWS, ST BEES									
2 HOLLY MEWS, ABBEY ROAD	ST BEES	CA27 0EA	S	£310,000	06/01/2017	151	1625	£191	2.5 storey
5 HOLLY MEWS, ABBEY ROAD	ST BEES	CA27 0EA	S	£279,000	24/11/2015	151	1625	£172	2.5 storey
3 HOLLY MEWS, ABBEY ROAD	ST BEES	CA27 0EA	S	£298,000	09/09/2015	163	1755	£170	2.5 storey
4 HOLLY MEWS, ABBEY ROAD	ST BEES	CA27 0EA	S	£298,000	07/08/2015	181	1948	£153	2.5 storey
1 HOLLY MEWS, ABBEY ROAD	ST BEES	CA27 0EA	D	£402,500	06/02/2014	216	2325	£173	2.5 storey
	AVERAGES FOR SCHEME			**£317,500**		**172**	**1856**	**£171**	

Appendix 4

Schedule of assumptions

Copeland BC ECONOMIC AND SITE VIABILITY ASSESSMENTS - DRAFT APPRAISAL ASSUMPTIONS	Whitehaven									Key Service Centres (Cleator Moor, Egremont, Millom)		Local Centre / Village (Average value)		Local Centre / Village (High value) (Note 1)	Local Centre / Village (High value) (Note 1)
	Large Greenfield Residential	Large Brownfield Residential	Medium Mixed Use (Brownfield)	Medium / Large Employment (Greenfield)	Medium / Large Retail (Brownfield)	Medium Greenfield Residential	Medium Brownfield Residential	Small Greenfield Residential	Small Brownfield Residential	Small Brownfield Residential	Medium Greenfield Residential	Small Greenfield Residential	Small / Medium Greenfield Residential	Small Greenfield Residential	Small / Medium Greenfield Residential
Scenario Reference	**W1**	**W2**	**W3**	**W4**	**W5**	**W6**	**W7**	**W8**	**W9**	**KSC1**	**KSC2**	**LCV1**	**LCV2**	**LCV3**	**LCV4**
Headline Assumptions															
Number of units (residential)	**400**	**400**	**30**	-	-	**75**	**75**	**15**	**15**	**15**	**75**	**15**	**50**	**15**	**50**
Net site area (hectares)	12.95	12.95	0.065	0.65	0.18	2.43	2.43	0.49	0.49	0.49	2.43	0.53	1.69	0.53	1.69
Net site area (acres)	32	32	0.16	1.61	0.44	6	6	1.2	1.2	1.2	6	1.3	4.17	1.3	4.17
Density (residential units per net hectare)	30.89	30.89	462	-	-	30.89	30.89	30.89	30.89	30.89	30.89	28.42	29.65	28.42	29.65
Density (residential units per net acre)	12.5	12.5	186.78	-	-	12.5	12.5	12.5	12.5	12.5	12.5	11.5	12	11.5	12
Gross to net ratio	0.6	0.6	0.28	0.61	0.3	0.75	0.75	0.85	0.85	0.85	0.75	0.8	0.7	0.8	0.7
Gross site area (hectares)	21.58	21.58	0.23	1.07	0.59	3.24	3.24	0.57	0.57	0.57	3.24	0.66	2.41	0.66	2.41
Gross site area (acres)	53.33	53.33	0.57	2.64	1.47	8	8	1.41	1.41	1.41	8	1.63	5.95	1.63	5.95
Further description (mixed used and commercial scenarios)	-	-	Assume 4 storey building of 650m² GIA per floor. Retail on ground floor, residential on floors above. External: 50 space car park	Assume single storey industrial building of 3,700m² GIA and a 2 storey office building of 1,400m² per floor. External: 125 space car park	Assume single storey budget retail store of 1,750m² GIA. External: 125 space car park	-	-	-	-	-	-	-	-	-	-
Value Assumptions															
2 Bed House	£130,000	£130,000	-	-	-	£130,000	£130,000	£130,000	£130,000	£125,000	£125,000	£125,000	£125,000	£150,000	£150,000
3 Bed House	£160,000	£160,000	-	-	-	£160,000	£160,000	£160,000	£160,000	£150,000	£150,000	£150,000	£150,000	£180,000	£180,000
4+ Bed House	£205,000	£205,000	-	-	-	£205,000	£205,000	£205,000	£205,000	£190,000	£190,000	£190,000	£190,000	£230,000	£230,000
2 Bed Bungalow	£150,000	£150,000	-	-	-	£150,000	£150,000	-	-	-	£145,000	-	£145,000	-	£175,000
1 Bed Apartment	£95,000	£95,000	-	-	-	£95,000	£95,000	-	-	-	£90,000	-	-	-	-
2 Bed Apartment	£120,000	£120,000	-	-	-	£120,000	£120,000	-	-	-	£115,000	-	-	-	-
Residential Rent (£psf)	-	-	£12.00	-	-	-	-	-	-	-	-	-	-	-	-
Residential Yield	-	-	9.00%	-	-	-	-	-	-	-	-	-	-	-	-
Retail Rent (£psf)	-	-	£16.00	-	£15.50	-	-	-	-	-	-	-	-	-	-
Retail Yield	-	-	9.00%	-	5.25%	-	-	-	-	-	-	-	-	-	-
Office Rent (£psf)	-	-	-	£15.00	-	-	-	-	-	-	-	-	-	-	-
Office Yield	-	-	-	9.00%	-	-	-	-	-	-	-	-	-	-	-
Industrial Rent (£psf)	-	-	-	£6.00	-	-	-	-	-	-	-	-	-	-	-
Industrial Yield	-	-	-	9.00%	-	-	-	-	-	-	-	-	-	-	-
Unit Sizes															
2 Bed House - GIA (sqft)	753	753	-	-	-	753	753	753	753	753	753	753	753	753	753
% of total units in scenario	32.5%	32.5%	-	-	-	26.7%	26.7%	40%	40%	33.3%	26.7%	26.67%	24%	26.67%	24%
3 Bed House - GIA (sqft)	915	915	-	-	-	915	915	915	915	915	915	915	915	915	915
% of total units in scenario	35%	35%	-	-	-	32%	32%	46.7%	46.7%	53.3%	32%	40%	36%	40%	36%
4+ Bed House - GIA (sqft)	1,237	1,237	-	-	-	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237	1,237
% of total units in scenario	20%	20%	-	-	-	20%	20%	13.4%	13.4%	13.3%	20%	33.33%	30%	33.33%	30%
2 Bed Bungalow - GIA (sqft)	750	750	-	-	-	750	700	-	-	-	750	-	750	-	750
% of total units in scenario	7.5%	7.5%	-	-	-	10.7%	10.7%	-	-	-	10.7%	-	10.7%	-	10.7%
1 Bed Apartment - Net sales (sqft)	538	538	538	-	-	538	538	-	-	-	538	-	-	-	-
1 Bed Apartment - GIA (sqft)	633	633	633	-	-	633	633	-	-	-	633	-	-	-	
Net to Gross	85%	85%	85%	-	-	85%	85%	-	-	-	85%	-	-	-	-
% of total units in scenario	2.5%	2.5%	50%			2.67%	2.67%				2.67%				
2 Bed Apartment - Net sales (sqft)	646	646	646	-	-	646	646	-	-	-	646	-	-	-	-
2 Bed Apartment - GIA (sqft)	760	760	760	-	-	760	760	-	-	-	760	-	-	-	-
Net to Gross	85%	85%	85%	-	-	85%	85%	-	-	-	85%	-	-	-	-
% of total units in scenario	2.5%	2.5%	50%	-	-	2.67%	2.67%	-	-		2.67%				
Retail - Net sales (sqft)	-	-	6,000	-	18,050	-	-	-	-	-	-	-	-	-	-
Retail - GIA (sqft)	-	-	7,000	-	19,000	-	-	-	-	-	-	-	-	-	-
Net to Gross	-	-	86%	-	95%	-	-	-	-	-	-	-	-	-	-
Office - Net sales (sqft)	-	-	-	27,000	-	-	-	-	-	-	-	-	-	-	-
Office - GIA (sqft)	-	-	-	30,000	-	-	-	-	-	-	-	-	-	-	-
Net to Gross	-	-	-	90.0%	-	-	-	-	-	-	-	-	-	-	-
Industrial - Net sales (sqft)	-	-	-	38,000	-	-	-	-	-	-	-	-	-	-	-
Industrial - GIA (sqft)	-	-	-	40,000	-	-	-	-	-	-	-	-	-	-	-
Net to Gross	-	-	-	95.0%	-	-	-	-	-	-	-	-	-	-	-
Land Value															
Land Price (per acre)	£200,000	£150,000	£500,000	£125,000	£650,000	£200,000	£150,000	£200,000	£150,000	£140,000	£190,000	£190,000	£190,000	£225,000	£225,000
Stamp Duty Land Tax (SDLT)	Applied at the prevailing rate														
Acquisition Agent fees	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Acquisition Legal fees	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Cost Assumptions															
Initial Payments -															
Statutory Planning Fees	£59,229	£59,229	£5,775	£24,109	£10,010	£21,924	£21,924	£5,775	£5,775	£5,775	£21,924	£5,775	£19,250	£9,625	£19,250
Construction Costs -															
Demolition, Site Clearance and remediation (per acre)	-	£100,000	£110,000	-	£105,000	-	£105,000	-	£110,000	£110,000	-	-	-	-	-
Houses Build Costs	£76.42	£76.42	-	-	-	£76.42	£76.42	£84.91	£84.91	£84.91	£80.66	£84.91	£84.91	£84.91	£84.91
Bungalow Build Costs	£84.06	£84.06	-	-	-	£84.06	£84.06	-	-	-	£88.73	-	£93.40	-	£93.40
Apartment Build Costs	£89.22	£89.22	-	-	-	-	-	-	-	-	-	-	-	-	-
Mixed Use Build Cost	-	-	£115.29	-	-	-	-	-	-	-	-	-	-	-	-
Office Build Cost	-	-	-	£103.22	-	-	-	-	-	-	-	-	-	-	-
Industrial Build Cost	-	-	-	£51.93	-	-	-	-	-	-	-	-	-	-	-
Retail Build Cost	-	-	-	-	£49.98	-	-	-	-	-	-	-	-	-	-
External works inc. utilities reinforcement (allowance)	20%	20%	10%	10%	10%	20%	20%	10%	10%	10%	20%	10%	15%	10%	15%
Contingency	3%	5%	5%	3%	5%	3%	5%	3%	5%	5%	3%	4%	3%	4%	3%
Professional Fees (Note 2) -	7%	8%	9%	9%	8%	7%	8%	7%	8%	9%	8%	9%	8%	9%	8%
Disposal Costs -															
Letting Agents Costs	-	-	10%	10%	10%	-	-	-	-	-	-	-	-	-	-
Letting Legal Costs	-	-	5%	5%	5%	-	-	-	-	-	-	-	-	-	-
Sale Agents Costs	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Sale Legal Costs	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Marketing and Promotion	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Finance Costs -															
Finance Fees	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%	1%
Interest allowance (land & build)	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%
Profit															
Developers Profit	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%

