

Oldham

Local

Development

Framework

Affordable Housing Economic Viability Assessment

September 2010



Oldham
Council

1	Availability of Document	2
2	Executive Summary	3
3	Abbreviations	5
4	Glossary	6
5	Introduction	8
6	Background	10
7	Need for Affordable Housing in the Borough	13
8	Methodology	16
	8.1 Planning the Assessment	16
	8.2 Assessment Model	19
	8.3 Site Revenue	21
	8.4 Land Acquisition	23
	8.5 Build Costs	25
	8.6 Abnormals	26
	8.7 Finance	27
	8.8 Total Cost and Projected Profit	28
9	Results	29
10	Assessment of Alternative Scenarios	45
11	Delivery of Affordable Housing	58
12	Issues and Challenges	59
13	Conclusions and Recommendations	63
14	Appendices	65
	14.1 Appendix A - Gross Development of Notional Schemes by Ward	65
	14.2 Appendix B - Land Purchase Price of Notional Schemes by Ward	84
	14.3 Appendix C - Land Acquisition Costs	86
	14.4 Appendix D - Build Costs of Notional Schemes	88
	14.5 Appendix E - Total Development Cost	94
	14.6 Appendix F - Project Profit	96
	14.7 Appendix G - Worked example of methodology	98

1 Availability of Document

- 1.1** This document can be made available in other formats. Please call 0161 770 1672 for information.

2 Executive Summary

- 2.1** The Affordable Housing Economic Viability Assessment (the assessment hereafter) looks at the potential implications that affordable housing would have on the viability of housing developments throughout the borough.
- 2.2** Planning Policy Statement 3 on Housing (PPS3) ⁽¹⁾ requires local planning authorities to set an overall target for the amount of affordable housing to be provided within their Local Development Framework (LDF), supported by an economic viability assessment.
- 2.3** The main aim of the assessment is to identify an appropriate level of developer contribution towards affordable housing that will not have a detrimental impact on the viability of housing development throughout the borough. The assessment tests a series of variables, including affordable housing thresholds, to examine the impact of seeking affordable housing on development viability, through the use of a clear and robust methodology that will allow regular monitoring and updating.
- 2.4** The assessment tests various thresholds in relation to the percentage of Gross Development Value (GDV) available for affordable housing. The thresholds tested were 5%, 7.5%, 10% and 15%. The split between social rented and intermediate affordable housing will be an important component of the housing mix on a site, however, it is not necessary to feed this into the model as the final figure produced by the model will be the sum of money that is available for affordable housing whether this is delivered through social-rented or intermediate housing.
- 2.5** This is a strategic assessment. It initially focuses on development types that are likely to come forward by the market. The model reflects a range of variables that take account of different development factors across the borough. The assessment does not seek to test the viability of specific sites. Development proposals may require a site-specific economic viability assessment to reflect their individual circumstances as and when a planning application is submitted. This will need to take account of a range of factors affecting the local housing market.
- 2.6** This assessment has taken into account the current property climate and the latest information available has been used in constructing the model used to inform the assessment. The assessment model culminates in a projected profit figure which is then used to determine the proportion of the GDV that can go towards affordable housing provision, whilst ensuring that the proposed development remains viable for the developer to proceed. This represents the baseline position. It is recognised that in the current climate obtaining affordable housing provision may be difficult, however, the assessment will need to take a long term view to 2026 on how the viability of sites can help to meet the shortage in affordable housing over the longer term.
- 2.7** In order to understand how the ability to deliver affordable housing may change we have considered 'poor', 'average' and 'good' market conditions through altering specific factors built into the model. The baseline position represents 'average', whilst the 'poor' is represented by a fall in GDV and build out rate, and 'good' is represented by an increase in GDV and build-out rate.

1 June 2010, Communities and Local Government

- 2.8** The findings of the assessment demonstrate that the viability of developments and their ability to provide affordable housing varies significantly across the borough depending upon the location of the development and the land / sales values achieved within that area. There are issues around the viability of development in Alexandra where the total cost of development consistently exceeds the total development sales value, which will prevent developments coming forward unless there is gap funding available. Developments are most viable within the three Saddleworth wards.
- 2.9** Informed by the findings this assessment proposes a number of recommendations:
- a. It is proposed to continue to apply the minimum site threshold set out in national policy, PPS3.
 - b. It is proposed to continue with the borough-wide approach (proposed in the Preferred Options Core Strategy) with a target to 7.5% of the total development sales value for the provision of affordable housing within the borough. The preference will be the affordable housing to be provided on-site in partnership with an RSL that forms part of the Oldham Housing Investment Partnership.
 - c. The assessment does not identify a particular proportion of social rented or intermediate affordable housing to be delivered. The general presumption on a boroughwide basis is that 80% should be in the form of social rented accommodation and 20% intermediate housing. However, it is also important to consider the type of affordable housing to be delivered on a case by case basis depending on the needs within the borough and locality, for example, the current preference is for on-site socially rented affordable housing in partnership with an RSL.
 - d. It is proposed to update this assessment on annual basis, as part of future AMRs after the Joint DPD has been adopted, to take into account changes in market conditions and other circumstances, where appropriate.
 - e. It is proposed that a proforma be created, setting out the information required from developers when submitting an economic viability assessment.
- 2.10** The findings of the assessment will be used to inform the council's approach to affordable housing and preparation of our LDF. In particular it will help to inform the setting of an affordable housing site threshold and targets. The findings will also support delivery of the council's Affordable Housing Strategy and may be used by Development Management when assessing planning applications, or when undertaking pre-application discussions, to inform decision-making around affordable housing provision.
- 2.11** A draft assessment was subject to public consultation in Spring 2010. The findings of that consultation have been taken on board, where appropriate, in preparing this final assessment.

3 Abbreviations

Annual Monitoring Report - AMR

Association of Greater Manchester Authorities - AGMA

Building Cost Information Service - BCIS

Communities and Local Government - CLG

Community Infrastructure Levy - CIL

Gross Development Value - GDV

Homes and Communities Agency - HCA

Housing Market Areas - HMA

Housing Needs and Demands Study - HNDS

Local Development Document - LDD

Local Development Framework - LDF

National Affordable Housing Programme - NAHP

North West of England Plan Regional Spatial Strategy - RSS

North West Regional Assembly - 4NW

Planning Policy Statement 3 on Housing - PPS3

Registered Social Landlord - RSL

Strategic Housing Market Assessment - SHMA

Unitary Development Plan - UDP

4 Glossary

Affordable Housing

Affordable housing is defined within PPS3 as including 'social rented and intermediate housing, provided to specified eligible households whose needs are not met by the market. Affordable housing should:

- Meet the needs of eligible households including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.
- Include provision for the home to remain at an affordable price for future eligible households or, if these restrictions are lifted, for the subsidy to be recycled for alternative affordable housing provision.

Gross Development Value

The total revenue generated from the sale of properties.

Housing Need

'Housing need' refers to households lacking their own housing or living in unsuitable housing and who cannot afford to meet their needs in the market.

Intermediate Housing

Intermediate housing is defined within PPS3 as 'housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set [above in PPS3]. These can include shared equity products (e.g. Homebuy), other low cost homes for sale and intermediate rent'.

Lower Quartile

'Lower quartile' refers to the lower levels of the housing market and are considered the most likely to be able to be purchased by households on lower incomes or households entering the market for the first time.

Previously Developed Land

PPS3 defines previously developed land as 'that which is or was occupied by a permanent structure, including the curtilage of the developed land and any associated fixed surface infrastructure'. The definition includes defence buildings, but excludes:

- Land that is or has been occupied by agricultural or forestry buildings.
- Land that has been developed for minerals extraction or waste disposal by landfill purposes where provision for restoration has been made through development control procedures.
- Land in built-up areas such as private residential gardens, parks, recreation grounds and allotments, which, although it may feature paths, pavilions and other buildings, has not been previously developed.
- Land that was previously developed but where the remains of the permanent structure or fixed surface structure have blended into the landscape in the process of time (to the extent that it can reasonably be considered as part of the natural surroundings).

Social Rented Housing

Social rented housing is defined within PPS3 as 'rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are determined through the national rent regime'.

Strategic Housing Market Assessment

Annex C of PPS3 states that a SHMA should:

- Establish housing need and demand in terms of affordable and market housing.
- Determine how the distribution of need and demand varies across the plan area, for example as between the urban and rural areas.
- Consider future demographic trends and identify the accommodation requirements of specific groups such as, homeless households, Black and Minority Ethnic groups, first time buyers, disabled people, older people, Gypsies and Travellers and occupational groups such as key workers, students and operational defence personnel.

Sustainable Communities

Places where people want to live and work, now and in the future (source - Planning Portal).

5 Introduction

- 5.1** The Affordable Housing Economic Viability Assessment (the assessment hereafter) looks at the potential implications that affordable housing would have on the viability of housing developments throughout the borough.
- 5.2** The main aim of the assessment is to identify an appropriate level of developer contribution towards affordable housing that will not have a detrimental impact on the viability of housing development throughout the borough. The assessment tests a series of variables to examine the impact of seeking affordable housing on development viability, through the use of a clear and robust methodology that will allow regular monitoring and updating.
- 5.3** This is a strategic assessment. It initially focuses on development types that are likely to come forward by the market. The model reflects a range of variables that take account of different development factors across the borough. The assessment does not seek to test the viability of specific sites. Development proposals may require a site-specific economic viability assessment to reflect their individual circumstances as and when a planning application is submitted. This will need to take account of a range of factors affecting the local housing market.
- 5.4** The findings of the assessment have been used to inform the council's approach to affordable housing and preparation of our Local Development Framework (LDF). In particular, it has helped inform the setting of an affordable housing site threshold and targets. The findings will also support delivery of the council's Affordable Housing Strategy and may be used by Development Management when assessing planning applications, or when undertaking pre-application discussions, to inform decision-making around affordable housing provision.
- 5.5** This report is split into six chapters:
- Chapter 6 looks at national, regional and local planning policy and strategies relating to the provision of affordable housing within the borough.
 - Chapter 7 looks at the need for affordable housing in the borough, focusing on local evidence that has recently been completed.
 - Chapter 8 outlines the methodology used within the assessment and how the information used to inform the assessment model has been collated.
 - Chapters 9, 10 and 11 assess the findings of the assessment with the former looking at the results of the baseline position and the latter exploring alternative scenarios.
 - Chapters 12 and 13 look at issues and challenges, and concludes the report and sets out a series of recommendations in light of the assessment findings.
- 5.6** There are also a series of appendices attached to the report which provide the detail of the variables included within the assessment model.

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- 5.7** The council undertook public consultation on the draft assessment in Spring 2010. A workshop was held on 25th May 2010 that included a range of RSL's, developers, agents and council officers. The findings of the consultation, where appropriate, have helped inform the preparation of this final assessment.

6 Background

- 6.1** This chapter provides an overview of the relevant national, regional and local planning policy and strategies with regards to the provision of affordable housing.

National Planning Policy

- 6.2** Planning Policy Statement 3 on Housing (PPS3), updated June 2010, ⁽¹⁾ sets out the national policy framework for securing affordable housing through the planning system. PPS3 defines affordable housing as including social rented and intermediate housing ⁽²⁾ that is provided to specified eligible households whose needs are not met by the market.
- 6.3** More information on affordable housing can be found in the accompanying paper to PPS3 entitled *Delivering Affordable Housing* ⁽³⁾.
- 6.4** PPS3 requires local planning authorities to:
- Set an overall target for the amount of affordable housing to be provided, reflecting the definitions contained within PPS3, the findings of an economic viability assessment and taking account of delivery, the likely level of finance available and findings from the Strategic Housing Market Assessment (SHMA).
 - Identify separate targets for social rented and intermediate housing where appropriate.
 - Specify the size and type of affordable housing required in particular locations and, where appropriate, on specific sites, taking account of the findings of the SHMA.
 - Set out the range of circumstances in which affordable housing will be sought.
 - Set out the approach to seeking developer contributions.
- 6.5** PPS3 states that the assessment of economic viability should consider any thresholds and proportions of affordable housing proposed, as well as the likely impact of such thresholds and proportions upon overall levels of housing delivery and the creation of mixed communities. The assessment should also take account of the need to deliver low cost market housing as part of the overall mix.
- 6.6** The Community Infrastructure Levy (CIL) regulations came into force in April 2010 and discussions need to take place within the council regarding how CIL will be delivered. CIL does not include affordable housing, however it will inevitably have an impact on the ability of developers to contribute to affordable housing.

Current Local Planning Policy

- 6.7** Affordable housing provision as part of new residential development is currently sought through policy H2.1 of Oldham's UDP, adopted July 2006. This policy states that on all suitable residential sites of 1 hectare and above or 25 dwellings capacity and above, the council will negotiate for the provision of affordable housing. This threshold has since been superseded by PPS3 and the policy now applies to all residential developments of 15 dwellings and above. The general presumption of policy H2.1 is

1 <http://www.communities.gov.uk/documents/planningandbuilding/pdf/planningpolycystatement3.pdf>

2 see glossary for definitions

3 <http://www.communities.gov.uk/publications/housing/deliveringaffordablehousing>

that 25% of the site capacity should take the form of dwellings which meet identified housing needs. The provision is secured through conditions or planning obligations whilst ensuring that it is occupied in perpetuity by people falling within particular categories of need for affordable housing.

6.8 Initially affordable housing provision via policy H2.1 was primarily through the delivery of discounted homes for sale. However, following the rise of house prices in the borough this approach was no longer considered practicable as properties, even when discounted, remained unaffordable when re-sold and were therefore no longer affordable in perpetuity. In response, the council's Interim Affordable Housing Strategy, approved by Cabinet July 2007, sets out a formula for translating the UDP requirement into a percentage of the total development sales value, which is then used to deliver social rented housing. The formula produces a sum of money equivalent to:

- 7.5% of the total development sales value (i.e. Gross Development Value (GDV)) to be used to deliver affordable housing on site in partnership with a Registered Social Landlord (RSL) (which is increased to 10% through RSL funding); or
- 10% of the total development sales value to be used to deliver affordable housing off-site where the council have deemed it appropriate.

6.9 The council monitors the implementation of policy H2.1 through its AMR. Over recent years, progress has been made in the provision of affordable housing including through new residential development. Since April 2009 207 affordable homes have been delivered, which is over three times the level from 2008/09 and the largest number in recent years.

Future Local Planning Policy

6.10 The Planning and Compulsory Purchase Act 2004 has resulted in major changes to the way the land use planning policy system operates. The UDP will be replaced with a folder of land use planning policy documents, which together form the LDF.

6.11 The council is in the process of preparing a joint (Core Strategy and Development Management Policies) Development Plan Document as part of the LDF. The joint DPD sets out the proposed approach towards affordable housing and:

- Applies the minimum site threshold in PPS3 (which at present is 15 dwellings).
- Sets a target for the provision of affordable housing of 7.5% of the total development sales value (comprised of developer contribution and funding from an RSL).
- Sets out the factors that will be taken into account when negotiating on the level of affordable housing to be provided.
- Seeks to ensure that the type and size of affordable housing delivered reflects the housing needs and demands.
- Sets out the approach for seeking developer contributions towards affordable housing.

6.12 The assessment forms part of evidence base for the LDF and the affordable housing policy, including the setting of a suitable site threshold, target and, where appropriate, the split between social rented and intermediate housing.

Affordable Housing Strategy

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- 6.13** The council's Affordable Housing Strategy 2009-2012 was approved by Cabinet July 2009. It sets out the council's key priorities and actions for the next three years, demonstrating how we will improve the affordable housing offer for the borough's residents.
- 6.14** The strategy recognises that we need to pursue a range of initiatives in order to build more affordable homes and provide flexibility, quality and choice. As well as securing affordable housing as part of new residential development we also need to ensure that we make the best use of the existing housing stock through bringing empty homes back into use, improving the private rented sector and offering incentives to encourage people who are under-occupying social rented homes to move to more suitable housing. Integration of the Affordable Housing Strategy with the overarching Oldham Housing Strategy 2009-2012 and other underlying strategies such as the Private Sector Housing Strategy will therefore be critical.
- 6.15** The Affordable Housing Strategy identifies a set of priorities reflecting the three themes of the Oldham Housing Strategy 2009-2012. These priorities are:
- Quantity: achieving the right quantity of affordable housing to rent.
 - Quality: continuing to raise the quality of our new and existing stock.
 - People: connecting Oldham's residents to an improved housing offer through greater choice and access.
- 6.16** In order to deliver these priorities the Affordable Housing Strategy sets out a series of action plans, which includes 'using the Economic Viability Appraisal tool to determine the level of S106 contributions and provide rented family homes on site where possible'. The findings of this assessment will therefore help to inform delivery of the Affordable Housing Strategy.

7 Need for Affordable Housing in the Borough

- 7.1** When preparing policies on affordable housing PPS3 states that local planning authorities (LPAs) should take account of information from the Strategic Housing Market Assessment (SHMA).
- 7.2** The Greater Manchester SHMA (MG SHMA) was updated in 2010 and led by the Association of Greater Manchester Authorities (AGMA). The GM SHMA divides Greater Manchester into four Housing Market Areas (HMA), identified through Making Housing Count.⁽¹⁾ Oldham lies within the North Eastern HMA alongside Rochdale and Tameside as well as the Moston and Blackley neighbourhoods of Manchester.
- 7.3** The council has also completed a Housing Needs and Demands Study (HNDS) in 2008. This followed CLG's SHMA Practice Guidance and fed into the preparation of the Greater Manchester SHMA. The Oldham SHMA is in preparation to inform the LDF.
- 7.4** There are also various other pieces of local evidence and research that have been undertaken, including research relating to the private rented sector and making best use of the existing housing stock.
- 7.5** This chapter provides a summary of the main findings from this local research. More up to date information will be available upon completion of the Oldham SHMA.
- 7.6** In relation to the housing stock within the borough:
- In 2006/07 78.2% of Oldham's housing stock was private sector housing, 15.5% was local authority and 6.3% was registered social landlord stock.
 - The 2001 Census showed that the borough had the largest stock and supply imbalance in Greater Manchester, with low proportions of detached properties (11.5%) and very high proportions of terraced properties (41.9%). Also, in terms of house size the 2001 Census shows that the borough had the highest proportion of three/four rooms in Greater Manchester (36.9%) and it has the second lowest proportion of five/six rooms (48.9%) after Rochdale. The existing emphasis on smaller properties within the borough therefore limits the housing quality and choice available to existing and new residents and is also inappropriate for larger families.
- 7.7** With regards to the private sector:
- The Oldham Housing Needs and Demands Study (HNDS) 2008 found that the cost of lower quartile housing increased by 180% from £31,500 in 2002 to £88,500 in 2008. A single person and a household first time buyer would need to borrow 6.5 times and 4.9 times their annual incomes respectively, in order to purchase an entry level property. This makes it extremely difficult for single people and households on lower quartile incomes to access owner occupation. Since the study was produced it has of course become harder to obtain a mortgage due to changes in the market, making access to owner occupation even more difficult, especially for first time buyers and those people on modest incomes.

1 Making Housing Count is a wide-ranging policy and research programme that highlighted key issues affecting Greater Manchester housing markets to inform, support and influence the development of policy at a local, regional and national level.

- The HNDS also found that for those first time buyers on an average household income, average priced market housing is largely unaffordable within the areas they currently live in. Indeed for those living in East and West Oldham the whole of the borough is unaffordable.
- In relation to the private rented sector the GM SHMA found that based on an average weekly rent of £94 (2007) an income of £19,489 (assuming rent constitutes no more than 25% of total income) would be required to meet the average weekly rent. This is compared to an income of £11,512 which would be required to meet the average weekly social rent. It is estimated that 36% of households within the borough have incomes that would exclude them from private renting.

7.8 Research relating to social sector housing shows that:

- There has been a significant reduction in the number of social rented properties as a result of targeted clearance and Right to Buy sales. Whilst the lower levels of supply projected to be available in Oldham may also act as a constraint on supply and drive up need and demand further.
- The Local Authority waiting list increased from 3,529 in 1997 to 8,501 in 2007, which is the largest increase in the North Eastern HMA.
- When comparing demand during 2007/08 to the level of supply, Oldham is only able to house 9% of the households on the waiting list in social stock coming available to re-let to a new household during 2007/08.
- Analysis of the Local Authority Choice Based Lettings system in 2008 shows that the total local authority stock is predominantly comprised of smaller properties, with 75% taking the form of bedsit/one bedroom and two bedroom properties and 1.2% four bedroom plus properties.

7.9 As briefly mentioned there are particular issues within the borough regarding overcrowding, with 7% of Oldham's housing stock being overcrowded (2001 Census), which is the second highest level in Greater Manchester. The issue of overcrowding is most prevalent in Coldhurst and Werneth, where there is a high proportion of BME residents. More recent research has been undertaken by Ecotec, on behalf of the council, in the form of the 'Making Best use of Oldham's Housing Stock' (April 2008) report. The report recommends the provision of larger properties in locations affected by overcrowding as well as elsewhere in the borough - the aim being to provide a mix of house types and sizes of housing, giving the opportunity for people to 'trade' up or down.

7.10 In relation to specific groups, research found that:

- Growth in households headed by persons over the age of 70 is an issue in North Eastern HMA particularly Oldham. The demand for more and higher quality sheltered housing is therefore likely to rise. The North West Housing Needs Model shows an oversupply of social rented housing, although there is very little housing available for shared ownership or sale, limiting the choice available within the borough.
- Communities and Local Government (CLG) projections are for a continuing rise in the proportion of single person households for the North West as a whole, from 32% of all household in 2003 to 40% in 2026. This suggests a greater need for accommodation suited to the requirements of single person households although this does not necessarily mean an increase for smaller (one and two bedroom)

properties as need and aspiration can be quite different. It is felt, therefore, that there remains little demand for one bedroom properties.

- The proportion of family or multi-person households is forecast to also increase.
- The 2001 Census shows that the North Eastern HMA has the most (in Greater Manchester) ethnic minority residents in both absolute and relative terms, with a particular focus towards the Pakistani, Bangladeshi and other Asian communities. The proportion of Oldham's population from BME communities is forecast to increase from 16.6% in 2007 to 24.6% in 2022. The HNDS found that the need for family accommodation is greater within the BME community.

7.11 In relation to housing need, the GM SHMA identified a net annual housing need ⁽²⁾ of 343 dwellings per annum over a five-year period. This compares to a net annual housing need of 321 dwellings in the HNDS. Given that the GM SHMA housing need equates to 119% of the borough's overall housing requirement this represents a significant challenge. Consideration therefore needs to be given to the role of the private rented sector, intermediate housing and low cost homes to meet some of the 'housing need' identified and as a way of bridging the gap between social-rented and home ownership.

