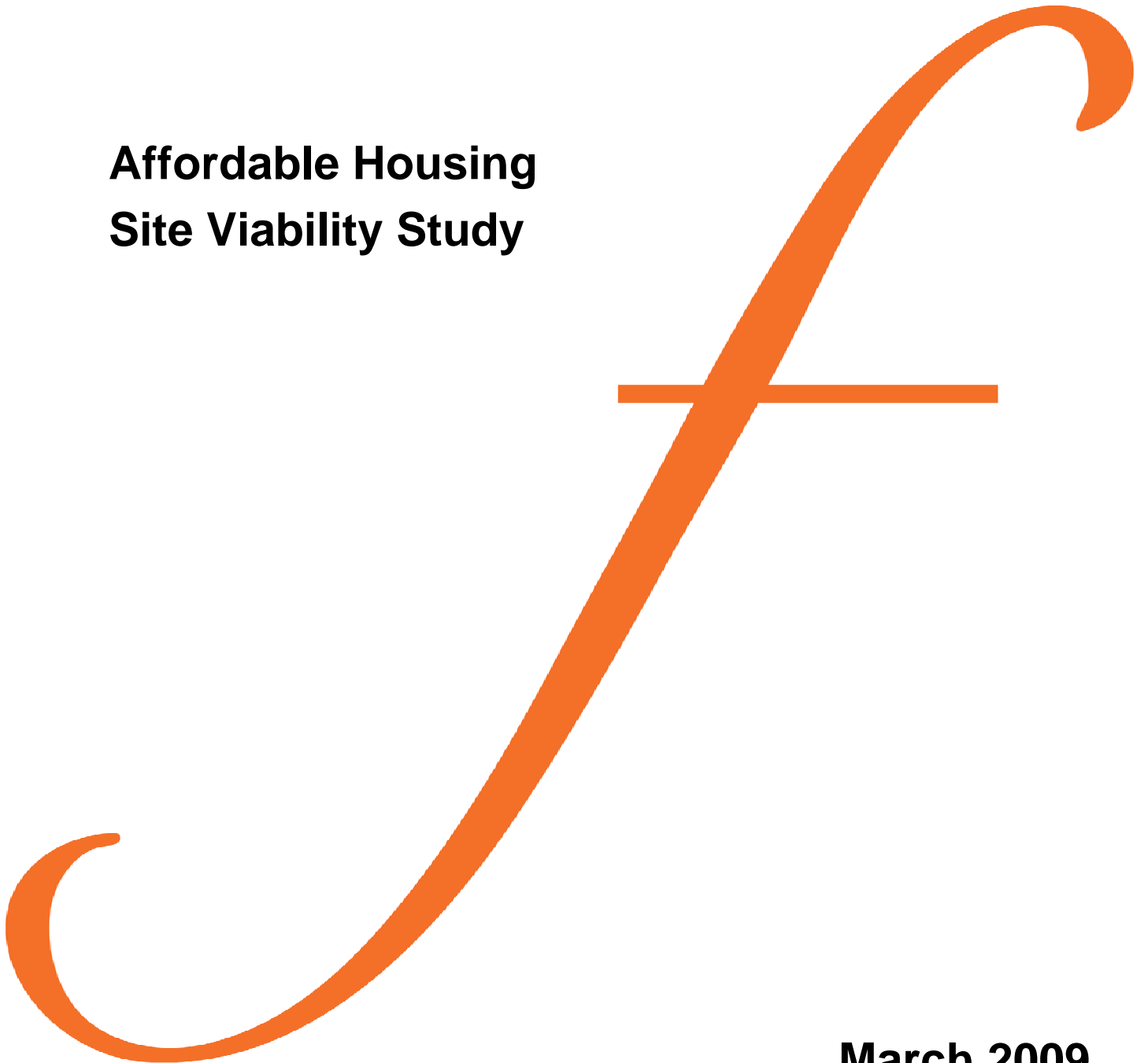


Burnley and Pendle Borough Councils

**Affordable Housing
Site Viability Study**



**March 2009
Final Draft Report**

Executive summary

1. Fordham Research was commissioned by Burnley and Pendle Borough Councils to carry out a study of affordable housing viability in their combined Housing Market area. This study follows on from the Strategic Housing Market Assessment (SHMA) completed in April 2008. It is intended to inform ongoing work on the preparation of Local Development Frameworks in both Burnley and Pendle, by examining the impact on housing viability of alternative levels of affordable housing requirement.
2. The study involved preparing financial appraisals for a number of permitted, proposed or potential housing sites. The appraisals were designed to assess the impact on development viability of alternative requirements for affordable housing provision. Viability would be examined for a range of sites in a variety of development situations. A 'modelling' approach was taken, using bespoke spreadsheet software which allowed alternative scenarios to be tested quickly.
3. To ensure a representative range of sites for testing, the Councils considered the appropriate range of development situations, and produced a shortlist of sites in each category. From this a total of sixteen sites were selected, with eight in each Borough. The sites ranged in size from 12 to 135 dwellings.
4. The sites split relatively evenly between sites subject to permission or application on the one hand; and sites which were allocated, potential allocations or windfalls on the other. Only two sites were greenfield, with the other fourteen on previously developed commercial land. The majority of these were former mill sites; in two of these, conversion of some of the existing buildings was required. All but two of the sites were in the main urban corridor running along the valley from Padiham to Colne.
5. In all these sites have the potential to provide just under 1,000 dwellings, at a relatively high average net density of 49 dwellings per ha.
6. In devising development proposals to test for each site, we considered the site characteristics and any detailed development proposals, any Development Brief where such proposals had not yet come forward, and also looked at other recent development proposals across the study area. We also drew on experience from elsewhere to develop appropriate development mixes for each site.

7. In any area of this size we might expect some variation in development types and situations, and that is the case here. An urban form that has emerged in many parts of the country post PPG3¹ provides for a mix of flats, two and 2.5² storey houses. In the study area this form typically produces a floorspace density of about 3,550 sq m per ha (15,500 sq ft per acre). There will be higher density schemes in larger urban areas, especially providing apartments in blocks and town centre conversions. There are also rural and urban edge development forms with lower densities, often focusing on larger, mainly detached units.
8. Our observation of development forms for those sites where applications have been submitted, and experience elsewhere, led to the development of a four class typology, with floorspace densities ranging from 3,150 to 7,110 sq m per ha (13,750- 30,950 sq ft per acre), to inform development assumptions for the 16 sites.
9. The sites were tested with no affordable housing, and for options of 10%, 20% and 30% affordable housing. In each case the affordable housing was assumed to be a combination of social rented and intermediate homes - 90/10 in Burnley, and 80/20 for Pendle³. The intermediate housing was required to match specified target outgoings, but could be either rented or low cost home ownership housing.
10. The affordable housing was to be provided on the basis of zero Social Housing Grant. Advice was sought from Councils' partner Registered Social Landlords (RSLs) about appropriate selling prices with zero grant. We also considered appropriate levels for the other planning gain contributions which might apply for each of the sites, using a tariff type approach but reflecting the levels achieved on the permitted appraisals sites and other recent example sites.
11. The local market for residential development was examined. There is a limited supply of new build housing across the area as a whole. Prices vary widely between the main urban corridor and the more expensive rural fringe, and only to a lesser extent within the urban areas. Taking into account current selling prices on schemes and some recent second hand exemplars across the market area, we determined price levels for flats and houses on each site.
12. We also looked at evidence in respect of land values for likely alternative uses for the sites.

¹ On 7 March 2000 PPG 3 introduced 30 dwellings per hectare (dph) as a new national indicative minimum density to guide policy development and decision making, until local density policies were in place.

² Two storey dwellings with living areas in the roofspace.

³ These figures are taken from the Burnley and Pendle Strategic Housing Market Assessment (Fordham Research, April 2008)

13. We considered assumptions in respect of development costs and the other financial and site assumptions required to carry out appraisals. Abnormal costs were expected to arise on some sites. Appropriate assumptions to determine the building programme for each site were determined.
14. Appraisals for each site were produced in respect of all of the affordable options. They used a bespoke spreadsheet based financial analysis package. The approach was to determine the residual land value, i.e. what value the site would have after taking into account the costs of development, the likely income from sales and/or rents, and an appropriate amount of developer's profit. In order for the proposed development to be viable, the residual value must exceed the value from a valid alternative use.
15. The appraisals showed that with no requirement for affordable housing, only four of the sites delivered positive land values, with the two rural sites doing best. These results were below what Valuation Office Agency's (VOA) published data, now a little historic, or other available information, limited because of few recent land sales, suggested local values for readily available residential land would be. The appraisals are felt much more likely to present a 'worst case' scenario rather than to be unduly optimistic.
16. As increasing amounts of affordable housing are introduced, the land value falls away. By 20% affordable, only the two rural sites still achieved a substantial positive land value, and with a requirement of 40% only one site was still positive. On some sites, those with highest densities, land value falls away much more quickly as the affordable contribution increases. On such sites the land value, the main source of the affordable contribution, is a much lower proportion of the scheme's total cost. Since land value is the main means of providing 'developer subsidy,' this means that it cannot go as far on high density schemes as with a lower density development.
17. Whether each individual option produces a viable outcome will depend on the land value from alternative uses. For the identified sites the alternative use was normally industrial/warehousing/storage. Industrial use would have an alternative use value of £175k per acre (£430k per ha) on appraisal sites across the area. Agricultural use was less valuable at £10k per acre/£25k per ha. The special circumstances of one of the sites meant that a specific assessment of value was required, although this turned out to broadly match the industrial 'benchmark' anyway.
18. This information, adjusted for any abnormal development costs that would still arise in the alternative use, was used to determine whether the individual sites were viable at different levels of affordable housing provision. The results showed that fourteen sites were not viable even with 100% market housing. The two remaining sites were both in the rural parts of the area - one greenfield and the other on previously developed land. Both of these sites could produce 10% affordable housing and still be fully viable.

19. The rural greenfield site remained viable at 20% and 30% but by 40% would be classed as marginal, because the surplus over alternative use value was insufficiently large to assert that it would come forward. The rural brownfield site was unviable by 20%.

20. Both Councils will need to consider these findings carefully in formulating policy targets in their emerging Local Development Documents. They suggest that in the urban parts of the study area no target for affordable housing could reasonably be sought as a requirement in the present market situation, unless grant or other financial assistance was forthcoming. However it would be possible to set a target for the higher priced, rural areas. Provisionally we suggested a figure of 20%, although a two tier target for greenfield and brownfield sites might be a feasible policy response.

21. Since the work was first commissioned it has become clear that a major economic downturn is under way. The indications are that in the coming months viability will deteriorate further, as prices fall but costs continue to rise. We demonstrated the impact of possible price and cost future changes on the appraisal results, and suggested that it was important to focus on the flexible policy framework needed to deal with the ongoing viability situation, rather than simply considering the immediate target.

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1. Introduction

Introduction

- 1.1 Fordham Research Ltd was commissioned by the two Councils in July 2008, to produce guidance on the financial viability implications of alternative targets and size thresholds for affordable housing provision within the combined area. The study follows on from the recently completed Strategic Housing Market Assessment (SHMA) for Burnley and Pendle and, like that study, will provide input into the ongoing work on preparation of Local Development Frameworks for the two Boroughs.

Preamble

- 1.2 National guidance (PPS3) requires Councils to set a target for the proportion of affordable housing to be delivered through new developments. The recently completed SHMA suggested (Paragraphs 22.26 and 23.22) that targets of 40% and 45% for Burnley and Pendle respectively would be justified by the analysis of the area's housing requirements.
- 1.3 This SHMA advice was, essentially, based on an assessment of the balance between the need for market housing and the need for affordable housing. In doing so, it did not take into account the commercial factor - i.e. what is viable, and what it is realistic to ask developers to provide in this area at this time. Whilst targets of 40% and 45% might be the appropriate figures to balance the overall housing market over time, it might not be the appropriate target now.
- 1.4 The purpose of the present study is to address that issue, enabling each council to set a robust target in the light of current commercial circumstances in Burnley and Pendle. That latter target is just that - a target. The actual amount of affordable housing required on any particular site must be assessed for that actual site, and take into account the peculiar factors of developing that site at that point of the economic cycle. The actual requirement will not only take into account the normal costs of developing that site, but also the abnormal costs such as off site highways works and the like that may be required. It will take into account the nature of development, the current use of the land and all the other factors that a developer would take into account when embarking on a development project. It will need to allow for factors which are unknowable at present, such as the community infrastructure levy, and the availability of grant aid for affordable housing.
- 1.5 This study is designed to set the current target in an informed way. Given the pattern of housing market conditions since late 2007, it may be necessary for any proposed target to be reviewed regularly, so as to reflect changes in the profitability of development.