Specific Notes

1 Envisaged to comprise Beckermet, Ennerdale Bridge and St Bees, although unlikely any development of this scale would arise within Ennerdale Bridge
2 Includes planning application professional fees and reports

General Note

Timescales - residential schemes

Lead in time (pre construction) - pre-construction enabling / mobilisation period following site purchase. Phased purchased assumed for larger sites	**3 months**
Construction period (months per unit)	**6 months**
Average months between construction start and first sale	**6 months**
Sales per month. Small and medium sized schemes	**2 sales**
Sales per month. Large sized schemes - It is anticipated that large residential schemes will be operated as two sales outlets	**4 sales**

S106 contributions (per residential unit)
To be sensitivity tested for relevant scenarios across an appropriate range of figures (suggest £2,500, £5,000 and £7,500 per unit for residential and mixed use scenarios)

Affordable housing (as percentage of total units)
To be sensitivity tested for relevant scenarios across an appropriate range of percentages

Potential addiditonal cost for acqusition of mineral rights
We understand this can range between £1,000 and £2,000 per unit for sites in former mining areas (e.g. Cleator Moor and surrounding villages, Egremont and parts of Whitehaven)
We require further detail on the frequency of the need for such payments and whether it would be usual to treat as additional cost or deduct from land value.

Appendix 5

Viability appraisals

W1. Large GF Resi

ASSUMPTIONS

Land Acquisition Value	200,000 per acre		
Developers Profit	20.0% on GDV		
	Net sales (sqft)	GIA (sqft)	Net to Gross %
2 Bed houses	753	753	100.0%
3 Bed houses	915	915	100.0%
4+ Bed houses	1,237	1,237	100.0%
2 Bed Bungalow	700	700	100.0%
1 Bed Apartment	538	633	85.0%
2 Bed Apartment	646	760	85.0%
Residential density per ha	30.89 units per hectare		

VALUES

	£	# units		
2 Bed houses	130,000	130	32.5%	16,900,000
3 Bed houses	160,000	140	35.0%	22,400,000
4+ Bed houses	205,000	80	20.0%	16,400,000
2 Bed Bungalow	150,000	30	7.5%	4,500,000
1 Bed Apartment	95,000	10	2.5%	950,000
2 Bed Apartment	120,000	10	2.5%	1,200,000
		400	100%	62,350,000
less				
Affordable Housing (total)	0%			
(of which) Social Rented	30%		60% discount from MV	-
(of which) Discounted Sale (i.e. Starter Homes)	20%		20% discount from MV	-
(of which) Intermediate	50%		20% discount from MV	-
GROSS DEVELOPMENT VALUE				**62,350,000**

DEVELOPMENT COSTS

Site Acquisition -					
Site Area	12.95	ha	32.00	acres	
Site Purchase Price					(6,399,890)
SDLT	6,399,890	@	Rate		(309,495)
Acquisition Agent fees	6,399,890	@	1%		(63,999)
Acquisition Legal fees	6,399,890	@	0.5%		(31,999)
Initial Payments -					
Statutory Planning Fees					59,299
Construction Costs -					
Demolition and Site Clearance (allowance)	32.00	acres @	0	per acre	-
Houses Build Costs	324,950	sqft @	76.42	psf	(24,832,679)
Bungalow Build Costs	21,000	sqft @	84.06	psf	(1,765,302)
Apartment Build Costs	13,930	sqft @	89.22	psf	(1,242,835)
External works inc. utilities reinforcement (allowance)	27,840,816	@	20%		(5,568,163)
Contingency	33,408,979	@	3%		(1,002,269)
Professional Fees	34,411,248	@	7%		(2,408,787)
Disposal Costs -					
Sale Agents Costs	62,350,000	GDV @	1.00%		(623,500)
Sale Legal Costs	62,350,000	GDV @	0.50%		(311,750)
Marketing and Promotion (1)	62,350,000	GDV @	3.00%		(1,870,500)
Finance Costs -					
Finance Fees	46,371,870	@	1.00%		(463,719)
Interest allowance (land) (2)	24	months @	6.00%		(816,646)
Interest allowance (build) (3)	4	months @	6.00%		(735,215)
Developers Profit	62,350,000	@	20.00%		(12,470,000)
TOTAL COSTS					(60,857,449)

S106 / CIL

Surplus / (Deficit) for S106 / CIL (4) 1,492,551

SENSITIVITY ANALYSIS

		Values				
	1,492,551	80%	90%	100%	110%	120%
Construction Costs	90%	(3,685,598)	679,474	5,044,546	9,409,618	13,774,689
	95%	(5,461,595)	(1,096,523)	3,268,548	7,633,620	11,998,692
	100%	(7,237,593)	(2,872,521)	1,492,551	5,857,623	10,222,694
	105%	(9,013,590)	(4,648,518)	(283,447)	4,081,625	8,446,697
	110%	(10,789,588)	(6,424,516)	(2,059,444)	2,305,628	6,670,699

NOTES

(1) marketing and promotion includes show house and incentives e.g. Stamp Duty paid / white goods / carpets etc.
(2) interest on land assuming phased drawdown of site in 4 tranches
(3) interest on buildings based on build one - sell one unit per month
(4) a surplus means that there is the potential to levy S106 obligations or a CIL, subject (in respect of CIL) to the overall infrastructure 'gap' and the appropriate
(4) a deficit means that development is not viable and there is no development surplus for S106 obligations or to levy CIL

W2. Large BF Resi

ASSUMPTIONS				
Land Acquisition Value	150,000	per acre		
Developers Profit	20.0%	on GDV		
	Net sales (sqft)		GIA (sqft)	Net to Gross %
2 Bed houses	753		753	100.0%
3 Bed houses	915		915	100.0%
4+ Bed houses	1,237		1,237	100.0%
2 Bed Bungalow	700		700	100.0%
1 Bed Apartment	538		633	85.0%
2 Bed Apartment	646		760	85.0%
Residential density per ha	30.89	units per hectare		

VALUES	£	# units		
2 Bed houses	130,000	130	32.5%	16,900,000
3 Bed houses	160,000	140	35.0%	22,400,000
4+ Bed houses	205,000	80	20.0%	16,400,000
2 Bed Bungalow	150,000	30	7.5%	4,500,000
1 Bed Apartment	95,000	10	2.5%	950,000
2 Bed Apartment	120,000	10	2.5%	1,200,000
		400	100%	62,350,000
less				
Affordable Housing (total)	0%			
(of which) Social Rented	30%	60% discount from MV		-
(of which) Discounted Sale (i.e. Starter Homes)	20%	20% discount from MV		-
(of which) Intermediate	50%	20% discount from MV		-
GROSS DEVELOPMENT VALUE				**62,350,000**