7.12 Finally, in relation to the North Eastern HMA, the GM SHMA concluded that whilst addressing housing need is important, lower property values tend to be achieved within the HMA, which can impact upon the viability of development and of course affect the ability to deliver affordable housing. There is also the need to balance the delivery of housing to meet local needs against the achievement of other core objectives including attracting new economically active households into regeneration areas and raising levels of owner-occupation.

2 see glossary for definition

8 Methodology

8.1 This chapter outlines the methodology uses to assess the viability of providing affordable housing within the borough.

8.1 Planning the Assessment

8.2 The assessment has been undertaken by the AHEVA Project Group, which is a sub-group of the Affordable Housing Steering Group, led by Strategic Planning and Information. Represented on the project group are the following:

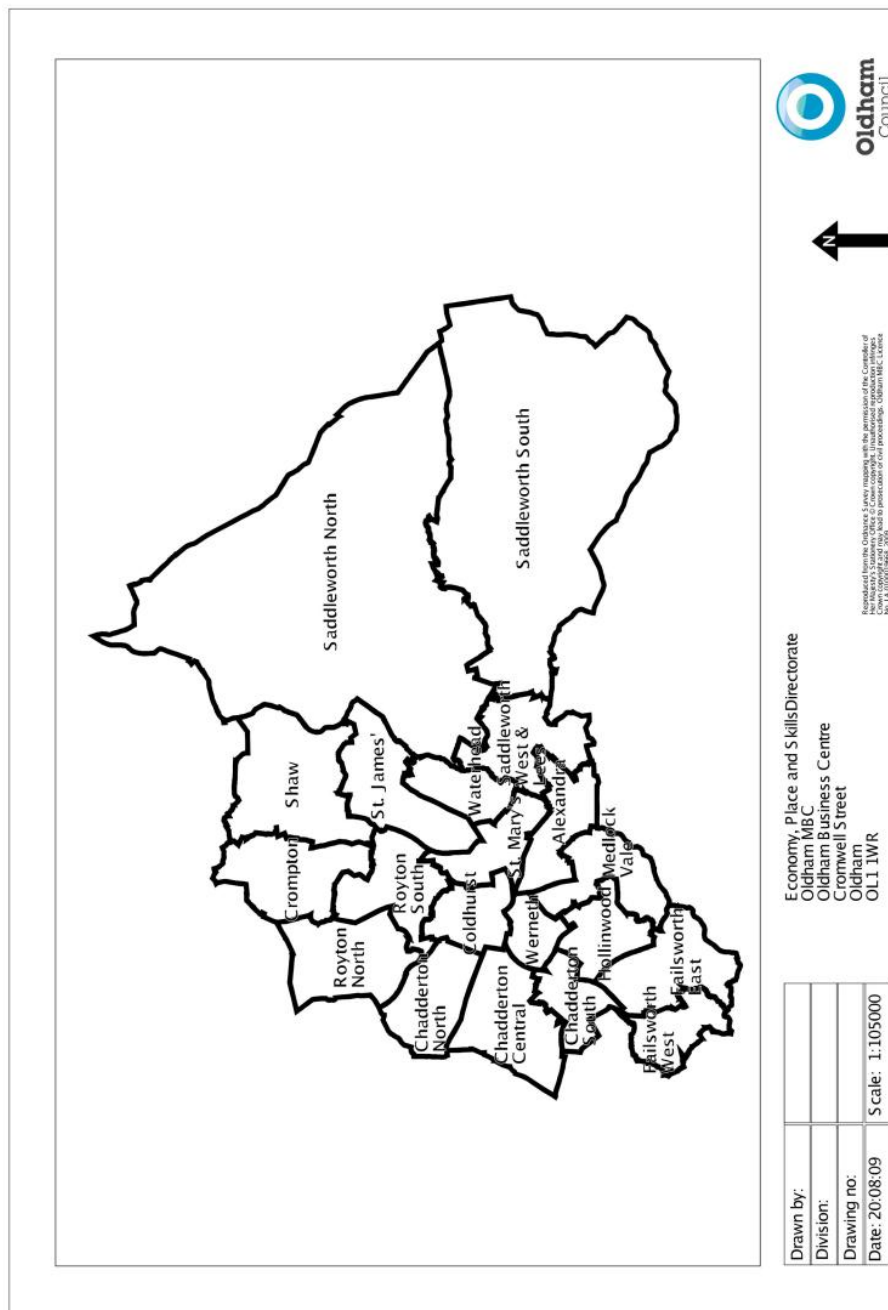
- Development Management
- Housing Strategy
- Housing Implementation
- Property Development and Investment
- Oldham and Rochdale Housing Market Renewal
- Strategic Planning and Information

8.3 At the outset, the project group agreed the parameters of the assessment including what data the model would need to take account of, the scope, the key variables that would need to be tested and other factors that would need to be considered.

8.4 It was agreed that an assessment model would need to be produced that would enable a number of variables to be tested.

8.5 The assessment also needed to consider the differing land values and house prices achievable in different parts of the borough (see map below for ward boundaries) in order to test the borough-wide approach proposed in the emerging LDF.

Ward Map



- 8.6** An outcome of the assessment is the identification of a site threshold that will allow the delivery of affordable housing without prejudicing development viability. The LDF proposes to use the minimum site threshold set out in PPS3 which at present is 15 dwellings. The assessment analyses whether this is appropriate through examining schemes that have a range of capacity. The sites therefore range in size from 5 to 230 dwellings, density and house type mix. Table 1 summarises details of the schemes used within the assessment.

Table 1 Scheme Details

Scheme No.	Density (dwelling per hectare)	Total	Flat / House Proportion (%)
1	46	230	10/90
2	63	110	28/72
3	64	100	0/100
4	71	90	31/69
5	48	75	12/88
6	42	60	14/86
7	46.5	40	24/76
8	75	30	0/100
9	41	25	25/75
10	30	15	0/100
11	53	10	0/100
12	50	5	0/100

- 8.7** The need to ensure that developments provide a mix of house types and sizes is important in order to meet the borough's housing needs and create sustainable communities.⁽¹⁾ The schemes have therefore been identified to ensure that they provide a mix of house types and sizes (including one, two, three and four bedroom flat, terraced, semi-detached and detached properties), in order to examine the impact of providing such developments on the delivery of affordable housing. The council appreciate that it is unlikely that a large number of flats would be delivered in the short term given the current market conditions, however it is felt that a small amount of flats may still be delivered as part of the overall mix for design purposes and to create sustainable communities.

¹ see glossary for definition

- 8.8** This assessment tests various targets to examine the percentage of GDV that may be available for affordable housing. The targets tested were 5%, 7.5%, 10%, 15% and 20%.
- 8.9** The split between social rented and intermediate affordable housing will be an important component of the housing mix on a site, however, it is not necessary to feed this into the model as the final figure produced by the model will be the sum of money that is available for affordable housing whether this is delivered through social-rented or intermediate housing.
- 8.10** Consideration has also been given to other key factors that may impact upon the viability of a development, including:
- a. The availability of public subsidy
 - b. Infrastructure requirements
 - c. The focus on previously developed land ⁽²⁾
 - d. Location
 - e. Findings of the SHMA and the HNDS
- 8.11** This assessment has taken into account the current property climate and the latest information available has been used in constructing the model, which represents the baseline position. It is recognised that in the current climate obtaining affordable housing provision may be difficult, however, the assessment will need to take a long term view to 2026 on how the viability of sites can help to meet the shortage in affordable housing over the longer term. In order to understand how the ability to deliver affordable housing may change we have considered 'poor', 'average' and 'good' market conditions, through altering specific factors built into the model. The baseline position represents the 'average', whilst the 'poor' is represented by a fall in GDV and a build out rate of 30dpa and 'good' is represented by an increase in GDV and a build-out rate of 50dpa. It is also proposed to update the assessment on an annual basis, as part of future AMR's, to take account of changes in market conditions and other circumstances, where appropriate.

8.2 Assessment Model

- 8.12** At the time of writing there is no formal guidance available for undertaking economic viability assessments of this nature. Consideration was given to a number of different approaches, including those used by other Local Planning Authorities, such as South Hams District Council and those within Greater Manchester where an assessment had been completed. Consideration was also given to the Economic Appraisal Tool used by the Homes and Community Agency however it was felt to be very site specific and too detailed for a strategic assessment of this nature. The project group agreed upon the assessment model and approach used as set out below, which was felt to meet the particular circumstances within the borough.
- 8.13** When appraising an opportunity, it would be prudent for developers to approach the potential viability of a scheme by assessing the residual sum available to purchase an area. In this instance, a developer would look at the likely revenue generated from the scheme and then seek to deduct build costs, planning contributions (i.e. an affordable housing contributions at the required 7.5%) and the cost of sales and finance

2 see glossary for definition

etc. from the GDV to obtain a land purchase price. Unfortunately however, if accepting this approach, in some areas (of particularly low value), the land value would be close to a zero sum. A landowner in any area would have a certain aspiration as to what he is prepared to accept for an area of land, often based on similar transactions from the locality. Therefore, if a developer was only able to offer a nominal sum for an area of land, it is unlikely that the landowner would sell the land and the larger areas of land, would be left vacant.

8.14 By the council lowering their expectations in certain wards, this would ensure that land values remain consistent and that development continues. The council has incorporated land values within the calculations and using the residual sum to identify the level of developer contribution that would be viable.

8.15 The assessment model culminates in a projected profit figure which is then used to determine the proportion of the GDV that can go towards affordable housing provision, whilst ensuring that the proposed development remains viable for the developer to proceed.

Table 2

Number of Units Sales Value = Gross Development Value (A)
Land Purchase Price Stamp Duty Professional Fees (including legal, planning and technical fees) Ground Investigation Land Search Costs (including local search, coal authority and united utilities) = Land Acquisition Costs (B)
Build Cost (including unit build cost, overheads and external costs) Sales Costs = Development Costs (C)
Finance (on land and houses) (D)
A - (B + C + D) = Projected Profit (F)

8.16 The assessment model culminates in a 'surplus' figure following the deduction of the total development costs from the total development sales value. At this stage no planning obligations have been fed into the model and it has not allowed for abnormal costs. The 'surplus' figure is therefore what is available to go towards:

- a. Meeting development profit margins;
- b. Planning obligations (such as affordable housing and open space); and
- c. Site specific costs (including specific design requirements and remediation).

8.17 The ability to deliver affordable housing provision and meet the various targets to be tested is discussed in later chapters of this report. The remaining sections of this chapter look at the information that has been fed into the model.

8.18 Appendix G contains a worked example provided as a 'walk through' so the methodology set out within this chapter can be understood.

8.3 Site Revenue

House Price Information

8.19 Information was collated on house prices to feed into the calculation of GDV.

8.20 Initially Land Registry data was obtained for all house sales during the period 1 January 2007 to 30 November 2008 for Greater Manchester. Using postcode data the house sales relating to Oldham were identified. Where a postcode splits between one or more wards the postcode was assigned to the ward which contained the greatest number of addresses so that it could be assigned to one ward only.

8.21 Following various runs of the model it was felt that this data did not accurately reflect the sales values being achieved within the borough. There tends to be a premium attached to new build property when first sold, however, the Land Registry data included re-sales (due to the small number of new build house sales available) and it was considered this led to lower sale values than those that were actually being achieved within the borough. The house sales values have therefore been revisited following an assessment of recent new build schemes within the borough and officer knowledge of Property Development and Investment. This process identified minimum and maximum figures per square foot for houses and apartments within each ward (see Appendix A).

8.22 Similar to build costs, sales values can vary depending on the locality within a particular ward or the quality and design of the build. The model therefore needed to look at the typical developments coming forward in order to present an accurate and relevant strategic overview that could be applied to a wide-range of developments in different areas. It is anticipated that the majority of developments would be at the higher end of the tolerances set out in Table 3, as the lower value end is more likely to relate to council owned housing estates where you would expect less open market housing to be developed or to be for sale. Conversely, there are some wards, such as Failsworth East and Medlock Vale, where the higher-end value may not be reflective of the general nature of housing within the area, as values will be enhanced by the impact of small pockets of higher value land such as Woodhouses and Bardsley. The sales values used in the assessment are shown in Table 3.

Table 3 Sales values used in GDV calculation

	Proportion of maximum sales value used (%)	House (£ per sq ft)	Apartment (£ per sq ft)
Alexandra	90	117	126
Chadderton Central	90	162	171
Chadderton North	90	157.50	166.50
Chadderton South	90	157.50	166.50
Coldhurst	90	148.50	153
Crompton	90	180	198
Failsworth East	85	170	187
Failsworth West	90	157.50	166.50
Hollinwood	90	144	153
Medlock Vale	85	136	140.25
Royton North	95	171	175.75
Royton South	95	171	175.75
Saddleworth North	90	198	207
Saddleworth South	90	198	207
Saddleworth West and Lees	90	198	207
Shaw	95	171	175.75
St James	85	148.75	153
St Marys	90	144	148.50
Waterhead	95	166.25	175.75
Werneth	90	144	153

Gross Development Value

8.23 The GDV for each scheme has been calculated on a ward by ward basis as follows:

1. The house mix of each notional site was identified by house type (flat, terrace, semi-detached and detached) and size (1,2, 3 and 4+ bedroom).
2. The average dwelling sizes (sq ft) were identified for each house type and size.

3. Dwelling size and number of dwellings were then multiplied to provide a total development size figure for houses and apartments.
4. The total house and apartment dwelling size figure was then multiplied by the relevant sales values (sq ft) shown in Table 3 above.

8.24 The GDV for each notional scheme by ward is shown in Appendix A.

8.4 Land Acquisition

Land Values

8.25 Land values were identified for each ward based upon known examples and Property Development and Investment's experience and knowledge of local area. The minimum, maximum and average land values are shown in Table 4. The land value for each scheme by ward can be found in Appendix B.

Table 4 Land Values by Ward

	Min	Max	Average
	£k/acre	£k/acre	£k/acre
Alexandra	200	450	325
Chadderton Central	300	650	475
Chadderton North	250	650	450
Chadderton South	425	650	537.5
Coldhurst	225	575	400
Crompton	500	700	600
Failsworth East	350	700	525
Failsworth West	350	650	500
Hollinwood	150	450	300
Medlock Vale	150	600	375
Royton North	500	700	600
Royton South	600	675	637.50
Saddleworth North	550	775	662.50
Saddleworth South	650	800	725
Saddleworth West & Lees	575	700	637.50
Shaw	400	700	550
St James	300	550	425

	Min £k/acre	Max £k/acre	Average £k/acre
St Marys	200	475	337.5
Waterhead	300	600	450
Werneth	250	450	350

8.26 Minimum and maximum land values have been provided to show the range of land values likely within each ward, however these are only likely to be achieved in a limited number of cases with the bulk of transactions taking place in the middle of the range. An average of the minimum and maximum land values has therefore been calculated and used within the assessment.

8.27 Table 4 shows that the highest average land values per acre are achieved in Saddleworth South at £725,000 followed by Saddleworth North at £662,500 and Royton South and Saddleworth West & Lees at £637,500. The lowest average land values are found in Hollinwood at £300,000 followed by Alexandra at £325,000, St Mary's at £337,500 and Werneth at £350,000.

8.28 The greatest variance in the minimum and maximum land values achieved is in Medlock Vale where land values can range from £150,000 an acre to £600,000 an acre. This demonstrates the variances within wards and that whilst land values may be generally lower within a particular ward there are also more affluent areas (for example Bardsley in Medlock Vale) where high land values are achievable. This is similarly the case in Failsworth East which has a high-value pocket of land, with values in Woodhouses being significantly higher than the surrounding area.

Stamp Duty

8.29 Stamp Duty is payable on all land purchase as shown in Table 5 and has been incorporated into the assessment model. ⁽³⁾

Table 5 Stamp Duty Required on Land Purchase

Purchase Price	Stamp Duty required
Up to £150,000 where annual rent is under £1,000	0%
Up to £150,000 where annual rent is £1,000 or more	1%
Over £150,000 to £250,000	1%
Over £250,000 to £500,000	3%
Over £ 500,000	4%

Professional Fees

³ Source is www.hmrc.gov.uk

- 8.30** For the purposes of this assessment, professional fees are assumed to be 3% of the GDV and include legal, planning and technical fees. This percentage has been based on an assessment of a number of development appraisals submitted to the council and is considered representative of the likely costs in bringing a development forward.

Ground Investigation

- 8.31** Ground investigation fees are assumed to be 2% of the land purchase price. As with the professional fees this percentage has been based on market evidence following an assessment of development appraisals submitted to the council and is considered representative of the likely costs associated with ground investigation.

Search Costs

- 8.32** Search costs include local searches, Coal Authority and United Utilities searches. These are standard irrespective of land purchase price, location or size of site etc and are assumed to be £272 for all schemes.
- 8.33** The total land acquisition costs for each notional scheme by ward can be found in Appendix C.

8.5 Build Costs

- 8.34** Build costs have been taken to include the following:

- Unit build costs (including foundations, brickwork, roofing, windows and internal fit out etc)
- Overheads (including site maintenance, staff salaries, plant hire, insurance, security etc); and
- External costs (including sewer and drainage works, road installation, driveways, gardens, parking etc).

- 8.35** When considering the current Building Cost Information Service (BCIS) data, it is noted that the majority of new build housing developments should be developed at a range between £70 to £90 per square foot for a house and £80 to £90 per square foot for a flat type development. For the purposes of this assessment it has been assumed that in all cases the maximum build costs of £90 per sq ft apply.

- 8.36** It is recognised that build costs may vary depending upon the location of a development. For example, there may be particular design requirements for development within Saddleworth villages or within a conservation area or a mill conversion that necessitate the use of particular, and more expensive, building materials such as natural stone. Similarly, a particular developer may choose to use higher quality materials in order to attract a certain buyer and achieve a higher sales value. However it would be presumed that any such increases in build costs would be offset by increases in likely sales revenue and should therefore not affect the viability of a scheme.

- 8.37** Sustainable development aspirations under Code for Sustainable Homes (levels 3 to 6) require higher design and space standards to be implemented, which may uplift build costs from those used within the assessment. In particular to be eligible for HCA funding Code Level 3 is required for all new build social housing by March 2010 and Code Level 4 by April 2010. The HCA also have particular design and quality standards,

requiring all new build to take account of Lifetime Homes and meet the Building for Life 'silver' criteria. Furthermore developments within the HMR area are also required to meet higher design standards.

8.38 Due to the strategic nature of this assessment it has focused on the development types that are likely to come forward by the market, a maximum build cost of £90 per square foot has therefore been used for houses and flats across the borough. It is not considered appropriate to adjust the model to take account of such differences in design and build quality, as this will ultimately depend upon the location and individual circumstances of the proposal.

8.39 The implications for Code for Sustainable Homes on development viability have been considered further in chapter 12.

Dwelling Size

8.40 In order to estimate the build costs for each notional scheme it is necessary to establish the size of various dwelling types. For the purpose of this assessment the size of each dwelling type is based on the average sizes calculated from a range of actual schemes in the borough (see Table 6) that have recently been granted planning permission.

Table 6 Average Dwelling Size by Type and Size (sq ft)

	1 bedroom	2 bedroom	3 bedroom	4+ bedroom
Flat	528	629	823	
Detached		679	971	1388
Semi-detached		658	980	1269
Terraced	556	654	982	1052

8.41 Each house type that forms part of the scheme tested within this assessment has then been broken down by size reflecting the site it was based on. From this the build cost has been calculated for each notional scheme, details of which can be found in Appendix D.

Sales Costs

8.42 Sales costs include marketing, the fitting out of show homes and the production of literature. It is assumed that sales costs equate to 2% of GDV, which, based on market evidence, is considered representative of the likely costs in bringing a development forward.

8.6 Abnormals

8.43 As previously stated the model does not allow for abnormal costs but it assumes normal costs for site development. It is considered that to some degree abnormal costs will be reflected in the land value paid. Given that abnormals vary significantly from site to site depending on their individual circumstances it is not considered appropriate to

include such costs in a strategic assessment of this nature. Such issues and the impact they have on the viability of a development would need to be considered as part of a site-specific economic viability assessment.

8.7 Finance

8.44 For the purposes of this assessment it is assumed that finance will be lent at the same as the council's current borrowing rate, which is 5.3%. This is not a 'preferential rate' and therefore it would be fair to expect that developers could also borrow at this rate. Furthermore this rate reflects the Bank of England 'Banks Base Rate' average achieved over the last 15 years. It is acknowledged that the rate would be subject to change dependent on the Bank of England base rate, and the council will review this assessment on annual basis as part of the council's AMR. It is assumed that there is no arrangement fee.

8.45 Finance has been calculated for both the land acquisition and the building of the development itself.

8.46 In relation to finance for the building of the development itself it has been assumed that finance is not needed for the entire development period but is drawn upon as needed. A build-out rate of 40 dwellings per annum has been assumed in order to calculate the build period for the schemes. It has been assumed that despite their capacity no scheme would take less than one year to complete.

8.47 The assumptions regarding land holding and build-out rates used for each notional scheme are shown in table 7.

Table 7 Finance assumptions regarding land holding and build period

Notional Site	Capacity	Land Holding Period (years)	Build Period (years)	Finance on Land (years)	Finance on Build (years)
1	230	1	5.75	6.75	5.75
2	110	1	2.75	3.75	2.75
3	100	1	2.5	3.5	2.50
4	90	1	2.25	3.25	2.25
5	75	1	1.875	2.88	1.88
6	60	1	1.5	2.50	1.50
7	40	1	1	2	1
8	30	1	1	2	1
9	25	1	1	2	1
10	15	1	1	2	1

Notional Site	Capacity	Land Holding Period (years)	Build Period (years)	Finance on Land (years)	Finance on Build (years)
11	10	1	1	2	1
12	5	1	1	2	1

8.48 Applying a build-out rate of 40dpa results in a build period of 5.7 years for scheme 1. This may or may not be realistic and were market conditions to improve a build-out rate of 50dpa may be more appropriate, which result in a build period of 4.6 years. The sensitivity testing in chapter 8 looks at the impact different build-out rates (20dpa, 30dpa and 50dpa) have on the ability to deliver affordable housing.

8.49 The calculation for finance is therefore:

Total land acquisition costs x finance on land (i.e. 6.75)x finance rate (5.3%) / 2 = rate of borrowing attributed to land

Plus

Total build cost x finance on build (i.e. 5.75) x finance rate (5.3%) / 2 = rate of borrowing attributed to land.

8.8 Total Cost and Projected Profit

8.50 The 'surplus' available from a development has been calculated by deducting the total development cost from the total development sales value.