- 1.6 The availability and cost of land are matters at the core of the viability for any development of new houses. The fact that a developer may have over-paid for a site will not excuse them from providing affordable housing; correspondingly if they paid less than the market rate that would not lead to a requirement to provide more. It must be recognised that in the current development and planning regime the cost of meeting s106 requirements and affordable housing is a factor in development appraisals and does impact on land values and this must be understood by land owners, developers and their advisors and agents.
- 1.7 The land price element of the viability appraisal can cause much debate. This study does not attempt to assess the specific price that could or should be paid for each site. The appraisal works out what land on a site may be worth if a range of scenarios were to occur, and then compares that amount with its value in some other use to which it could be put. This study does not attempt to predict when a landowner may sell the land, or even if he will sell, as the owners of individual land areas, whether individuals or corporate bodies, can operate in very different ways and in very different circumstances.

National guidance

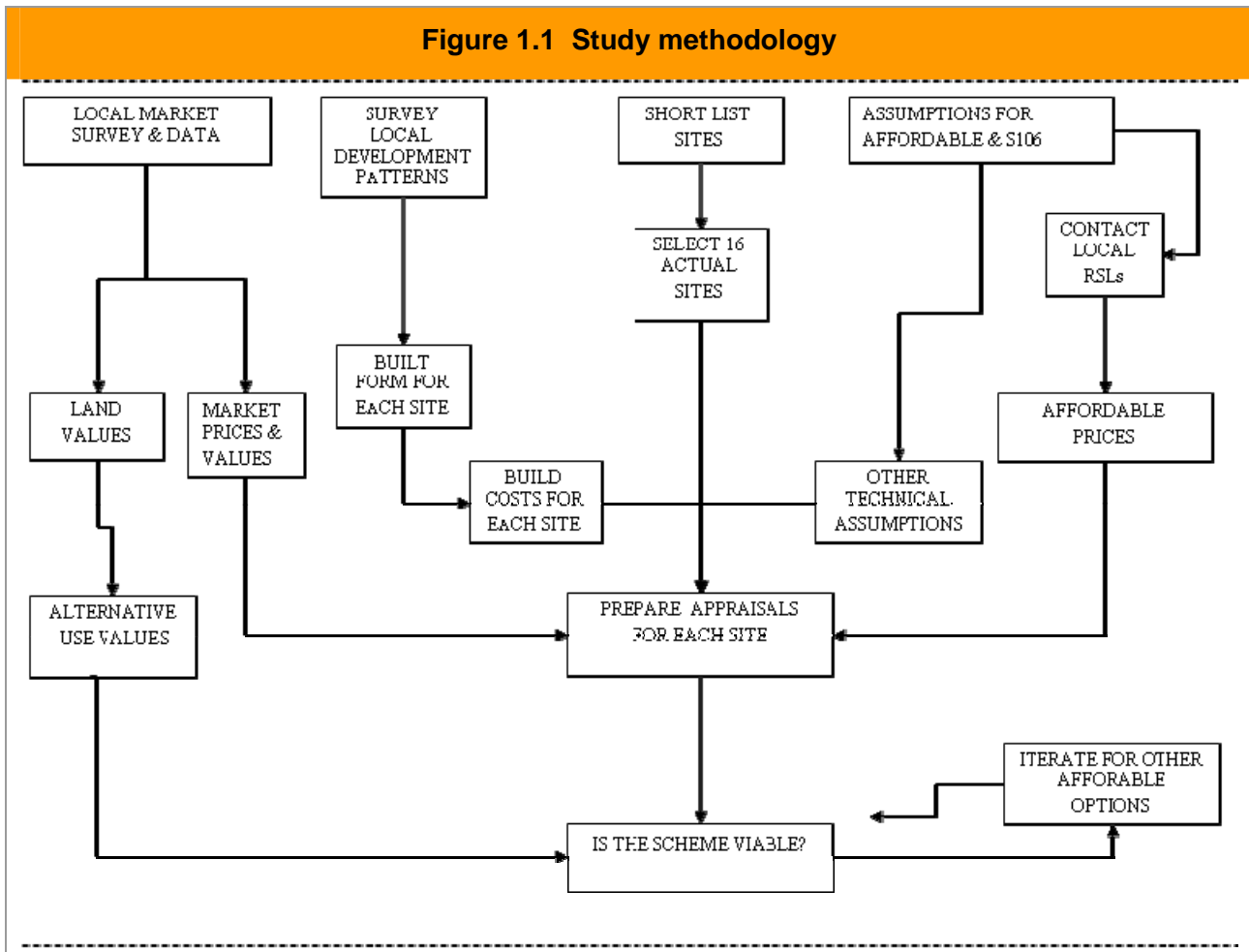
- 1.8 Guidance on affordable housing policy issues is now provided by PPS3.
- 1.9 Whilst from 2000 onwards the earlier guidance PPG3 recognised the need to take into account the economics of development when setting affordable housing targets and negotiating contributions from developers, PPS3 further reinforced that message. It suggests that Local Development Documents (LDDs) should **set an overall target** for the amount of affordable housing to be provided, which should:
- 1.10 ... *'reflect an assessment of the likely economic viability of land for housing within the area, taking account of the risks to delivery and drawing on informed assessments of the likely levels of finance available for affordable housing, including public subsidy and the level of developer contribution that can reasonably be secured.'* (S29)
- 1.11 LDDs should also **set out the range of circumstances** in which affordable housing will be required. The national indicative minimum size threshold is to be 15 dwellings. However, Local Planning Authorities (LPAs) may:
- 1.12 ... *'set lower minimum thresholds, where viable and practicable, including in rural areas. This could include setting different proportions of affordable housing to be sought for a series of site-size thresholds over the plan area. LPAs will need to undertake an informed assessment of the economic viability of any thresholds and proportions of affordable housing proposed....'* (S29)
- 1.13 The analysis in the present study is designed to be consistent with the above requirements.

Fordham Research

- 1.14 Fordham Research has been providing advice to Councils in respect of planning gain and development viability since the late 1980s. The firm's approach throughout this time has involved the preparation of financial appraisals. Over the last few years in particular, Councils have increasingly commissioned the firm to evaluate financial appraisals which have been prepared by developers in order to support a case for a reduced affordable housing contribution, for enabling development, and so on.
- 1.15 Since 1993 Fordham Research has become a leading consultancy in carrying out Housing Needs Surveys (and more recently the more wide ranging Strategic Housing Market Assessments that have largely replaced them) and advising Councils on affordable housing policy issues.
- 1.16 Since that time the firm has assisted Councils on very many occasions by providing expert witness services at Local Plan and S78 Inquiries, successfully supporting housing need and affordable housing policies. Particularly in recent years, this has regularly included evidence in respect of viability issues.

Study methodology

- 1.17 The study methodology is summarised in Figure 1.1 below. Fundamentally, it involves preparing financial appraisals for a representative range of sites across the study area. In this case a selection of sites, at various stages in the planning process, was chosen from a shortlist.
- 1.18 The appraisals tested alternative levels of affordable housing provision, in each case a combination of social rented and intermediate housing. Registered Social Landlords (RSLs) were asked to provide guidance on the likely purchase prices they would pay for units in each category. Assumptions were also required for the developer contributions that would be sought under other headings like education and open space.
- 1.19 We surveyed the local housing market, in order to obtain a picture of sales values for the market housing, and also of land values - for residential development, to calibrate the appraisals, and for other uses, to assess alternative use values. Alongside this we considered local development patterns in order to arrive at appropriate built form assumptions for those sites where information from a current permission was not available. These informed the appropriate build cost figures.



Source: Fordham Research 2009

- 1.20 A number of other technical assumptions were required before appraisals could be produced. The appraisal results were in the form of per ha/acre 'residual' land values, showing the maximum value a developer could pay for the site and still return a target profit level.
- 1.21 Finally, the residual value was compared to the benchmark alternative use value for each site. Only if the residual value exceeded the benchmark figure, and by a satisfactory margin, could the scheme be judged to be viable.

Housing market downturn

- 1.22 In preparing financial appraisals of the kind described above, it is conventional to use current figures for build costs and house prices. Future changes are essentially unknown, but the approach is also 'safety first' in that inflation has longer to improve values than to increase costs, which are on average incurred earlier in time.

- 1.23 By the spring of 2008 it had become clear that the onset of a 'credit crunch', which had begun during the previous autumn, had triggered a serious downturn in the housing market. A severe reduction in the availability of mortgages, limiting effective demand, led to a reduction in prices, and this impacted in turn on purchasers' outlook.
- 1.24 By the time of writing, December 2008, alongside the fall in house prices, a more general economic downturn had taken hold, with business and consumer confidence declining severely, falling share prices, and a widespread perception that a global recession was under way.
- 1.25 This means that after a very long interval in historical terms, during which house prices have been rising almost continuously, we have now entered a period of adjustment. A similar adjustment was precipitated in the early 90s, after rapid price rises in the period 1986-89. During that previous adjustment house prices fell back considerably over several years.
- 1.26 Until a short time ago it was possible to argue that the need for downwards price adjustment is less acute now than at that time; that the underlying demand/supply relationship remains more vigorous, and therefore that both the scale and period of adjustment should be smaller than before. However it is fairly clear in December 2008 that in most places new build prices have already fallen by 20% or more from the peak.
- 1.27 Furthermore, the market shows no signs as yet of stabilising. The latest Nationwide Building Society Annual Index as at December 2008 points to an annual decline of 15.9%. Consequently, the level of house prices which obtains as appraisals are being finalised for each site, cannot be said to provide a sound basis for guidance about development viability into the future, as it would typically have done in the past. A study based on today's prices only, is going to be of limited validity.
- 1.28 It is necessary to take account of this unusual situation. Clearly, continued and regular monitoring of the development situation will be required. A policy approach which formalises this, taking account periodically of future movements in viability, would seem to be a sensible response and one such approach to 'dynamic viability' will be outlined at the conclusion of the report. A study based on current prices would constitute an essential foundation for that approach and the study has proceeded accordingly on that basis.

Structure of this report

1.29 The remainder of the report covers the following topics:

Chapter 2 - The individual development sites

Chapter 3 - Affordable housing and developer contributions assumptions

Chapter 4 - Local market conditions

Chapter 5 - Assumptions for viability analysis

Chapter 6 - Results of viability analysis

Chapter 7 - Implications of viability results

2. Individual development sites

Introduction

- 2.1 This Section deals with the sites identified for study, first outlining the key characteristics of each site, and then considering the assumptions made about proposed development upon each site for the purpose of producing a financial appraisal. The individual sites chosen were visited at an early stage in the work.

An area of diversity

- 2.2 The Burnley and Pendle housing market area represents to a degree a zone of transition from the urbanised valleys of East Lancashire, to the rural Pennine Hills and Yorkshire Dales. It is centred upon a continuous line of industrial towns from Padiham in the west to Colne in the east, which occupy a valley floor shared with river, railway, canal and motorway. North of Colne, epitomising the transition, the Leeds & Liverpool Canal's summit level tunnels under the hills to emerge on the 'Yorkshire' side, at Foulridge – whilst the railway lost both its track and services in the early 1970s.
- 2.3 The linear urban core is surrounded by a small rural fringe around Burnley/Padiham, and a larger, quite rural, area - which includes the Forests of Pendle and Trawden - running from Barley in the west to the substantial settlements of Barnoldswick and Earby in the north, and south to the villages of Laneshaw Bridge and Trawden, facing onto the South Pennine Moors.
- 2.4 The area is strongly influenced by geology and topography. The industrial base, historically focused upon the textile industry, has provided a strong heritage of mill buildings. These are found in both town and more rural positions. Many are of great character and in locations, canal-side and hillside for example, which elsewhere would be regarded as offering considerable development potential.
- 2.5 The area has had some success in more modern times in achieving a more diversified employment base, with the large Rolls Royce fan blade manufacturing facility in Barnoldswick supporting a strong advanced precision engineering sector. Unemployment is lower than in other similar districts nearby.
- 2.6 Nevertheless, Burnley and Pendle are part of a wider area across East Lancashire which has failed to offer sufficient attractions to avoid a situation of housing market failure. Over a number of years work has been progressing on identifying and implementing appropriate Housing Market Intervention initiatives to address this issue, in both Council areas.

- 2.7 As with some other areas who have found it difficult to achieve economic revival, part of the problem lies with the large scale provision of small terraced properties in late Victorian times, which produced an unbalanced housing stock that has perhaps not been kept as well maintained or modernised as it must do to compete with more modern properties.
- 2.8 Alongside this, the scenic rural fringe has been popular for the more well-heeled, providing homes for commuters, those economically independent or footloose, and second home owners. Major price differentials between areas only a short distance apart emerge as a result.

Identifying a range of sites

- 2.9 It became clear that in order for the study to provide the required guidance on viability, a number and range of sites would need to be examined so as to provide useful guidance across the area as a whole. On the other hand there were many similarities and links between the two areas. In discussion with the Councils, it was agreed that a total of sixteen sites (eight in each Borough) would be sufficient, providing that they were carefully selected in order to cover the full range of development situations.
- 2.10 The Councils initially drew up a shortlist of 26 sites and from this the final list of 16 sites was determined. These were chosen to give an appropriate balance between greenfield and previously developed land; a range of site sizes; urban and rural fringe locations.
- 2.11 Most of the sites in the final list were in the urban corridor, although three were in smaller settlements. The sites ranged in size from 12 to 110 dwellings. Two sites were greenfield. All but two of the rest were former employment uses, and two included conversion of former mill buildings.
- 2.12 The sites were at various stages in the planning process. Seven were subject to a planning application, one of which had been refused. Three of the permitted sites had proceeded to construction stage, and all these were now substantially completed. Nine sites were firm or potential allocations.
- 2.13 Information available from the various planning applications was acknowledged in considering the appropriate development forms to use in our appraisals. For the sites without an application or consent we took into account other recent schemes currently being developed, in order to formulate appropriate development assumptions.

