

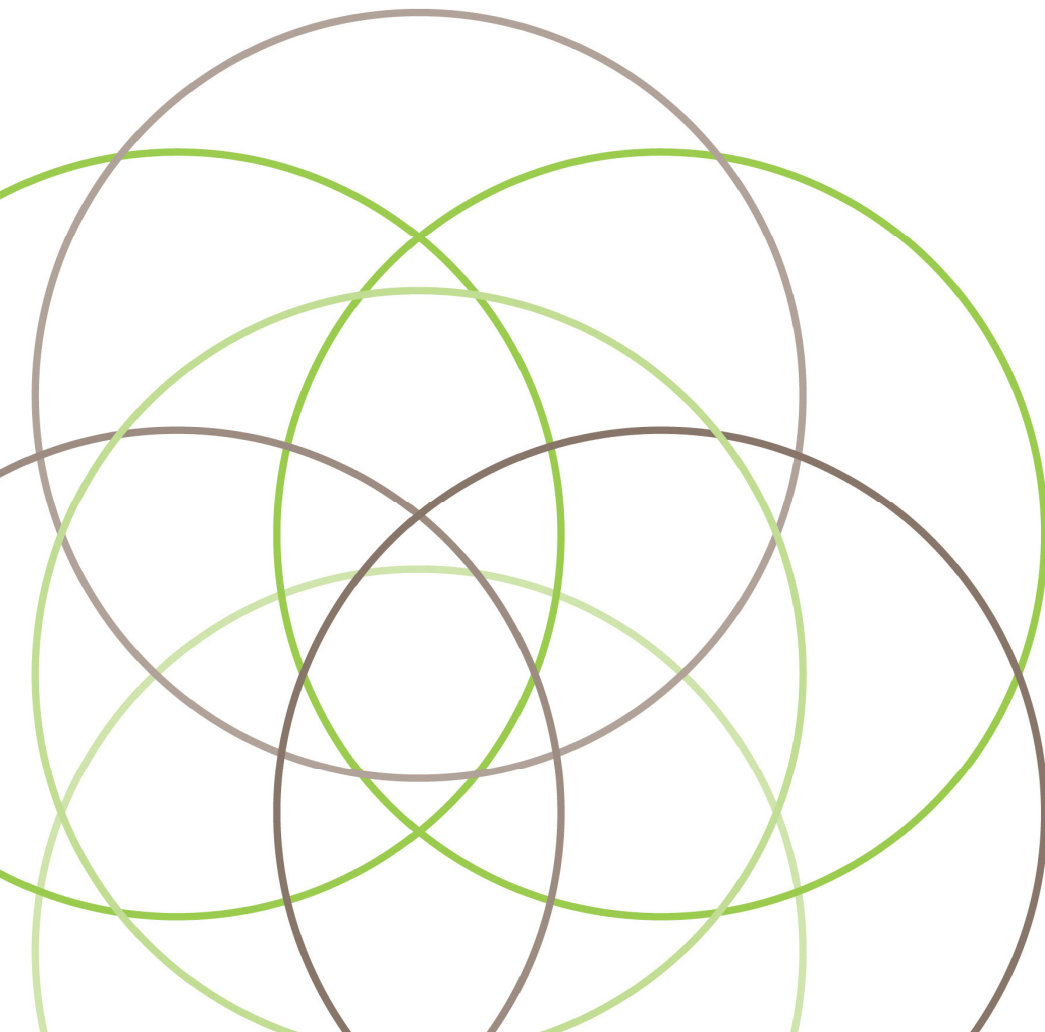
Financial Viability
Assessment

of Land off Occupation Lane,
Woodville, Swadlincote

for

Harworth Harworth Group

November 2019



Quality Assurance

Date

4th November 2019

Version

10

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Non-technical Summary

- ES 1 This non-technical summary should be read in conjunction with the main report.
- ES 2 This Financial Viability Assessment has been produced for Harworth Group in relation to the site known as 'Land off Occupation Lane' and the outline planning permission for up to 300 residential units, 11.39 acres of employment land and a local centre'.
- ES 3 Planning policy requires the proposed scheme to provide the following contributions set out in ES Table 1.

ES Table 1 – Developer Contributions Required

Item	Amount / Quantity
Affordable Housing	30% / 90 units
Education	£959,901
Recreation (Open space)	£520,026
Recreation (Outdoor facilities)	£307,560
Recreation (Built facilities)	£170,556
Health	£165,300
National Forest Planting	TBC
Total Non-Affordable Housing Contributions	£2,123,373

- ES 4 We have carried out a market assessment to establish the Gross Development Value (GDV) of a policy compliant scheme which is £57.87 million.
- ES 5 The total development cost has been based on a combination of Build Cost Information Service costs, a cost plan provided by MAC and other industry standard assumptions which are set out in the report. The total development cost, including profit is £63.18 million.
- ES 6 The difference between the total development cost and GDV is the Residual Land Value (RLV). This equates to -£5.31 million (negative) based on a profit target of:
- 20% of market sale GDV
 - 6% of affordable housing GDV
 - No profit on the sale of serviced employment and commercial land

- ES 7 The RLV is then compared to the Existing Use Value (EUV) of the site (otherwise known as the Benchmark Land Value (BLV)). We have assessed this as being £5.31 million based on an EUV plus premium approach in accordance with Planning Practice Guidance.
- ES 8 The proposed scheme on a policy compliant basis is therefore unviable as the RLV is lower than the BLV by £10.62 million (see ES Table 2).

ES Table 2 - Policy Compliant Appraisal Summary

Item	Amount
Gross Development Value (GDV)	£57.87 million
Total Development Cost (Excludes profit + negative land added back)	£53.23 million
Profit (at 20% on Market Sale GDV and 6% on Affordable GDV)	£9.95 million
Residual Land Value	-£5.31 million
Benchmark Land Value (Including premium)	£5.31 million
Conclusion - 30% affordable housing & £2.12 million of S106	Unviable

Source: AspinallVerdi

- ES 9 The subject site is currently vacant and underutilised. Due to its previously developed use, the site is constrained and requires a significant amount of remediation in order to be developable. Without intervention from Harworth Group, the site will remain vacant and underutilised as the up-front development costs render any scheme unviable, particularly for employment use. In order to deliver this much-needed investment, regeneration and employment development, there needs to be a compromise in terms of Local Authority, landowner and developer aspirations.
- ES 10 The full report which follows this executive summary demonstrates that the site cannot afford to deliver any policy contributions. However, our clients consider that a compromise has to be made if the scheme is to be acceptable in planning terms. In this context, our client is willing to make a £1.20 million contribution towards Section 106 planning obligations and deliver the serviced land which includes 11.39 acres of employment land that would be unviable without their intervention.