8.51 The total development cost is calculated by adding together the following:

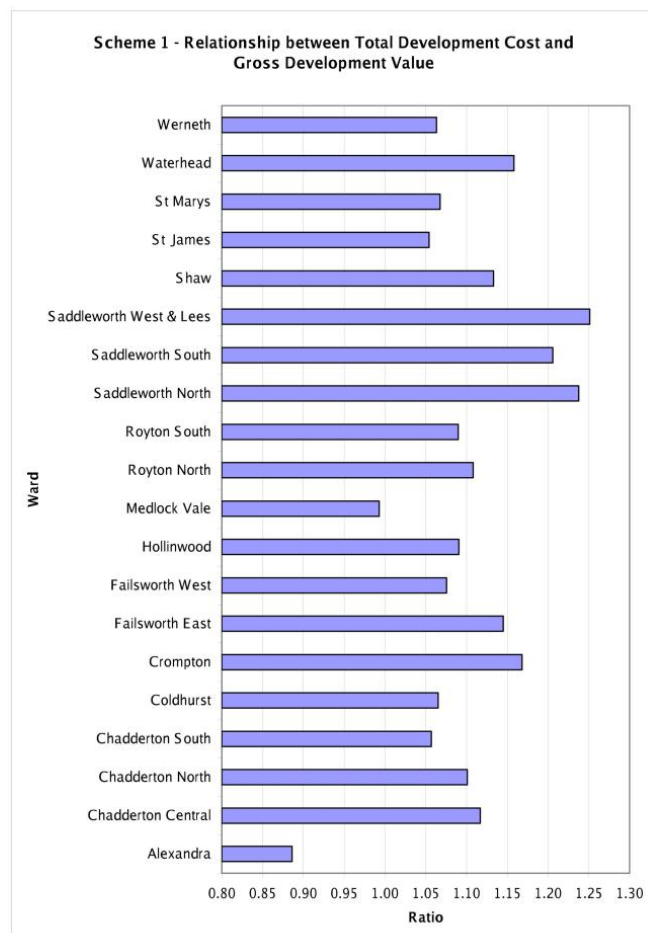
- Land acquisition costs
- Build costs
- Finance

9 Results

- 9.1** This chapter presents the findings of the baseline information.
- 9.2** The figures contained within this section show the relationship between total development costs and the total development sales value generated by the development.
- 9.3** Clearly anything with a ratio of below 1.00 is not viable as the total development cost exceeds the total sales value generated by the development.

Notional Scheme 1

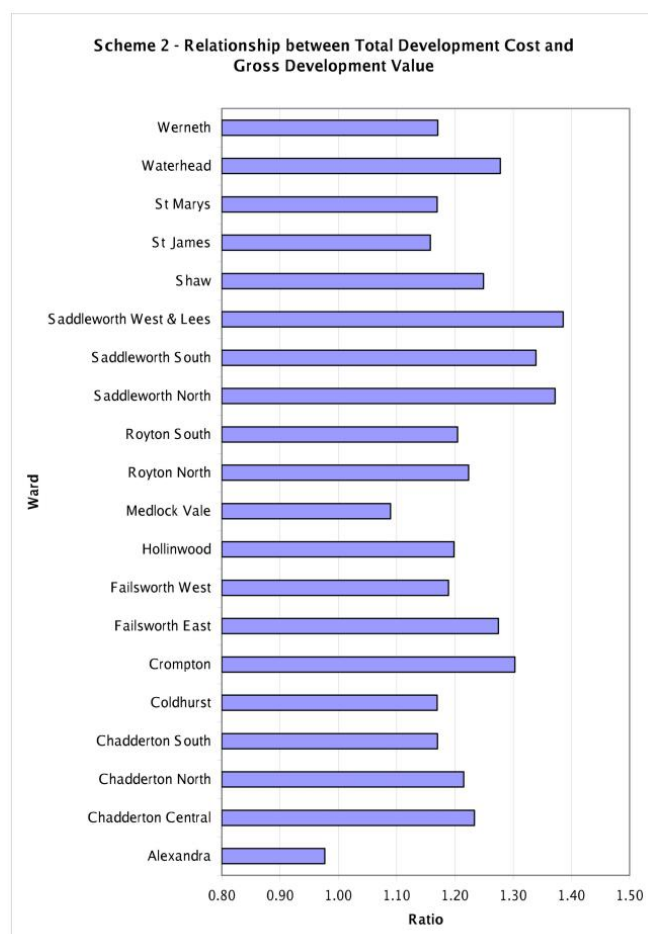
- 9.4** The mix breakdown of notional scheme 1 is 15 two bedroom flats, 148 three bedroom units comprising eight flats, ten detached, 25 semi-detached and 105 terraced properties, 67 four plus bedroom units comprising four detached, 12 semi-detached and 51 terraced properties.



9.5 The figure above shows that both in Alexandra and Medlock Vale total development costs exceed the total development sales value generated, making scheme 1 unviable in both these wards. Scheme 1 generates the greatest level of 'surplus' in the three Saddleworth wards, followed by Crompton, Waterhead and Failsworth East.

Notional Scheme 2

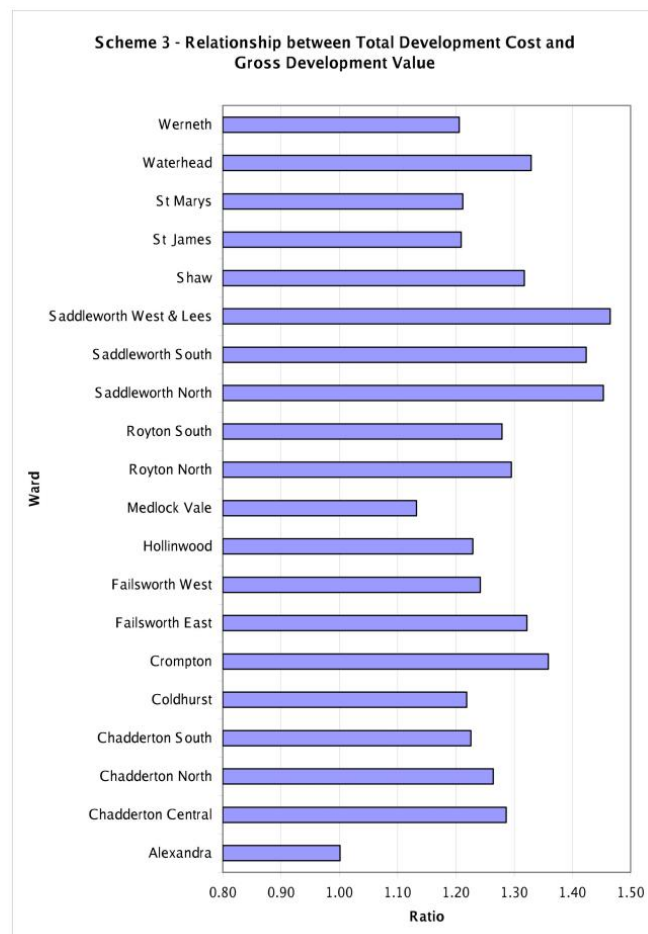
- 9.6** The mix breakdown of notional scheme 2 is 67 two bedroom units comprising 29 flats, one detached and 37 terraced properties, 14 three bedroom units comprising two flats, two semi-detached and 10 terraced properties, and 29 four plus bedroom terraced properties.



The figure above shows that in Alexandra total development cost exceeds the total development sales value generated making scheme 2 unviable. Scheme 2 generates the greatest level of 'surplus' in the three Saddleworth ward and Crompton where the ratio achieved exceeds 1.30. Overall there are 11 wards where the ratio exceeds 1.20.

Notional Scheme 3

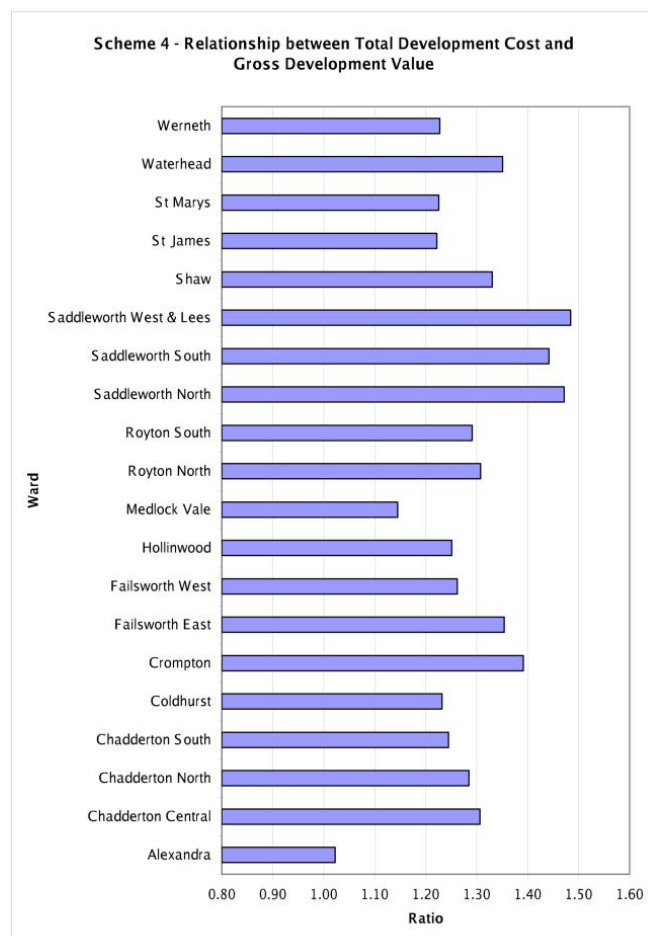
- 9.7** The mix breakdown of notional scheme 3 is 20 two bedroom units comprising five detached, 11 semi-detached and 4 terraced properties, 51 three bedroom units comprising 15 detached, 25 semi-detached and 11 terraced properties, and 29 four plus bedroom units comprising nine detached, 15 semi-detached and five terraced properties.



- 9.8** The figure above shows that for scheme 3 the total development sales value exceeds the total development cost in all wards, thereby generating an amount of 'surplus' in all wards. This amount of 'surplus' generated varies significantly across the wards in the borough with ratios ranging from 1.0015 in Alexandra to 1.4648 in Saddleworth West and Lees. The scheme generates the most amount of 'surplus' in the three Saddleworth wards followed by Crompton, Failsworth East and Waterhead.

Notional Scheme 4

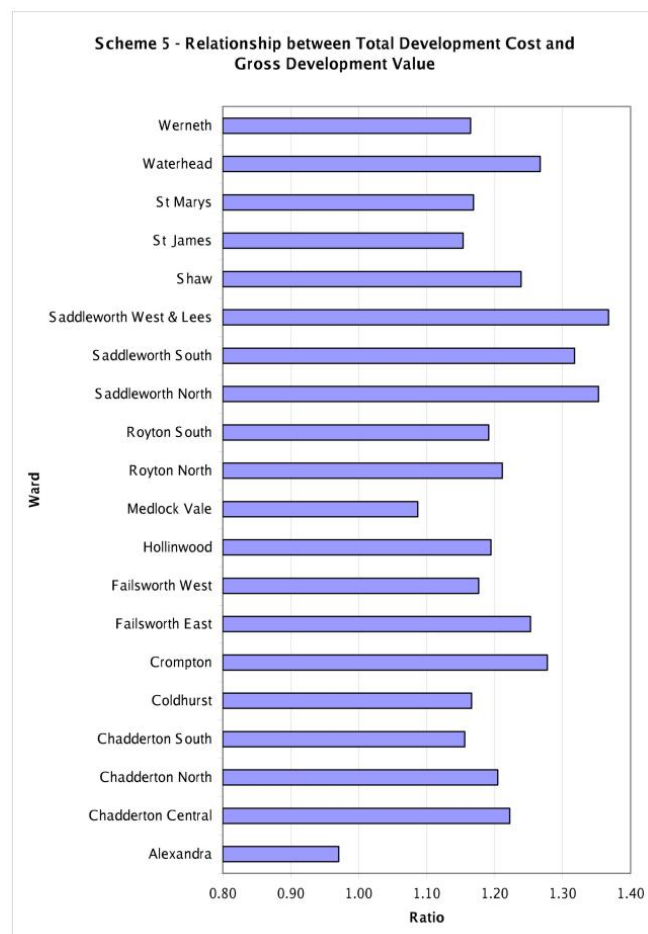
- 9.9** The mix breakdown of notional scheme 4 is 28 two bedroom flats, 44 three bedroom properties comprising 2 semi-detached and 42 terraced properties, and 18 four plus bedroom terraced properties



- 9.10** The figure above shows that for scheme 3 the total development sales value exceeds the total development cost in all wards, thereby generating an amount of 'surplus'. The amount of 'surplus' generated by scheme 4 is however very limited in Alexandra with a ratio of 1.0224. The amount of 'surplus' generated varies significantly across the borough depending on the ward with ratios ranging from 1.0224 in Alexandra to 1.4838 in Saddleworth West and Lees. A ratio of 1.30 is exceeded in nine of the twenty wards - Chadderton Central, Shaw, Waterhead, Failsworth East, Crompton, Saddleworth South, Saddleworth North and Saddleworth West & Lees. In the three Saddleworth wards the ratios achieved exceed 1.40.

Notional Scheme 5

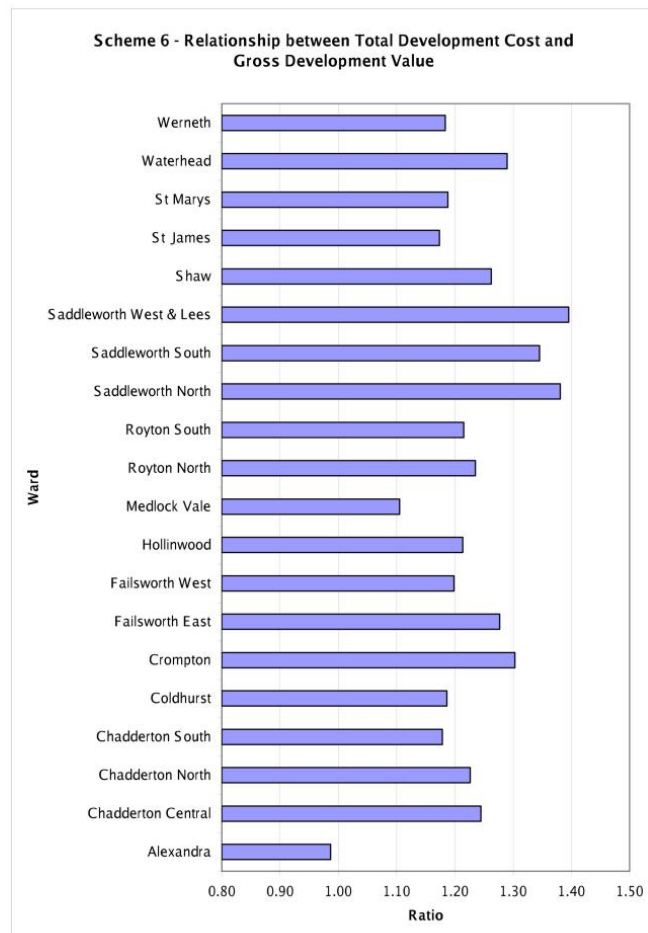
9.11 The mix breakdown of notional scheme 5 is four one bedroom units comprising one flat and three terraced properties, eight two bedroom flats, 61 three bedroom units comprising five detached, ten semi-detached and 46 terraced properties, and two four plus bedroom semi-detached properties.



9.12 The figure above shows that in Alexandra total development cost exceeds the total development sales value generated making scheme 5 unviable. Scheme 5 generates the greatest level of 'surplus' in the three Saddleworth ward where the ratio achieved exceeds 1.30. Overall there are 10 wards where the ratio exceeds 1.20.

Notional Scheme 6

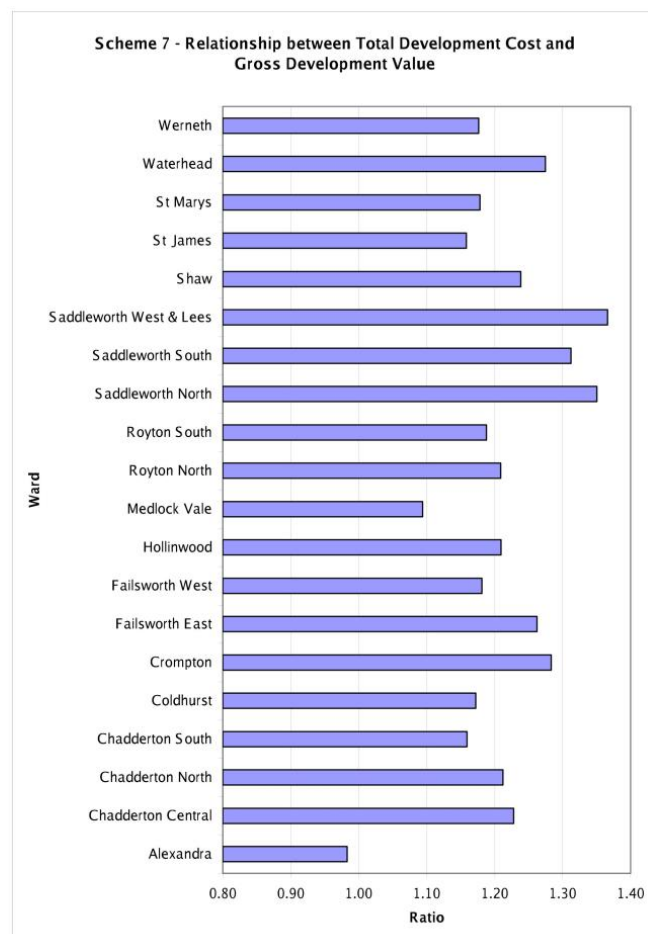
9.13 The mix breakdown of notional scheme 6 is nine two bedroom flats, 23 three bedroom units comprising 13 detached and ten semi-detached, and 29 four plus bedroom units comprising 16 detached and 13 semi-detached properties.



9.14 The figure above shows that in Alexandra total development cost exceeds the total development sales value generated making scheme 6 unviable. Scheme 6 generates the greatest level of 'surplus' in the three Saddleworth ward where the ratio achieved exceeds 1.30. Overall there are 12 wards where the ratio exceeds 1.20.

Notional Scheme 7

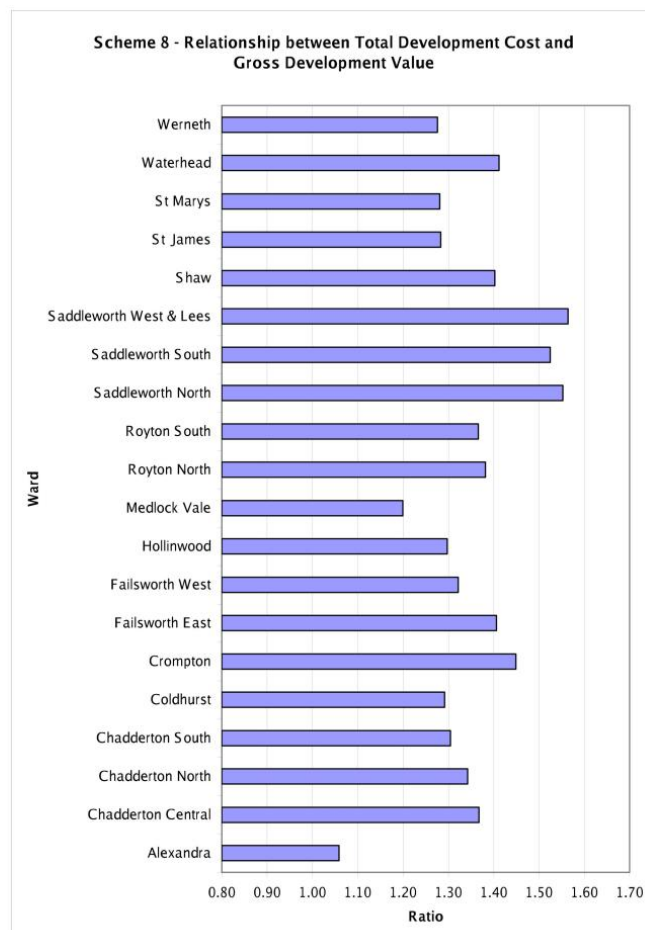
9.15 The mix breakdown of notional scheme 7 is a one bedroom flat, 20 two bedroom units comprising nine flats and 11 terraced properties, ten three bedroom units comprising four semi-detached and six terraced properties, and 9 four plus bedroom units comprising four detached, four semi-detached and one terraced properties.



9.16 The figure above shows that once again in Alexandra total development cost exceeds the total development sales value generated making scheme 7 unviable. Scheme 7 generates the greatest level of 'surplus' in the three Saddleworth ward where the ratio achieved exceeds 1.30. After Saddleworth the scheme is most viable in Crompton, Waterhead and Failsworth East. Overall there are 11 wards where the ratio exceeds 1.20.

Notional Scheme 8

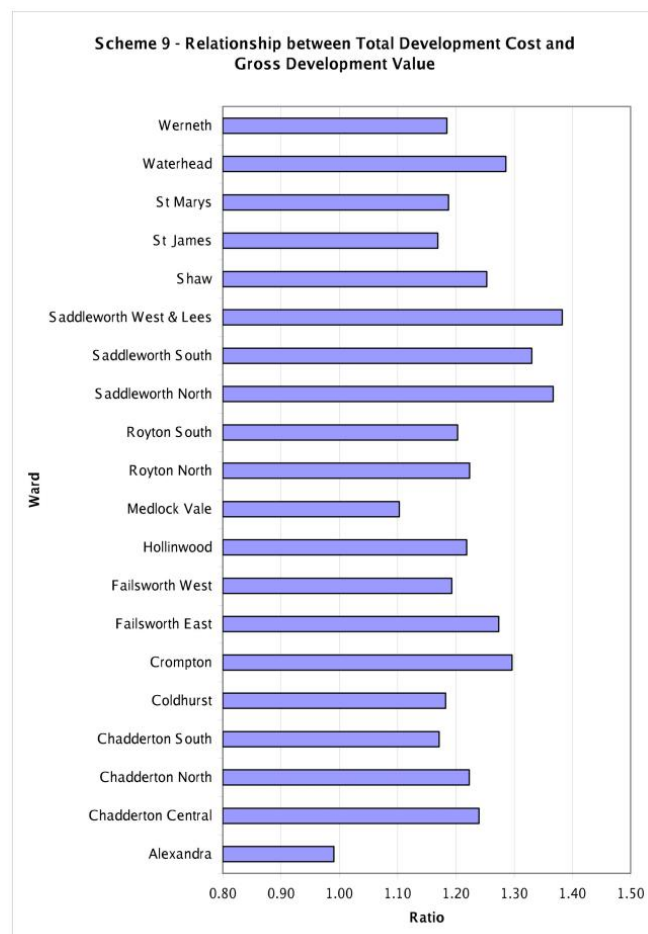
9.17 The mix breakdown of notional scheme 8 is 30 three bedroom terraced properties.