The sites

- 2.14 Summary details of the sites identified by the Councils are set out in the Table below. The table shows both total site area, and where a significant area of on site public open space could be identified, net residential area. Overall net density is 44.9 dwgs per ha.
- 2.15 The sites as specified accommodated just over 900 dwellings in total on 20.16 ha. The main emphasis is on small/medium sites, with most between 25 and 75 dwellings.

Table 2.1 Actual site details

Site No		Area ha		No dwgs	Net (dph)	
		Gross	Net			
B1	Dorma, Casterton Avenue Burnley	1.97	1.97	110	55.8	Approved
B2	Summit Works Manchester Road Burnley	0.45	0.45	25	55.6	U/construction
B3	Park Mill Leyland Road Burnley	1.35	1.35	77	57.0	U/construction
B4	Spa Mill Institute Street Padiham	1.40	1.40	55	39.3	U/construction
B5	Former Coal Yard Oswald Street Burnley	1.90	1.90	57	30.0	Proposed site
B6	Land at Langham Street Burnley	3.20	3.20	96	30.0	Proposed site
B7	Gorple Mill Gordon Street Worsthorne	0.90	0.90	27	30.0	Proposed site
B8	Albion Mill Albion Street Padiham	1.20	1.20	36	30.0	Proposed site
P1	Lob Lane Mill Clitheroe Road Brierfield	1.00	1.00	99	99.5	Approved
P2	Land at Richard Street Brierfield	0.98	0.98	70	71.1	Refused
P3	Lamberts Woodyard Manchester Road Nelson	0.90	0.90	52	58.1	Approved
P4	James Nelson Sports Club Wickworth Street Nelson	1.81	1.81	65	35.9	Proposed
P5	Spen Brook Mill Newchurch Road Spen Brook	0.90	0.90	52	58.0	Proposed site
P6	Glen Mill North Valley Road Colne	1.24	1.24	37	29.9	Proposed site
P7	Land at Warehouse Lane Foulridge	0.34	0.34	12	35.3	Proposed site
P8	Garage Site New Road Earby	0.63	0.63	35	55.3	Proposed site
Total		20.16	20.16	905	44.9	

Source: Fordham Research

2.16 We subsequently reviewed dwelling numbers on the four Burnley proposed sites, B5 to B8, for which dwelling numbers had been provisionally assigned on the basis of a blanket density assumption of 30 dwellings per ha. The review led to higher densities ranging from 37 to 45 dwgs/ha, increasing the overall dwelling total to 987 dwellings, and overall density to 49.3 dwellings per ha.

Development assumptions

2.17 In arriving at appropriate assumptions for residential development on each site, the development form in an approved planning application would have to be an important consideration. For the remaining sites we also assessed the information available on other recent development proposals; considered relevant draft planning policies or Development Briefs; and drew on information on current new build developments from our market survey.

2.18 This locally derived information was balanced with our experience from a wide variety of development situations in other parts of the country, in order to develop the most appropriate assumptions in relation to development form, for the identified sites. On sites which were not yet subject to current or approved applications, we also had to bear in mind the number of dwellings which the local planning authority envisaged on the site.

2.19 In recent years, as development proposals have engaged with the various implications of PPG3, but aided by rising land values, a common development format has emerged for significant sized sites in most larger urban areas, initially in the more prosperous or pressured parts of the country, but increasingly also in smaller centres. This format provides for a majority of houses (with perhaps 15-30% flats) in a mixture of two storey and two and a half to three storey form, with some rectangular emphasis to the layout. Typically, this would generate a floorspace density of around 15,500 sq ft per acre/3,550 sq m per ha on a substantial site, or sensibly shaped smaller site. Typical dwelling density would be 40-45 dwellings per ha (dph).

2.20 Alongside this, there are of course schemes where land is used more intensively. In many inner urban locations - and indeed sometimes elsewhere - there have been large numbers of higher density schemes providing largely or wholly apartments, in blocks of three storeys and often rather higher. These provide floorspace density from around 30,000 sq ft per acre/6,900 sq per ha/ upwards, at densities of 100 dph plus.

2.21 Even ignoring the wholly apartment schemes, sites with a stronger urban emphasis than described at 2.17 above, with rather higher proportions of flats, or of three storey town houses, will typically deliver 19,000-20,000 sq ft per acre (4,350-4,500 sq m per ha). The information provided by the Councils on recent comparable schemes pointed to several sites of this nature. They presumably reflect the built form, with narrow blocks and street structure, covering most of the older areas of Burnley and Pendle.

- 2.22 In contrast, there will be situations where, for planning reasons, particularly on small sites, in rural, edge of town or more sensitive locations, schemes with densities below the 15,500 sq ft per acre/3,550 sq m per ha 'baseline' will come forward. A typical density might be around 12,500 sq ft per acre/2,850 sq m per ha.
- 2.23 These observations, taken together with the available information we collected on actual development proposals, point to a built form typology for the local development situation, as set out in the Table below. It comprises four categories.
- 2.24 There is a 'base' category to reflect the common urban form referred to at 2.17 above, i.e. giving 15,500 sq ft per acre/3,550 sq m per ha, and one less dense and two more dense variations from this starting point. We would stress that the short titles used to describe the categories have been adopted for convenience only, and must not be taken to imply anything specific about where or when they might apply.

Table 2.2 Typology of development form			
Category title	Density		Built form characteristics
	Floorspace net sq ft/acre (sq m per ha)	Dwellings (typical dwg/ha)	
Rural/edge	12,500 (2,875)	20-33	Edge of settlement, less pressured location. Mostly 2 storey, largely 3 & 4 bed detached houses with garages.
Base	15,500 (3,550)	40-45	Mixture of 2 & 2.5/3 storey houses, many terraced; some (15-25%) flats, limited garaging.
Urban	19,000 (4,350)	45-60	Mixture of 3 storey flats (c 30-35%) and town houses. Normally no significant open space.
High	30,000 (6,900)	90-110	Flats in small blocks on 3 storeys, parking spaces

Source: Fordham Research

- 2.25 The above typology was used to develop model development assumptions, especially for the sites where actual information on planning proposals (or measurements for an existing building) were not available.
- 2.26 The resulting assumptions for residential development for each of the 16 sites are set out in the Table below. Comparing those sites where 'actual' data was available (shown as P in the table) with the sites using model data informed by the typology (shown as M), the model assumptions are if anything more cautious, and of course that may be appropriate given recent market conditions and widespread concern about an overhang of unsold apartments.

Table 2.3 Site development assumptions

Site ref	Category	Development form (M/P)	Net sq ft/acre	Net sq m/ha	Ave dwg net sq ft (sq m)
B1	Dorma Burnley	Urban (P)	19,650	4,510	851 (79)
B2	Summit Wks Burnley	Urban/high (P)	23,500	5,400	1,045 (97)
B3	Park Mill Burnley	Urban (P)	18,750	4,300	812 (75)
B4	Spa Mill Padiham	Urban (P)	20,500	4,700	1,288 (120)
B5	Former Coal Yard Burnley	Base (M)	15,500	3,560	970 (90)
B6	Langham Street Burnley	Base (M)	15,400	3,530	901 (84)
B7	Gorple Mill Worsthorne	Base/edge (M)	14,000	3,220	944 (88)
B8	Albion Mill Padiham	Base (M)	15,500	3,560	856 (80)
P1	Lob Lane Mill Brierfield	High (P)	30,950	7,110	769 (71)
P2	Richard Street Brierfield	Urban (P)	19,550	4,490	679 (63)
P3	Lamberts Woodyard Nelson	Urban (P)	20,250	4,650	1,001 (93)
P4	James Nelson Club Nelson	Base/edge (M)	14,000	3,210	915 (85)
P5	Spen Brook Mill Spen Brook	Urban (M)	18,050	4,150	770 (71)
P6	Glen Mill Colne	Base (M)	15,450	3,550	1,050 (98)
P7	Warehouse Lane Foulridge	Base/edge (M)	13,750	3,160	963 (89)
P8	Garage Site Earby	Urban (M)	18,950	4,350	865 (79)

KEY Development form M = model assumption P = taken from planning proposal or building

Source: Fordham Research

3. Affordable housing and other developer contributions

Introduction

3.1 This Section considers the assumptions used to test a range of affordable housing scenarios for the individual sites, and similarly the developer contributions assumed for each site.

Affordable housing assumptions

3.2 We undertook appraisals for a number of development scenarios which involved varying proportions of affordable housing, and tenure split. The assumptions in respect of proportions, and the financial terms on which they are to be provided, are considered below.

3.3 The approach to seeking affordable housing will inevitably vary in detail between the individual Councils, reflecting its historical evolution, local choices and circumstances, and so on. However, in order to reduce the appraisal work (and results) to a manageable task, a single common approach was assumed to apply across the whole of the study area, and for all sites. This common approach permits the study to provide a strategic overview, allowing the results to apply across the whole of the area. As differences in approach are not normally very great, it is felt that using a common approach will not undermine the validity of the appraisal results at Borough level.

(i) Affordable proportion

3.4 Following discussions with the Councils we tested the following options:

- **NO** affordable housing
- 10% affordable
- 20% affordable
- 30% affordable

3.5 A policy seeking affordable housing proportions of 10% currently operates in Burnley, whilst we understand that no fixed target is applied in Pendle. New and higher targets may be proposed in emerging Local Development Documents.

3.6 Any such targets would of course be informed by the recent Strategic Housing Market Assessment (SHMA), as well as by the present study. The SHMA suggested that the analysis of need would suggest targets of 40% in Burnley, and 45% in Pendle.

(ii) Tenure split

3.7 The Councils currently seek a mixture of social rented and intermediate housing to different splits. However we were asked to test the affordable target options with a tenure split to reflect the proposals put forward in the SHMA a 90%:10% split between social rented and intermediate housing in Burnley, and one of 80%:20% in Pendle.

3.8 In principle, intermediate tenure could constitute a wide range of different housing propositions. After discussion with the two Councils it was agreed that, consistent with the SHMA guidance, intermediate housing should be housing regardless of tenure which would meet specified monthly outgoings. The figures identified in the SHMA report (Table 25.4) were updated from September 2007, the SHMA base date, to a November 2008 base by indexing at 4.5%. The resulting target outgoings are set out below.

Table 3.1 Target outgoings for intermediate housing			
Size	Outgoings £ as at November 2008		
	Annual	Monthly	Weekly
1 bed flat	3,532	294	68
2 bed flat	3,858	322	74
2 bed house	3,858	322	74
3 bed house	4,565	380	88
4 bed house	5,271	439	101

Source: Fordham Research

(iii) Size profile

3.9 After discussion we assumed that the mix of affordable housing on each site should broadly follow the market housing, i.e. achieving an average dwelling size (i.e. net sq ft/sq m) in line with that of the market housing. This assumption is a convenient one which ensures that as the affordable housing proportion varies between the options being tested, the floorspace density remains constant - a desirable aim if the appraisals are to constitute a realistic development scenario, consistently, across the options.

3.10 In working up development assumptions for the sites we made assumptions about the indicative mix of dwellings on each individual site. Collectively those deliver an overall mix profile as set out in the Table below

Table 3.2 Aggregate size mix profile		
	No of dwgs	%
1 bed flat	68	7
2 bed flat	227	23
2 bed house	118	12
3 bed house	362	37
4 bed house	205	21
4 bed house	980	100

Source: Fordham Research

- 3.11 The size profile displays some emphasis on larger four bedroom dwellings whilst also achieving a reasonable proportion of smaller units (i.e. 1 and 2 bed flats).

(iv) Financial terms

- 3.12 To be consistent with national guidance the viability study must take into account the likely availability of public subsidy i.e. Social Housing Grant. In practice the future availability of grant – both the total quantum of grant, and the amounts forthcoming for different sizes of dwelling and tenure – is typically subject to some uncertainty, as increasingly the available funding has been directed to achieving specific regional or strategic priorities. An assumption based on a ‘default position’ of zero Social Housing Grant has become a common starting point in this situation. Incidentally the zero grant assumption also has the advantage of allowing the requirement for grant in individual cases to be calculated more simply than if a set level were already allowed for.
- 3.13 On the basis of similar reasoning it was agreed that a zero grant assumption should be used in the present study, whilst acknowledging that grant may well be available in practice to support a higher level of affordable provision than would be justified with the ‘no grant’ scenario.
- 3.14 It was necessary to seek advice from the Councils’ partner RSLs about the financial terms on which properties of various sizes, would be purchased from the developer in order to achieve the ‘zero grant’ scenario. We sought information from a total of six local partner RSLs in respect of social rented housing; and for intermediate housing at the specified outgoings.
- 3.15 Three RSLs provided partial or complete sets of figures in time for inclusion in our Draft Report. The figures show some variations in estimated ‘offer prices’ for affordable dwellings on the basis described above. Such variations could, in practice, result from a number of factors, including variations in estimated open market value, geographical or otherwise, and perhaps also in the organisations’ assumed level of contribution to the development from reserves. In present market conditions, variations in the degree of risk aversion for shared ownership might also be expected.