DEVELOPMENT COSTS					
Site Acquisition -					
Net Site Area	12.95	ha	32.00	acres	
Site Purchase Price					(4,799,612)
SDLT	4,799,612	@	Rate		(229,481)
Acquisition Agent fees	4,799,612	@	1%		(47,996)
Acquisition Legal fees	4,799,612	@	0.5%		(23,998)
Initial Payments -					
Statutory Planning Fees					59,299
Construction Costs -					
Demolition and Site Clearance (allowance)	32.00	acres @	100,000	per acre	(3,199,741)
Houses Build Costs	324,950	sqft @	76.42	psf	(24,832,679)
Bungalow Build Costs	21,000	sqft @	84.06	psf	(1,765,302)
Apartment Build Costs	13,930	sqft @	89.22	psf	(1,242,835)
External works inc. utilities reinforcement (allowance)	27,840,816	@	20%		(5,568,163)
Contingency	33,408,979	@	5%		(1,670,449)
Professional Fees	38,279,169	@	8%		(3,062,333)
Disposal Costs -					
Sale Agents Costs	62,350,000	GDV @	1.00%		(623,500)
Sale Legal Costs	62,350,000	GDV @	0.50%		(311,750)
Marketing and Promotion (1)	62,350,000	GDV @	3.00%		(1,870,500)
Finance Costs -					
Finance Fees	49,189,040	@	1.00%		(491,890)
Interest allowance (land) (2)	24	months @	6.00%		(612,130)
Interest allowance (build) (3)	4	months @	6.00%		(825,644)
Developers Profit	62,350,000	@	20.00%		(12,470,000)
TOTAL COSTS					(63,588,705)

S106 / CIL	
Surplus / (Deficit) for S106 / CIL (4)	(1,238,705)

SENSITIVITY ANALYSIS

		Values				
	(1,238,705)	80%	90%	100%	110%	120%
Construction Costs	90%	(6,314,042)	(1,948,970)	2,416,102	6,781,174	11,146,245
	95%	(8,141,445)	(3,776,373)	588,699	4,953,770	9,318,842
	100%	(9,968,848)	(5,603,776)	(1,238,705)	3,126,367	7,491,439
	105%	(11,796,252)	(7,431,180)	(3,066,108)	1,298,964	5,664,035
	110%	(13,623,655)	(9,258,583)	(4,893,511)	(528,440)	3,836,632

NOTES

(1) marketing and promotion includes show house and incentives e.g. Stamp Duty paid / white goods / carpets etc.
(2) interest on land throughout the period
(3) interest on buildings based on build one - sell one unit per month
(4) a surplus means that there is the potential to levy S106 obligations or a CIL, subject (in respect of CIL) to the overall infrastructure 'gap' and the appropriate b
(4) a deficit means that development is not viable and there is no development surplus for S106 obligations or to levy CIL

W3. Medium Mixed Use

ASSUMPTIONS			
Land Acquisition Value	500,000 per acre		
Developers Profit	20.0% on costs		
	NIA (sqft)	GIA (sqft)	Net to Gross %
Commercial	6,000	7,000	85.7%
2 Bed Apartments (5 no.)	646	760	85.0%
1 Bed Apartments (5 no.)	538	633	85.0%
total floor area	7,184	8,393	85.6%
Site density	462 sqm per hectare		

VALUES				
Commercial	6,000 @	16.00 psf	96,000	
2 Bed Apartments	646 @	12.00 psf	7,752	
1 Bed Apartments	538 @	12.00 psf	6,456	
less				
management and maintenance	- @	0.0%	-	
			-	
Estimated Gross Rental Value per annum			110,208	
Yield	@	9.0%		
capitalised rent			1,224,533	
less				
Rent Free / Void allowance	0 months rent		-	
Purchasers costs	@	5.76%	(66,692)	1,157,842
GROSS DEVELOPMENT VALUE				**1,157,842**

DEVELOPMENT COSTS					
Site Acquisition -					
Site Area	0.065	ha	0.16	acres	
Site Purchase Price					(80,308)
SDLT	80,308	@	Rate		-
Acquisition Agent fees	80,308	@	1%		(803)
Acquisition Legal fees	80,308	@	0.5%		(402)
Initial Payments -					
Statutory Planning Fees					5,775
Construction Costs -					
Demolition and Site Clearance (allowance)	0.16	acres @	110,000	per acre	(17,668)
Build Costs	7,000	sqft @	115.29	psf	(807,030)
Build Costs	760	sqft @	115.29	psf	(87,620)
Build Costs	633	sqft @	115.29	psf	(72,979)
External works inc. utilities reinforcement (allowance)	967,629	@	10%		(96,763)
Contingency	1,064,392	@	5%		(53,220)
Professional Fees	1,135,279	@	9%		(102,175)
Disposal Costs -					
Letting Agents Costs	110,208	ERV @	10.00%		(11,021)
Letting Legal Costs	110,208	ERV @	5.00%		(5,510)
Investment Sale Agents Costs	1,157,842	GDV @	1.00%		(11,578)
Investment Sale Legal Costs	1,157,842	GDV @	0.50%		(5,789)
Marketing and Promotion	1,157,842	GDV @	3.00%		(34,735)
Finance Costs -					
Finance Fees	1,381,825	@	1.00%		(13,818)
Interest allowance (build and land) (1)	12	months @	6.00%		(41,455)
Developers Profit	1,437,098	@	20.00%		(287,420)
TOTAL COSTS					(1,724,518)

S106 / CIL	
Surplus / (Deficit) for S106 / CIL (2)	(566,676)

SENSITIVITY ANALYSIS

		Values				
	(566,676)	80%	90%	100%	110%	120%
Construction Costs	90%	(633,209)	(523,927)	(414,646)	(305,364)	(196,082)
	95%	(709,224)	(599,943)	(490,661)	(381,379)	(272,098)
	100%	(785,240)	(675,958)	(566,676)	(457,395)	(348,113)
	105%	(861,255)	(751,974)	(642,692)	(533,410)	(424,128)
	110%	(937,271)	(827,989)	(718,707)	(609,426)	(500,144)

NOTES
(1) interest is based on 1/2 development costs over the period as an approximation for the S-curve
(2) a surplus means that there is the potential to levy S106 obligations or a CIL, subject (in respect of CIL) to the overall infrastructure 'gap' and the ap
(2) a deficit means that development is not viable and there is no development surplus for S106 obligations or to levy CIL

W4. Employment

ASSUMPTIONS			
Land Acquisition Value	125,000 per acre		
Developers Profit	20.0% on costs		
	NIA (sqft)	GIA (sqft)	Net to Gross %
Offices	27,000	30,000	90.0%
Industrial	38,000	40,000	95.0%
	0	0	#DIV/0!
total floor area	65,000	70,000	92.9%
Site density	4,500 sqm per hectare		

VALUES				
Offices	27,000 @	15.00 psf	405,000	
Industrial	38,000 @	6.00 psf	228,000	
	- @	0.00 psf	-	
less				
management and maintenance	- @	0.0%	-	
			-	
Estimated Gross Rental Value per annum			633,000	
Yield	@	9.0%		
capitalised rent			7,033,333	
less				
Rent Free / Void allowance	3 months rent		(158,250)	
Purchasers costs	@	5.76%	(374,437)	6,500,646
GROSS DEVELOPMENT VALUE				**6,500,646**

DEVELOPMENT COSTS					
Site Acquisition -					
Site Area	0.65	ha	1.61	acres	
Site Purchase Price					(200,769)
SDLT	200,769	@	Rate		(1,015)
Acquisition Agent fees	200,769	@	1%		(2,008)
Acquisition Legal fees	200,769	@	0.5%		(1,004)
Initial Payments -					
Statutory Planning Fees					24,109
Construction Costs -					
Demolition and Site Clearance (allowance)	1.61	acres @	0	per acre	-
Build Costs	30,000	sqft @	103.22	psf	(3,096,600)
Build Costs	40,000	sqft @	51.93	psf	(2,077,200)
Build Costs	-	sqft @	0.00	psf	-
External works inc. utilities reinforcement (allowance)	5,173,800	@	10%		(517,380)
Contingency	5,691,180	@	3%		(170,735)
Professional Fees	5,861,915	@	9%		(527,572)
Disposal Costs -					
Letting Agents Costs	633,000	ERV @	10.00%		(63,300)
Letting Legal Costs	633,000	ERV @	5.00%		(31,650)
Investment Sale Agents Costs	6,500,646	GDV @	1.00%		(65,006)
Investment Sale Legal Costs	6,500,646	GDV @	0.50%		(32,503)
Marketing and Promotion	6,500,646	GDV @	3.00%		(195,019)
Finance Costs -					
Finance Fees	6,957,653	@	1.00%		(69,577)
Interest allowance (build and land) (1)	12	months @	6.00%		(208,730)
Developers Profit	7,235,959	@	20.00%		(1,447,192)
TOTAL COSTS					(8,683,151)