9.18 The figure above shows that for scheme 8 the total development sales value exceeds the total development cost in all wards, thereby generating an amount of 'surplus'. The amount of 'surplus' generated by scheme 8 is however very limited in Alexandra with a ratio of 1.0584. Aside from Medlock Vale and Coldhurst scheme 8 achieves ratios exceeding 1.30 in all other wards, thereby proving to be the most viable scheme tested. Indeed the scheme exceeds 1.50 in the three Saddleworth wards.

Notional Scheme 9

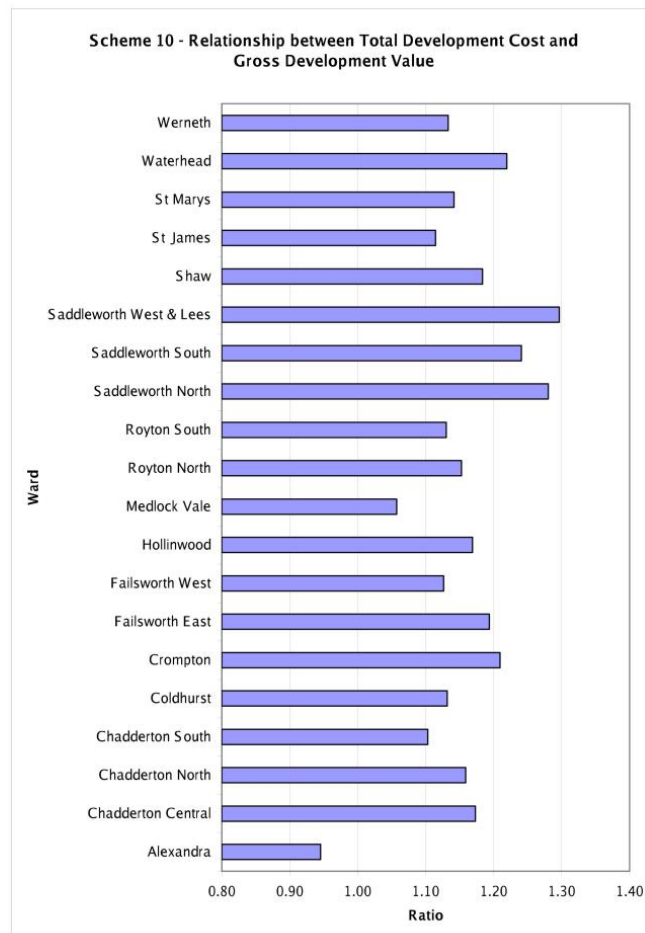
9.19 The mix breakdown of notional scheme 9 is seven two bedroom units comprising six flats and one detached property, eight three bedroom units comprising two detached and six semi-detached, and ten four plus bedroom units comprising eight detached and two semi-detached properties.



9.20 The figure above shows that once again in Alexandra total development cost exceeds the total development sales value generated making scheme 9 unviable. Scheme 9 generates the greatest level of 'surplus' in the three Saddleworth ward where the ratio achieved exceeds 1.30. After Saddleworth the scheme is most viable in Waterhead, Crompton and Failsworth East. Overall there are 12 wards where the ratio exceeds 1.20.

Notional Scheme 10

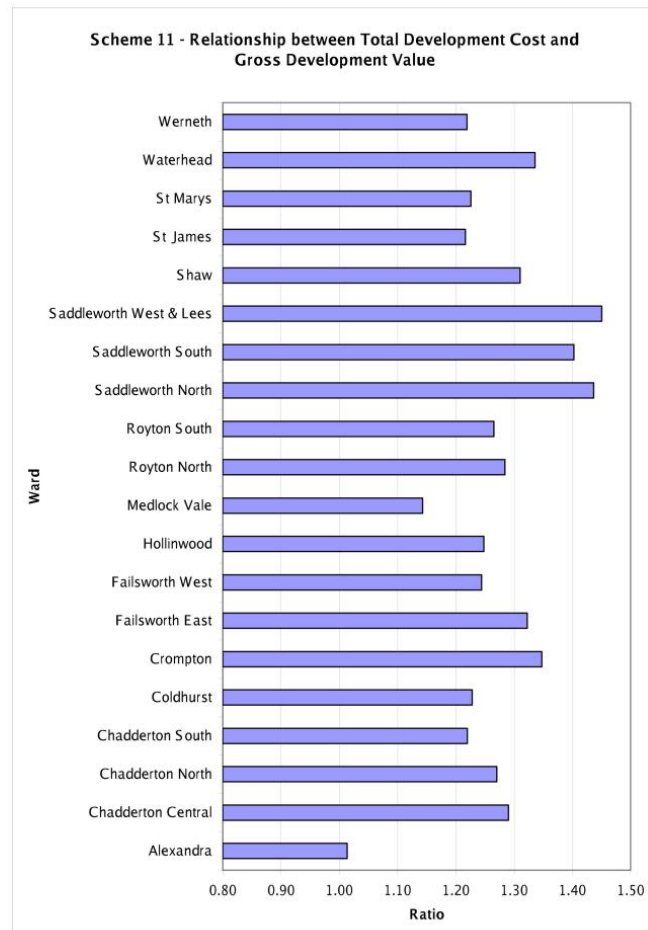
9.21 The mix breakdown of notional scheme 10 is one two bedroom detached property, three three bedroom semi-detached properties, and 11 four plus bedroom semi-detached properties.



9.22 The figure above shows that in Alexandra total development cost exceeds the total development sales value generated making scheme 10 unviable. Scheme 10 only ratios of 1.20 and greater in five wards - the three Saddleworth wards, Waterhead and Crompton.

Notional Scheme 11

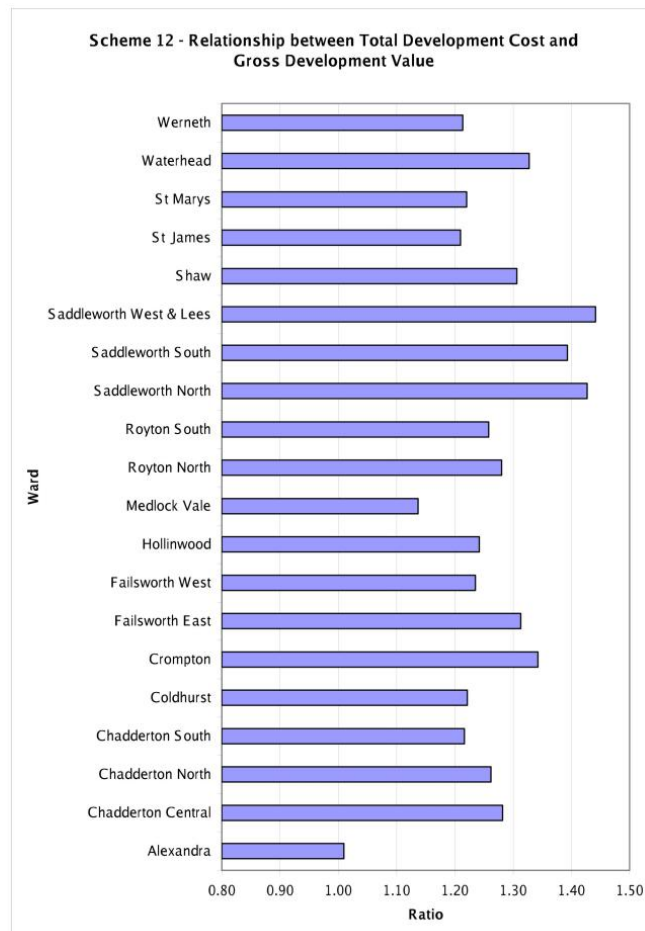
9.23 The mix breakdown of notional scheme 11 is ten three bedroom units comprising one detached and nine semi-detached properties.



9.24 The figure above shows that for scheme 11 the total development sales value exceeds the total development cost in all wards, thereby generating an amount of 'surplus'. The amount of 'surplus' generated by scheme 8 is however very limited in Alexandra with a ratio of 1.0137. Aside from Medlock Vale scheme 11 achieves ratios exceeding 1.30 in all other wards. Indeed the scheme exceeds 1.40 in the three Saddleworth wards.

Notional Scheme 12

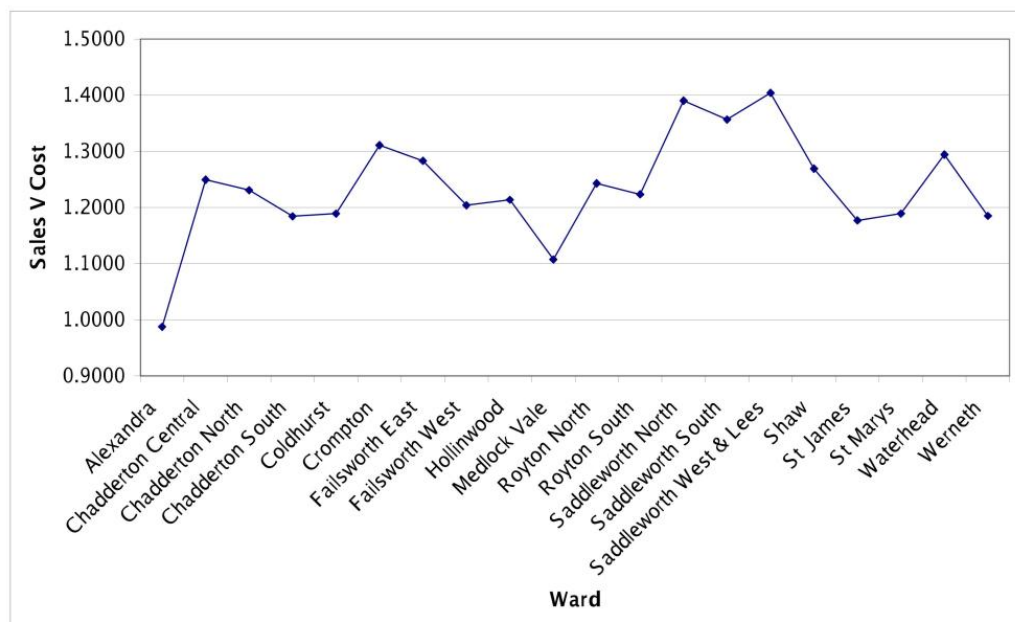
9.25 The mix breakdown of notional scheme 12 is five three bedroom terraced properties.



9.26 The figure above shows that for scheme 12 the total development sales value exceeds the total development cost in all wards, thereby generating an amount of 'surplus'. The amount of 'surplus' generated by scheme 12 is however very limited in Alexandra with a ratio of 1.0093. Aside from Medlock Vale scheme 12 achieves ratios exceeding 1.20 in all other wards. The scheme exceeds 1.40 in Saddleworth North and Saddleworth West & Lees.

Summary

Baseline Scenario - Ward Average of Schemes Tested



9.27 Figure above and table below shows that schemes are least viable within Alexandra ward where in the majority of cases total development sales value fails to exceed the total development cost. This is followed by Medlock Vale which is the second lowest performing ward. The wards where the schemes generate the greatest amount of surplus are the three Saddleworth wards. These are followed by Crompton, Waterhead and Falsworth East.

Relationship between GDV and total development cost - Baseline Position

APPENDIX 1 Relationship between GDV and total development cost - Baseline Position

Notional Site	Description	Alexandra	Chadderton Central	Chadderton North	Chadderton South	Coldhurst	Crompton	Failsworth East	Failsworth West	Hollinwood	Medlock Vale
	1230 units, 5.03ha, 46dph										
	2110 units, 1.75ha, 63dph										
	3100 units, 1.56ha, 64dph										
	490 units, 1.26ha, 71dph										
	575 units, 1.56ha, 48dph										
	660 units, 1.42ha, 42dph										
	740 units, 0.86ha, 46.5dph										
	830 units, 0.4ha, 75dph										
	925 units, 0.61ha, 40.9dph										
	1015 units, 0.50ha, 30dph										
	1110 units, 0.19ha, 52.6dph										
	1215 units, 0.10ha, 50dph										

Notional Site	Description	Royton North	Royton South	Saddleworth North	Saddleworth South	Saddleworth West & Lees	Shaw	St James	St Marys	Waterhead	Werneth
	1230 units, 5.03ha, 46dph										
	2110 units, 1.75ha, 63dph										
	3100 units, 1.56ha, 64dph										
	490 units, 1.26ha, 71dph										
	575 units, 1.56ha, 48dph										
	660 units, 1.42ha, 42dph										
	740 units, 0.86ha, 46.5dph										
	830 units, 0.4ha, 75dph										
	925 units, 0.61ha, 40.9dph										
	1015 units, 0.50ha, 30dph										
	1110 units, 0.19ha, 52.6dph										
	1215 units, 0.10ha, 50dph										

Key

Red – Under 1, therefore not viable

Amber – 'Surplus' of between 1 and 1.11 generated, therefore able to provide developer profit of up to 11%

Green – 'Surplus' of over 1.11 generated.

9.28 The figure above shows that the most viable scheme tested was number 8, which comprised a mix of 30 three bedroom terraced properties. The next most viable schemes were 4 and 3 followed by 11 and 12. Details of the mix of all these schemes can be found in Appendix A to this report. The figure shows that the mix of house type and density of impacts on the viability of the developments. Those schemes that are most viable also tend to be those that are at higher densities, ranging from 50dph to 75dph. Conversely the lower density schemes appear to be the least profitable.

10 Assessment of Alternative Scenarios

10.1 Through this assessment the opportunity has been taken to assess what impact changes in market conditions may have on the 'surplus' available from developments and the deliverability of affordable housing across the borough. This was felt to be an important part of the assessment given the recent changes in market conditions, the need to ensure the longevity of any affordable housing target applied and given recent feedback to neighbouring authorities across Greater Manchester regarding economic viability assessments.

10.2 Poor, average and good market conditions are represented by:

Table 8

Poor A	5% reduction in total development sales value and a build-out rate of 30dpa
Poor B	10% reduction in total development sales value and a build-out rate of 30dpa
Average	Baseline position as described in chapter 9. This assumed a build-out rate of 40dpa
Good A	5% increase in total development sales value and a build out rate of 50 dpa
Good B	10% increase in total development sales value and a build out rate of 50 dpa
Good C	15% increase in total development sales value and a build out rate of 50 dpa
Good D	20% increase in total development sales value and a build out rate of 50 dpa

10.3 This has also provided an opportunity to take account of advice contained in a piece of work undertaken by consultants DTZ on behalf of 4NW, which looked at what influences the viability of affordable housing delivery in the North West. As part of this commission DTZ suggest that in any economic viability assessment a number of variables should be tested to understand the relative impacts on viability and provide a stronger evidence based. These variables included:

- a. Build Costs
- b. Revenue
- c. Amount and mix of affordable housing
- d. Thresholds for affordable housing

10.4 In relation to the last two variables it is not considered necessary to test these as part of this assessment. The mix of affordable housing has not been tested through this assessment as the amount available for affordable housing is as a whole, to be spent as appropriate in light of local need in the form of either social rented or intermediate

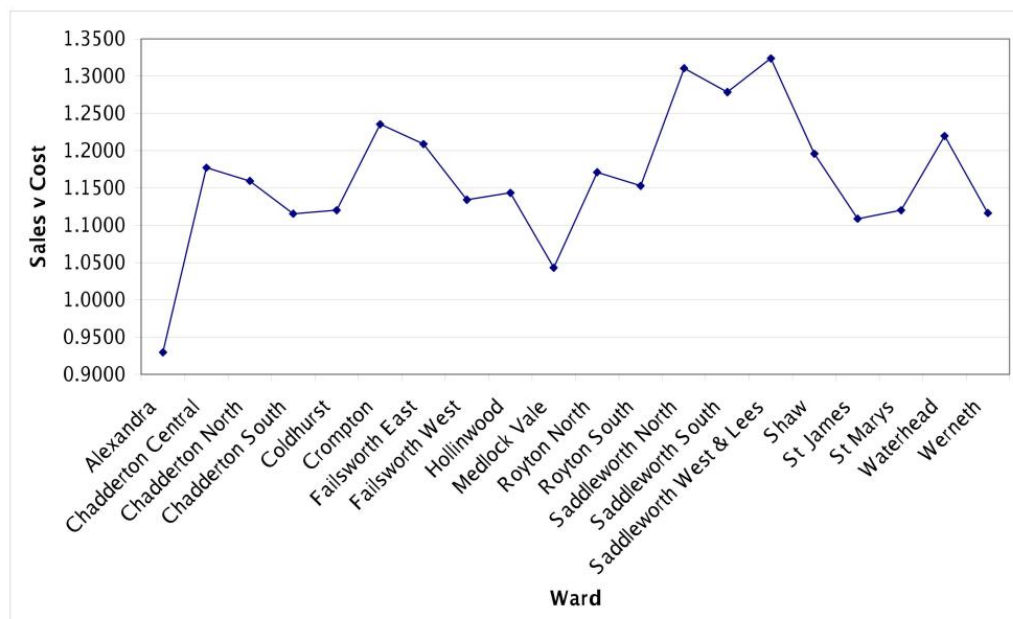
affordable housing. Secondly, the amount of 'surplus' available when the assessment model is run indicates the level, or threshold, of affordable housing a scheme is able to support in particular ward.

10.5 Build costs can have a significant impact on the amount of 'surplus' generated by a development and the proportion that is available for affordable housing. They are particularly important given the increasing design and quality standards required by the HCA, Housing Market Renewal and also the council through application of the Design Guide SPD, as well as initiatives and policies such as Code for Sustainable Homes, Lifetime Homes and Building for Life. The implications of such requirements on the ability to deliver affordable housing across the borough are considered in Chapter 12 of this report.

10.6 The remainder of this chapter looks at the findings of the 'poor', 'average' and 'good' market conditions testing in turn.

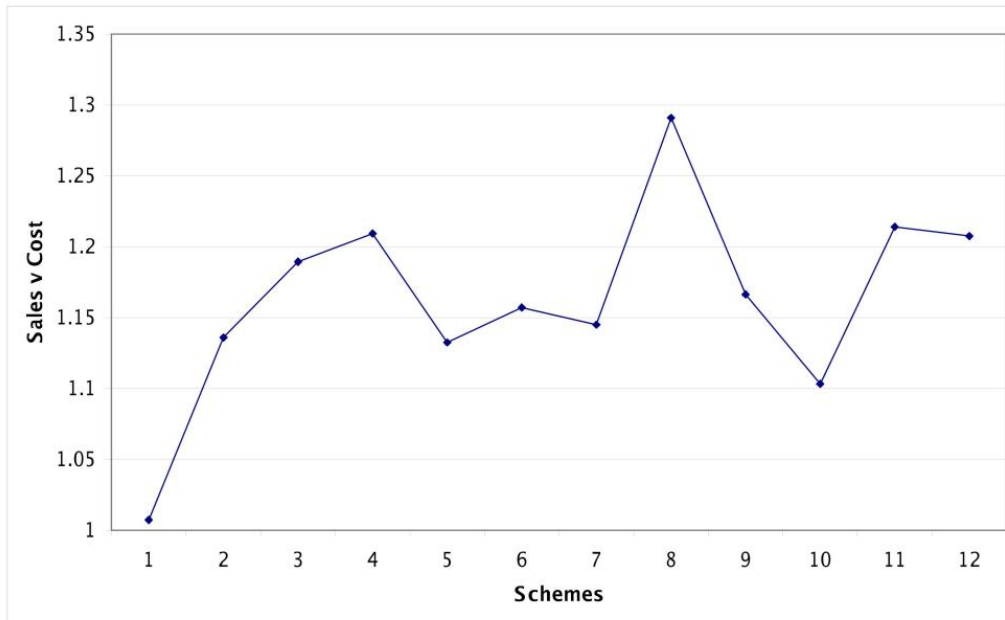
Poor A - 5% reduction in total development sales value and a build-out rate of 30dpa

Poor A Scenario - Ward Average of Schemes Tested



10.7 Figure above shows that on average schemes within Alexandra cost more to develop than what is generated through the sale of the development. This is significantly less than in other wards as all others generate an amount of 'surplus' when deducting the total development cost from the total development sales value, albeit this varies significantly across the borough depending upon location, ranging from 1.1071 in Medlock Vale to 1.4040 in Saddleworth West & Lees.

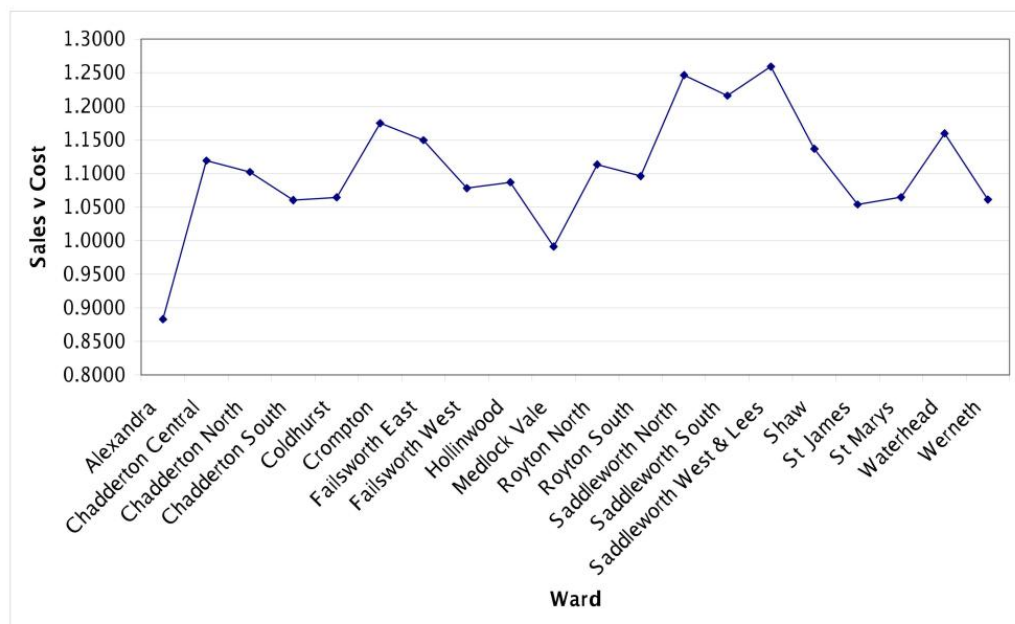
Poor A Scenario - Scheme Average Across Wards



10.8 Figure above shows that whilst scheme 8 remains the most viable out of the schemes tested the amount of 'surplus' generated has inevitably reduced falling from a ratio of 1.3541 when looking at the baseline position to 1.2909 under the 'Poor A' scenario.