3.16 Given the pattern of the RSL data it was felt appropriate to take an average of the figures provided. The averages then formed a basis for estimating overall £ per sq ft selling price figures for Burnley and Pendle under zero SHG as shown in Table 3.2.

Table 3.3 Selling prices: zero grant basis				
	£ per sq ft (sq m)			
	Social rented		Intermediate	
	Flat	House	Flat	House
Price	70 (753)	80 (861)	104 (1,120)	104 (1,120)

Source: Fordham Research

Other developer contributions

3.17 Aside from affordable housing, developer contributions could potentially be sought by the Borough and County Councils under a number of headings. They might be either made in kind, or as financial payments; in either case it is necessary to allow for the additional financial cost of such contributions in preparing appraisals for each site.

3.18 As with the affordable housing approach, the approaches which the two Boroughs currently operate will vary, although of course the County Council elements are likely to be common. As before a common, strategic approach is desirable in that the appraisal findings apply across the whole area.

3.19 Some information was collected in respect of the sites with planning permission. Contributions had been achieved under a variety of headings on individual sites, though mostly relating to open space/recreation provision, or transport. In order to treat the sites in a consistent and unified way we felt a broad ‘modelling’ approach to determining appropriate assumptions was most appropriate.

3.20 Many items would, or should, be impact-related and/or site specific. Transport contributions, for instance, would, in most cases, reflect the unique circumstances of each set of proposals and location. Education contributions should normally only arise if there was insufficient spare capacity within existing local schools; however given the past market problems of the two areas and modest rates of net new provision, it is suspected that some degree of spare capacity would quite often be available, and indeed there was little evidence of such contributions being successfully sought.

3.21 After considering data on contributions for a range of other sites in Pendle, we concluded that a ‘standard’ contribution of £3,000 provided a reasonable basis for our financial appraisals. The basis for this is shown in the Table below.

Table 3.4 Developer contributions assumption				
	Total cost £ per dwg			
	OS	Transport	Other	Total
Standard assumption	1,250	1,250	500	3,000

Source: Fordham Research

- 3.22 The standard assumption was applied to all of the sites with the exception of the substantial greenfield site P4, where the transport contribution was increased by a further £500 per dwelling. Given that the smallest site was 12 dwellings and the next smallest 25, no size threshold was assumed to apply.
- 3.23 It must be emphasised that this approach is simply intended to treat the 16 sites consistently and equitably across the two Council areas, in order to allow financial appraisals to be produced which provide a strategic overview. The figures do not purport to represent what would be sought, offered or negotiated, on specific sites.
- 3.24 Many councils are currently considering the introduction of a Community Infrastructure Levy (CIL) providing a standard charge based on an assessment of aggregated infrastructure costs. Such a charge might well lead to higher costs than those assumed here, and more particularly might bear more heavily on any small sites with the removal of any size thresholds that would otherwise apply.

4. Local market conditions

Introduction

- 4.1 This Section sets out an assessment of the local housing market across Burnley and Pendle, providing a basis for the assumptions on house prices and costs to be used in financial appraisals for the 16 sites tested in the study.
- 4.2 As well as house prices, however, land values are also considered. They are required in order to form a view of likely alternative use values for all of the sites, and it is such values which will represent a minimum viability threshold when appraisals are prepared for the range of affordable housing scenarios.
- 4.3 Before looking at the results from the market assessments, there are some general points arising from the nature of the exercise.

Issues to consider

- 4.4 It is necessary to assess property market conditions in the study area in order to provide a reasonable guide as to likely values to use in evaluating different development proposals.
- 4.5 Although development schemes do have similarities, every scheme is unique to some degree, even schemes on neighbouring sites. While market conditions in general will broadly reflect a combination of national economic circumstances and local supply/demand factors, even within a town there will be particular localities, and ultimately site specific factors, that generate different values and costs. There are indeed quite significant value variations in different parts of the study area.
- 4.6 Property market forces are in a constant state of flux and assessments of viability can change over relatively short periods of time, in response to broader economic fluctuations such as the impact of changes in interest rates on the costs of borrowing, the actual availability of funding, and the outlook in the employment market. Equally significant, sub-area market conditions are often changed by local factors.
- 4.7 For example, high value areas encourage demand in lower value neighbouring areas, where new developments encourage changes in value growth in what perhaps were previously less popular areas.

The Residential Market

- 4.8 The housing market across the two Boroughs will, to some extent, reflect national trends but there are local factors that underpin the market including;
- Attractive and striking upland landscape, across the rural parts of the area but also visible from many locations within the urban corridor, which will be attractive with both tourists and recreational visitors.
 - A rural area with a number of pleasant smaller or larger settlements, and many attractive buildings, popular with incoming households and second home purchasers.
 - Redundant mill buildings, some of great character and interest, often in situations and locations of potential, providing scope for either conversion or redevelopment, or a combination.
 - A major employment cluster around the Rolls Royce fan blade manufacturing facility at Barnoldswick, but comparatively few other economic growth opportunities.
 - Attractive settlements within commuting reach of both Preston and Greater Manchester, and good communications links via M65 to the national motorway network.
 - A large stock of cheap older housing, with critical areas of market failure being addressed through local initiatives and funding
- 4.9 We analysed various sources of market information but the most relevant are the prices of units on new developments. A list setting out details of some relevant new developments and comparable second hand properties in the area, as at December 2008, is provided in Appendix 1.
- 4.10 Analysis of these, and other schemes in the study area, shows that prices for new build homes vary quite widely across the area, ranging between approximately £110 and £214 per square foot (£1,184 - £2,303 per square metre). Within the individual comparable site, the degree of variation will of course be rather less than this. The range in capital sums varied from £69,950 to an upper level of £249,950. These ranges are broadly in line with the Land Registry data as set out in Table 4.1
- 4.11 Table 4.1 shows average prices for the two Council areas. It suggests that in both areas average prices for units of every type are significantly below the national average, and dramatically so in the case of terraced properties. On average, prices are slightly higher in Pendle than in Burnley. This reflects higher figures for semis and terraced units; there is little difference in the prices for detached houses and flats. (However that is a result in part of the small numbers of detached and flatted units, and in other quarters these do show better figures in Pendle than in Burnley).

- 4.12 Although the Land Registry data covers both second hand and new build prices, the former will predominate. The average prices in the Table are compared to a corresponding England & Wales figure and expressed as indices.

Table 4.1 Average house prices by Council area Q2 2008					
Area		Ave price (£k and % index)			
		Detached	Semi	Terrace	Flat
Burnley	£k	£233.9	£120.8	£77.4	£91.4
	index	76%	66%	49%	67%
Pendle	£k	£237.2	£152.0	£87.2	£90.2
	index	77%	83%	55%	66%

Source: Land Registry data.

Index compares LA's figure to the median LA value across England & Wales for house type.

- 4.13 However it is also clear that **within** a Council area there can be considerable variations in price, larger often than those **between** Councils. Land Registry house price data at postcode sector level helps to illuminate these variations. Because the number of sales in individual postcode areas in a single quarter can be quite small, we looked at information for two separate quarters (Q4 2007; Q2 2008). The data has been expressed as an index – as a percentage of the nationwide average price level - and standardised, to allow for variations in type mix. (Appendix 2 provides a worked example of the index calculation, and sets out the resulting price index figures for the two quarters examined).
- 4.14 It can be seen from the indices in Appendix 2 that variations between the two quarters are in many cases relatively slight. Variations tend to be greater for rural and town centre areas, which tend to be numerically smaller and/or more diverse, than for urban areas generally, where postcode sectors are larger numerically and can often be more uniform.
- 4.15 The average figures for the two quarters are mapped in Figure 4.1 below. This shows quite clearly that the majority of postcode sectors have prices which are on average between about 55% and 70% of the national average; all these are located wholly or largely, within the main urban corridor. Three areas are less than 50% of the national average – two in Pendle, specifically in Nelson, and one in Burnley. Seven, all rural except arguably SW Colne/Trawden, have prices above 80% of the national average, of which only one, covering one of the study sites at Spen Brook, is over 100%.

Price assumptions for financial appraisals

- 4.16 It is necessary to form a view about the appropriate prices for the 16 individual schemes to be appraised in the study. The information suggests that there will be significant variations in selling prices across the area, and more particularly between the rural fringe and the central urban corridor.
- 4.17 It is also clear that we should allow for differences between apartments and houses, particularly in locations where flats are going to be attractive. Finally, in drawing on the new build price data we have to bear in mind that, particularly in the present market conditions, that the prices at which homes are offered may include appreciable discounts, such as deposit paid for first time purchasers, or stamp duty.
- 4.18 Taking these points into consideration we considered what sale prices should be for flats, for detached/semi-detached houses and for terraced/town houses on each of the 16 sites. The two were then to be combined on the basis of the proportions of each type on each scheme, to produce a single composite average price.
- 4.19 Many of the sites were in urban areas, where price levels were felt to be quite similar and difficult to differentiate without considerable local knowledge and experience. Accordingly we devised a 'base level' price structure which was applied to the majority of the sites; it had flats at £150 per sq ft (£1,615 per sq m); detached/semis at £145/£1,560 per sq ft/sq m and £135/£1,453 per sq ft/sq m. The remaining urban sites were felt to be at a slight premium, except for one (B8 Albion Street) where a slight discount was applied to the base rates. From observation and Land Registry data we had anticipated a market premium for the Earby site; however current availability did not justify this and led us to apply the base rate structure unmodified.
- 4.20 The two rural sites were given more substantial premiums, the larger premium being for the Spen Brook Mill site. However with limited local information for such a small settlement we must emphasise that this can only be a broad judgment, and the premium we have used is rather less than what the Land Registry data on (mainly second hand) sales would suggest.
- 4.21 The site figures resulting from our type-specific assumptions are set out in Table 4.2 below.

Table 4.2 Price bands

Site/location	Price £ per		Site/location	Price £ per	
	Sq ft	Sq m		Sq ft	Sq m
B1 Burnley NE	146	1,575	P1 Brierfield W	142	1,527
B2 Burnley SW edge	141	1,512	P2 Brierfield	144	1,553
B3 Burnley SE	140	1,508	P3 Nelson W	143	1,540
B4 Padiham	142	1,523	P4 Nelson SE	157	1,689
B5 Burnley NW	141	1,506	P5 Spen Brook	225	2,421
B6 Burnley W	157	1,514	P6 Colne N	143	1,533
B7 Worsthorne	137	1,689	P7 Foulridge	185	1,991
B8 Padiham S	142	1,475	P8 Earby	139	1,497

Source: Fordham Research

- 4.22 The figures cover a range from £137 per sq ft (£1,690 per sq m) to £225 (£2,421) at Spen Brook in the northern rural fringe. This is not quite so great as the spread of prices we saw in the Land Registry data for second hand prices.
- 4.23 It is necessary to consider whether the presence of affordable housing would have a discernible impact on sales prices. In fact affordable housing will be present on many of the sites whose selling prices have informed our analysis. Our view is that in any case any impact can and should be minimised through an appropriate quality design solution.

Land values

- 4.24 We have considered general figures from the Valuation Office Agency (VOA) relating to residential land values. Land values vary dramatically depending upon the development characteristics (size and nature of the site, density permitted etc.) and any affordable or other development contribution.
- 4.25 The VOA publishes figures for residential land in the Property Market Report. These cover areas which generate sufficient activity to discern a market pattern. That means locally we have figures for the North West Region as a whole, and major towns like Blackburn or Preston – but no information for smaller towns or for rural areas.
- 4.26 These values can in any case only provide broad guidance because it is likely that the figures will, to some degree, be net of allowances for developer contributions and/or affordable housing requirements. They can therefore be only indicative, and it may be that values for ‘oven ready’ land with no affordable provision or other contribution, or servicing requirement, are in fact higher.

Table 4.3 Residential Land Values half yr to July 2008

Area	Land Value £m per acre (hectare)		
	Small sites (< 5 dwgs)	Bulk sites (> 2 ha)	Land for apartments
North West Region	£1.10m (£2.71m)	£1.01m (£2.50m)	£1.04m (£2.56m)
Blackburn	£0.73m (£1.80m)	£0.63m (£1.55m)	£0.69m (£1.70m)
Rochdale	£0.81m (£2.00m)	£0.67 (£1.65m)	£0.73m (£1.80m)
Bolton	£0.88m (£2.18m)	£0.81m (£2.00m)	£0.77m (£1.90m)
Preston	£0.95m (£2.35m)	£0.85m (£2.10m)	£0.81m (£2.00m)

Source: VOA Property Market Report July 2008

- 4.27 It should be noted that these values are now somewhat historic. In any case the extent to which they are net of developer contributions is difficult to assess, and will in any case vary between local authority areas. We therefore sought information about values from residential land currently on sale in the two Borough areas.
- 4.28 A range of residential development sites that are currently available in the immediate and adjacent areas were reviewed. A number of single and small scale multiple plots are available, with prices at £150k per plot in Nelson (large detached bungalow), to triple plot at Todmorden at £66k per plot. A more detailed schedule of residential land available is set out in Appendix 3. The values as set out in the appendix are wide ranging when set out as either a per plot value or per acre value. This probably reflects the historic aspirations of the landowner and the range of locations.