S106 / CIL	
Surplus / (Deficit) for S106 / CIL (2)	(2,182,505)

SENSITIVITY ANALYSIS

		Values				
	(2,182,505)	80%	90%	100%	110%	120%
Construction Costs	90%	(2,612,211)	(1,998,654)	(1,385,097)	(771,540)	(157,983)
	95%	(3,010,915)	(2,397,358)	(1,783,801)	(1,170,244)	(556,687)
	100%	(3,409,619)	(2,796,062)	(2,182,505)	(1,568,948)	(955,391)
	105%	(3,808,323)	(3,194,766)	(2,581,209)	(1,967,652)	(1,354,095)
	110%	(4,207,027)	(3,593,470)	(2,979,913)	(2,366,356)	(1,752,799)

NOTES

(1) interest is based on 1/2 development costs over the period as an approximation for the S-curve

(2) a surplus means that there is the potential to levy S106 obligations or a CIL, subject (in respect of CIL) to the overall infrastructure 'gap' and the ap

(2) a deficit means that development is not viable and there is no development surplus for S106 obligations or to levy CIL

W5. Retail

ASSUMPTIONS			
Land Acquisition Value	650,000 per acre		
Developers Profit	20.0% on costs		
	NIA (sqft)	GIA (sqft)	Net to Gross %
Retail Store	18,050	19,000	95.0%
	0	0	#DIV/0!
	0	0	#DIV/0!
total floor area	18,050	19,000	95.0%
Site density	7,500 sqm per hectare		

VALUES				
Retail Store	18,050 @	15.50 psf	279,775	
2 Bed Apartments	- @	0.00 psf	-	
1 Bed Apartments	- @	0.00 psf	-	
less				
management and maintenance	- @	0.0%	-	
			-	
Estimated Gross Rental Value per annum			279,775	
Yield	@	5.25%		
capitalised rent			5,329,048	
less				
Rent Free / Void allowance	6 months rent		(139,888)	
Purchasers costs	@	5.76%	(282,617)	4,906,543
GROSS DEVELOPMENT VALUE				**4,906,543**

DEVELOPMENT COSTS					
Site Acquisition -					
Site Area	0.18	ha	0.44	acres	
Site Purchase Price					(289,107)
SDLT	289,107	@	Rate		(3,955)
Acquisition Agent fees	289,107	@	1%		(2,891)
Acquisition Legal fees	289,107	@	0.5%		(1,446)
Initial Payments -					
Statutory Planning Fees					10,010
Construction Costs -					
Demolition and Site Clearance (allowance)	0.44	acres @	105,000	per acre	(46,702)
Build Costs	19,000	sqft @	49.98	psf	(949,620)
Build Costs	-	sqft @	0.00	psf	-
Build Costs	-	sqft @	0.00	psf	-
External works inc. utilities reinforcement (allowance)	949,620	@	10%		(94,962)
Contingency	1,044,582	@	5%		(52,229)
Professional Fees	1,143,513	@	8%		(91,481)
Disposal Costs -					
Letting Agents Costs	279,775	ERV @	10.00%		(27,978)
Letting Legal Costs	279,775	ERV @	5.00%		(13,989)
Investment Sale Agents Costs	4,906,543	GDV @	1.00%		(49,065)
Investment Sale Legal Costs	4,906,543	GDV @	0.50%		(24,533)
Marketing and Promotion	4,906,543	GDV @	3.00%		(147,196)
Finance Costs -					
Finance Fees	1,785,143	@	1.00%		(17,851)
Interest allowance (build and land) (1)	6	months @	6.00%		(26,777)
Developers Profit	1,829,772	@	20.00%		(365,954)
TOTAL COSTS					(2,195,726)

S106 / CIL	
Surplus / (Deficit) for S106 / CIL (2)	2,710,817

SENSITIVITY ANALYSIS

		Values				
	2,710,817	80%	90%	100%	110%	120%
Construction Costs	90%	1,929,524	2,393,021	2,856,517	3,320,014	3,783,511
	95%	1,856,674	2,320,171	2,783,667	3,247,164	3,710,660
	100%	1,783,824	2,247,320	2,710,817	3,174,314	3,637,810
	105%	1,710,974	2,174,470	2,637,967	3,101,463	3,564,960
	110%	1,638,123	2,101,620	2,565,117	3,028,613	3,492,110

NOTES

(1) interest is based on 1/2 development costs over the period as an approximation for the S-curve
(2) a surplus means that there is the potential to levy S106 obligations or a CIL, subject (in respect of CIL) to the overall infrastructure 'gap' and the ap
(2) a deficit means that development is not viable and there is no development surplus for S106 obligations or to levy CIL

W6. Medium GF Resi

ASSUMPTIONS			
Land Acquisition Value	200,000 per acre		
Developers Profit	20.0% on GDV		
	Net sales (sqft)	GIA (sqft)	Net to Gross %
2 Bed houses	753	753	100.0%
3 Bed houses	915	915	100.0%
4+ Bed houses	1,237	1,237	100.0%
2 Bed Bungalow	750	750	100.0%
1 Bed Apartment	538	633	85.0%
2 Bed Apartment	646	760	85.0%
Residential density per ha	30.89 units per hectare		

VALUES	£	# units		
2 Bed houses	130,000	20	26.7%	2,600,000
3 Bed houses	160,000	24	32.0%	3,840,000
4+ Bed houses	205,000	15	20.0%	3,075,000
2 Bed Bungalow	120,000	8	10.7%	960,000
1 Bed Apartment	95,000	4	5.3%	380,000
2 Bed Apartment	120,000	4	5.3%	480,000
		75	100%	11,335,000
less				
Affordable Housing (total)	0%			
(of which) Social Rented	30%	60% discount from MV		-
(of which) Discounted Sale (i.e. Starter Homes)	20%	20% discount from MV		-
(of which) Intermediate	50%	20% discount from MV		-
GROSS DEVELOPMENT VALUE				**11,335,000**

DEVELOPMENT COSTS					
Site Acquisition -					
Site Area	2.43	ha	6.00	acres	
Site Purchase Price					(1,199,903)
SDLT	1,199,903	@	Rate		(49,495)
Acquisition Agent fees	1,199,903	@	1%		(11,999)
Acquisition Legal fees	1,199,903	@	0.5%		(6,000)
Initial Payments -					
Statutory Planning Fees					21,924
Construction Costs -					
Demolition and Site Clearance (allowance)	6.00	acres @	0	per acre	-
Houses Build Costs	55,575	sqft @	76.42	psf	(4,247,042)
Bungalow Build Costs	6,000	sqft @	84.06	psf	(504,372)
Apartment Build Costs	5,572	sqft @	89.22	psf	(497,134)
External works inc. utilities reinforcement (allowance)	5,248,547	@	20%		(1,049,709)
Contingency	6,298,257	@	3%		(188,948)
Professional Fees	6,487,205	@	7%		(454,104)
Disposal Costs -					
Sale Agents Costs	11,335,000	GDV @	1.00%		(113,350)
Sale Legal Costs	11,335,000	GDV @	0.50%		(56,675)
Marketing and Promotion (1)	11,335,000	GDV @	3.00%		(340,050)
Finance Costs -					
Finance Fees	8,696,856	@	1.00%		(86,969)
Interest allowance (land) (2)	24	months @	6.00%		(152,088)
Interest allowance (build) (3)	4	months @	6.00%		(138,388)
Developers Profit	11,335,000	@	20.00%		(2,267,000)
TOTAL COSTS					(11,341,300)

S106 / CIL	
Surplus / (Deficit) for S106 / CIL (4)	(6,300)

SENSITIVITY ANALYSIS

		Values				
	(6,300)	80%	90%	100%	110%	120%
Construction Costs	90%	(925,742)	(142,896)	639,949	1,422,795	2,205,641
	95%	(1,248,867)	(466,021)	316,825	1,099,670	1,882,516
	100%	(1,571,991)	(789,146)	(6,300)	776,546	1,559,391
	105%	(1,895,116)	(1,112,270)	(329,425)	453,421	1,236,266
	110%	(2,218,241)	(1,435,395)	(652,550)	130,296	913,142

NOTES

(1) marketing and promotion includes show house and incentives e.g. Stamp Duty paid / white goods / carpets etc.
(2) interest on land assuming phased drawdown of site in 4 tranches
(3) interest on buildings based on build one - sell one unit per month
(4) a surplus means that there is the potential to levy S106 obligations or a CIL, subject (in respect of CIL) to the overall infrastructure 'gap' and the appropriate b
(4) a deficit means that development is not viable and there is no development surplus for S106 obligations or to levy CIL