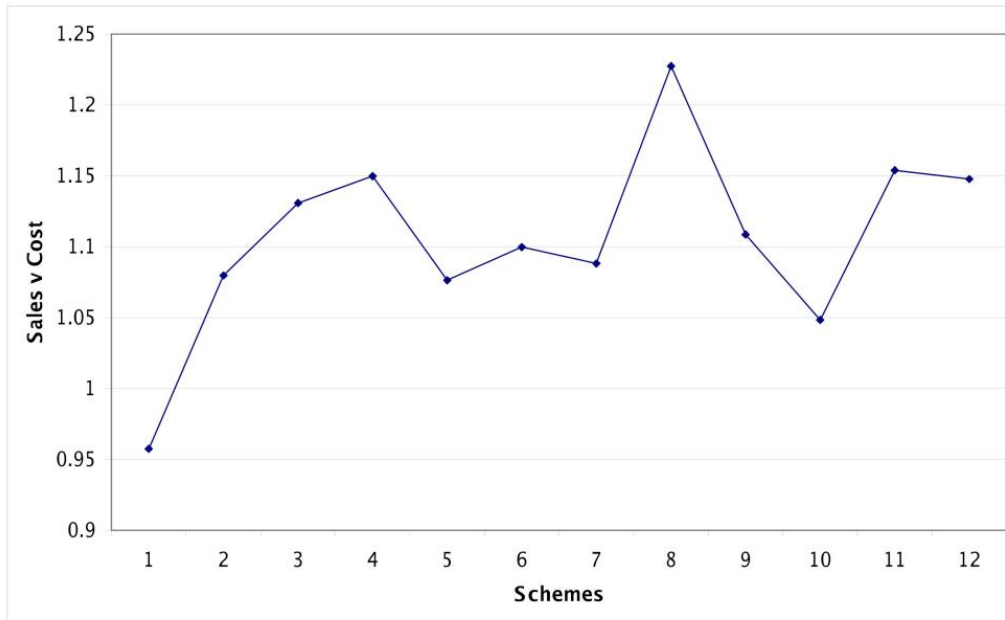
Poor B - 10% reduction in total development sales value and a build-out rate of 30dpa

Poor B Scenario - Ward Average of Schemes Tested



10.9 Figure above shows that on average schemes in Alexandra and Medlock Vale wards are unviable.

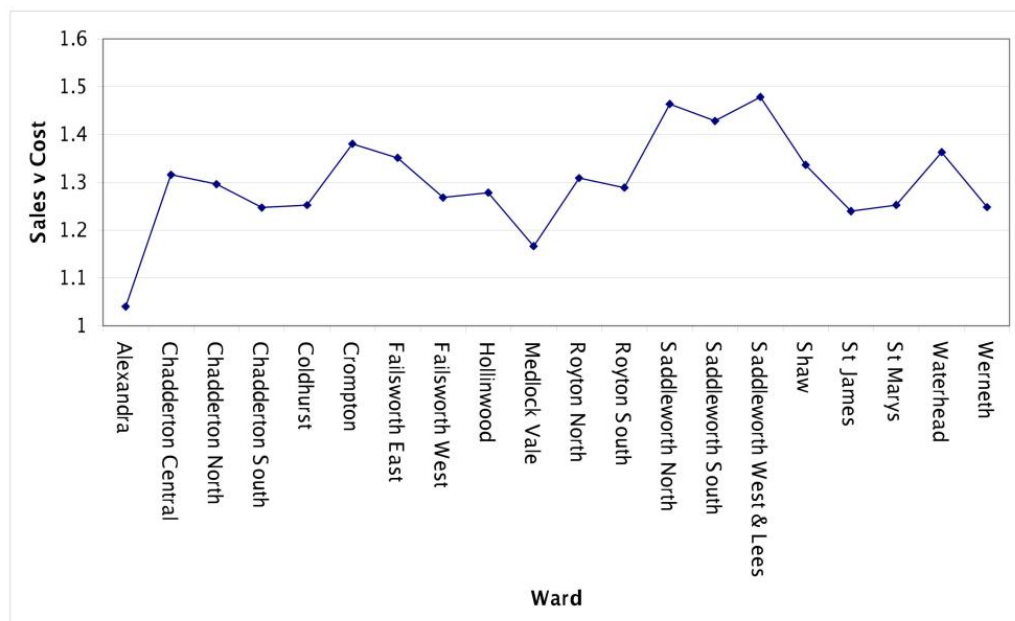
Poor B Scenario - Scheme Average Across Wards



10.10 Figure above shows that once again scheme 8 remains the most viable out of the schemes tested the amount of 'surplus' generated has inevitably reduced further, falling from a ratio of 1.2909 when looking at the 'Poor A' scenario to 1.2274 under the 'Poor B' scenario.

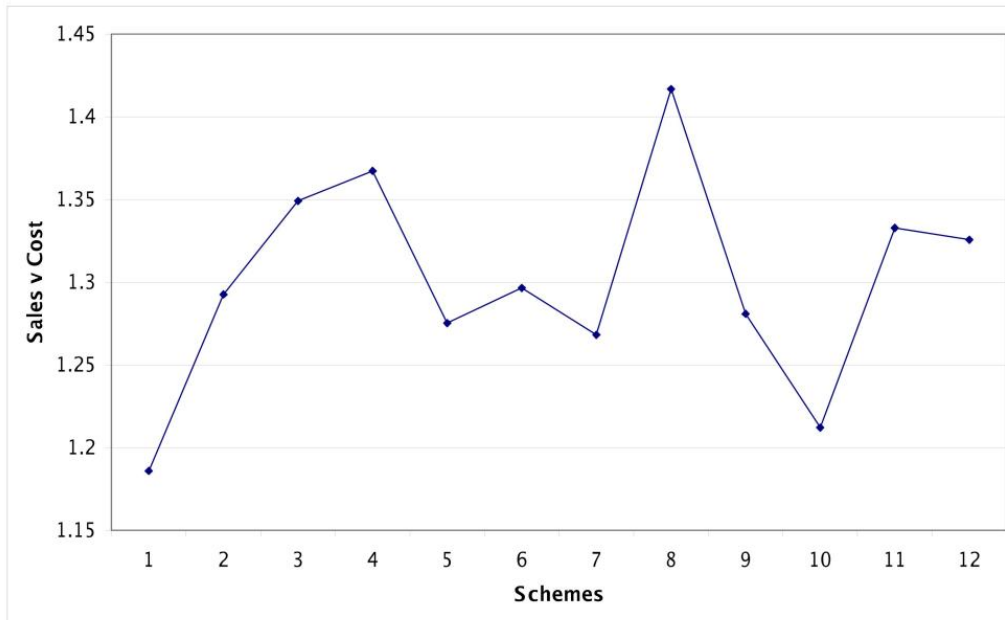
Good A - 5% increase in total development sales value and a build-out rate of 50dpa

Good A Scenario - Ward Average of Schemes Tested



10.11 An increase of 5% of the total development sales value improves development viability across the borough with all schemes providing viable, including Alexandra.

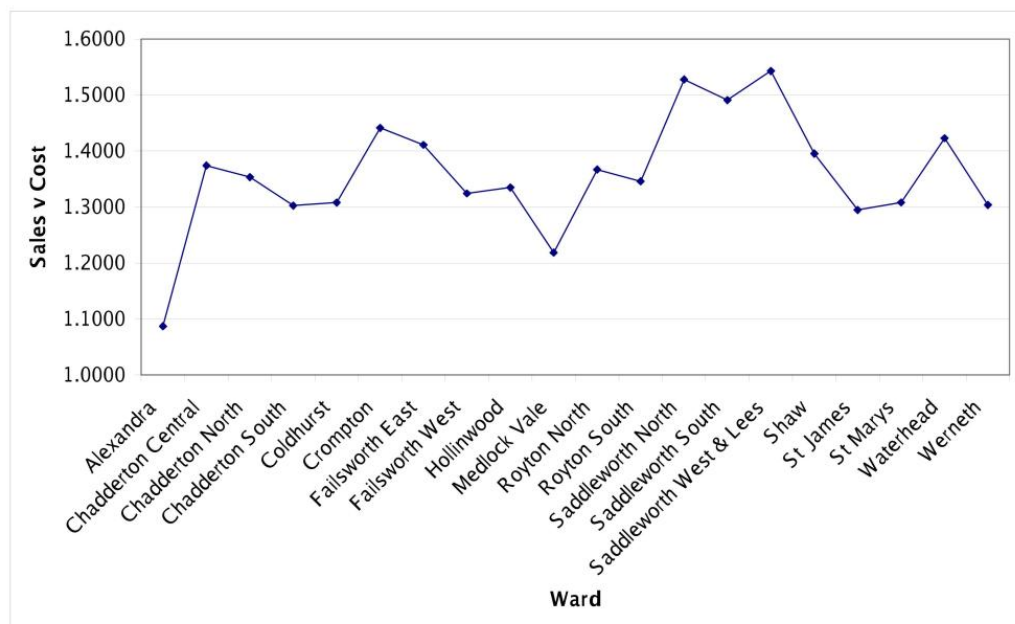
Good A Scenario - Scheme Average Across Wards



10.12 Figure above shows that the total development cost of all schemes exceeds the total development sales value, thereby generating an amount of surplus. Notwithstanding this the amount of 'surplus' that is generated by the schemes varies significantly with the lowest being scheme 1 at an average ratio of 1.1859 to the highest in scheme 8 at an average ratio of 1.4167.

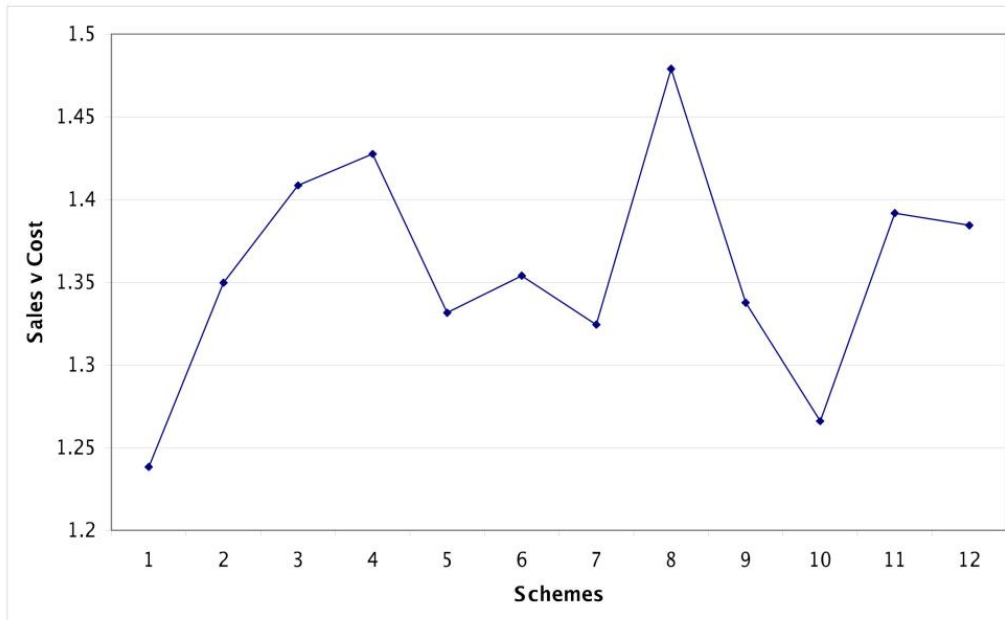
Good B - 10% increase in total development sales value and a build-out rate of 50dpa

Good B Scenario - Ward Average of Schemes Tested



10.13 Figure above shows that the total development sales value of all schemes exceeds the total development cost in all wards of the borough, including Alexandra. As to be expected the amount of surplus generated is greater than in the 'Good A' scenario and the range varies significantly across the borough, from an average ratio of 1.0872 in Alexandra to an average ratio of 1.5430 in Saddleworth West & Lees.

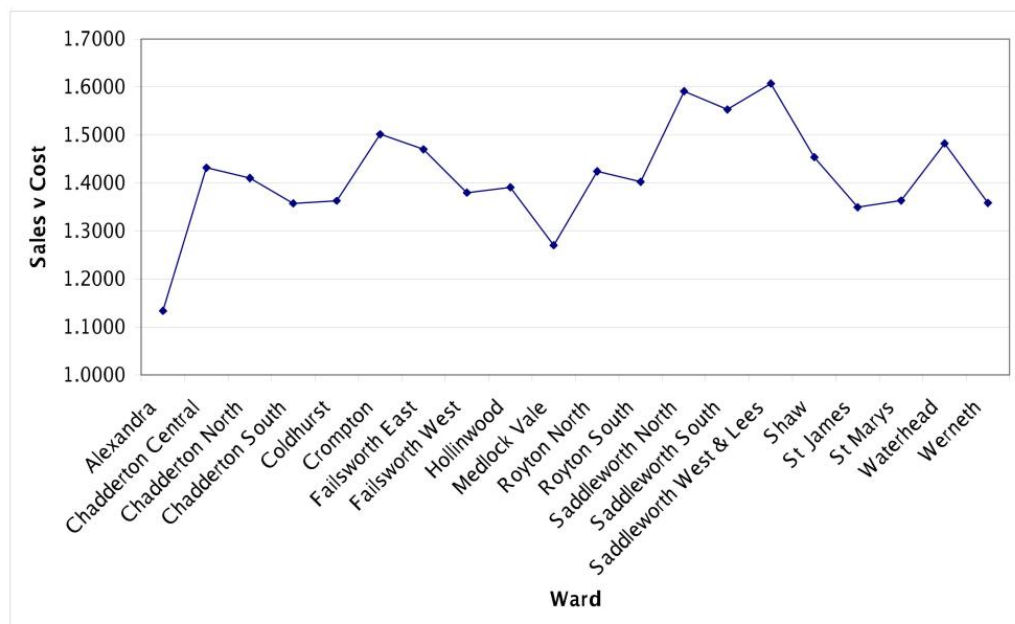
Good B Scenario - Scheme Average Across Wards



10.14 Figure above shows that once again the total development cost of all schemes exceeds the total development sales value, thereby generating an amount of surplus, which is greater than under the 'Good B' scenario. The amount of 'surplus' that is generated by the schemes varies significantly with lowest being scheme 1 at an average ratio of 1.2384 to the highest in scheme 8 at an average ratio of 1.4789.

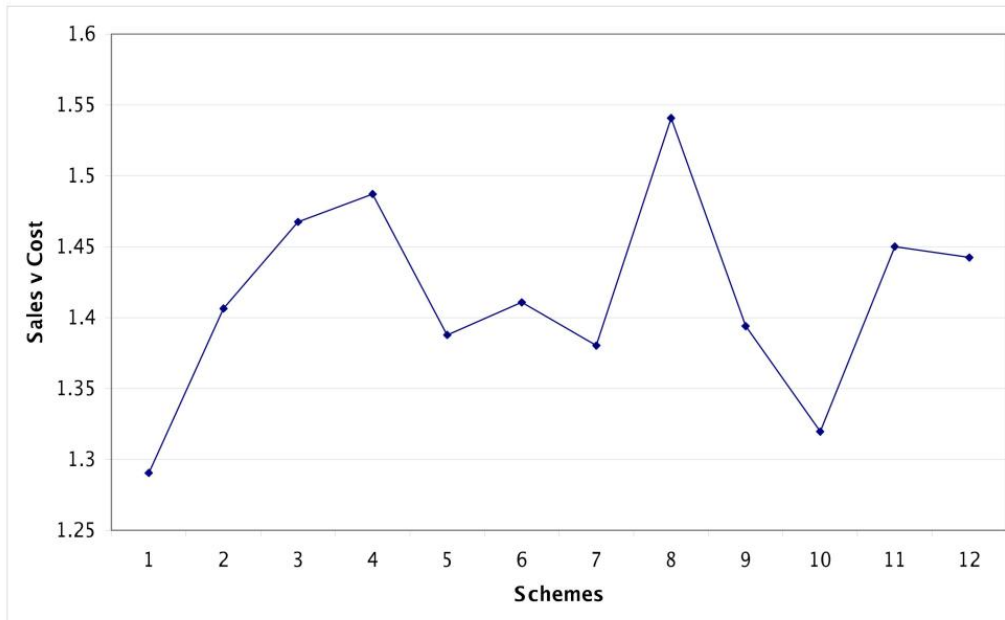
10.15 Good C - 15% increase in total development sales value and a build-out rate of 50dpa

Good C Scenario - Ward Average of Schemes Tested



10.16 Figure above shows that the total development sales value of all schemes exceeds the total development cost in all wards of the borough, including Alexandra. As to be expected the amount of surplus generated is greater than in the 'Good B' scenario and the range varies significantly across the borough, from an average ratio of 1.1336 in Alexandra to an average ratio of 1.6072 in Saddleworth West & Lees.

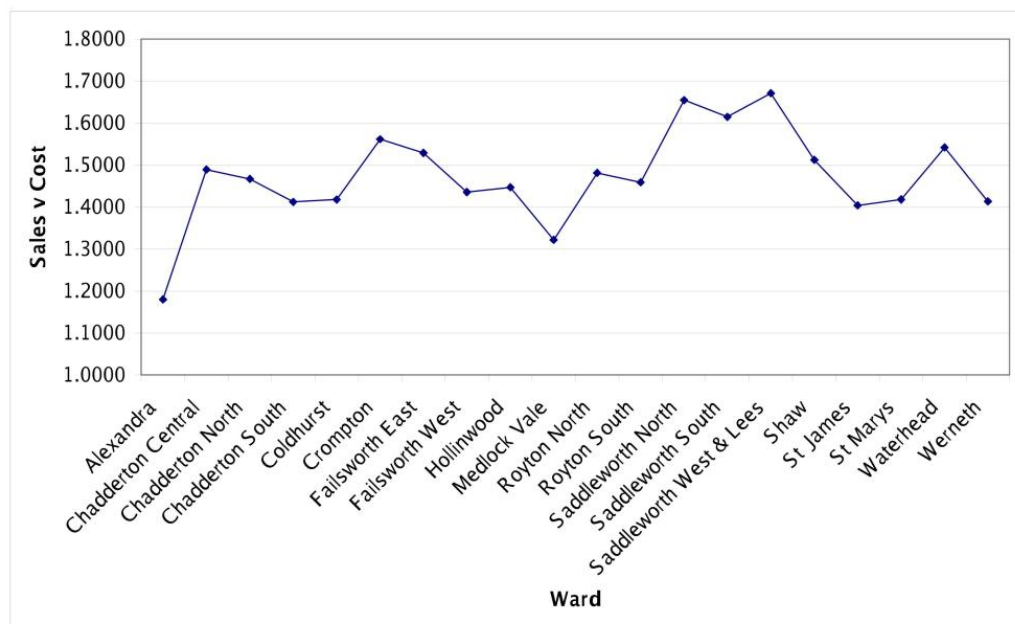
Good C Scenario - Scheme Average Across Wards



10.17 Figure above shows that under the 'Good C' scenario the total development cost of all schemes once again exceeds the total development sales value, thereby generating an amount of surplus, which is greater than under the 'Good B' scenario. The amount of 'surplus' that is generated by the schemes varies significantly with lowest being scheme 1 at an average ratio of 1.2905 to the highest in scheme 8 at an average ratio of 1.5407.

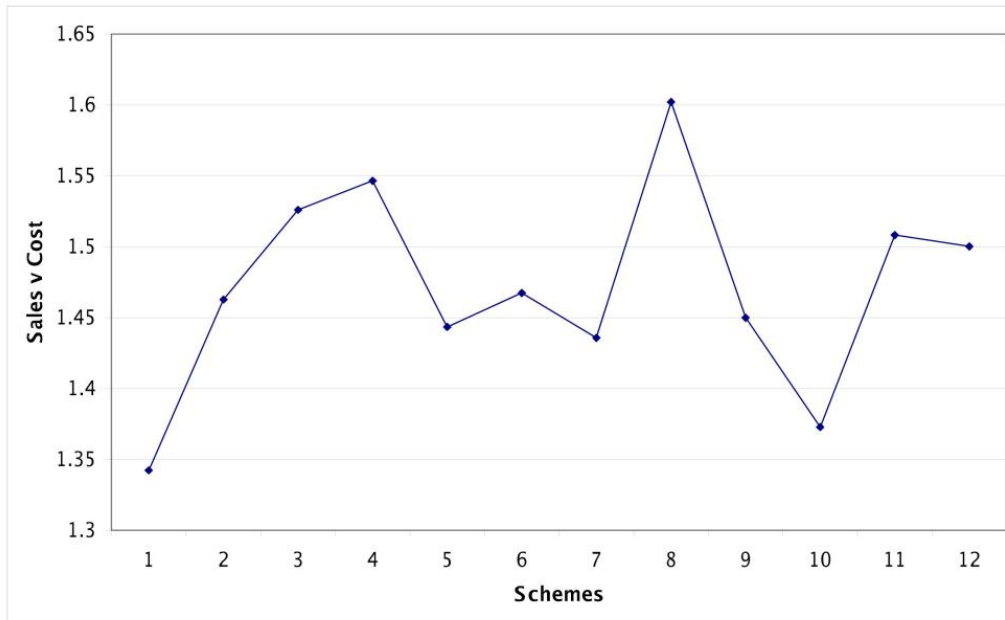
10.18 Good D - 20% increase in total development sales value and a build-out rate of 50dpa

Good D Scenario - Ward Average of Schemes Tested



10.19 Figure above shows that the total development sales value of all schemes exceeds the total development cost in all wards of the borough, including Alexandra. As to be expected the amount of surplus generated is greater than in the 'Good C' scenario and the range varies significantly across the borough, from an average ratio of 1.1798 in Alexandra to an average ratio of 1.6709 in Saddleworth West & Lees.

Good D Scenario - Scheme Average Across Wards



10.20 Figure above shows that under the 'Good D' scenario the total development cost of all schemes once again exceeds the total development sales value, thereby generating an amount of surplus, which is greater than under the 'Good C' scenario. The amount of 'surplus' that is generated by the schemes varies significantly with lowest being scheme 1 at an average ratio of 1.3423 to the highest in scheme 8 at an average ratio of 1.6021.