Current and Alternative Use Values

- 4.29 In order to assess development viability it is necessary to analyse current and alternative use values. Current use values refer to the value of the land in its current use, for example, as agricultural land. Alternative use values refer to any potential use for the site. For example, a brownfield site may have an alternative use as industrial land.
- 4.30 To assess viability, the value of the land for the particular residential scheme adopted needs to be compared to the alternative use value, to determine if there is another use which would derive more revenue for the landowner. If the assessed value does not exceed the alternative use value, then the development is not viable.

- 4.31 For the purpose of the present study, it is necessary to take a comparatively simplistic approach to determining the alternative use value. In practice a wide range of considerations could influence the precise value that should apply in each case, and at the end of extensive analysis the outcome might still be contentious.
- 4.32 Our 'model' approach is outlined below.
1. For sites previously in agricultural use, then agricultural land represents the existing use value.
 2. Where the development is on former industrial, warehousing or similar land, then the alternative use value is considered to be industrial, and an average value of industrial land for the area is adopted as the alternative use value.
 3. One site has been in use as lock up garages and a view will need to be taken as to its value in that use, based upon local rent levels.
- 4.33 The VOA's typical industrial land values for the region and nearby towns are set out in the Table below. The nearest location for which data is available is 'Blackburn/Burnley'.

Table 4.4 Industrial Land Values			
<i>Land Value per acre (hectare)</i>			
<i>Area</i>	<i>Low</i>	<i>High</i>	<i>Typical</i>
<i>North West & Merseyside Region</i>	£80k (£200k)	£385k (£950k)	£205k (£502k)
<i>Blackburn/Burnley</i>	£160k (£400k)	£245k (£600k)	£200k (£500k)
<i>Rochdale/Oldham</i>	£130k (£325k)	£245k (£600k)	£190k (£475k)
<i>Bolton & Bury</i>	£160k (£400k)	£265k (£650k)	£225k (£550k)
<i>Preston/Central Lancs</i>	£200k (£500k)	£305k (£750k)	£255k (£625k)

Source: VOA Property Market Report July 2008

- 4.34 The region as a whole shows quite a wide range of values. This is quite common, reflecting the wide diversity of circumstances across the region. The more specific locations display less of a range, and the nearest locations both point to typical values around the £200k mark per acre (or £500k per hectare). Preston, a more prosperous and strategic location, though probably also with a ready market and plentiful supply of sites, achieves a slightly higher figure.
- 4.35 We have found only limited evidence of industrial land for sale. Land in a good location has been available at around £200k /£495k per acre/ha although prices are now falling back as the economic outlook has deteriorated. After discussions with local agents we have concluded that for sites in our appraisals, which on the whole are less favourably located, an appropriate benchmark industrial value would be no more than £175k per acre (£430k per ha).

- 4.36 Agricultural values rose over the last year or so, after a long historic period of stability. They are around £5-10k per acre (£15-25k per ha) depending upon the specific use. A benchmark of £10k per acre (£25k per ha) is assumed to apply here.
- 4.37 We looked at asking rents for lock up garages in the area. These vary to some degree in the range £5.00-£7.50 or so per week. The Earby site is assumed to have a figure of £6.00. This would be capitalised at 6% with a small allowance for management/ maintenance costs (10%) and with such a concentration of garages in one location, a more substantial voids allowance. An estimated total of 80 garages with 25% voids would capitalise at £180k per acre (£445k per ha). This is felt to be sufficiently close to the £175k per acre/£430k per ha industrial benchmark that it would not warrant using a separate figure.
- 4.38 Consideration was given to an appropriate value for the James Nelson Sports Club site. There is of course in reality no ‘going rate’ for land in this category. Whilst it has not acquired previously developed status, clearly the owners would regard it as having rather more value than agricultural land. In this case we accepted a figure of £75k per acre (£200k per ha), somewhat below the industrial benchmark value.
- 4.39 The value basis for each individual site that results from the foregoing analysis is summarised in the Table below.

Table 4.5 Alternative Use Value bases				
<i>£ per acre</i>				
	<i>Agricultural</i>	<i>Industrial</i>	<i>Sports</i>	<i>Garages</i>
Site	P7	All others	P4	P8
(Location)	(Foulridge)		(James Nelson)	(Earby)
£ per acre	£10k	£200k	£80k	£?
£ per ha	£25k	£500k	£200k	£430k

Source: Fordham Research

- 4.40 It was noted earlier that a number of brownfield sites may face ‘abnormal costs’ if they are to be redeveloped for residential use. Some of those costs, but not necessarily all, might also arise if the site were redeveloped for industrial use. The alternative use value would need to be reduced to allow for those costs that would still arise in that situation.
- 4.41 The costs arising from development/redevelopment of the 16 sites are considered in the next section, along with the other financial and technical assumptions required to prepare financial appraisals for each of the sites.

5. Assumptions for viability analysis

Introduction

- 5.1 This Section considers the costs and other assumptions required to produce financial appraisals for the 16 sites.

Development costs

(i) Construction costs

- 5.2 Drawing upon our own experience, and taking into account published Building Cost Information Service (BCIS) data, we have developed a set of base per sq ft/sq m construction costs for different built forms of residential development. The costs are specific to different built forms (flats v houses; number of storeys). On the basis of these cost figures, it is possible to draw up appropriate cost levels for constructing new build market housing in Burnley and Pendle at a base date of Q4 2008.
- 5.3 Two of the sites (P1 and P5) involve an element of conversion, rather than being all new build. Conversion costs are of course in practice unique to each individual building. Dependent upon condition and the quality of materials and fitments, the cost can vary quite widely, from perhaps 70% of new build costs to 130%; for Listed Buildings requiring specialist skills and fittings the figure could go even higher. Roof condition is a key factor. For the present study, with conversion from industrial use to residential we have assumed that conversion costs would be 115% of new build costs. Both schemes involved a mix of new and existing floorspace; at P1 Lob Lane Mill the split was broadly 50/50 giving a 7.5% loading, and at P5 Spen Brook Mill the clear majority of provision would be new build, giving a loading of 3%.
- 5.4 The question arises as to what extent the Code for Sustainable Homes should impact on build costs in the study. Whilst from April 2008 the Code's Level 3 will be a requirement for all homes commissioned by RSLs, that would not necessarily be the case for affordable homes built by developers for disposal to an RSL. However, the Government indicates that Level 3 will apply to all new build housing (i.e. will be incorporated in Building Regulations) from 2010, with higher levels intended to be triggered from 2013 onwards. On this basis it seems appropriate for the present study to assume that Level 3 applies to both market and affordable housing on the sites being appraised.

- 5.5 Guidance on the impact of Level 3 is available from a report commissioned by the Housing Corporation and English Partnerships (*A Code For Sustainable Development, 2007*) in respect of the impact of Level 3 on construction costs. This Guide estimates (Table S2) the increase in costs arising for different house types under various scenarios. On average, current new build costs would need to increase by 4.2% to achieve Level 3.
- 5.6 In addition to this national requirement, it has been assumed that consistent with RSS Policy EM18, Plan policies will seek a proportion of 10% of energy costs of new residential building to be from renewable sources. This requirement will add to baseline building costs, although it is possible that there would be some overlap with the Level 3 specification. For the purpose of the study we assumed a 3.5% increase in costs, representing a premium of just under £3,000 on the build cost for the average dwelling across the sixteen sites.
- 5.7 After allowing for the above ‘Level 3’ and ‘10% renewable’ premia, we drew up appropriate cost levels for constructing market housing for the various built forms in the study, taking into account the mix of house types on each. These are set out in the Table below.

Table 5.1 Construction costs: market housing					
Build cost £ per sq ft/sq m					
Site	sq ft	sq m	Site	sq ft	sq m
B1	86.06	(927)	P1	99.61	(1,072)
B2	83.49	(899)	P2	96.88	(1,043)
B3	88.28	(951)	P3	96.88	(1,043)
B4	87.23	(939)	P4	84.58	(911)
B5	82.00	(883)	P5	94.38	(1,016)
B6	83.16	(895)	P6	82.00	(883)
B7	81.72	(880)	P7	81.72	(880)
B8	85.70	(923)	P8	85.50	(921)

Source: Fordham Research derived from analysis of BCIS cost data

- 5.8 Since the mid 1990s, planning guidance on affordable housing has been based on a view that construction costs were appreciably higher for smaller sites, with the consequence that, as site size declined, an unchanging affordable percentage requirement would eventually render the development uneconomic. Hence the need for a ‘site size threshold’, below which the requirement would not be sought.
- 5.9 It is not clear to us that this view is completely justified. Whilst, other things held equal, build costs would increase for smaller sites, other things are not normally equal, and there are other factors which may offset the increase. The nature of the development will change. The nature of the developer will also change, as small local firms with lower central overheads replace the regional and national house builders. Furthermore, very small sites may be able to secure a ‘non estate’ price premium, which we have not allowed for.

- 5.10 In this instance, only one of the sites in our study is considered to fall into the ‘small site’ category – P7 Foulridge, with 12 dwellings. It is felt necessary to make some allowance for the economics of this site in preparing financial appraisals. A modest cost premium of 3% has been estimated for the site. Any such premium is based on judgement; as explained above, it is difficult to see how hard data could ever be obtained to show the effect of scale alone.
- 5.11 The procurement route for affordable housing is assumed to be through construction by the developer, and disposal to an RSL on completion. In the past, when considering the build cost of affordable housing provided through this route, we took the view that it should be possible to make a small saving on the market housing cost figure, on the basis that one might expect the affordable housing to be built to a slightly different specification than market housing. However, the pressures of increasingly demanding standards for RSL properties have meant that for conventional schemes of houses at least, it is no longer appropriate to assume a reduced build cost.
- 5.12 Taking all the above into account, we arrived at build costs for all (market and affordable) housing which after rounding were as in the table below.

Table 5.2 Construction costs adjusted and rounded: all housing					
Build cost £ per sq ft/sq m					
Site	sq ft	sq m	Site	sq ft	sq m
B1	86.00	(893)	P1	99.50	(1,038)
B2	83.50	(866)	P2	97.00	(1,006)
B3	88.50	(920)	P3	97.00	(1,006)
B4	87.00	(909)	P4	81.50	(877)
B5	82.00	(855)	P5	94.50	(979)
B6	83.00	(866)	P6	82.00	(855)
B7	81.50	(850)	P7	84.00	(877)
B8	85.50	(893)	P8	85.50	(888)

Source: Fordham Research derived from analysis of BCIS cost data

(ii) Other normal development costs

- 5.13 In addition to the per sq ft/m build cost figures described above, allowance needs to be made for a range of infrastructure costs – roads, drainage and services within the site; parking, footpaths, landscaping and other external costs; off site costs for drainage and other services, and so on. Many of these items will depend on individual site circumstances, and can only properly be estimated following a detailed assessment of each site. This is not practical within the present study, and would require at least a design/layout for each site.

- 5.14 Nevertheless, it is possible to generalise. Drawing on experience it is possible to determine an allowance related to total build costs. This is normally lower for higher density than for lower density schemes, since there is a smaller area of external works, and services can be used more efficiently. Large greenfield sites are also more likely to require substantial expenditure on bringing mains services to the site.
- 5.15 In the light of these considerations we have developed a scale of allowances ranging from 17.5% of build costs for the greenfield site at James Nelson Sports Club, down to 12% for the higher density conversion scheme, Lob Lane Mill. The table below sets out the individual site assumptions.

Table 5.3 Development cost allowances		
Ref	Site/location	% of build costs
B1	Dorma Burnley	13.0%
B2	Summit Works Burnley	12.5%
B3	Park Mill Burnley	13.0%
B4	Spa Mill Padiham	13.0%
B5	Former Coal Yard Burnley	14.0%
B6	Langham Street Burnley	14.0%
B7	Gorple Mill Worsthorne	14.0%
B8	Albion Mill Padiham	14.0%
P1	Lob Lane Mill Brierfield	12.0%
P2	Richard Street Brierfield	13.0%
P3	Lamberts Woodyard Nelson	13.0%
P4	James Nelson Sports Club Nelson	17.5%
P5	Spen Brook Mill Spen Brook	13.0%
P6	Glen Mill Colne	15.0%
P7	Warehouse Lane Foulridge	14.0%
P8	Garage site Earby	13.0%

Source: Fordham Research

(iii) Abnormal development costs

- 5.16 In some cases where the site involves redevelopment of land which was previously developed, there is the potential for abnormal costs to be incurred. Abnormal development costs might include demolition of substantial existing structures; piling or flood prevention measures at waterside locations; remediation of any land contamination; remodelling of land levels, and so on.
- 5.17 The majority of the sites are on previously developed land. On several sites, from the information made available to us, and visits to the sites, it appears that exceptional or abnormal development costs would need to be taken into account in preparing appraisals. As pointed out in the previous section (Paragraph 4.39) some abnormal costs could also arise in the event of the site's redevelopment with an alternative use.