W7. Medium BF Resi

ASSUMPTIONS			
Land Acquisition Value	150,000 per acre		
Developers Profit	20.0% on GDV		
	Net sales (sqft)	GIA (sqft)	Net to Gross %
2 Bed houses	753	753	100.0%
3 Bed houses	915	915	100.0%
4+ Bed houses	1,237	1,237	100.0%
2 Bed Bungalow	700	700	100.0%
1 Bed Apartment	538	633	85.0%
2 Bed Apartment	646	760	85.0%
Residential density per ha	30.89 units per hectare		

VALUES	£	# units		
2 Bed houses	130,000	20	26.7%	2,600,000
3 Bed houses	160,000	24	32.0%	3,840,000
4+ Bed houses	205,000	15	20.0%	3,075,000
2 Bed Bungalow	150,000	8	10.7%	1,200,000
1 Bed Apartment	95,000	4	5.3%	380,000
2 Bed Apartment	120,000	4	5.3%	480,000
		75	100%	11,575,000
less				
Affordable Housing (total)	0%			
(of which) Social Rented	30%	60% discount from MV		-
(of which) Discounted Sale (i.e. Starter Homes)	20%	20% discount from MV		-
(of which) Intermediate	50%	20% discount from MV		-
GROSS DEVELOPMENT VALUE				**11,575,000**

DEVELOPMENT COSTS					
Site Acquisition -					
Site Area	2.43	ha	6.00	acres	
Site Purchase Price					(899,927)
SDLT	899,927	@	Rate		(34,496)
Acquisition Agent fees	899,927	@	1%		(8,999)
Acquisition Legal fees	899,927	@	0.5%		(4,500)
Initial Payments -					
Statutory Planning Fees					21,924
Construction Costs -					
Demolition and Site Clearance (allowance)	6.00	acres @	105,000	per acre	(629,949)
Houses Build Costs	55,575	sqft @	76.42	psf	(4,247,042)
Bungalow Build Costs	5,600	sqft @	84.06	psf	(470,747)
Apartment Build Costs	5,572	sqft @	89.22	psf	(497,134)
External works inc. utilities reinforcement (allowance)	5,214,923	@	20%		(1,042,985)
Contingency	6,257,907	@	5%		(312,895)
Professional Fees	7,200,751	@	8%		(576,060)
Disposal Costs -					
Sale Agents Costs	11,575,000	GDV @	1.00%		(115,750)
Sale Legal Costs	11,575,000	GDV @	0.50%		(57,875)
Marketing and Promotion (1)	11,575,000	GDV @	3.00%		(347,250)
Finance Costs -					
Finance Fees	9,223,685	@	1.00%		(92,237)
Interest allowance (land) (2)	24	months @	6.00%		(113,751)
Interest allowance (build) (3)	4	months @	6.00%		(155,098)
Developers Profit	11,575,000	@	20.00%		(2,315,000)
TOTAL COSTS					(11,899,770)

S106 / CIL	
Surplus / (Deficit) for S106 / CIL (4)	(324,770)

SENSITIVITY ANALYSIS

		Values				
	(324,770)	80%	90%	100%	110%	120%
Construction Costs	90%	(1,225,506)	(442,660)	340,185	1,123,031	1,905,876
	95%	(1,557,984)	(775,138)	7,708	790,553	1,573,399
	100%	(1,890,461)	(1,107,615)	(324,770)	458,076	1,240,921
	105%	(2,222,939)	(1,440,093)	(657,247)	125,598	908,444
	110%	(2,555,416)	(1,772,570)	(989,725)	(206,879)	575,966

NOTES
(1) marketing and promotion includes show house and incentives e.g. Stamp Duty paid / white goods / carpets etc.
(2) interest on land throughout the period
(3) interest on buildings based on build one - sell one unit per month
(4) a surplus means that there is the potential to levy S106 obligations or a CIL, subject (in respect of CIL) to the overall infrastructure 'gap' and the appropriate b
(4) a deficit means that development is not viable and there is no development surplus for S106 obligations or to levy CIL

W8. Small GF Resi

ASSUMPTIONS			
Land Acquisition Value	200,000 per acre		
Developers Profit	20.0% on GDV		
	Net sales (sqft)	GIA (sqft)	Net to Gross %
2 Bed houses	753	753	100.0%
3 Bed houses	915	915	100.0%
4+ Bed houses	1,237	1,237	100.0%
2 Bed Bungalow	0	0	#DIV/0!
1 Bed Apartment	0	0	#DIV/0!
2 Bed Apartment	0	0	#DIV/0!
Residential density per ha	30.89 units per hectare		

VALUES	£	# units		
2 Bed houses	130,000	6	40.0%	780,000
3 Bed houses	160,000	7	46.7%	1,120,000
4+ Bed houses	205,000	2	13.3%	410,000
2 Bed Bungalow	0	0	0.0%	-
1 Bed Apartment	0		0.0%	-
2 Bed Apartment	0		0.0%	-
		15	100%	2,310,000
less				
Affordable Housing (total)	0%			
(of which) Social Rented	30%	60% discount from MV		-
(of which) Discounted Sale (i.e. Starter Homes)	20%	20% discount from MV		-
(of which) Intermediate	50%	20% discount from MV		-
GROSS DEVELOPMENT VALUE				**2,310,000**

DEVELOPMENT COSTS					
Site Acquisition -					
Site Area	0.49	ha	1.20	acres	
Site Purchase Price					(239,981)
SDLT	239,981	@	Rate		(1,800)
Acquisition Agent fees	239,981	@	1%		(2,400)
Acquisition Legal fees	239,981	@	0.5%		(1,200)
Initial Payments -					
Statutory Planning Fees					5,775
Construction Costs -					
Demolition and Site Clearance (allowance)	1.20	acres @	0	per acre	-
Houses Build Costs	13,397	sqft @	84.91	psf	(1,137,539)
Bungalow Build Costs	-	sqft @	93.40	psf	-
Apartment Build Costs	-	sqft @	0.00	psf	-
External works inc. utilities reinforcement (allowance)	1,137,539	@	10%		(113,754)
Contingency	1,251,293	@	3%		(37,539)
Professional Fees	1,288,832	@	7%		(90,218)
Disposal Costs -					
Sale Agents Costs	2,310,000	GDV @	1.00%		(23,100)
Sale Legal Costs	2,310,000	GDV @	0.50%		(11,550)
Marketing and Promotion (1)	2,310,000	GDV @	3.00%		(69,300)
Finance Costs -					
Finance Fees	1,722,606	@	1.00%		(17,226)
Interest allowance (land) (2)	24	months @	6.00%		(29,446)
Interest allowance (build) (3)	4	months @	6.00%		(27,466)
Developers Profit	2,310,000	@	20.00%		(462,000)
TOTAL COSTS					(2,258,743)

S106 / CIL	
Surplus / (Deficit) for S106 / CIL (4)	51,257

SENSITIVITY ANALYSIS

		Values				
	51,257	80%	90%	100%	110%	120%
Construction Costs	90%	(155,303)	18,998	193,299	367,601	541,902
	95%	(226,324)	(52,023)	122,278	296,579	470,880
	100%	(297,345)	(123,044)	51,257	225,558	399,859
	105%	(368,366)	(194,065)	(19,764)	154,537	328,838
	110%	(439,387)	(265,086)	(90,785)	83,516	257,817

NOTES
(1) marketing and promotion includes show house and incentives e.g. Stamp Duty paid / white goods / carpets etc.
(2) interest on land assuming phased drawdown of site in 4 tranches
(3) interest on buildings based on build one - sell one unit per month
(4) a surplus means that there is the potential to levy S106 obligations or a CIL, subject (in respect of CIL) to the overall infrastructure 'gap' and the appropriate b
(4) a deficit means that development is not viable and there is no development surplus for S106 obligations or to levy CIL

W9. Small BF Resi

ASSUMPTIONS			
Land Acquisition Value	150,000 per acre		
Developers Profit	20.0% on GDV		
	Net sales (sqft)	GIA (sqft)	Net to Gross %
2 Bed houses	753	753	100.0%
3 Bed houses	915	915	100.0%
4+ Bed houses	1,237	1,237	100.0%
2 Bed Bungalow	0	700	0.0%
1 Bed Apartment	0	633	0.0%
2 Bed Apartment	0	760	0.0%
Residential density per ha	30.89 units per hectare		

VALUES				
	£	# units		
2 Bed houses	130,000	6	40.0%	780,000
3 Bed houses	160,000	7	46.7%	1,120,000
4+ Bed houses	200,000	2	13.3%	400,000
2 Bed Bungalow	0	0	0.0%	-
1 Bed Apartment	0	0	0.0%	-
2 Bed Apartment	0	0	0.0%	-
		15	100%	2,300,000
less				
Affordable Housing (total)	0%			
(of which) Social Rented	30%	60% discount from MV		-
(of which) Discounted Sale (i.e. Starter Homes)	20%	20% discount from MV		-
(of which) Intermediate	50%	20% discount from MV		-
GROSS DEVELOPMENT VALUE				**2,300,000**