11 Delivery of Affordable Housing

- 11.1** Assuming a profit margin of 15% a development would clearly need to generate a particular level of 'surplus'. Anything above the surplus required to generate such a profit would therefore be available for the provision of affordable housing and other costs, such as open space, provision, design requirements, site-specific remediation etc.
- 11.2** This assessment has sought to test a number of affordable housing targets to inform preparation of an affordable housing policy as part of the LDF. These targets are 5%, 7.5%, 10%, 15% and 20%.
- 11.3** This assessment has looked at each of the 12 schemes in each ward in the borough for each of the alternative scenarios described earlier in chapter 10 – poor, average and good. Table 9 shows how many of the schemes were able to meet the different affordable housing targets – 5%, 7.5%, 10%, 15% and 20%.

Table 9 Number of schemes able to meet affordable housing targets

Scenario	Number of schemes ⁽¹⁾ able to meet an affordable housing target of.....				
	5%	7.5%	10%	15%	20%
Poor A	46	29	17	3	0
Poor B	21	12	3	0	0
Average	99	66	42	12	2
Good A	164	125	86	34	7
Good B	202	178	141	59	14
Good C	220	207	190	99	37
Good D	228	224	211	156	64

- 11.4** Table 9 above shows that the number of schemes able to meet the various affordable housing targets increases significantly when looking at the Good scenarios against the Average (or baseline) position. Under the Good A, B, C and D scenarios 52%, 74%, 86% and 93% of schemes would be able to meet an affordable housing target of 7.5% of the total development sales value. This is of course without taking into account other costs that may be associated with the development such as open space, provision, design requirements, site-specific remediation etc.

¹ The numbers shown in the table are out of 240 (12 schemes x 20 wards)

12 Issues and Challenges

Public Subsidy

- 12.1** In order to deliver affordable housing many schemes may require public subsidy. Indeed the findings show that in some wards, particularly Alexandra and Medlock Vale, developments would not be viable without some sort of public subsidy, not just in relation to the provision of affordable housing.
- 12.2** In relation to the provision of affordable housing the council's current preference is for the delivery of social rented accommodation on-site and in partnership with an RSL. The main source of funding available to RSLs for the provision of affordable housing is the National Affordable Housing Programme (NAHP), which is delivered by the HCA.
- 12.3** As at June 2009 there were seven schemes, within the borough, delivering 123 affordable dwellings that were under-construction or planned and where NAHP funding was confirmed, totalling £6,657,000. ⁽¹⁾ The ability to draw upon NAHP funding therefore makes an invaluable contribution towards the delivery of affordable housing within the borough, although it does require higher design standards than those that may be delivered by a normal market led development.
- 12.4** HCA funding provides more money to the RSL to purchase properties thereby increasing the number of affordable dwellings that a developer is able to deliver through a scheme, which would enhance the ability of development proposals to deliver affordable housing that may otherwise not be able to do so. Thereby potentially increasing the number of schemes that are able to meet the affordable housing targets tested.

Code for Sustainable Homes

- 12.5** Build costs utilised within this assessment are based on officer knowledge and BCIS data. ⁽²⁾For the purposes of the assessment a maximum build costs of £90 per square foot was applied. This is inclusive of unit build costs, overheads and external costs (see Section 8.5).
- 12.6** Due to its strategic nature, the assessment has focused on the type of development coming forward within the borough by the market, rather than adjusting the model to take account of differences in design and build quality that may depend upon the location and individual circumstances of the proposal. This is a strategic assessment. The model reflects a range of variables that take account of different development factors across the borough. The assessment does not seek to test the viability of specific sites. Development proposals may require a site-specific economic viability assessment to reflect their individual circumstances as and when a planning application is submitted. This will need to take account of a range of factors affecting the local housing market.
- 12.7** The council recognise that sustainable development aspirations under Code for Sustainable Homes (CfSH) (levels 3 to 6) and other initiatives such as Lifetime Homes and Building for Life, require higher design and space standards to be implemented, which will uplift the build costs those used within this assessment.

1 Source: Housing Strategy, Oldham Council

2 BCIS is quarterly information published by RICS.

- 12.8** CfSH was introduced in England in April 2007. It is a voluntary standard designed to improve the overall sustainability of new. It provides a single framework within which the home building industry can design and construct homes to higher environmental standards and offers a tool for developers to differentiate themselves within the market. Central government published a cost analysis of CfSH in July 2008.
- 12.9** In relation to the CfSH requirements, the build cost of £90 per square foot used is considered realistic for house types that would achieve CfSH Level 3. Consequently, it has been necessary to assess the impact on build cost that any requirement to construct to CfSH Levels 4, 5 and 6 would have on the viability of schemes throughout the borough. The model used for this assessment has been developed to be adaptable and allows for alternative costs to be used that will enable costs associated within different design and size standards to be applied in the future.
- 12.10** The council has been successful in achieving funding from central Government under the Housing Market Renewal initiative and this has allowed the council to assemble a number of develop sites and ensure that replacement dwellings are sustainable and would positively contribute to areas which previously had suffered from poor quality houses in a struggling market. Consequently, through active land control, the council has been able to work with development partners in these Pathfinder areas to provide quality, sustainable properties to the market. Initially phases of residential development were constructed to 'EcoHomes' standards, although more recently, these standards have included CfSH Level 3 and 4. The council has also received independent survey work which would show the impact on the council insisting on higher standards, including Level 5 and Level 6.
- 12.11** The cost of upgrading to each of the varying CfSH levels can be achieved in a number of different ways, and some of the methods in which CfSH can be awarded can be site specific. Consequently, in completing the pricing information, it has been necessary for the council to look at a number of different developments, which utilised a number of different techniques in order to achieve CfSH status, and average the costings out. This approach would assume that a developer would typically look to achieve a desired level of CfSH using the cheapest method available, depending on the specifics and constraints of the site. However, as the council are able to rely on a wealth of build cost information, it is thought that this can be accurately summarised and incorporated into the AHEVA model.
- 12.12** The model used for this assessment has been developed to be adaptable and allows for alternative costs to be used that will enable costs associated within different design and space standards to be applied in the future.

Table 10 Cost Implications of Code for Sustainable Homes Requirements

Unit Type	Beds	Size (sq ft)	CfSH 3 (£)	CfSH 4 (£)	CfSH 5 (£)	CfSH 6 (£)
Detached	2	679	90	95.89	103.25	193.09
Semi-Detached	2	658	90	96.08	103.68	196.38
Terraced	2	654	90	96.12	103.76	197.03

Detached	3	971	90	94.12	99.27	162.09
Semi-Detached	3	980	90	94.08	99.18	161.43
Terraced	3	982	90	94.07	99.16	161.28
Detached	4	1388	90	92.88	96.48	140.43
Semi-Detached	4	1269	90	93.15	97.09	145.16
Terraced	4	1052	90	93.80	98.56	156.54

Potential changes to developer profit margins

12.13 Recent market conditions may result in changes to how developer profit is generated, particularly in terms of the relationship between the contractor and the developer. This next section therefore looks at the level of 'surplus' generated by developments across the borough were a developer profit of 8% and 11% assumed.

12.14 Number of schemes able to generate sufficient 'surplus' to meet the different affordable housing targets – 5%, 7.5%, 10%, 15% and 20%, assuming a developer profit of 8%

Table 11 Summary of Number of Schemes under Average Scenario (Baseline Position) able to Meet Affordable Housing Target based on profit of 8% and 11%

Scenario	Number of schemes able to meet an affordable housing target of.....				
	5%	7.5%	10%	15%	20%
Average - 8%	196	169	132	62	21
Average - 11%	161	118	88	35	8

12.15 Inevitably reducing the amount of profit taken by the developer from a scheme increases the amount of 'surplus' that is available and that can be used towards the provision of affordable housing and other costs associated with a development.

Delivering the 'Address of Choice' agenda

12.16 One of the council's four objectives is 'An address of choice – a healthy and active place, with suitable housing for all'.

12.17 Improving housing choice and diversity has significant implications for delivering this objective and unless we have the housing to which people aspire, we cannot expect to attract and retain the talented and dynamic people who are critical to the achievement of the Sustainable Community Strategy vision (Sustainable Community Strategy 2008–2020).

12.18 The delivery of affordable housing forms an important component delivering housing choice and diversity and addressing the housing needs and demands of the borough. The findings of the assessment however demonstrate that some important decisions will need to be made in relation to what the council's priorities for housing are within

the borough and the delivery of other objectives such as infrastructure and the re-use of previously developed land and requirements relating to new residential development, such as urban design, Code for Sustainable Homes and open space provision. These issues and challenges are reflected in the Joint DPD, the objectives for which include ensuring the effective and efficient use of land and buildings, achieving the right quantity of affordable housing to meet local needs and demands and ensuring the sustainable and high quality design and construction of all new developments. An Infrastructure Study has been prepared to support the Joint DPD, which identifies the existing physical, social and green infrastructure capacity of the borough as well as future capital and revenue projects that will enhance infrastructure

Contributions

12.19 Planning contributions can vary depending on the specific circumstances of a development proposal. They may include, for example, transport and highways infrastructure, public realm, school provision and open spaces. Affordable housing is, therefore, just one of a number of things we may wish to deliver through new development.

13 Conclusions and Recommendations

- 13.1** The findings of the assessment demonstrate that the viability of developments and their ability to provide affordable housing and meet other costs associated with development (such as higher design requirements, open space, and sites remediation) varies significantly across the borough depending upon the location of the development and that land / sales values achieved within that area. There are issues around the viability of development in Alexandra where the total cost of development consistently exceeds the total development sales value, which will prevent developments coming forward unless there is gap funding available. Developments are most viable within the three Saddleworth wards.
- 13.2** The following section of this chapter presents a series of recommendations for policy development through the LDF and the provision of affordable housing.

Threshold

- 13.3** PPS3 sets a national indicative minimum site size threshold of 15 dwellings. Local Planning Authorities can set lower minimum thresholds, where viable and practical. It is proposed to continue to apply the minimum site threshold of national policy, currently PPS3.

Target

- 13.4** The Average scenario (or baseline position) has shown that only 41.25% and 27.5% of the 240 schemes tested (12 schemes x 20 wards) are able to meet the target thresholds of 5% and 7.5% respectively. This does not of course take into account other costs associated with development (such as higher design requirements, open space, and sites remediation) and the impact this will have on the level of surplus generated by the development. The ability to meet these affordable housing targets of course increase when looking at the 'Good' Scenarios. For example, under the Good A, B, C and D scenarios 52%, 74%, 86% and 93% of schemes would be able to meet an affordable housing target of 7.5% of the total development sales value.
- 13.5** The significant differences in development viability is recognised, however evidence referred to in chapter 7 also shows that there is a real need for affordable housing within the borough, with the GM SHMA identifying a net annual housing need for 343 dwellings per annum over a five year period. A balance therefore needs to be struck in order to be able to seek affordable housing provision from as many developments as possible without adversely affecting the viability of development. It is therefore considered that the target should provide an opportunity for the specific circumstances of a development proposal, including location, impact on regeneration objectives and site specific issues, to be considered on a site by site basis.
- 13.6** PPS3 states that local planning authorities should "set an overall (i.e. plan wide) target for the amount of affordable housing to be provided". The UDP policy that is currently applied sets out a general presumption that 25% of the site capacity should take the form of affordable housing. For reasons explained in the chapter 6 of this report this has since been translated into a requirement for a percentage of the total development sales value, which at present is then used to deliver social rented housing. In order to provide clarity and consistency for developers it is therefore proposed that this approach

continues to be adopted, rather than identify a proportion of the site capacity. This also reflects the approach taken by Rochdale Metropolitan Borough Council whom we work very closely with given our status as a Housing Market Renewal Pathfinder.

- 13.7** In light of the above it is proposed to continue with the boroughwide approach proposed in the 'Preferred Options' and 'Refining Options' consultations for the joint DPD, but with a target to 7.5% of the total development sales value for the provision of affordable housing within the borough. The preference will be for the affordable housing to be provided on-site in partnership with an RSL that forms part of the Oldham Housing Investment Partnership.

Type of Affordable Housing

- 13.8** The assessment does not identify a particular proportion of social rented or intermediate affordable housing to be delivered. The joint DPD has a general presumption that, on a boroughwide basis, 80% should be in the form of social rented accommodation and 20% intermediate housing. However, it is necessary and appropriate to consider the type of affordable housing to be delivered on a case by case basis depending on the needs within the borough and locality. For example, the current preference is for on-site socially rented affordable housing in partnership with an RSL.

Review of Assessment

- 13.9** The baseline position uses current market conditions, which are of course leading to fewer developments coming forward at this time, with developers currently seeing schemes in many areas as being 'unviable' at the current time. It is therefore proposed to update this assessment on annual basis, as part of future AMRs, to take into account changes in market conditions and other circumstances, where appropriate.

- 13.10** Consideration will need to be given to how market changes are measured and fed into the review process.

Assessing Economic Viability on a Case by Case Basis

- 13.11** In order to allow the effective and consistent assessment of economic viability on a case by case where appropriate, it is proposed that a proforma be created, setting out the information required from developers when submitting an economic viability assessment.

14 Appendices

14.1 Appendix A - Gross Development of Notional Schemes by Ward

Table 12 Sales value by ward

	House		Apartment	
	Min (£/per sqft)	Max (£/per sqft)	Min (£/per sqft)	Max (£/per sqft)
Alexandra	110	130	120	140
Chadderton Central	130	180	135	190
Chadderton North	120	175	125	185
Chadderton South	140	175	145	185
Coldhurst	115	165	125	170
Crompton	160	200	180	220
Failsworth East	160	200	170	220
Failsworth West	130	175	140	185
Hollinwood	120	160	125	170
Medlock Vale	120	160	125	165
Royton North	155	180	160	185
Royton South	155	180	160	185
Saddleworth North	155	220	165	230
Saddleworth South	185	220	190	230
Saddleworth West and Lees	175	220	180	230
Shaw	160	180	165	185
St James	130	175	135	180
St Marys	120	160	125	165
Waterhead	150	175	155	185
Werneth	120	160	125	170

Notional Scheme 1

14.1 The mix breakdown of notional scheme 1 is 15 two bedroom flats, 148 three bedroom units comprising eight flats, ten detached, 25 semi-detached and 105 terraced properties, 67 four plus bedroom units comprising four detached, 12 semi-detached and 51 terraced properties.

Table 13 Number of dwellings and dwelling size (sq ft)

	1 bed			2 bed			3 bed			4+ bed		
	No	Size	No	No	Size	No	No	Size	No	No	Size	No
Flat	0	0	15	8	9,435	0	0	6,584	0	0	0	0
Detached	0	0	0	10	0	0	4	9,710	0	0	5,552	0
Semi-detached	0	0	0	25	0	0	12	24,500	0	0	15,228	0
Terraced	0	0	0	105	0	0	51	103,110	0	0	53,652	0
Total	0	0	15	148	9,435	0	67	143,904	0	0	74,432	0
Total Flats	16,019 sq ft											
Total Houses	211,752 sq ft											

Table 14 GDV by Ward

	Alexandra	Chadderton Central	Chadderton North	Chadderton South	Coldhurst	Crompton	Failsworth East	Failsworth West	Hollinwood	Medlock Vale
Houses	£24,774,984	£34,303,824	£33,350,940	£33,350,940	£31,445,172	£38,115,360	£35,997,840	£33,350,940	£30,492,288	£28,798,272
Flats	£2,018,394	£2,739,249	£2,667,164	£2,667,164	£2,450,907	£3,171,762	£2,995,553	£2,667,164	£2,450,907	£2,246,665

	Royton North	Royton South	Saddleworth North	Saddleworth South	Saddleworth West & Lees	Shaw	St James	St Marys	Waterhead	Werneth
Houses	£36,209,592	£36,209,592	£41,926,896	£41,926,896	£41,926,896	£36,209,592	£31,498,110	£30,492,288	£35,203,770	£30,492,288

	Royton North	Royton South	Saddleworth North	Saddleworth South	Saddleworth West & Lees	Shaw	St James	St Marys	Waterhead	Werneth
Flats	£2,815,339	£2,815,339	£3,315,933	£3,315,933	£3,315,933	£2,815,339	£2,450,907	£2,378,822	£2,815,339	£2,450,907

Scheme 2

14.2 The mix breakdown of notional scheme 2 is 67 two bedroom units comprising 29 flats, one detached and 37 terraced properties, 14 three bedroom units comprising two flats, two semi-detached and 10 terraced properties, and 29 four plus bedroom terraced properties.

Table 15 Number of dwellings and dwelling size (sq ft)

	1 bed		2 bed		3 bed		4+ bed	
	No	Size	No	Size	No	Size	No	Size
Flat	0	0	29	18,241	2	1,646	0	0
Detached	0	0	1	679	0	0	0	0
Semi-detached	0	0	0	0	2	1,960	0	0
Terraced	0	0	37	24,198	10	9,820	29	30,508
Total	0	0	67	43,118	14	13,426	29	30,508
Total Flats	19,887 sq ft							
Total Houses	67,165 sq ft							

Table 16 GDV by Ward

	Alexandra		Chadderton Central		Chadderton North		Chadderton South		Coldhurst		Crompton		Failsworth East		Failsworth West		Hollinwood		Medlock Vale	
	Houses	Flats	Houses	Flats	Houses	Flats	Houses	Flats	Houses	Flats	Houses	Flats	Houses	Flats	Houses	Flats	Houses	Flats	Houses	Flats
	£7,858,305	£2,505,762	£10,880,730	£3,400,677	£10,578,488	£3,311,186	£10,578,488	£3,311,186	£9,974,003	£3,042,711	£12,089,700	£3,937,626	£11,418,050	£3,718,869	£10,578,488	£3,311,186	£9,671,760	£3,042,711	£9,134,440	£2,789,152
	Royton North	Royton South	Saddleworth North	Saddleworth South	Saddleworth West & Lees	Shaw	St James	St Marys	Waterhead	Werneth										
	£11,485,215	£11,485,215	£13,298,670	£13,298,670	£13,298,670	£11,485,215	£9,990,794	£9,671,760	£11,166,181	£9,671,760										
	£3,495,140	£3,495,140	£4,116,609	£4,116,609	£4,116,609	£3,495,140	£3,042,711	£2,953,220	£3,495,140	£3,042,711										

Scheme 3

14.3 The mix breakdown of notional scheme 3 is 20 two bedroom units comprising five detached, 11 semi-detached and 4 terraced properties, 51 three bedroom units comprising 15 detached, 25 semi-detached and 11 terraced properties, and 29 four plus bedroom units comprising nine detached, 15 semi-detached and five terraced properties.

Table 17 Number of dwellings and dwelling size (sq ft)

	1 bed			2 bed		3 bed		4+ bed	
	No	Size	No	Size	No	Size	No	Size	
Flat	0	0	0	0	0	0	0	0	
Detached	0	0	5	3,395	15	14,565	9	12,492	
Semi-detached	0	0	11	7,238	25	24,500	15	19,035	
Terraced	0	0	4	2,616	11	10,802	5	5,260	
Total	0	0	19	13,249	51	49,867	29	36,787	
Total Apartments	0 sq ft								
Total Houses	99,903 sq ft								

Table 18 GDV by Ward

	Alexandra	Chadderton Central	Chadderton North	Chadderton South	Coldhurst	Crompton	Fallsworth East	Fallsworth West	Hollinwood	Medlock Vale
Houses	£11,688,651	£16,184,286	£15,734,723	£15,734,723	£14,835,596	£17,982,540	£16,983,510	£15,734,723	£14,386,032	£13,586,808
	Royton North	Royton South	Saddleworth North	Saddleworth South	Saddleworth West & Lees	Shaw	St James	St Marys	Waterhead	Werneth
Houses	£17,083,413	£17,083,413	£19,780,794	£19,780,794	£19,780,794	£17,083,413	£14,860,571	£14,386,032	£16,608,874	£14,386,032

Scheme 4

14.5 The mix breakdown of notional scheme 4 is 28 two bedroom flats, 44 three bedroom properties comprising 2 semi-detached and 42 terraced properties, and 18 four plus bedroom terraced properties.

Table 19 Number of dwellings and dwelling size (sq ft)

	1 bed			2 bed			3 bed			4+ bed		
	No	Size	No	No	Size	No	No	Size	No	No	Size	No
Flat	0	0	28	0	17,612	0	0	0	0	0	0	0
Detached	0	0	0	0	0	0	0	0	0	0	0	0
Semi-detached	0	0	0	0	0	2	1,960	0	0	0	0	0
Terraced	0	0	0	0	0	42	41,244	18	18,936	18	18,936	18
Total	0	0	28	0	17,612	44	43,204	18	18,936	18	18,936	18
Total Apartments	17,612 sq ft											
Total Houses	62,140 sq ft											

Table 20 GDV by Ward

	Alexandra			Chadderton			Chadderton			Crompton			Failsworth			Failsworth			Hollinwood			Medlock Vale		
	Houses	Flats	Total	Central	North	South	North	South	South	North	South	South	East	West	West	East	West	West	West	East	East	East	East	East
Houses	£7,270,380	£10,066,680	£17,337,060	£9,787,050	£9,787,050	£9,787,050	£9,787,050	£9,787,050	£9,787,050	£11,185,200	£11,185,200	£11,185,200	£10,563,800	£9,787,050	£9,787,050	£10,563,800	£9,787,050	£9,787,050	£8,948,160	£8,948,160	£8,948,160	£8,451,040	£8,451,040	£8,451,040
Flats	£2,219,112	£3,011,652	£5,230,764	£2,932,398	£2,932,398	£2,932,398	£2,932,398	£2,932,398	£2,932,398	£3,487,176	£3,487,176	£3,487,176	£3,293,444	£2,932,398	£2,932,398	£3,293,444	£2,932,398	£2,932,398	£2,694,636	£2,694,636	£2,694,636	£2,470,083	£2,470,083	£2,470,083
Total	£9,489,492	£13,078,332	£22,567,824	£12,719,148	£12,719,148	£12,719,148	£12,719,148	£12,719,148	£12,719,148	£14,672,376	£14,672,376	£14,672,376	£13,857,244	£12,719,148	£12,719,148	£13,857,244	£12,719,148	£12,719,148	£11,642,800	£11,642,800	£11,642,800	£10,921,123	£10,921,123	£10,921,123

Scheme 5

14.6 The mix breakdown of notional scheme 5 is four one bedroom units comprising one flat and three terraced properties, eight two bedroom flats, 61 three bedroom units comprising five detached, ten semi-detached and 46 terraced properties, and two four plus bedroom semi-detached properties.