5.18 The schedule below sets out the abnormal costs considered to apply in each case where they arise.

Table 5.4 Abnormal development costs					
No	Site	Item	Residential:		Industrial:
			Total £k	£k per acre	£k per acre
B1	Dorma Burnley	Demolition, ground, noise, bats	£225k	£47	£40
B2	Summit Works	Demolition, ground	£70k	£60k	£15k
B3	Park Mill	Demolition, ground	£135k	£40k	£15k
B4	Spa Mill	Demolition, ground	£140k	£40k	£15k
B5	Fmr Coal Yard	Ground remediation	£95k	£20k	£15k
B6	Langham Street	Demolition, ground	£315k	£40k	£15k
B7	Gorple Mill	Demolition, ground	£90k	£40k	£15k
B8	Albion Mill	Clearance, ground, flooding	£155k	£59k	£15k
P1	Lob Lane Mill	Demolition, ground	£100k	£40k	£40k
P2	Richard Street	Clearance, ground	£85k	£35k	£15k
P3	Lamberts Woodyd	Clearance, ground, retaining walls	£140k	£54k	£15k
P4	James Nelson	None	-	-	-
P5	Spen Brook Mill	Demolition, ground	£100k	£45k	£15k
P6	Glen Mill	Demolition, clearance, ground	£185k	£60k	£40k
P7	Warehouse Lane	None	-	-	-
P8	Garage site Earby	Demolition, retaining walls	£100k	-	-

Source: Fordham Research

5.19 The table also shows where applicable the adjustment needed to ensure that an alternative land value reflects the costs incurred in developing an alternative use.

(iii) Fees

5.20 We have assumed professional fees amount to 10% of build costs, in each case. Fees on infrastructure works use a lower figure of 8%.

(iv) Contingency

5.21 For previously undeveloped and otherwise straightforward sites, we would normally allow a contingency of 2.5%, with a higher figure of 5% on more risky types of development, previously developed land and central locations. We used 2.5% on the undeveloped sites (P4 and P7), and 5% where on the other fourteen, previously developed sites.

Financial and other appraisal assumptions

(i) VAT

5.22 For simplicity it has been assumed throughout, as with most financial appraisals, that either VAT does not arise, or its effect can be ignored. This assumption is believed accurate for the new build sites, and also for the two part conversion schemes, which both involve conversion from a non residential previous use and hence do not incur VAT on materials costs.

(ii) Interest rate

5.23 Our appraisals assume 7.5% pa for both debits and credits. This may seem high given the very low current base rate figure (MLR 1.5% mid January 2009) but has to reflect banks' view of risk for housing developers in the present housing market situation. Credit would in practice only arise for a short period at the end of the scheme

(iii) Developers profit

5.24 We normally assume that the developer requires a return of 20% on Total Costs (or 16.7% of the Net Development Value) to reflect the risk of undertaking the development. That assumes that the costs are estimates of costs, as they are indeed here intended to be, rather than contract prices which would include a profit element.

5.25 However, where a guaranteed sale applies, the developer's profit margin ought to be reduced, in order to reflect the reduction in risk. The affordable units will be sold at an agreed price and programme. With a range of affordable provision being tested, it was felt appropriate to reflect the resulting variations in risk with variations in the developer's profit. Consequently a sliding scale of profit margins was used, as shown below. It should be noted that residential developers commonly use a more conservative profit margin of 15% on income, which equates to about 17.5% on costs.

Table 5.5 Profit margins	
% affordable	Profit % on costs
0%	20%
10%	19.5%
20%	19%
30%	18.5%
40%	18%

Source: Fordham Research

(iv) Void

5.26 On a scheme comprising mainly individual houses, one would normally assume only a nominal void period, as the housing would not be progressed if there was no demand. In the case of apartments in blocks, this flexibility is reduced; whilst these may provide scope for early marketing, the ability to tailor construction pace to market demand is more limited. For the purpose of the present study a 3 month void period is assumed for all sites.

(v) Phasing & timetable

5.27 The appraisals are assumed to have been prepared using prices and costs at a base date of December 2008, with an immediate start on site. A pre construction period of 6 months is assumed for all of the sites. Each dwelling is assumed to be built over a 9 month period.

5.28 The phasing programme for an individual site will reflect market take-up, and would in practice be carefully estimated taking into account the site characteristics and, in particular, size and the expected level of market demand. We have developed a suite of modelled assumptions to reflect site size and development type, as set out in Table 5.7 below. Our view was that the high density and form of the Lob Lane Mill site would require it to be developed more quickly, and sold more slowly, than a 'standard' rate would otherwise suggest.

Table 5.6 Market pace assumptions			
	<i>Site</i>	<i>No of dwgs</i>	<i>Ceiling level of completions per qtr</i>
B6	Langham Street	135	11
B1	Dorma Burnley	110	10
P1	Lob Lane Mill	99	33
B3	Park Mill	77	8
B5	Former Coal Yard	75	7
P2	Richard Street	70	7
P4	James Nelson Sports Club	65	6
B4	Spa Mill	55	6
P3	Lamberts Woodyard	52	6
P5	Spen Brook Mill	52	6
B8	Albion Mill	47	6
P6	Glen Mill	45	5
P8	Garage site Earby	35	5
B7	Gorple Mill	33	4
B2	Summit Works	25	4
P7	Warehouse Lane	12	3

Source: Fordham Research

Site acquisition and disposal costs

(i) Site holding costs and receipts

5.29 Each site is assumed to proceed immediately and so, other than interest on the site cost during construction, there is no allowance for holding costs, or indeed income, arising from ownership of the site.

(ii) Acquisition costs

5.30 Acquisition costs include stamp duty at 4% on site values of £0.5 million and above (reduced below this level), together with an allowance of 1.5% for acquisition agents' and legal fees.

(iii) Disposal costs

5.31 For the market housing, sales/promotion and legal fees are assumed to amount to some 3.5% of receipts. For disposals of affordable housing these figures can be reduced significantly depending on the category: we have assumed total allowances of 0.5% for social rented housing, and 1.5% for shared ownership.

Alternative use value comparison

5.32 In the previous chapter we identified alternative use values to be used as benchmarks in determining viability for each site. As we saw above, these values would need to be adjusted in many cases to allow for abnormal costs that would arise if the alternative use were implemented. The Chapter 4 values are adjusted to net off these abnormals in the table below.

Table 5.8 Alternative use value figures

No	Site	Item	Alternative use value £k per acre		
			Gross	Abnormal cost adj	Net of abnormals
B1	Dorma Burnley	Industrial/warehouse	£175k	£40k	£135k
B2	Summit Works	Industrial/warehouse	£175k	£15k	£160k
B3	Park Mill	Industrial/warehouse	£175k	£15k	£160k
B4	Spa Mill	Industrial/warehouse	£175k	£15k	£160k
B5	Former Coal Yard	Industrial/warehouse	£175k	£15k	£160k
B6	Langham Street	Industrial/warehouse	£175k	£15k	£160k
B7	Gorple Mill	Industrial/warehouse	£175k	£15k	£160k
B8	Albion Mill	Industrial/warehouse	£175k	£15k	£160k
P1	Lob Lane Mill	Industrial/warehouse	£175k	£40k	£135k
P2	Richard Street	Industrial/warehouse	£175k	£15k	£160k
P3	Lamberts Woodyard	Industrial/warehouse	£175k	£15k	£160k
P4	James Nelson	Open space	£80k	-	£80k
P5	Spen Brook Mill	Industrial/warehouse	£175k	£15k	£160k
P6	Glen Mill	Industrial/warehouse	£175k	£40k	£135k
P7	Warehouse Lane	Agricultural	£10k	-	£10k
P8	Garage site Earby	Garages	£175k	-	£175k

Source: Fordham Research

6. Results of viability analysis

Introduction

6.1 This Section considers the results of financial appraisals carried out for the identified sites.

Financial appraisal approach and assumptions

6.2 On the basis of the assumptions set out in Section 5, we prepared financial appraisals for each of the identified sites, using a bespoke spreadsheet-based financial analysis package.

6.3 The appraisals use the residual valuation approach – that is, they are designed to assess the value of the site after taking into account the costs of development, the likely income from sales and/or rents, and an appropriate amount of developer's profit. The resulting valuation is commonly expressed in £s per hectare (or acre). In order for the proposed development to be described as viable, it is necessary for this value to exceed the value from a valid alternative use. We have already seen that, for a greenfield site, where the only alternative use is likely to be agricultural, this figure may be very modest. However, most of the sites have been previously developed, and therefore may have a more substantial existing or competing alternative use value.

6.4 As outlined in Section 3, our appraisals considered three options for the amount and type of affordable housing provision, plus a zero affordable option.

Appraisal results:

6.5 We produced financial appraisals based on the stated build, abnormal, and infrastructure costs, and financial assumptions for the four options (three affordable options, plus all-market).

6.6 Detailed appraisal printouts for all the sites are provided as Appendix 6 to this report. To keep to a manageable document, only the 10% option has been provided.

6.7 The resulting residual land values for the four options are set out in Table 6.1.

Table 6.1 Appraisal results for five affordable options

		Zero grant:			
No	Site	Residual value £k per acre for affordable option:			
		No aff	10%	20%	30%
B1	Dorma Burnley	-173	-247	-322	-397
B2	Summit Works Burnley	-107	-185	-264	-344
B3	Park Mill Burnley	-277	-334	-397	-461
B4	Spa Mill Padiham	-179	-249	-318	-389
B5	Former Coal Yard Burnley	-47	-96	-146	-197
B6	Langham Street Burnley	-93	-143	-194	-245
B7	Gorple Mill Worsthorne	90	30	-30	-91
B8	Albion Mill Padiham	-247	-295	-346	-397
P1	Lob Lane Mill Brierfield	-1,080	-1,190	-1,304	-1,418
P2	Richard Street Brierfield	-578	-650	-722	-795
P3	Lamberts Woodyard Nelson	-484	-553	-625	-695
P4	James Nelson Sp Club Nelson	55	-2	-60	-119
P5	Spen Brook Mill Spen Brook	421	271	121	-34
P6	Glen Mill Colne	-69	-119	-170	-222
P7	Warehouse Lane Foulridge	374	297	213	128
P8	Garage site Earby	-231	-290	-350	-410

Source: Fordham Research

- 6.8 Table 6.1 shows that with **no** requirement for affordable housing only four sites deliver positive land values. Those values range from around £50k per acre (£125k per ha) to £420k per acre (£1,040k per ha). The remaining sites produce a land value less than zero.
- 6.9 Allowing for additional development costs and our planning gain assumptions, prices on the remaining sites are a bit below what the VOA figures indicate for 'oven ready' land in Burnley and Pendle, or what was suggested by small sites actually on the market. This confirms that our appraisal assumptions are, taken as a whole, unlikely to be unduly optimistic.
- 6.10 Table 6.1 confirms that, as increasing amounts of affordable housing are introduced, the land value falls away. In each case the impact is progressive, but at a broadly linear rate. At the maximum affordable contribution we tested, 30%, only one scheme still delivers a positive land value.
- 6.11 However, it is clear that land value falls away **more quickly** for some schemes, than for others. It is the most densely developed, and highest priced sites – Lob Lane, Spen Brook, Foulridge and the Summit Works - where affordable housing has the greatest negative impact upon land value.

- 6.12 This is because the value of the land is the primary source of any developer subsidy for affordable housing. Because very high density schemes use the land more intensively, land value is a much lower proportion of the total value of the development. The land value is therefore used up more quickly as the affordable proportion rises.
- 6.13 Broadly the same amount of land value is available to subsidise affordable units on a scheme of 120 flats on 1 hectare, as on 35 houses of a suburban nature occupying the same land –and that sum will ‘buy’ a higher percentage of the houses, than of the flats. A simplified financial appraisal for this example (not Burnley/Pendle specific) is set out in Appendix 4. It shows a flatted scheme which produces zero land value by 15% affordable, whereas a lower density scheme of houses on the ‘same’ site still delivers a positive land value at 35%.
- 6.14 In order to draw out the implications of the site appraisal results for the Council’s proposed affordable housing policy, as has already been suggested, it will be necessary to consider values from alternative uses for each. This step follows below.