DEVELOPMENT COSTS					
Site Acquisition -					
Site Area	0.49	ha	1.20	acres	
Site Purchase Price					(179,985)
SDLT	179,985	@	Rate		(600)
Acquisition Agent fees	179,985	@	1%		(1,800)
Acquisition Legal fees	179,985	@	0.5%		(900)
Initial Payments -					
Statutory Planning Fees					5,775
Construction Costs -					
Demolition and Site Clearance (allowance)	1.20	acres @	110,000	per acre	(131,989)
Houses Build Costs	13,397	sqft @	84.91	psf	(1,137,539)
Bungalow Build Costs	-	sqft @	0.00	psf	-
Apartment Build Costs	-	sqft @	0.00	psf	-
External works inc. utilities reinforcement (allowance)	1,137,539	@	10%		(113,754)
Contingency	1,251,293	@	5%		(62,565)
Professional Fees	1,445,847	@	8%		(115,668)
Disposal Costs -					
Sale Agents Costs	2,300,000	GDV @	1.00%		(23,000)
Sale Legal Costs	2,300,000	GDV @	0.50%		(11,500)
Marketing and Promotion (1)	2,300,000	GDV @	3.00%		(69,000)
Finance Costs -					
Finance Fees	1,842,525	@	1.00%		(18,425)
Interest allowance (land) (2)	24	months @	6.00%		(21,994)
Interest allowance (build) (3)	4	months @	6.00%		(31,115)
Developers Profit	2,300,000	@	20.00%		(460,000)
TOTAL COSTS					(2,374,059)

S106 / CIL	
Surplus / (Deficit) for S106 / CIL (4)	(74,059)

SENSITIVITY ANALYSIS

		Values				
	(74,059)	80%	90%	100%	110%	120%
Construction Costs	90%	(274,999)	(101,452)	72,094	245,641	419,187
	95%	(348,076)	(174,529)	(983)	172,564	346,110
	100%	(421,152)	(247,606)	(74,059)	99,487	273,034
	105%	(494,229)	(320,683)	(147,136)	26,410	199,957
	110%	(567,306)	(393,759)	(220,213)	(46,666)	126,880

NOTES

(1) marketing and promotion includes show house and incentives e.g. Stamp Duty paid / white goods / carpets etc.
(2) interest on land throughout the period
(3) interest on buildings based on build one - sell one unit per month
(4) a surplus means that there is the potential to levy S106 obligations or a CIL, subject (in respect of CIL) to the overall infrastructure 'gap' and the appropriate b
(4) a deficit means that development is not viable and there is no development surplus for S106 obligations or to levy CIL

KSC1. Small BF Resi

ASSUMPTIONS			
Land Acquisition Value	190,000 per acre		
Developers Profit	20.0% on GDV		
	Net sales (sqft)	GIA (sqft)	Net to Gross %
2 Bed houses	753	753	100.0%
3 Bed houses	915	915	100.0%
4+ Bed houses	1,237	1,237	100.0%
2 Bed Bungalow	0	700	0.0%
1 Bed Apartment	0	633	0.0%
2 Bed Apartment	0	760	0.0%
Residential density per ha	30.89 units per hectare		

VALUES				
	£	# units		
2 Bed houses	130,000	5	33.3%	650,000
3 Bed houses	160,000	8	53.3%	1,280,000
4+ Bed houses	200,000	2	13.3%	400,000
2 Bed Bungalow	0	0	0.0%	-
1 Bed Apartment	0	0	0.0%	-
2 Bed Apartment	0	0	0.0%	-
		15	100%	2,330,000
less				
Affordable Housing (total)	0%			
(of which) Social Rented	30%	60% discount from MV		-
(of which) Discounted Sale (i.e. Starter Homes)	20%	20% discount from MV		-
(of which) Intermediate	50%	20% discount from MV		-
GROSS DEVELOPMENT VALUE				**2,330,000**

DEVELOPMENT COSTS					
Site Acquisition -					
Site Area	0.49	ha	1.20	acres	
Site Purchase Price					(227,982)
SDLT	227,982	@	Rate		(600)
Acquisition Agent fees	227,982	@	1%		(2,280)
Acquisition Legal fees	227,982	@	0.5%		(1,140)
Initial Payments -					
Statutory Planning Fees					5,775
Construction Costs -					
Demolition and Site Clearance (allowance)	1.20	acres @	110,000	per acre	(131,989)
Houses Build Costs	13,559	sqft @	84.91	psf	(1,151,295)
Bungalow Build Costs	-	sqft @	0.00	psf	-
Apartment Build Costs	-	sqft @	0.00	psf	-
External works inc. utilities reinforcement (allowance)	1,151,295	@	10%		(115,129)
Contingency	1,266,424	@	5%		(63,321)
Professional Fees	1,461,735	@	9%		(131,556)
Disposal Costs -					
Sale Agents Costs	2,330,000	GDV @	1.00%		(23,300)
Sale Legal Costs	2,330,000	GDV @	0.50%		(11,650)
Marketing and Promotion (1)	2,330,000	GDV @	3.00%		(69,900)
Finance Costs -					
Finance Fees	1,924,367	@	1.00%		(19,244)
Interest allowance (land) (2)	24	months @	6.00%		(27,840)
Interest allowance (build) (3)	4	months @	6.00%		(31,750)
Developers Profit	2,330,000	@	20.00%		(466,000)
TOTAL COSTS					(2,469,201)

S106 / CIL	
Surplus / (Deficit) for S106 / CIL (4)	(139,201)

SENSITIVITY ANALYSIS

		Values				
	(139,201)	80%	90%	100%	110%	120%
Construction Costs	90%	(341,531)	(165,721)	10,089	185,899	361,710
	95%	(416,176)	(240,366)	(64,556)	111,254	287,064
	100%	(490,822)	(315,011)	(139,201)	36,609	212,419
	105%	(565,467)	(389,657)	(213,846)	(38,036)	137,774
	110%	(640,112)	(464,302)	(288,492)	(112,682)	63,129

NOTES

(1) marketing and promotion includes show house and incentives e.g. Stamp Duty paid / white goods / carpets etc.
(2) interest on land throughout the period
(3) interest on buildings based on build one - sell one unit per month
(4) a surplus means that there is the potential to levy S106 obligations or a CIL, subject (in respect of CIL) to the overall infrastructure 'gap' and the appropriate b
(4) a deficit means that development is not viable and there is no development surplus for S106 obligations or to levy CIL

KSC2. Medium GF Resi

ASSUMPTIONS				
Land Acquisition Value	190,000 per acre			
Developers Profit	20.0% on GDV			
	Net sales (sqft)		GIA (sqft)	Net to Gross %
2 Bed houses	753		753	100.0%
3 Bed houses	915		915	100.0%
4+ Bed houses	1,237		1,237	100.0%
2 Bed Bungalow	750		750	100.0%
1 Bed Apartment	538		633	85.0%
2 Bed Apartment	646		760	85.0%
Residential density per ha	30.89 units per hectare			

VALUES				
	£	# units		
2 Bed houses	130,000	20	26.7%	2,600,000
3 Bed houses	160,000	24	32.0%	3,840,000
4+ Bed houses	205,000	15	20.0%	3,075,000
2 Bed Bungalow	120,000	8	10.7%	960,000
1 Bed Apartment	95,000	4	5.3%	380,000
2 Bed Apartment	120,000	4	5.3%	480,000
		75	100%	11,335,000
less				
Affordable Housing (total)	0%			
(of which) Social Rented	30%	60% discount from MV		-
(of which) Discounted Sale (i.e. Starter Homes)	20%	20% discount from MV		-
(of which) Intermediate	50%	20% discount from MV		-
GROSS DEVELOPMENT VALUE				**11,335,000**

DEVELOPMENT COSTS					
Site Acquisition -					
Site Area	2.43	ha	6.00	acres	
Site Purchase Price					(1,139,908)
SDLT	1,139,908	@	Rate		(49,495)
Acquisition Agent fees	1,139,908	@	1%		(11,399)
Acquisition Legal fees	1,139,908	@	0.5%		(5,700)
Initial Payments -					
Statutory Planning Fees					21,924
Construction Costs -					
Demolition and Site Clearance (allowance)	6.00	acres @	0 per acre		-
Houses Build Costs	55,575	sqft @	80.66 psf		(4,482,680)
Bungalow Build Costs	6,000	sqft @	88.73 psf		(532,356)
Apartment Build Costs	5,572	sqft @	89.22 psf		(497,134)
External works inc. utilities reinforcement (allowance)	5,512,169	@	20%		(1,102,434)
Contingency	6,614,603	@	3%		(198,438)
Professional Fees	6,813,041	@	8%		(545,043)
Disposal Costs -					
Sale Agents Costs	11,335,000	GDV @	1.00%		(113,350)
Sale Legal Costs	11,335,000	GDV @	0.50%		(56,675)
Marketing and Promotion (1)	11,335,000	GDV @	3.00%		(340,050)
Finance Costs -					
Finance Fees	9,052,737	@	1.00%		(90,527)
Interest allowance (land) (2)	24	months @	6.00%		(144,780)
Interest allowance (build) (3)	4	months @	6.00%		(146,723)
Developers Profit	11,335,000	@	20.00%		(2,267,000)
TOTAL COSTS					(11,701,768)

