

Appendix A – Independent Viability Appraisal Summary by White Land Strategies Ltd

The Former Kingswood School is subject to a planning application to deliver 131 residential units and associated open space.

The Applicant, Keepmoat Homes, has proposed to deliver 18% affordable housing, stating that full policy compliance and a full S106 package was not possible on viability grounds.

The scheme is a partnership with CBC, with CBC providing funding to assist in delivery of affordable 50 units as part of a joint package with a site known as Beanfield.

The viability review has been undertaken in accordance with Section 173 of the National Planning Policy Framework. This test requires that landowners should receive a reasonable return for disposal of land coming forward for such developments and that, in essence, the cost associated with infrastructure should not be so detrimental to land value that landowners should be forced to bring forward land below a reasonable market return.

The site is being sold by Northampton County Council.

The mix does not include a proportion of Open Market 1&2 bed units, but does deliver 2 bed affordable units. The proposed units average price is 3 bed £154,375. The average 4 bed unit is £198,975. This compares favorably with the Zoopla general 3 bed average of £142,288 but is below the Zoopla 4 bed average which is currently £225,515.

The average weighted sales value adopted within the Applicant's appraisal is £183.96 psft. Market research was undertaken to test values. The area where the proposed application is situated has little comparable evidence available. The majority of new build evidence is located on edge of centre, better located, higher value areas. The 2016 properties in these locations are achieving an average of £196.88 psft. The wider search suggested sales averages of £175 psft as indicated by the cooler value area shown in the sales value heat map for Corby.

The Applicant's proposed values were considered reasonable.

In terms of build costs a high degree of detail was submitted and considered reasonable after queries raised were satisfied. Though external allowances were higher than our usual allowance the base build cost which included contingency was much lower than BCIS averages. In the rounding these costs were considered reasonable.

Infrastructure costs were considered to be high but do not appear to have been deducted off the County Council land price.

S106 costs were provided at £879,246 and were raised to £894,246. This equates to £6,826 per unit and would not in isolation be considered unreasonable.

Other costs such as contingency, fees and marketing were considered reasonable.

Profit assumptions were above usual assumptions if the office contribution is treated as profit not fee cover. Fees were lower than our provision as were debt costs, as were agent fees so in the rounding profit assumptions could be considered reasonable.

If land cost remained fixed and 18% affordable housing provided, the Applicant's appraisal provided a S106 allowance of £350,000. White Land Strategies Ltd appraisal using standard assumptions resulted in a marginally lower allowance of £330,000.

Sensitivity was undertaken on sales values. If £190 psft could be achieved which is below the new build comparable evidence but much higher than that submitted by the Applicant S106 could rise to £785,000. This would be a substantial rise to assume and not backed up by evidence to prove it could be achieved.

The full S106 package is not met at the baseline value nor the enhanced value.

Further sensitivity was considered on the residual land value i.e. taking into account a compliant package, the land value would be considered to be closer to £1.2m.

In summary:

An 18% affordable housing scheme with the full S106 package is not viable.

Residualising the profit results in a below market profit rate at 14.58% which would be considered unreasonable against the viability test policies.

If the S106 contribution is adopted in full and profit is set at the market norm then the appraisal shows that the most that can be paid for the land is £1.2m.

Sensitivity testing was carried out to sense check the impact of sales values rise over costs.

The required rise in sales values over costs needs to be 4-5% to enable the baseline appraisal package with full S106 to be considered viable. This is unlikely in the current market.

The baseline scheme is unable to afford the S106 package as required. The Applicant's and WLSL's appraisals residualised affordable S106 at £350,000 and £330,000 respectively.

If land cost can be revisited the S106 package can be accommodated at £1.2m land value.

If the land price is not able to be reconsidered as it is a public body land sale, then the viability assessment and the residual S106, as stated by the Applicant to be affordable, is a reasonable approach and we recommend the assessment be accepted on this basis.