Table 21 Dwelling size x number of dwellings (sq ft)

	1 bed			2 bed			3 bed			4+ bed		
	No	Size	No	No	Size	No	No	Size	No	No	Size	No
Flat	1	528	8		5,032	0			0		0	
Detached	0		0		0	5		4,855	0		0	
Semi-detached	0		0		0	10		9,800	2		2,538	
Terraced	3	1,668	0		0	46		45,172	0		0	
Total	4	2,196	8		5,032	61		59,827	2		2,538	
Total Flats	5,560 sq ft											
Total Houses	64,033 sq ft											

Table 22

	Alexandra		Chadderton Central		Chadderton North		Chadderton South		Coldhurst		Crompton		Failsworth East		Failsworth West		Hollinwood		Medlock Vale	
	Houses	£7,491,861	£10,373,346	£10,085,198	£10,085,198	£9,508,901	£11,525,940	£10,885,610	£10,085,198	£9,220,752	£8,708,488	£779,790	£925,740	£1,039,720	£925,740	£850,680	£9,220,752	£10,645,486	£9,220,752	£8,708,488
Flats	£700,560	£950,760	£925,740	£925,740	£925,740	£850,680	£1,100,880	£1,039,720	£1,039,720	£850,680	£779,790	£779,790	£925,740	£1,039,720	£925,740	£850,680	£9,220,752	£10,645,486	£9,220,752	£8,708,488

	Royton North		Royton South		Saddleworth North		Saddleworth South		Saddleworth West & Lees		Shaw		St James		St Marys		Waterhead		Werneth	
	Houses	£10,949,643	£10,949,643	£10,949,643	£12,678,534	£12,678,534	£12,678,534	£12,678,534	£12,678,534	£12,678,534	£10,949,643	£10,949,643	£9,524,909	£9,220,752	£9,220,752	£10,645,486	£9,220,752	£10,645,486	£9,220,752	£8,708,488

	Royton North	Royton South	Saddleworth North	Saddleworth South	Saddleworth West & Lees	Shaw	St James	St Marys	Waterhead	Werneth
Flats	£977,170	£977,170	£1,150,920	£1,150,920	£1,150,920	£977,170	£850,680	£825,660	£977,170	£850,680

Scheme 6

14.7 The mix breakdown of notional scheme 6 is nine two bedroom flats, 22 three bedroom units comprising 12 detached and ten semi-detached, and 29 four plus bedroom units comprising 16 detached and 13 semi-detached properties.

Table 23 Number of dwellings and dwelling size (sq ft)

	1 bed			2 bed			3 bed			4+ bed	
	No	Size	No	No	Size	No	No	Size	No	Size	No
Flat	0	0	9	0	5,661	0	0	0	0	0	0
Detached	0	0	0	0	0	12	11,652	22,208	16	22,208	16
Semi-detached	0	0	0	0	0	10	9,800	16,497	13	16,497	13
Terraced	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	9	0	5,661	22	21,452	38,705	27	38,705	27
Total Flats	60,157 sq ft										
Total Houses	5,661 sq ft										

GDV by Ward

	Alexandra		Chadderton Central		Chadderton North		Chadderton South		Coldhurst		Crompton		Failsworth East		Failsworth West		Hollinwood		Medlock Vale	
	Houses	Flats	Houses	Flats	Houses	Flats	Houses	Flats	Houses	Flats	Houses	Flats	Houses	Flats	Houses	Flats	Houses	Flats	Houses	Flats
Houses	£7,038,369	£713,286	£9,745,434	£942,557	£9,474,728	£942,557	£9,474,728	£942,557	£8,933,315	£866,133	£10,828,260	£1,120,878	£10,226,690	£1,058,607	£9,474,728	£942,557	£8,662,608	£866,133	£8,181,352	£793,955
Flats																				
Houses	£10,286,847	£994,921	£10,286,847	£1,171,827	£11,911,086	£1,171,827	£11,911,086	£1,171,827	£11,911,086	£1,171,827	£10,286,847	£994,921	£8,948,354	£866,133	£8,662,608	£840,659	£10,001,101	£994,921	£8,662,608	£866,133
Flats																				

Scheme 7

14.8 The mix breakdown of notional scheme 7 is a one bedroom flat, 20 two bedroom units comprising nine flats and 11 terraced properties, ten three bedroom units comprising four semi-detached and six terraced properties, and 9 four plus bedroom units comprising four detached, four semi-detached and one terraced properties.

Table 24 Number of dwellings and dwelling size (sq ft)

	1 bed			2 bed			3 bed			4+ bed	
	No	Size	No	No	Size	No	No	Size	No	Size	
Flat	1	528	9		5,661	0	0	0	0		
Detached	0	0	0	0	0	0	0	0	4	5,552	
Semi-detached	0	0	0	0	0	4	4	3,920	4	5,076	
Terraced	0	0		11	7,194	6	1	5,892	1	1,052	
Total	1	528	21		12,855	10	9	9,812		11,680	
Total Apartments	6,189 sq ft										
Total Houses	28,686 sq ft										

Table 25 GDV by Ward

Alexandra		Chadderton Central	Chadderton North	Chadderton South	Coldhurst	Crompton	Failsworth East	Failsworth West	Hollinwood	Medlock Vale
GDV: Houses	£3,356,262	£4,647,132	£4,518,045	£4,518,045	£4,259,871	£5,163,480	£4,876,620	£4,518,045	£4,130,784	£3,901,296
GDV: Flats	£779,814	£1,058,319	£1,030,469	£1,030,469	£946,917	£1,225,422	£1,157,343	£1,030,469	£946,917	£868,007

Table 26

	Royton North	Royton South	Saddleworth North	Saddleworth South	Saddleworth West & Lees	Shaw	St James	St Marys	Waterhead	Werneth
GDV: Houses	£4,905,306	£4,905,306	£5,679,828	£5,679,828	£5,679,828	£4,905,306	£4,267,043	£4,130,784	£4,769,048	£4,130,784
GDV: Flats	£1,087,717	£1,087,717	£1,281,123	£1,281,123	£1,281,123	£1,087,717	£946,917	£919,067	£1,087,717	£946,917

Scheme 8

14.9 The mix breakdown of notional scheme 8 is 30 three bedroom terraced properties.

Table 27 Number of dwellings and dwelling size (sq ft)

	1 bed			2 bed			3 bed			4+ bed		
	No	Size	No	No	Size	No	No	Size	No	No	Size	
Flat	0	0	0	0	0	0	0	0	0	0	0	
Detached	0	0	0	0	0	0	0	0	0	0	0	
Semi-detached	0	0	0	0	0	0	0	0	0	0	0	
Terraced	0	0	0	0	0	30	29,460	29,460	0	0	0	
Total	0	0	0	0	0	30	29,460	29,460	0	0	0	
Total Apartments	0 sq ft											
Total Houses	29,460 sq ft											

Table 28 GDV by Ward

	Alexandra	Chadderton Central	Chadderton North	Chadderton South	Coldhurst	Crompton	Failsworth East	Failsworth West	Hollinwood	Medlock Vale
GDV: Houses	£3,446,820	£4,772,520	£4,639,950	£4,639,950	£4,374,810	£5,302,800	£5,008,200	£4,639,950	£4,242,240	£4,006,560

Table 29

	Royton North	Royton South	Saddleworth North	Saddleworth South	Saddleworth West & Lees	Shaw	St James	St Marys	Waterhead	Werneth
GDV: Houses	£5,037,660	£5,037,660	£5,833,080	£5,833,080	£5,833,080	£5,037,660	£4,382,175	£4,242,240	£4,897,725	£4,242,240

Scheme 9

14.10 The mix breakdown of notional scheme 9 is seven two bedroom units comprising six flats and one detached property, eight three bedroom units comprising two detached and six semi-detached, and ten four plus bedroom units comprising eight detached and two semi-detached properties.

Table 30 Number of dwellings and dwelling size (sq ft)

	1 bed		2 bed		3 bed		4+ bed	
	No	Size	No	Size	No	Size	No	Size
Flat	0	0	6	3,774	0	0	0	0
Detached	0	0	1	679	2	1,942	8	11,104
Semi-detached	0	0	0	0	6	5,880	2	2,538
Terraced	0	0	0	0	0	0	0	0
Total	0	0	7	4,453	8	7,822	10	12,254
Total Apartments	3,774 sq ft							
Total Houses	22,143 sq ft							

Table 31 GDV by Ward

	Alexandra	Chadderton Central	Chadderton North	Chadderton South	Coldhurst	Crompton	Fallsworth East	Fallsworth West	Hollinwood	Medlock Vale
GDV: Houses	£2,590,731	£3,587,166	£3,487,523	£3,487,523	£3,288,236	£3,985,740	£3,764,310	£3,487,523	£3,188,592	£3,011,448
GDV: Flats	£475,524	£645,354	£628,371	£628,371	£577,422	£747,252	£705,738	£628,371	£577,422	£529,304

Table 32

	Royton North	Royton South	Saddleworth North	Saddleworth South	Saddleworth West & Lees	Shaw	St James	St Marys	Waterhead	Werneth
GDV: Houses	£3,786,453	£3,786,453	£4,384,314	£4,384,314	£4,384,314	£3,786,453	£3,293,771	£3,188,592	£3,681,274	£3,188,592
GDV: Flats	£663,281	£663,281	£781,218	£781,218	£781,218	£663,281	£577,422	£560,439	£663,281	£577,422

Scheme 10

14.11 The mix breakdown of notional scheme 10 is one two bedroom detached property, three three bedroom semi-detached properties, and 11 four plus bedroom semi-detached properties.

Table 33 Number of dwellings and dwelling size (sq ft)

	1 bed			2 bed		3 bed		4+ bed	
	No	Size	No	No	Size	No	Size	No	Size
Flat	0	0	0	0	0	0	0	0	0
Detached	0	0	1	0	679	0	0	0	0
Semi-detached	0	0	0	0	0	3	2,940	11	13,959
Terraced	0	0	0	0	0	0	0	0	0
Total	0	0	1	0	679	3	2,940	11	13,959
Total Apartments	0 sq ft								
Total Houses	17,578 sq ft								

Table 34 GDV by Ward

	Alexandra	Chadderton Central	Chadderton North	Chadderton South	Coldhurst	Crompton	Failssworth East	Failssworth West	Hollinwood	Medlock Vale
GDV: Houses	£2,056,626	£2,847,636	£2,768,535	£2,768,535	£2,610,333	£3,164,040	£2,988,260	£2,768,535	£2,531,232	£2,390,608

Table 35

	Royton North	Royton South	Saddleworth North	Saddleworth South	Saddleworth West & Lees	Shaw	St James	St Marys	Waterhead	Werneth
GDV: Houses	£3,005,838	£3,005,838	£3,480,444	£3,480,444	£3,480,444	£3,005,838	£2,614,728	£2,531,232	£2,922,343	£2,531,232

Scheme 11

14.12 The mix breakdown of notional scheme 11 is ten three bedroom units comprising one detached and nine semi-detached properties.

Table 36 Number of dwellings and dwelling size (sq ft)

	1 bed			2 bed			3 bed			4+ bed		
	No	Size	No	No	Size	No	No	Size	No	No	Size	No
Flat	0	0	0	0	0	0	0	0	0	0	0	0
Detached	0	0	0	0	0	1	0	971	0	0	0	0
Semi-detached	0	0	0	0	0	9	0	8,820	0	0	0	0
Terraced	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	10	0	9,791	0	0	0	0
Total Apartments	0 sq ft											
Total Houses	9,791 sq ft											

Table 37 GDV by Ward

GDV: Houses	Alexandra	Chadderton Central	Chadderton North	Chadderton South	Coldhurst	Crompton	Falsworth East	Falsworth West	Hollinwood	Medlock Vale
	£1,145,547	£1,586,142	£1,542,083	£1,542,083	£1,453,964	£1,762,380	£1,664,470	£1,542,083	£1,409,904	£1,331,576

Table 38

GDV: Houses	Royton North	Royton South	Saddleworth North	Saddleworth South	Saddleworth West & Lees	Shaw	St James	St Marys	Waterhead	Werneth
	£1,674,261	£1,674,261	£1,938,618	£1,938,618	£1,938,618	£1,674,261	£1,456,411	£1,409,904	£1,627,754	£1,409,904

Scheme 12

14.13 The mix breakdown of scheme 12 is nine three bedroom properties comprising one detached and eight semi-detached.

Table 39 Number of dwellings and dwelling size (sq ft)

	1 bed			2 bed			3 bed			4+ bed		
	No	Size		No	Size		No	Size		No	Size	
Flat	0	0		0	0		0	0		0	0	
Detached	0	0		0	0		0	0		0	0	
Semi-detached	0	0		0	0		0	0		0	0	
Terraced	0	0		0	0		5	4,910		0	0	
Total	0	0		0	0		5	4,910		0	0	
Total Apartments	0 sq ft											
Total Houses	4,910 sq ft											

Table 40 GDV by Ward

	Alexandra	Chadderton Central	Chadderton North	Chadderton South	Coldhurst	Crompton	Failsworth East	Failsworth West	Hollinwood	Medlock Vale
GDV: Houses	£574,470	£795,420	£773,325	£773,325	£729,135	£883,800	£834,700	£773,325	£707,040	£667,760

Table 41

	Royton North	Royton South	Saddleworth North	Saddleworth South	Saddleworth West & Lees	Shaw	St James	St Marys	Waterhead	Werneth
GDV: Houses	£839,610	£839,610	£972,180	£972,180	£972,180	£839,610	£730,363	£707,040	£816,288	£707,040

14.2 Appendix B - Land Purchase Price of Notional Schemes by Ward

Table 42

Notional Site	Description	Alexandra	Chadderton Central	Chadderton North	Chadderton South	Coldhurst	Crompton	Failssworth East	Failssworth West	Hollinwood	Medlock Vale
1	230 units	£4,039,555	£5,903,965	£5,593,230	£6,680,803	£4,971,760	£7,457,640	£6,525,435	£6,214,700	£3,728,820	£4,661,025
2	110 units	£1,405,412	£2,054,063	£1,945,955	£2,324,335	£1,729,738	£2,594,607	£2,270,281	£2,162,172	£1,297,303	£1,621,629
3	100 units	£1,252,824	£1,831,051	£1,734,680	£2,071,979	£1,541,938	£2,312,906	£2,023,793	£1,927,422	£1,156,453	£1,445,566
4	90 units	£1,011,897	£1,478,926	£1,401,088	£1,673,521	£1,245,411	£1,868,117	£1,634,602	£1,556,764	£934,058	£1,167,573
5	75 units	£1,252,824	£1,831,051	£1,734,680	£2,071,979	£1,541,938	£2,312,906	£2,023,793	£1,927,422	£1,156,453	£1,445,566
6	60 units	£1,140,391	£1,666,726	£1,579,003	£1,886,032	£1,403,559	£2,105,338	£1,842,171	£1,754,448	£1,052,669	£1,315,836
7	40 units	£690,660	£1,009,425	£956,298	£1,142,245	£850,043	£1,275,064	£1,115,681	£1,062,553	£637,532	£796,915
8	30 units	£321,237	£469,500	£444,790	£531,277	£395,369	£593,053	£518,921	£494,211	£296,526	£370,658
9	25 units	£489,886	£715,988	£678,304	£810,197	£602,937	£904,406	£791,355	£753,671	£452,203	£565,254
10	15 units	£401,546	£586,875	£555,987	£664,096	£494,211	£741,316	£648,652	£617,763	£370,658	£463,323
11	10 units	£152,588	£223,013	£211,275	£252,356	£187,800	£281,700	£246,488	£234,750	£140,850	£176,063
12	5 units	£90,309	£117,375	£111,197	£132,819	£98,842	£146,263	£129,730	£123,553	£74,132	£92,665

Table 43

Notional Site	Description	Royston North	Royston South	Saddleworth North	Saddleworth South	Saddleworth West & Lees	Shaw	St James	St Marys	Waterhead	Wemeth
1	230 units	£7,457,640	£7,923,743	£8,234,478	£9,011,315	£7,923,743	£6,836,170	£5,282,495	£4,194,923	£5,593,230	£4,350,290
2	110 units	£2,594,607	£2,756,769	£2,864,878	£3,135,150	£2,756,769	£2,378,389	£1,837,846	£1,459,466	£1,945,955	£1,513,520
3	100 units	£2,312,906	£2,457,463	£2,553,834	£2,794,762	£2,457,463	£2,120,164	£1,638,309	£1,301,010	£1,734,680	£1,349,195
4	90 units	£1,868,117	£1,984,874	£2,062,712	£2,257,308	£1,984,874	£1,712,440	£1,323,249	£1,050,816	£1,401,088	£1,089,735
5	75 units	£2,312,906	£2,457,463	£2,553,834	£2,794,762	£2,457,463	£2,120,164	£1,638,309	£1,301,010	£1,734,680	£1,349,195
6	60 units	£2,105,338	£2,236,921	£2,324,644	£2,543,950	£2,236,921	£1,929,893	£1,491,281	£1,184,253	£1,579,003	£1,228,114

Notional Site	Description	Royton North	Royton South	Saddleworth North	Saddleworth South	Saddleworth West & Lees	Shaw	St James	St Marys	Waterhead	Weneth
7	40 units	£1,275,064	£1,354,755	£1,407,883	£1,540,702	£1,354,755	£1,168,808	£903,170	£717,223	£956,298	£743,787
8	30 units	£593,053	£630,119	£654,829	£716,606	£630,119	£543,632	£420,079	£333,592	£444,790	£345,948
9	25 units	£904,406	£960,931	£998,615	£1,092,824	£960,931	£829,039	£640,621	£508,728	£678,304	£527,570
10	15 units	£741,316	£787,648	£818,537	£895,757	£787,648	£679,540	£525,099	£416,990	£555,987	£432,434
11	10 units	£281,700	£299,306	£311,044	£340,388	£299,306	£258,225	£199,538	£158,456	£211,275	£164,325
12	5 units,	£148,263	£157,530	£163,707	£179,151	£157,530	£135,908	£105,020	£83,398	£111,197	£86,487

14.3 Appendix C - Land Acquisition Costs

Table 44

Notional Scheme	Description	Alexandra	Chadderton Central	Chadderton North	Chadderton South	Coldhurst	Crompton	Failssworth East	Failssworth West	Hollinwood	Medlock Vale
1	230 units	£5,086,002	£7,369,768	£7,009,640	£8,162,467	£6,287,221	£9,143,985	£8,087,036	£7,668,398	£4,941,118	£5,872,307
2	110 units	£1,800,931	£2,606,022	£2,479,675	£2,880,758	£2,224,296	£3,231,375	£2,860,877	£2,708,865	£1,756,848	£2,076,907
3	100 units	£1,678,926	£2,426,715	£2,311,075	£2,668,611	£2,079,794	£2,991,429	£2,654,998	£2,515,381	£1,657,694	£1,940,177
4	90 units	£1,357,567	£1,960,284	£1,867,009	£2,155,788	£1,678,081	£2,420,647	£2,148,668	£2,032,026	£1,339,658	£1,565,533
5	75 units	£1,574,039	£2,280,910	£2,169,361	£2,526,898	£1,945,514	£2,830,758	£2,503,253	£2,373,688	£1,528,256	£1,817,221
6	60 units	£1,441,637	£2,098,406	£1,986,535	£2,311,985	£1,782,028	£2,590,405	£2,291,532	£2,172,506	£1,401,964	£1,684,318
7	40 units	£856,454	£1,241,427	£1,180,403	£1,377,507	£1,057,521	£1,543,507	£1,363,913	£1,293,034	£828,387	£988,081
8	30 units	£440,976	£636,423	£606,500	£702,624	£546,654	£787,992	£700,575	£658,392	£438,892	£509,660
9	25 units	£606,641	£886,195	£842,752	£982,568	£755,355	£1,100,932	£973,210	£922,641	£588,066	£705,664
10	15 units	£483,595	£707,789	£672,675	£787,270	£597,504	£880,989	£777,491	£738,158	£465,400	£558,479
11	10 units	£191,804	£277,560	£264,148	£311,509	£237,325	£348,929	£304,089	£286,327	£186,237	£221,564
12	5 units	£99,422	£143,858	£136,894	£158,948	£122,965	£178,015	£157,638	£149,496	£97,098	£114,823

Table 45

Notional Scheme	Description	Royston North	Royston South	Saddleworth North	Saddleworth South	Saddleworth West & Lees	Shaw	St James	St Marys	Waterhead	Wemeth
1	230 units	£9,076,119	£9,570,188	£10,086,104	£10,909,552	£9,756,725	£8,417,361	£6,618,188	£5,433,024	£7,069,670	£5,599,876
2	110 units	£3,199,966	£3,371,859	£3,559,501	£3,845,989	£3,444,906	£2,970,776	£2,339,395	£1,926,056	£2,502,824	£1,986,038
3	100 units	£2,964,456	£3,117,686	£3,300,760	£3,556,144	£3,198,607	£2,760,149	£2,182,697	£1,810,924	£2,337,299	£1,862,000
4	90 units	£2,392,114	£2,515,876	£2,685,229	£2,871,501	£2,582,721	£2,227,097	£1,761,056	£1,461,043	£1,888,208	£1,504,675
5	75 units	£2,809,758	£2,962,988	£3,122,220	£3,377,604	£3,020,067	£2,605,451	£2,048,147	£1,680,735	£2,187,713	£1,732,562
6	60 units	£2,570,394	£2,709,862	£2,856,882	£3,089,347	£2,763,897	£2,384,412	£1,875,465	£1,540,678	£2,003,897	£1,587,935

Notional Scheme	Description	Royton North	Royton South	Saddleworth North	Saddleworth South	Saddleworth West & Lees	Shaw	St James	St Marys	Waterhead	Wemeth
7	40 units	£1,531,631	£1,616,104	£1,701,457	£1,842,245	£1,645,141	£1,419,000	£1,114,052	£912,025	£1,189,651	£941,018
8	30 units	£780,038	£819,328	£869,384	£934,867	£843,191	£727,652	£572,821	£477,811	£614,233	£490,785
9	25 units	£1,092,434	£1,152,351	£1,213,770	£1,313,631	£1,173,825	£1,012,545	£795,466	£651,995	£849,612	£672,477
10	15 units	£876,243	£925,355	£972,334	£1,054,188	£939,593	£810,760	£635,319	£514,049	£677,289	£530,265
11	10 units	£346,285	£364,772	£385,027	£415,838	£372,703	£321,637	£249,488	£205,780	£266,718	£211,824
12	5 units	£176,689	£187,716	£198,056	£213,964	£191,693	£164,087	£129,303	£106,550	£138,182	£109,700

14.4 Appendix D - Build Costs of Notional Schemes

Average Dwelling Size

Table 46 Average Dwellings Sizes used for all Notional Schemes

	1 bed	2 bed	3 bed	4+ bed
Flat	528	629	823	0
Detached	0	679	971	1388
Semi-detached	0	658	980	1269
Terraced	556	654	982	1052

Notional Scheme 1

Build cost totals £20,499,390

Table 47 Breakdown of Mix (house type and size) and Build Costs (£)

	1 bed		2 bed		3 bed		4+ bed	
	No	Cost (£)	No	Cost (£)	No	Cost (£)	No	Cost (£)
Flat	0	0	15	849,150	8	592,560	0	0
Detached	0	0	0	0	10	873,900	4	499,680
Semi-detached	0	0	0	0	25	2,205,000	12	1,370,520
Terraced	0	0	0	0	105	9,279,900	51	4,828,680
Total	0	0	15	849,150	148	12,951,360	67	6,698,880

Notional Scheme 2

Build cost totals £7,834,680

Table 48 Breakdown of Mix (house type and size) and Build Costs (£)

	1 bed		2 bed		3 bed		4+ bed	
	No	Cost (£)	No	Cost (£)	No	Cost (£)	No	Cost (£)
Flat	0	0	29	1,641,690	2	148,140	0	0
Detached	0	0	1	61,110	0	0	0	0
Semi-detached	0	0	0	0	2	176,400	0	0
Terraced	0	0	37	2,177,820	10	883,800	29	2,745,720

	1 bed		2 bed		3 bed		4+ bed	
	No	Cost (£)	No	Cost (£)	No	Cost (£)	No	Cost (£)
Total	0	0	67	3,880,620	14	1,208,340	29	2,745,720

Notional Scheme 3

Build cost totals £8,991,270

Table 49 Breakdown of Mix (by house type and size) and Build Costs (£)

	1 bed		2 bed		3 bed		4+ bed	
	No	Cost (£)	No	Cost (£)	No	Cost (£)	No	Cost (£)
Flat	0	0	0	0	0	0	0	0
Detached	0	0	5	305,550	15	1,310,850	9	1,124,280
Semi-detached	0	0	11	651,420	25	2,205,000	15	1,173,150
Terraced	0	0	4	235,440	11	972,180	5	473,400
Total	0	0	20	1,192,410	51	4,488,030	29	3,310,830

Notional Scheme 4

Build cost totals £7,177,680.