S106 / CIL	
Surplus / (Deficit) for S106 / CIL (4)	(366,768)

SENSITIVITY ANALYSIS

		Values				
	(366,768)	80%	90%	100%	110%	120%
Construction Costs	90%	(1,247,771)	(464,926)	317,920	1,100,766	1,883,611
	95%	(1,590,115)	(807,269)	(24,424)	758,422	1,541,267
	100%	(1,932,459)	(1,149,613)	(366,768)	416,078	1,198,924
	105%	(2,274,803)	(1,491,957)	(709,112)	73,734	856,580
	110%	(2,617,147)	(1,834,301)	(1,051,455)	(268,610)	514,236

NOTES

(1) marketing and promotion includes show house and incentives e.g. Stamp Duty paid / white goods / carpets etc.
(2) interest on land assuming phased drawdown of site in 4 tranches
(3) interest on buildings based on build one - sell one unit per month
(4) a surplus means that there is the potential to levy S106 obligations or a CIL, subject (in respect of CIL) to the overall infrastructure 'gap' and the appropriate b
(4) a deficit means that development is not viable and there is no development surplus for S106 obligations or to levy CIL

LCV1. Small GF Resi

ASSUMPTIONS			
Land Acquisition Value	190,000 per acre		
Developers Profit	20.0% on GDV		
	Net sales (sqft)	GIA (sqft)	Net to Gross %
2 Bed houses	753	753	100.0%
3 Bed houses	915	915	100.0%
4+ Bed houses	1,237	1,237	100.0%
2 Bed Bungalow	0	0	#DIV/0!
1 Bed Apartment	0	0	#DIV/0!
2 Bed Apartment	0	0	#DIV/0!
Residential density per ha	30.89 units per hectare		

VALUES	£	# units		
2 Bed houses	125000	4	26.7%	500,000
3 Bed houses	150000	6	40.0%	900,000
4+ Bed houses	190000	5	33.3%	950,000
2 Bed Bungalow	0	0	0.0%	-
1 Bed Apartment	0		0.0%	-
2 Bed Apartment	0		0.0%	-
		15	100%	2,350,000
less				
Affordable Housing (total)	0%			
(of which) Social Rented	30%	60% discount from MV		-
(of which) Discounted Sale (i.e. Starter Homes)	20%	20% discount from MV		-
(of which) Intermediate	50%	20% discount from MV		-
GROSS DEVELOPMENT VALUE				**2,350,000**

DEVELOPMENT COSTS					
Site Acquisition -					
Site Area	0.53	ha	1.31	acres	
Site Purchase Price					(248,830)
SDLT	248,830	@	Rate		(1,800)
Acquisition Agent fees	248,830	@	1%		(2,488)
Acquisition Legal fees	248,830	@	0.5%		(1,244)
Initial Payments -					
Statutory Planning Fees					5,775
Construction Costs -					
Demolition and Site Clearance (allowance)	1.31	acres @	0	per acre	-
Houses Build Costs	14,687	sqft @	84.91	psf	(1,247,073)
Bungalow Build Costs	-	sqft @	93.40	psf	-
Apartment Build Costs	-	sqft @	0.00	psf	-
External works inc. utilities reinforcement (allowance)	1,247,073	@	10%		(124,707)
Contingency	1,371,780	@	4%		(54,871)
Professional Fees	1,426,652	@	9%		(128,399)
Disposal Costs -					
Sale Agents Costs	2,350,000	GDV @	1.00%		(23,500)
Sale Legal Costs	2,350,000	GDV @	0.50%		(11,750)
Marketing and Promotion (1)	2,350,000	GDV @	3.00%		(70,500)
Finance Costs -					
Finance Fees	1,909,388	@	1.00%		(19,094)
Interest allowance (land) (2)	24	months @	6.00%		(30,523)
Interest allowance (build) (3)	4	months @	6.00%		(30,986)
Developers Profit	2,350,000	@	20.00%		(470,000)
TOTAL COSTS					(2,459,990)

S106 / CIL	
Surplus / (Deficit) for S106 / CIL (4)	(109,990)

SENSITIVITY ANALYSIS

		Values				
	(109,990)	80%	90%	100%	110%	120%
Construction Costs	90%	(304,459)	(127,139)	50,180	227,499	404,818
	95%	(384,544)	(207,225)	(29,905)	147,414	324,733
	100%	(464,629)	(287,310)	(109,990)	67,329	244,648
	105%	(544,714)	(367,395)	(190,075)	(12,756)	164,563
	110%	(624,799)	(447,480)	(270,161)	(92,841)	84,478

NOTES

(1) marketing and promotion includes show house and incentives e.g. Stamp Duty paid / white goods / carpets etc.
(2) interest on land assuming phased drawdown of site in 4 tranches
(3) interest on buildings based on build one - sell one unit per month
(4) a surplus means that there is the potential to levy S106 obligations or a CIL, subject (in respect of CIL) to the overall infrastructure 'gap' and the appropriate b
(4) a deficit means that development is not viable and there is no development surplus for S106 obligations or to levy CIL

LCV2. Small - Medium GF Resi

ASSUMPTIONS			
Land Acquisition Value	190,000 per acre		
Developers Profit	20.0% on GDV		
	Net sales (sqft)	GIA (sqft)	Net to Gross %
2 Bed houses	753	753	100.0%
3 Bed houses	915	915	100.0%
4+ Bed houses	1,237	1,237	100.0%
2 Bed Bungalow	750	750	100.0%
1 Bed Apartment	538	633	85.0%
2 Bed Apartment	646	760	85.0%
Residential density per ha	30.89 units per hectare		

VALUES				
	£	# units		
2 Bed houses	130,000	12	24.0%	1,560,000
3 Bed houses	160,000	18	36.0%	2,880,000
4+ Bed houses	205,000	15	30.0%	3,075,000
2 Bed Bungalow	120,000	5	10.0%	600,000
1 Bed Apartment	0	0	0.0%	-
2 Bed Apartment	0	0	0.0%	-
		50	100%	8,115,000
less				
Affordable Housing (total)	0%			
(of which) Social Rented	30%	60% discount from MV		-
(of which) Discounted Sale (i.e. Starter Homes)	20%	20% discount from MV		-
(of which) Intermediate	50%	20% discount from MV		-
GROSS DEVELOPMENT VALUE				**8,115,000**

DEVELOPMENT COSTS					
Site Acquisition -					
Site Area	1.69	ha	4.18	acres	
Site Purchase Price					(793,438)
SDLT	793,438	@	Rate		(49,495)
Acquisition Agent fees	793,438	@	1%		(7,934)
Acquisition Legal fees	793,438	@	0.5%		(3,967)
Initial Payments -					
Statutory Planning Fees					21,924
Construction Costs -					
Demolition and Site Clearance (allowance)	4.18	acres @	0	per acre	-
Houses Build Costs	44,061	sqft @	84.91	psf	(3,741,220)
Bungalow Build Costs	3,750	sqft @	93.40	psf	(350,254)
Apartment Build Costs	-	sqft @	0.00	psf	-
External works inc. utilities reinforcement (allowance)	4,091,473	@	15%		(613,721)
Contingency	4,705,194	@	3%		(141,156)
Professional Fees	4,846,350	@	8%		(387,708)
Disposal Costs -					
Sale Agents Costs	8,115,000	GDV @	1.00%		(81,150)
Sale Legal Costs	8,115,000	GDV @	0.50%		(40,575)
Marketing and Promotion (1)	8,115,000	GDV @	3.00%		(243,450)
Finance Costs -					
Finance Fees	6,432,144	@	1.00%		(64,321)
Interest allowance (land) (2)	24	months @	6.00%		(102,580)
Interest allowance (build) (3)	4	months @	6.00%		(104,243)
Developers Profit	8,115,000	@	20.00%		(1,623,000)
TOTAL COSTS					(8,326,288)

S106 / CIL	
Surplus / (Deficit) for S106 / CIL (4)	(211,288)

SENSITIVITY ANALYSIS

		Values				
	(211,288)	80%	90%	100%	110%	120%
Construction Costs	90%	(852,419)	(285,375)	281,669	848,714	1,415,758
	95%	(1,098,898)	(531,854)	35,191	602,235	1,169,279
	100%	(1,345,377)	(778,332)	(211,288)	355,756	922,801
	105%	(1,591,855)	(1,024,811)	(457,767)	109,278	676,322
	110%	(1,838,334)	(1,271,290)	(704,245)	(137,201)	429,843