Alternative use benchmarks

- 6.15 The results from Table 6.1 would need to be compared with the alternative use values set out in Table 5.8 in order to form a view about the likely viability of the affordable options for each site.
- 6.16 However it does not automatically follow that if the residual value produces a surplus over the alternative use value benchmark, the site is viable. The surplus needs to be sufficiently large to provide an incentive to the landowner to release the site, and cover any other appropriate cost required to bring the site forward for development. We therefore have to consider how large such a ‘cushion’ should be for our sites.
- 6.17 In practice the size of the element will vary from case to case, depending on how many landowners are involved; each landowner’s attitude and his degree of involvement in the current property market; the location of the site, and so on. A cushion equivalent to £25k per acre (£62k per ha) might be perfectly sufficient in some cases, whilst in a particular case it might need to be five, or even ten times that figure.
- 6.18 After consideration we took the view that a broad average figure of £40k per acre (£100k per ha) should be used to provide an incentive to the landowner for a ‘brownfield’ site, i.e. where the landowner was already in the property market, and also for the sports club, where a similar situation applied. For greenfield sites it may be the case that the landowner is not property oriented, and requires a larger incentive to release the site, or alternatively anticipates a more substantial return. For the Foulridge site we have assumed a cushion of £90k per acre (£220k per ha).

6.19 The figures are set out below and combined with the net alternative use values from Table 5.8 to show the resulting benchmark thresholds for viability.

Table 6.2 Viability cushion & threshold values				
Ref	Site	£ per acre		
		Net alt use value	Cushion (a + b)	Viability threshold value
B1	Dorma Burnley	£135k	£40k	£175k
B2	Summit Works Burnley	£160k	£40k	£200k
B3	Park Mill Burnley	£160k	£40k	£200k
B4	Spa Mill Padiham	£160k	£40k	£200k
B5	Former Coal Yard Burnley	£160k	£40k	£200k
B6	Langham Street Burnley	£160k	£40k	£200k
B7	Gorple Mill Worsthorne	£160k	£40k	£200k
B8	Albion Mill Padiham	£160k	£40k	£200k
P1	Lob Lane Mill Brierfield	£135k	£40k	£175k
P2	Richard Street Brierfield	£160k	£40k	£200k
P3	Lamberts Woodyard Nelson	£160k	£40k	£200k
P4	James Nelson Sports Club Nelson	£80k	£40k	£120k
P5	Spen Brook Mill Spen Brook	£160k	£40k	£200k
P6	Glen Mill Colne	£135k	£40k	£175k
P7	Warehouse Lane Foulridge	£10k	£90k	£100k
P8	Garage site Earby	£175k	£40k	£215k

Source: Strategic Housing Viability Study

6.20 It must be emphasised that these figures are simply a view of what it is reasonable to assume as a minimum residual value for the purposes of assessing viability. The figures do not represent what a landowner or promoter might **actually** receive. This will quite often be rather more: at any given affordable target some sites will be generate a higher value, and it is not unreasonable to expect at least some of the surplus to benefit the landowner/ promoter, rather than passing to the developer.

Table 6.3 Appraisal outcomes

No	Site	Alt use value	Value £k per acre			
			No affordable	10%	20%	30%
B1	Dorma Burnley	135/175	-173 NOT VIAB	-247 NOT VIAB	-322 NOT VIAB	-397 NOT VIAB
B2	Summit Works Burnley	160/200	-107 NOT VIAB	-185 NOT VIAB	-264 NOT VIAB	-344 NOT VIAB
B3	Park Mill Burnley	160/200	-271 NOT VIAB	-334 NOT VIAB	-397 NOT VIAB	-461 NOT VIAB
B4	Spa Mill Padiham	160/200	-179 NOT VIAB	-249 NOT VIAB	-318 NOT VIAB	-389 NOT VIAB
B5	Former Coal Yard Burnley	160/200	-47 NOT VIAB	-96 NOT VIAB	-146 NOT VIAB	-197 NOT VIAB
B6	Langham Street Burnley	160/200	-93 NOT VIAB	-143 NOT VIAB	-194 NOT VIAB	-245 NOT VIAB
B7	Gorple Mill Worsthorne	160/200	90 NOT VIAB	30 NOT VIAB	-30 NOT VIAB	-91 NOT VIAB
B8	Albion Mill Padiham	160/200	-247 NOT VIAB	-295 NOT VIAB	-346 NOT VIAB	-397 NOT VIAB
P1	Lob Lane Mill Brierfield	135/175	-1,080 NOT VIAB	-1,190 NOT VIAB	-1,304 NOT VIAB	-1,418 NOT VIAB
P2	Richard Street Brierfield	160/200	-578 NOT VIAB	-650 NOT VIAB	-722 NOT VIAB	-795 NOT VIAB
P3	Lamberts Woodyard Nelson	160/200	-484 NOT VIAB	-553 NOT VIAB	-625 NOT VIAB	-695 NOT VIAB
P4	James Nelson Sports Club Nelson	80/120	55 NOT VIAB	-2 NOT VIAB	-60 NOT VIAB	-119 NOT VIAB
P5	Spen Brook Mill Spen Brook	160/200	421 VIABLE	271 VIABLE	121 NOT VIAB	-34 NOT VIAB
P6	Glen Mill Colne	135/175	-69 NOT VIAB	-119 NOT VIAB	-170 NOT VIAB	-222 NOT VIAB
P7	Warehouse Lane Foulridge	10/100	374 VIABLE	297 VIABLE	213 VIABLE	128 VIABLE
P8	Garage site Earby	175/215	-231 NOT VIAB	-290 NOT VIAB	-350 NOT VIAB	-410 NOT VIAB

Source: Strategic Housing Viability Study

Comparison results

6.21 With zero affordable housing, only two sites are viable. Residential development as 100% market housing is of course a relatively profitable development option and - in stable market conditions - the sites should not be proposed for development otherwise. However market conditions are not stable; house prices have fallen considerably over the last year, and one suspects new build prices achieved have probably fallen further even where developers are not seeking to improve their cash flow with through heavy discounting.

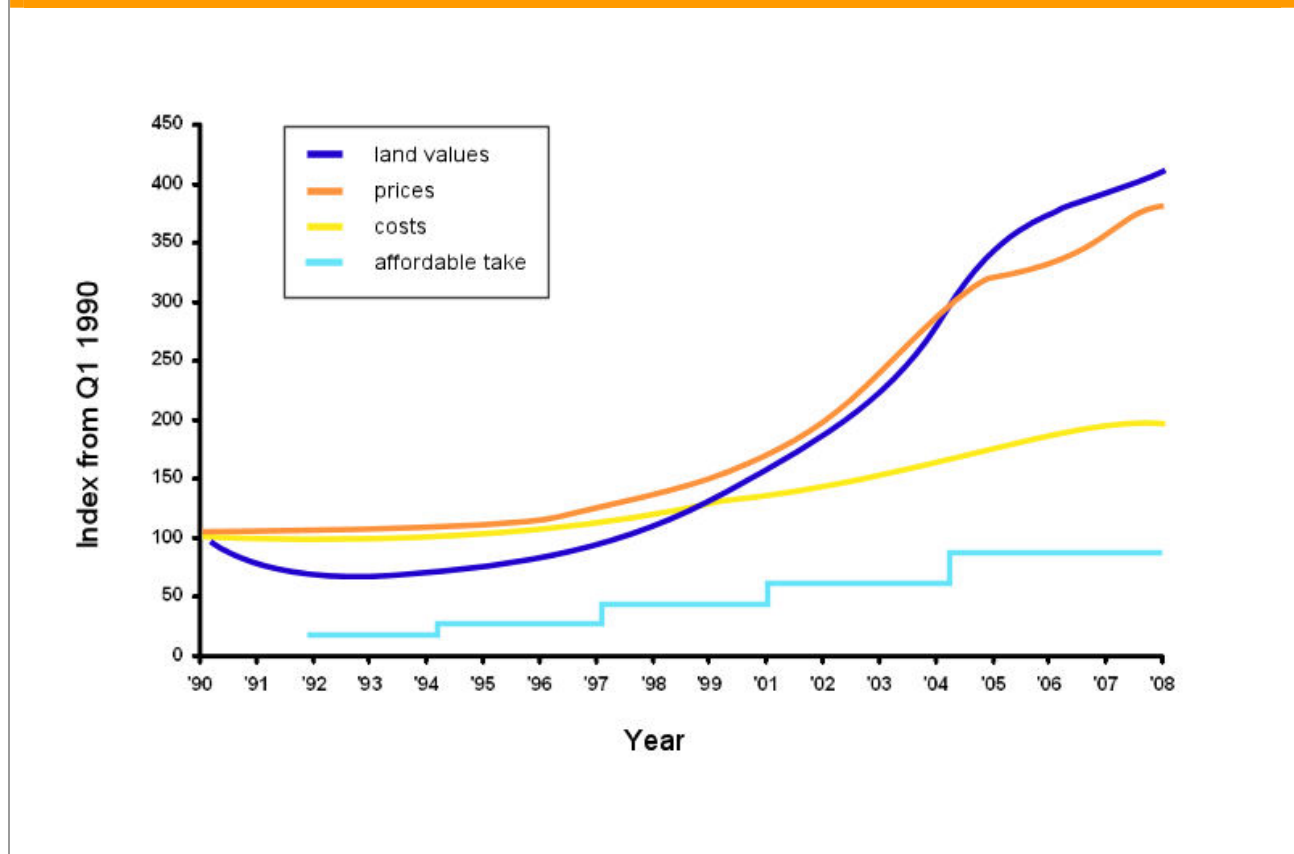
- 6.22 Turning to the various levels of affordable contribution, at 10% only two sites, both in the rural area of Pendle, are viable. At 20% only one of these remains viable. By 30% it is still viable -although only by a small margin; it would be unviable by 40%.
- 6.23 These results are summarised in tabular form, below. We will consider the implications of these results for future policy in the final Section of this document. However before we can do this we should consider how likely future movements in our appraisal assumptions might impact upon them. The decline in the housing market since earlier this year underlines that whilst the results represent a 'snapshot' of viability as at December 2008; the immediate prospect is for viability to deteriorate further in the coming months.

Table 6.4 Viability results summary					
	No of sites in category with affordable at:				
	No affordable	10%	20%	30%	40%
Viable	2	2	1	1	0
Marginal	0	0	0	0	0
Not viable	14	14	15	15	16
Total	16	16	16	16	16

Source: Strategic Housing Viability Study

History: the last market recession

- 6.24 There are many ways in which the current situation differs from the previous housing market recession. Restricted mortgage availability, rather than deficient demand per se, was the primary factor bringing about the present market conditions. It is possible to argue that the MIRAS tax changes in the 1988 Lawson budget artificially stimulated the housing market at that time, taking prices to an appreciably higher level than would otherwise have occurred, and requiring a greater subsequent correction. On the other hand, it is possible to argue that homes had become equally unaffordable this time. Whatever the arguments, it is unlikely that what happened as things began to recover in the early 1990's, will be closely repeated this time round.
- 6.25 Even so it is worth considering what happened then, since it is quite likely that elements of it, though not the overall pattern of things, will recur next time. The following graph shows relative movements in prices, values and costs from Q1 1990 onwards.

Figure 6.1 Price and cost trends in the 1990 recession

Source: Valuation Office Agency, Land Registry, BCIS (ave of indices for costs & tender prices)

- 6.26 The graph uses national average prices and values, which behave more gently than they would for any one local authority area. Nevertheless, the figures show values initially dipping sharply, and only recovering to their initial level from mid 1997; shortly thereafter they begin to rise quite sharply. Prices appear to be static from 1990, though this disguises a significant downturn which happened at different times in different places; they begin to take off from 1995, and after slowing in 2005 accelerate again. Costs (an average of indices of build costs, and tenderers' prices) after a short period of stagnation start to move ahead from 1993. However they have grown at a far slower rate than prices, allowing land values – in effect the residual between prices and costs – to increase even faster than prices.
- 6.27 The graph also shows a hypothetical line illustrating the scale of the affordable housing contribution, considered in terms of financial impact upon the landowner/developer ('affordable take'). The 'take' grows considerably over time with periodic changes to the target proportion, and tightening requirements upon tenure and affordability, and also as Social Housing Grant support falls away. Affordable requirements have risen because the level of need has risen as prices rose. At the same time, the rise in prices relative to costs provided potential scope for landowners/developers to meet the higher requirements, for much of the time at least.

The pattern of future movements

- 6.28 As we have emphasised, the pattern of the last housing market downturn cannot be taken to provide meaningful guidance about the present one. Even so the general course and sequence of events may well be similar. Prices will fall and will eventually begin to recover, although by the time they regain present levels, costs are likely to be somewhat higher than they are now. The underlying demand/supply situation, in which too few homes are being built to meet the need from households, suggests that a recovery **will** come, and that prices will at some eventual point again reach the levels achieved in late 2007.
- 6.29 The prices used in the appraisals are significantly down on those that obtained at the peak. However there is no sign that the fall has ceased, and it is likely to continue for a time, though a total price fall from the peak significantly greater than that last time seems improbable. Costs are at present still rising, though they may slow quite a bit, as in the previous recession, especially if there is a more general construction slowdown.
- 6.30 Continued falling prices and rising costs will impact quite significantly upon the results we reported above; viability is likely to deteriorate appreciably in the short term, and it will be some time before the peak degree of viability of autumn 2007 is again reached. A possible policy response to this situation is discussed further in the final chapter. However it would also be sensible to look at the impact of possible price and cost changes on some of the appraisal results. This 'sensitivity testing' follows below.