Table 50 Breakdown of Mix (house type and size) and Build Costs (£)

	1 bed		2 bed		3 bed		4+ bed	
	No	Cost (£)	No	Cost (£)	No	Cost (£)	No	Cost (£)
Flat	0	0	28	1,585,080	0	0	0	0
Detached	0	0	0	0	0	0	0	0
Semi-detached	0	0	0	0	2	176,400	0	0
Terraced	0	0	0	0	42	3,711,960	18	1,704,240
Total Dwellings	0	0	28	1,585,080	44	3,888,360	18	1,704,240

Notional Scheme 5

Build cost totals £6,263,370

Table 51 Breakdown by Mix (house type and size) and Build Costs (£)

	1 bed		2 bed		3 bed		4+ bed	
	No	Cost (£)	No	Cost (£)	No	Cost (£)	No	Cost (£)
Flat	1	47,520	8	452,880	0	0	0	0
Detached	0	0	0	0	5	436,950	0	0
Semi-detached	0	0	0	0	10	882,000	2	228,420
Terraced	3	150,120	0	0	46	4,065,480	0	0
Total Dwellings	4	197,640	8	452,880	61	5,384,430	2	228,420

Notional Scheme 6

Build cost totals £5,923,620.

Table 52 Breakdown by Mix (house type and size) and Build Costs (£)

	1 bed		2 bed		3 bed		4+ bed	
	No	Cost (£)	No	Cost (£)	No	Cost (£)	No	Cost (£)
Flat	0	0	9	509,490	0	0	0	0
Detached	0	0	0	0	12	1,048,680	16	1,998,720
Semi-detached	0	0	0	0	10	882,000	13	1,484,730
Terraced	0	0	0	0	0	0	0	0
Total Dwellings	0	0	9	509,490	22	1,930,680	29	3,483,450

Notional Scheme 7

Build cost totals £3,138,750.

Table 53 Breakdown of Mix (house type and size) and Build Costs (£)

	1 bed		2 bed		3 bed		4+ bed	
	No	Cost (£)	No	Cost (£)	No	Cost (£)	No	Cost (£)
Flat	1	47,520	9	509,490	0	0	0	0
Detached	0	0	0	0	0	0	4	499,680
Semi-detached	0	0	0	0	4	352,800	4	456,840
Terraced	0	0	11	647,460	6	530,280	1	94,680

	1 bed		2 bed		3 bed		4+ bed	
	No	Cost (£)	No	Cost (£)	No	Cost (£)	No	Cost (£)
Total Dwellings	1	47,520	20	1,156,950	10	883,080	9	1,051,200

Notional Scheme 8

Build cost totals £2,651,400.

Table 54 Breakdown by Mix (house type and size) and Build Costs (£)

	1 bed		2 bed		3 bed		4+ bed	
	No	Cost (£)	No	Cost (£)	No	Cost (£)	No	Cost (£)
Flat	0	0	0	0	0	0	0	0
Detached	0	0	0	0	0	0	0	0
Semi-detached	0	0	0	0	0	0	0	0
Terraced	0	0	0	0	30	£2,651,400	0	0
Total Dwellings	0	0	0	0	30	£2,651,400	0	0

Notional Scheme 9

Build cost totals £2,332,530.

Table 55 Breakdown by Mix (house type and size) and Build Costs (£)

	1 bed		2 bed		3 bed		4+ bed	
	No	Cost (£)	No	Cost (£)	No	Cost (£)	No	Cost (£)
Flat	0	0	6	339,660	0	0	0	0
Detached	0	0	1	61,110	2	174,780	8	999,360
Semi-detached	0	0	0	0	6	529,200	2	228,420
Terraced	0	0	0	0	0	0	0	0
Total Dwellings	0	0	7	400,770	8	703,980	10	1,227,780

Notional Scheme 10

Build cost totals £1,582,020.

Table 56 Breakdown by Mix (house type and size)

	1 bed		2 bed		3 bed		4+ bed	
	No	Cost (£)	No	Cost (£)	No	Cost (£)	No	Cost (£)
Flat	0	0	0	0	0	0	0	0
Detached	0	0	1	61,110	0	0	0	0
Semi-detached	0	0	0	0	3	264,600	11	1,256,310
Terraced	0	0	0	0	0	0	0	0
Total Dwellings	0	0	1	61,110	3	264,600	11	1,256,310

Notional Scheme 11

Build cost totals £881,190

Table 57 Breakdown by Mix (house type and size) and Build Costs (£)

	1 bed		2 bed		3 bed		4+ bed	
	No	Cost (£)	No	Cost (£)	No	Cost (£)	No	Cost (£)
Flat	0	0	0	0	0	0	0	0
Detached	0	0	0	0	1	87,390	0	0
Semi-detached	0	0	0	0	9	793,800	0	0
Terraced	0	0	0	0	0	0	0	0
Total Dwellings	0	0	0	0	10	881,190	0	0

Notional Scheme 12

Build cost totals £441,000.

Table 58 Breakdown by Mix (house type and size) and Build Costs (£)

	1 bed		2 bed		3 bed		4+ bed	
	No	Cost (£)	No	Cost (£)	No	Cost (£)	No	Cost (£)
Flat	0	0	0	0	0	0	0	0
Detached	0	0	0	0	0	0	0	0
Semi-detached	0	0	0	0	0	0	0	0

	1 bed		2 bed		3 bed		4+ bed	
	No	Cost (£)	No	Cost (£)	No	Cost (£)	No	Cost (£)
Terraced	0	0	0	0	5	441,000	0	0
Total Dwellings	0	0	0	0	5	441,000	0	0

14.5 Appendix E - Total Development Cost

Table 59

Notional Site	Description	Alexandra	Chadderton Central	Chadderton North	Chadderton South	Coldhurst	Crompton	Failssworth East	Failssworth West	Hollinwood	Medlock Vale
1	230 units, 5.03ha, 46dph	£30,236,266	£33,164,770	£32,716,601	£34,075,640	£31,816,052	£35,354,165	£34,055,289	£33,493,194	£30,207,203	£31,261,209
2	110 units, 1.75ha, 63dph	£10,607,918	£11,577,071	£11,429,762	£11,870,703	£11,130,274	£12,302,032	£11,875,610	£11,681,728	£10,609,888	£10,944,782
3	100 units, 1.56ha, 64dph	£11,670,848	£12,583,864	£12,447,911	£12,838,610	£12,176,006	£13,239,304	£12,850,364	£12,671,168	£11,705,169	£11,996,809
4	90 units, 1.26ha, 71dph	£9,281,243	£10,011,925	£9,903,011	£10,216,662	£9,680,921	£10,545,719	£10,233,041	£10,082,240	£9,307,425	£9,537,460
5	75 units, 1.56ha, 48dph	£8,440,532	£9,267,003	£9,140,381	£9,525,158	£8,885,805	£9,886,092	£9,518,908	£9,360,254	£8,430,708	£8,729,446
6	60 units, 1.42ha, 42dph	£7,857,425	£8,608,633	£8,493,854	£8,840,865	£8,262,951	£9,169,585	£8,837,108	£8,692,146	£7,852,078	£8,120,304
7	40 units, 0.86ha, 46.5dph	£4,208,686	£4,646,282	£4,578,803	£4,786,353	£4,442,392	£4,978,404	£4,782,004	£4,697,403	£4,198,464	£4,360,290
8	30 units, 0.4ha, 75dph	£3,256,773	£3,489,796	£3,455,565	£3,556,783	£3,387,103	£3,660,285	£3,562,186	£3,510,207	£3,270,909	£3,340,589
9	25 units, 0.61ha, 40.9dph	£9,096,085	£3,414,399	£3,366,259	£3,513,475	£3,269,093	£3,650,792	£3,510,902	£3,450,382	£3,090,892	£3,210,098
10	15 units, 0.50ha, 30dph	£2,175,391	£2,427,708	£2,389,108	£2,509,777	£2,306,705	£2,616,582	£2,503,990	£2,458,062	£2,165,976	£2,261,101
11	10 units, 0.19ha, 52.6dph	£1,130,029	£1,229,375	£1,214,349	£1,264,220	£1,184,295	£1,308,145	£1,258,919	£1,239,809	£1,129,594	£1,165,186
12	5 units, 0.10ha, 50dph	£569,172	£620,498	£612,712	£635,935	£597,138	£658,281	£635,816	£625,982	£569,446	£587,304

Table 60

Notional Site	Description	Royton North	Royton South	Saddleworth North	Saddleworth South	Saddleworth West & Lees	Shaw	St James	St Marys	Waterhead	Werneth
1	230 units, 5.03ha, 46dph	£35,222,022	£35,804,467	£36,555,974	£37,526,716	£36,167,678	£34,445,428	£32,207,441	£30,785,437	£32,833,487	£30,983,797
2	110 units, 1.75ha, 63dph	£12,245,036	£12,434,010	£12,692,548	£13,007,505	£12,566,565	£11,993,070	£11,257,171	£10,793,991	£11,471,770	£10,861,854
3	100 units, 1.56ha, 64dph	£13,190,654	£13,358,096	£13,615,673	£13,894,743	£13,504,045	£12,967,398	£12,288,985	£11,872,611	£12,495,210	£11,928,425
4	90 units, 1.26ha, 71dph	£10,494,571	£10,628,993	£10,838,429	£11,062,466	£10,748,815	£10,315,342	£9,771,371	£9,437,585	£9,941,011	£9,486,654
5	75 units, 1.56ha, 48dph	£9,848,796	£10,013,700	£10,225,008	£10,499,848	£10,115,071	£9,628,923	£8,996,594	£8,594,279	£9,172,973	£8,650,580
6	60 units, 1.42ha, 42dph	£9,134,360	£9,283,079	£9,477,294	£9,725,159	£9,378,148	£8,936,068	£8,362,891	£7,999,452	£8,524,401	£8,050,370

Notional Site	Description	Royton North	Royton South	Saddleworth North	Saddleworth South	Saddleworth West & Lees	Shaw	St James	St Marys	Waterhead	Werneth
7	40 units, 0.86ha, 46.5dph	£4,957,771	£5,046,721	£5,156,469	£5,304,719	£5,097,169	£4,839,171	£4,502,066	£4,285,962	£4,594,869	£4,317,064
8	30 units, 0.4ha, 75dph	£3,646,466	£3,687,838	£3,756,876	£3,825,830	£3,729,295	£3,591,303	£3,414,808	£3,311,891	£3,469,000	£3,325,551
9	25 units, 0.61ha, 40.9dph	£3,636,029	£3,699,121	£3,778,490	£3,883,644	£3,736,428	£3,551,905	£3,311,443	£3,157,861	£3,378,177	£3,179,777
10	15 units, 0.50ha, 30dph	£2,608,337	£2,660,052	£2,719,265	£2,805,457	£2,684,789	£2,539,383	£2,346,615	£2,217,204	£2,397,125	£2,234,279
11	10 units, 0.19ha, 52.6dph	£1,303,553	£1,323,019	£1,349,775	£1,382,219	£1,336,797	£1,277,597	£1,197,153	£1,150,173	£1,218,814	£1,156,538
12	5 units, 0.10ha, 50dph	£855,977	£867,589	£881,199	£897,949	£874,498	£842,707	£803,837	£579,399	£614,951	£582,716

14.6 Appendix F - Project Profit

Table 61

Notional Site	Description	Alexandra	Chadderton Central	Chadderton North	Chadderton South	Coldhurst	Crompton	Fallsworth East	Fallsworth West	Hollinwood	Medlock Vale
1	230 units, 5.03ha, 46dph	-12.85%	10.47%	9.17%	5.39%	6.14%	14.37%	12.66%	7.01%	8.31%	-0.70%
2	110 units, 1.75ha, 63dph	-2.35%	18.94%	17.71%	14.54%	14.49%	23.24%	21.55%	15.90%	16.55%	8.21%
3	100 units, 1.56ha, 64dph	0.15%	22.25%	20.89%	18.41%	17.93%	26.38%	24.34%	19.47%	18.64%	11.70%
4	90 units, 1.26ha, 71dph	2.19%	23.45%	22.14%	19.88%	18.80%	28.13%	26.15%	20.73%	20.06%	12.67%
5	75 units, 1.56ha, 48dph	-3.03%	18.17%	16.99%	13.49%	14.23%	21.71%	20.18%	14.99%	16.29%	8.00%
6	60 units, 1.42ha, 42dph	-1.36%	19.65%	18.48%	15.13%	15.68%	23.26%	21.69%	16.56%	17.60%	9.53%
7	40 units, 0.86ha, 46.5dph	-1.76%	18.56%	17.48%	13.74%	14.68%	22.08%	20.75%	15.34%	17.32%	8.58%
8	30 units, 0.4ha, 75dph	5.51%	26.88%	25.53%	23.34%	22.58%	30.97%	28.87%	24.35%	22.90%	16.62%
9	25 units, 0.61ha, 40.9dph	-0.97%	19.33%	18.21%	14.64%	15.43%	22.87%	21.46%	16.17%	17.93%	9.34%
10	15 units, 0.50ha, 30dph	-5.77%	14.75%	13.70%	9.35%	11.63%	17.30%	16.21%	11.21%	14.43%	5.42%
11	10 units, 0.19ha, 52.6dph	1.35%	22.49%	21.25%	18.02%	18.55%	25.77%	24.37%	19.60%	19.88%	12.50%
12	5 units, 0.10ha, 50dph	0.92%	21.99%	20.77%	17.77%	18.10%	25.52%	23.83%	19.05%	19.46%	12.05%

Table 62

Notional Site	Description	Royton North	Royton South	Saddleworth North	Saddleworth South	Saddleworth West & Lees	Shaw	St James	St Marys	Waterhead	Werneth
1	230 units, 5.03ha, 46dph	9.74%	8.25%	19.20%	17.05%	20.06%	11.73%	5.13%	6.35%	13.64%	5.95%
2	110 units, 1.75ha, 63dph	18.26%	17.00%	27.12%	25.31%	27.84%	19.94%	13.63%	14.50%	21.75%	14.57%
3	100 units, 1.56ha, 64dph	22.79%	21.81%	31.17%	29.76%	31.73%	24.09%	17.30%	17.47%	24.77%	17.08%
4	90 units, 1.26ha, 71dph	23.52%	22.54%	32.04%	30.64%	32.61%	24.82%	18.15%	18.38%	25.96%	18.52%
5	75 units, 1.56ha, 48dph	17.42%	16.04%	26.06%	24.08%	26.86%	19.27%	13.29%	14.45%	21.08%	14.11%
6	60 units, 1.42ha, 42dph	19.03%	17.72%	27.56%	25.67%	28.32%	20.79%	14.79%	15.82%	22.48%	15.51%

Notional Site	Description	Royton North	Royton South	Saddleworth North	Saddleworth South	Saddleworth West & Lees	Shaw	St James	St Marys	Waterhead	Werneth
7	40 units, 0.86ha, 46.5dph	17.27%	15.79%	25.92%	23.79%	26.77%	19.25%	13.65%	15.13%	21.55%	14.98%
8	30 units, 0.4ha, 75dph	27.62%	26.79%	35.59%	34.41%	36.07%	28.71%	22.08%	21.93%	29.17%	21.61%
9	25 units, 0.61ha, 40.9dph	18.29%	16.87%	26.85%	24.82%	27.67%	20.18%	14.46%	15.77%	22.24%	15.57%
10	15 units, 0.50ha, 30dph	13.22%	11.50%	21.87%	19.39%	22.86%	15.52%	10.25%	12.41%	17.97%	11.73%
11	10 units, 0.19ha, 52.6dph	22.14%	20.98%	30.37%	28.70%	31.04%	23.69%	17.80%	18.42%	25.12%	17.97%
12	5 units, 0.10ha, 50dph	21.87%	20.49%	29.93%	28.21%	30.62%	23.45%	17.32%	18.05%	24.86%	17.58%

14.7 Appendix G - Worked example of methodology

Worked Example

Based on Notional Scheme 4 in Chadderton South

14.14 For each notional scheme, the model works out the gross development value (GDV) of the scheme and the total cost of the scheme. The difference between the total cost and the GDV is the potential profit. Any profit above 15% represents the percentage of GDV available for affordable housing.

14.15 This example is provided as a 'walk through' so the method can be better understood. It shows the calculation for one ward (Chadderton South) only.

14.16 The assumed mix on of notional scheme 4 comprises:

Table 63

Flat	28
Terraced	60
Semi-Detached	2

Calculation of Gross Development Value

14.17 The GDV is calculated here by multiplying the number of proposed units of each house type by the average dwelling size and the £ per sq ft sales value supplied by PDI.

14.18 The sales values for each ward were based on a mixture of appraisals and professional judgement, and expressed as a range of values. For example, the sales value for houses in Chadderton South ranged between £140 and £175 per sq ft. For the purposes of calculating GDV, it has been assumed that 90% of the highest sales value will be achieved. In this example a sales value £157.50 per sq ft for a house is therefore assumed.

Table 64

28 no. 2 bed flats (629 sq ft each) at £166.50 per sq ft	£2,932,398
2 no. 3 bed semi-detached houses (980 sq ft each) at £157.50 per sq ft	£308,700
42 no. 3 bed terraced houses (982 sq ft each) at £157.50 per sq ft	£6,495,930
18 no. 4 bed terraced houses (1052 sq ft each) at £157.50 per sq ft	£2,982,420
Total GDV	£12,719,448

Calculation of Total Development Costs

14.19 The Total Cost is the sum of the Land Acquisition costs, the Build Costs, the Finance and the Contributions. These are will be taken in turn:

Land Acquisition costs

14.20 Land values in this ward vary between £425K per acre and £650K per acre. It is assumed here that the land for the notional scheme will be purchased at the average land value (ie £537.5K per acre).

14.21 The site for the notional scheme measures 1.26 hectares in size, which equates to 3.1 acres.

14.22 The cost of purchasing the land for this site is therefore $537,500 \times 3.1 = \text{£1,673,521}$ (note that the cost is not exactly $537,500 \times 3.1$ as the spreadsheet uses full decimal places in the calculations, ie 3.113528)

14.23 Stamp Duty is payable on this purchase at 4%, which equates to £66,941.

14.24 Professional Fees are assumed to be 3% of the GDV. This equates to £381,583

14.25 Ground investigation fees are assumed to be 2% of the land purchase. This equals £33,470.

14.26 Search costs (local search, Coal Authority and United Utilities) sum to £272

14.27 The total acquisition cost is the sum of all the above, ie **£2,155,788**

Build Costs

14.28 Build costs range between a maximum and a minimum for houses and flats. In all cases, it is assumed the maximum build costs of £90 per sq ft apply.

14.29 The size of each dwelling is based on the average sizes calculated from a range of actual schemes in the borough. Each house type that forms part of the notional scheme has been broken down by size based on the proposal that the notional scheme was based on. For example, this notional scheme has 28 flats. On the actual scheme that this was based on, all 28 flats were 2 bed flats. For calculation of build costs we assume this mix.

Table 65

28 no. 2 bed flats (629 sq ft each)	£1,585,080
2 no. 3 bed semi-detached houses (980 sq ft each)	£176,400
42 no. 3 bed terraced houses (982 sq ft each)	£3,711,960
18 no. 4 bed terraced houses (1052 sq ft each)	£1,704,240
Total build cost	£7,177,680

14.30 To this are added the sales costs, which are assumed to be 2% of GDV. In this case sales costs equate to £254,389

14.31 Adding the sales cost to the build costs gives a total build cost of **£7,432,069**

Finance

14.32 It is assumed that finance for the scheme will be lent at the council's current borrowing rate of 5.3%. It is assumed that there is no arrangement fee.

14.33 In this case finance is:

Total land acquisition costs (£2,155,788) x finance on land (3.25) x finance rate (5.3%) / 2 = rate of borrowing attributed to land (£185,667)

Plus

Total build cost (£7,432,069) x finance on build (2.25) x finance rate (5.3%) / 2 = rate of borrowing attributed to build (£443,137).

14.34 Total Finance is the sum of the two elements - £185,667 + £443,137 = **£628,804**

Total Development Cost

14.35 Bringing the costs presented above together gives the total cost:

Table 66

Land Acquisition costs	£2,155,788
Build Costs	£7,432,069
Finance	£628,804
Total cost	£10,216,661

GDV less Costs

14.36 Subtracting the Costs from the GDV leaves the potential profit for the developer:

Table 67

GDV	£12,719,448
minus Total Costs of Development	£10,216,661
provides Potential Profit of	£2,502,787
or, as a proportion of the GDV	19.68%

14.37 In order for a scheme to be viable it is assumed that a developer would need to make a 15% profit, therefore there would be no amount available for affordable housing in this instance.