NOTES

(1) marketing and promotion includes show house and incentives e.g. Stamp Duty paid / white goods / carpets etc.
(2) interest on land assuming phased drawdown of site in 4 tranches
(3) interest on buildings based on build one - sell one unit per month
(4) a surplus means that there is the potential to levy S106 obligations or a CIL, subject (in respect of CIL) to the overall infrastructure 'gap' and the appropriate b
(4) a deficit means that development is not viable and there is no development surplus for S106 obligations or to levy CIL

LCV3. Small GF Resi

ASSUMPTIONS			
Land Acquisition Value	225,000 per acre		
Developers Profit	20.0% on GDV		
	Net sales (sqft)	GIA (sqft)	Net to Gross %
2 Bed houses	753	753	100.0%
3 Bed houses	915	915	100.0%
4+ Bed houses	1,237	1,237	100.0%
2 Bed Bungalow	0	0	#DIV/0!
1 Bed Apartment	0	0	#DIV/0!
2 Bed Apartment	0	0	#DIV/0!
Residential density per ha	30.89 units per hectare		

VALUES	£	# units		
2 Bed houses	150,000	4	26.7%	600,000
3 Bed houses	180,000	6	40.0%	1,080,000
4+ Bed houses	230,000	5	33.3%	1,150,000
2 Bed Bungalow	0	0	0.0%	-
1 Bed Apartment	0		0.0%	-
2 Bed Apartment	0		0.0%	-
		15	100%	2,830,000
less				
Affordable Housing (total)	0%			
(of which) Social Rented	30%	60% discount from MV		-
(of which) Discounted Sale (i.e. Starter Homes)	20%	20% discount from MV		-
(of which) Intermediate	50%	20% discount from MV		-
GROSS DEVELOPMENT VALUE				**2,830,000**

DEVELOPMENT COSTS					
Site Acquisition -					
Site Area	0.53	ha	1.31	acres	
Site Purchase Price					(294,667)
SDLT	294,667	@	Rate		(1,800)
Acquisition Agent fees	294,667	@	1%		(2,947)
Acquisition Legal fees	294,667	@	0.5%		(1,473)
Initial Payments -					
Statutory Planning Fees					5,775
Construction Costs -					
Demolition and Site Clearance (allowance)	1.31	acres @	0	per acre	-
Houses Build Costs	14,687	sqft @	84.91	psf	(1,247,073)
Bungalow Build Costs	-	sqft @	93.40	psf	-
Apartment Build Costs	-	sqft @	0.00	psf	-
External works inc. utilities reinforcement (allowance)	1,247,073	@	10%		(124,707)
Contingency	1,371,780	@	4%		(54,871)
Professional Fees	1,426,652	@	9%		(128,399)
Disposal Costs -					
Sale Agents Costs	2,830,000	GDV @	1.00%		(28,300)
Sale Legal Costs	2,830,000	GDV @	0.50%		(14,150)
Marketing and Promotion (1)	2,830,000	GDV @	3.00%		(84,900)
Finance Costs -					
Finance Fees	1,977,512	@	1.00%		(19,775)
Interest allowance (land) (2)	24	months @	6.00%		(36,106)
Interest allowance (build) (3)	4	months @	6.00%		(30,986)
Developers Profit	2,830,000	@	20.00%		(566,000)
TOTAL COSTS					(2,630,379)

S106 / CIL	
Surplus / (Deficit) for S106 / CIL (4)	199,621

SENSITIVITY ANALYSIS

		Values				
	199,621	80%	90%	100%	110%	120%
Construction Costs	90%	(67,284)	146,253	359,791	573,329	786,866
	95%	(147,369)	66,168	279,706	493,244	706,781
	100%	(227,454)	(13,917)	199,621	413,159	626,696
	105%	(307,540)	(94,002)	119,536	333,073	546,611
	110%	(387,625)	(174,087)	39,451	252,988	466,526

NOTES

(1) marketing and promotion includes show house and incentives e.g. Stamp Duty paid / white goods / carpets etc.
(2) interest on land assuming phased drawdown of site in 4 tranches
(3) interest on buildings based on build one - sell one unit per month
(4) a surplus means that there is the potential to levy S106 obligations or a CIL, subject (in respect of CIL) to the overall infrastructure 'gap' and the appropriate b
(4) a deficit means that development is not viable and there is no development surplus for S106 obligations or to levy CIL

LCV4. Small - Medium GF Res

ASSUMPTIONS			
Land Acquisition Value	225,000 per acre		
Developers Profit	20.0% on GDV		
	Net sales (sqft)	GIA (sqft)	Net to Gross %
2 Bed houses	753	753	100.0%
3 Bed houses	915	915	100.0%
4+ Bed houses	1,237	1,237	100.0%
2 Bed Bungalow	750	750	100.0%
1 Bed Apartment	538	633	85.0%
2 Bed Apartment	646	760	85.0%
Residential density per ha	30.89 units per hectare		

VALUES	£	# units		
2 Bed houses	150,000	12	24.0%	1,800,000
3 Bed houses	180,000	18	36.0%	3,240,000
4+ Bed houses	230,000	15	30.0%	3,450,000
2 Bed Bungalow	175,000	5	10.0%	875,000
1 Bed Apartment	0	0	0.0%	-
2 Bed Apartment	0	0	0.0%	-
		50	100%	9,365,000
less				
Affordable Housing (total)	0%			
(of which) Social Rented	30%	60% discount from MV		-
(of which) Discounted Sale (i.e. Starter Homes)	20%	20% discount from MV		-
(of which) Intermediate	50%	20% discount from MV		-
GROSS DEVELOPMENT VALUE				**9,365,000**

DEVELOPMENT COSTS				
Site Acquisition -				
Site Area	1.69	ha	4.18 acres	
Site Purchase Price				(939,598)
SDLT	939,598	@	Rate	(49,495)
Acquisition Agent fees	939,598	@	1%	(9,396)
Acquisition Legal fees	939,598	@	0.5%	(4,698)
Initial Payments -				
Statutory Planning Fees				21,924
Construction Costs -				
Demolition and Site Clearance (allowance)	4.18	acres @	0 per acre	-
Houses Build Costs	44,061	sqft @	84.91 psf	(3,741,220)
Bungalow Build Costs	3,750	sqft @	93.40 psf	(350,254)
Apartment Build Costs	-	sqft @	0.00 psf	-
External works inc. utilities reinforcement (allowance)	4,091,473	@	15%	(613,721)
Contingency	4,705,194	@	3%	(141,156)
Professional Fees	4,846,350	@	8%	(387,708)
Disposal Costs -				
Sale Agents Costs	9,365,000	GDV @	1.00%	(93,650)
Sale Legal Costs	9,365,000	GDV @	0.50%	(46,825)
Marketing and Promotion (1)	9,365,000	GDV @	3.00%	(280,950)
Finance Costs -				
Finance Fees	6,636,746	@	1.00%	(66,367)
Interest allowance (land) (2)	24	months @	6.00%	(120,382)
Interest allowance (build) (3)	4	months @	6.00%	(104,243)
Developers Profit	9,365,000	@	20.00%	(1,873,000)
TOTAL COSTS				(8,800,738)

S106 / CIL	
Surplus / (Deficit) for S106 / CIL (4)	564,262

SENSITIVITY ANALYSIS

		Values				
	564,262	80%	90%	100%	110%	120%
Construction Costs	90%	(224,007)	416,606	1,057,219	1,697,832	2,338,445
	95%	(470,486)	170,127	810,740	1,451,353	2,091,966
	100%	(716,964)	(76,351)	564,262	1,204,875	1,845,488
	105%	(963,443)	(322,830)	317,783	958,396	1,599,009
	110%	(1,209,921)	(569,309)	71,304	711,917	1,352,530

NOTES

(1) marketing and promotion includes show house and incentives e.g. Stamp Duty paid / white goods / carpets etc.
(2) interest on land assuming phased drawdown of site in 4 tranches
(3) interest on buildings based on build one - sell one unit per month
(4) a surplus means that there is the potential to levy S106 obligations or a CIL, subject (in respect of CIL) to the overall infrastructure 'gap' and the appropriate b
(4) a deficit means that development is not viable and there is no development surplus for S106 obligations or to levy CIL

Value Assumptions Residential Development

Whitehaven

2 bed house	130000
3 bed house	160000
4+ bed house	205000
2 bed bungalow	150000
1 bed apartment	95000
2 bed apartment	120000

Key Towns

2 bed house	125000
3 bed house	150000
4+ bed house	190000
2 bed bungalow	145000
1 bed apartment	92500
2 bed apartment	115000

Local Centres / Village (Average Value)

2 bed house	125000
3 bed house	150000
4+ bed house	190000
2 bed bungalow	145000
1 bed apartment	
2 bed apartment	

Local Centres / Village (High Value)

2 bed house	150000
3 bed house	180000
4+ bed house	230000
2 bed bungalow	175000
1 bed apartment	
2 bed apartment	

Land Value Threshold

Whitehaven	200,000
Key Towns	190,000
Local Centres / Village (Average V	190,000
Local Centres / Village (High Valu	225,000