Sensitivity: price and cost levels

- 6.31 Whilst variations in any of the appraisal assumptions will affect the results, the key elements which most dramatically affect the outcome are the price and build cost assumptions. In the present market situation however it is future movements in prices which are of greatest interest; what if prices continue to fall at the present rate? What if they recover?
- 6.32 Broadly speaking, an x% increase in costs would have a similar impact to a corresponding x% reduction in prices. For simplicity we therefore considered two scenarios only, which were as follows:
1. Prices fall by 20% (equivalent also to a 15% fall in price plus 5% rise in costs)
 2. Prices rise by 10% (equivalent also to a 15% rise in price plus 5% rise in costs)
- 6.33 Accordingly the impact of (1) & (2) was assessed through variant appraisals upon the 10% option. (2) was assessed for all 16 sites (1) was assessed only for those sites which still produced a positive land value as all market housing. The results are compared to the base appraisal results in Table 6.5 below.

Table 6.5 Sensitivity tests for 10% appraisals					
No	Site	Alt use value	Value £k per acre		
			2. Prices +10%	Base	1. Prices -20%
B1	Dorma Burnley	135/175	-79 NOT VIAB	-331 NOT VIAB	
B2	Summit Works Burnley	160/200	13 NOT VIAB	-251 NOT VIAB	
B3	Park Mill Burnley	160/200	-179 NOT VIAB	-403 NOT VIAB	
B4	Spa Mill Padiham	160/200	-78 NOT VIAB	-325 NOT VIAB	
B5	Former Coal Yard Burnley	160/200	30 NOT VIAB	-153 NOT VIAB	
B6	Langham Street Burnley	160/200	-19 NOT VIAB	-201 NOT VIAB	
B7	Gorple Mill Worsthorne	160/200	194 MARGINAL	-30 NOT VIAB	
B8	Albion Mill Padiham	160/200	-169 NOT VIAB	-343 NOT VIAB	
P1	Lob Lane Mill Brierfield	135/175	-802 NOT VIAB	-1,304 NOT VIAB	
P2	Richard Street Brierfield	160/200	-399 NOT VIAB	-722 NOT VIAB	
P3	Lamberts Woodyard Nelson	160/200	-298 NOT VIAB	-625 NOT VIAB	
P4	James Nelson Sports Club Nelson	80/120	122 VIABLE	-67 NOT VIAB	
P5	Spen Brook Mill Spen Brook	160/200	501 VIABLE	271 VIABLE	-198 NOT VIAB
P6	Glen Mill Colne	135/175	12 NOT VIAB	-166 NOT VIAB	
P7	Warehouse Lane Foulridge	10/100	444 VIABLE	239 VIABLE	-13 NOT VIAB
P8	Garage site Earby	175/215	-130 NOT VIAB	-339 NOT VIAB	
No of sites viable/marginal with 10% affordable			3V	2V	0V

Source: Strategic Housing Viability Study

6.34 It can be seen that a price increase of 10% (Option 2) would improve the viability situation, but only slightly, as one site that is not currently viable becomes viable, and one other becomes marginal.

6.35 Option 1, a fall in price of 20% from our assessed prices, leads to a situation in which there are now no viable sites. Unfortunately, this option could be regarded as a feasible short term scenario.

7. Implications of results

Our approach

- 7.1 The purpose of the Viability Study was to assess the impact of alternative affordable housing requirements upon development viability. In order to provide appropriate guidance, we have produced financial appraisals in respect of residential developments on a range of sites, selected following discussion. Our approach has involved the use of the actual development proposals for the sites with recent planning permissions, and 'model' developments for the sites for which applications have not yet been submitted. A bespoke financial appraisal package has been used to produce residual valuations for each site under a series of affordable housing options.
- 7.2 In order to prepare financial appraisals, whether for a general study like this, or on behalf of a landowner or developer proposing a specific development, it is necessary to make a considerable number of assumptions. We believe that in general the assumptions we have made are fair and reasonable. They reflect considerable experience drawn from a variety of development situations and are designed to reflect the circumstances of each site which, even in a relatively compact area like the one under consideration, might be expected to display some diversity. The appraisal results would produce open market land values which, compared to the limited information we have about values currently being sought for small sites in the area, are on the whole somewhat lower. This suggests that the package of development assumptions is not, in general, unduly optimistic.
- 7.3 The relatively low land values emerging also reflect two other factors which we will need to take into account when reflecting on the appraisal results:
- The combined effect of a serious restriction on credit availability and a consequential, more general, business downturn which became increasingly apparent in the last quarter of 2008.
 - The assumption of Level 3 of the Code for Sustainable Homes for both market and affordable homes, along with a 'Merton' requirement for 10% renewable energy, without any offsetting uplift in values.
- 7.4 The financial appraisals produce a series of residual values, showing the value generated for each site for all market housing, and further tested under a range of affordable housing scenarios. In an exercise of this nature, the figures have to be interpreted in order to draw conclusions for LDF policies. We have suggested a basis for interpretation which draws on indicative alternative use values. Again, as a strategic approach, we believe this to be reasonable. Producing detailed assessments and valuations for each site would involve resources well beyond the scope of the current exercise, and we suspect would probably still leave room for dispute.

- 7.5 There are considerable variations in house prices between the urban and rural parts of the study area. The bulk of the chosen sites are in the main urban corridor, rather than rural locations, and we feel those areas where prices are likely to be lowest are reasonably well represented. The sites covered the 'worst case', by fully including locations in which viability is (other things equal) likely to be worst. The range of sites includes both smaller and larger sites, straightforward and complex development situations, greenfield sites and previously developed land.
- 7.6 In estimating the values which developers would be likely to achieve from affordable housing, we have used information provided by locally active RSLs. The RSL response has been slightly disappointing, but we felt provided an adequate basis for carrying out our appraisals.
- 7.7 Our study has been prepared as a sequel to the Burnley and Pendle Strategic Housing Market Assessment carried out by the same consultancy, and has drawn upon the work and findings of this study which was published in April 2008. We have taken a strategic approach, rather than seeking to reflect specific variations in the policy detail, the arrangements and procedures which individual Councils use in negotiating affordable housing (and other S106 matters) site by site, which at this time may in any case be generally subject to review.
- 7.8 Particularly given that context, we would emphasise that this work has to be seen as a strategic study, designed to inform the development of plan policy, rather than per se, as an exercise to predict as accurately as possible the actual financial outcomes of development on specific sites. The actual sites used in the study should be regarded as indicating more general patterns of development across the study area. The use of indicative or average figures – for instance, for developer contributions – is an example of the approach, which in turn makes it possible to derive more general guidance from the results.

Implications of appraisal results

- 7.9 The viability study tested affordable target proportions up to 30%, although some results are additionally available for a proportion of 40%.
- 7.10 The results from the appraisals indicate that at present, under zero grant conditions, it would not be possible to apply any positive affordable proportion, generally, across the study area as a whole. It appears that in present market conditions most sites could not produce 100% market housing, to Level 3 and under a 'Merton' requirement, and remain viable.
- 7.11 The results suggest that a target **could** be set for the rural parts of the area, where house prices are significantly more expensive.

- 7.12 Viability varies from site to site for other reasons. For instance, as demonstrated through a worked example at 6.13 in the previous Chapter, it is more difficult on higher density schemes of mainly or wholly flats, to deliver high proportions of affordable housing whilst achieving a viable development. This is because there is less land value available proportionately to provide a developer subsidy. Although few sites of this form were tested the appraisal results do tend to confirm this pattern.
- 7.13 Viability is also crucially dependent on the alternative use value. Where there is a valid alternative use for a previously developed site as industrial/warehousing, or some other commercial activity, the value in that use 'sets the bar a little higher' than for a greenfield or otherwise undeveloped site. Whilst undeveloped sites, more especially the larger ones, will face higher development costs, the appraisals suggest that it may be slightly easier to achieve viability on these sites. Small rural sites, without major infrastructure requirements, do comparatively well because the 'bar' is so low. Although the smallest site we tested was 12 dwellings, the results do give some support to a view that these sorts of site might be able to carry a very low size threshold fairly comfortably.
- 7.14 In considering the implications for an individual Council's affordable housing policy of studies like the present one, we must recognise the complexity and diversity of the development process in reality. There will always be sites and development proposals which, because of exceptional circumstances – abnormal development costs associated with the site; particularly onerous development contribution requirements; an exceptionally high alternative user value; low market prices in a particular locality, and so on - cannot deliver a full affordable housing requirement and remain viable.
- 7.15 In setting targets, it is therefore necessary to strike a balance, setting a target which can be achieved in many situations, and accepting that in other cases provision will fall short of the target. In such cases a process or protocol might be required, allowing the landowner or developer to demonstrate to the Council, through satisfactory financial evidence, that the due affordable contribution would not produce a viable development. In such cases, the desired mix could be supported through a Social Housing Grant contribution, subject to funding availability. Alternatively, a reduced affordable contribution could be accepted for the scheme.
- 7.16 If on the other hand an unduly cautious target were set, the total delivery of affordable housing would be significantly reduced, whilst there would probably still be particular sites or situations where the target could not be secured viably.

- 7.17 The appraisal results do provide some evidence for setting a target proportion in the rural area of Pendle, albeit that it is limited to two sites. One site, previously developed, could go to around 15%, and the second, greenfield, to something like 33%. On this basis a blanket 20% might be justified, or possibly a two tier target for rural greenfield and brownfield sites. That might be up to 30% greenfield and perhaps 10% brownfield on the evidence available. The appraisals assume that all dwellings, market and affordable, will be built to Code for Sustainable Homes (CSH) Level 3 and to a 'Merton' renewable requirement.
- 7.18 Given that Level 3 is to be a national requirement from 2010, it seems a sensible assumption to be making at this point. However both Level 3 and the 10% renewable requirement impose additional build costs which, we have assumed, cannot be recovered from enhanced values. Furthermore, it is the Government's intention that CSH Level 4 would apply from 2013 and Level 6, from 2016.
- 7.19 With what is currently known about technology, the additional costs of these further changes are going to be more considerable. They may well push developers to focus rather more on premium and niche products where the additional costs can be, wholly or at least partially, recovered in enhanced prices, though with the present regulatory framework it is difficult to see how that could apply to the affordable elements. Whatever happens, the impact on viability following the CSH changes may be a matter for concern in the future.
- 7.20 The current state of the housing market and the economic outlook more widely are clearly the most important factors in testing viability through site appraisals at this present time. It is increasingly clear that a major economic downturn is taking place. Viability is likely to continue to deteriorate in the short term. On the other hand, the view is widely held that longer term housing demand is running ahead of supply, so that upward movement in prices is likely to resume in due course.
- 7.21 However, realistically no study such as this can provide more than a snapshot. It cannot predict what is going to happen. An approach is required which allows for appraisal results to be revisited at regular intervals, so as to index and update them. This work could be carried out by the Councils, with appropriate training. A more comprehensive possible approach to policymaking in the current climate is outlined in Appendix 5. Whatever approach is adopted, the unfolding situation will have to be borne in mind in formulating policy targets, since any new policies or targets informed by the present study are likely to remain in place for a considerable period of time.
- 7.22 The focus must mainly be on developing an appropriate affordable policy response to the downturn. Whatever that response, if it continues as it is increasingly being expected to, it will produce an unavoidable impact upon housing delivery.

Appendices

Appendix 1 New build schemes and comparable information

A1.1 The schedule overleaf provides details of a number of current new build developments in the two Council areas.

Table A1.1 New build schemes

Site/Location	Builder	No of dwgs	Range of dwellings	Prices currently available
BURNLEY DISTRICT				
• Apex Close, Manchester Road, BB11	-	NA	2/3 bed (study)	£166k
• Acre Mill Road, Bacup, OL13	Westbridge Developments	NA	3 bed town house	£155k
• St Marys Court, Leyland Road, BB11	Barratt	77	2 bed flats, 3 & 4 bed houses	£69k to £120k
also second hand comparable dwellings as follows				
• Mary Towneley Fold, BB10	**	-	3 & 4 bed detached	£155k to £162k
• The Courtyard, BB11	**	-	3 bed townhouse	£159k
• Elliot Street, BB10	**	-	3 bed semi	£159k
• Loxley Gardens, BB12	**	-	3 bed semi	£150k
• Clayton Fold, BB12	**	-	4 bed end terrace townhouse	£154k
• Upper Brook Court, Greenbrook Fold, BB12	**	-	2 bed apartment	£112k
• Lisbon Drive, BB11	**	-	2 bed apartment	£89k
• Aspen Drive, BB10	**	-	3 bed detached	£189k
• Whitpark Grove, BB12	**	-	3 & 4 bed townhouses	£165k to £175k
• Sylvan Drive, BB11	**	-	4 bed detached	£180k
• Loughrigg Close, BB12	**	-	3 bed semi	£175k
PENDLE DISTRICT				
• Hollin Hall, Trawden, BB8	Dunham Developments	6	3 & 4 bed houses	£239k to £299k
• Barrowford Grange, Alkincoats Road, Colne, BB8	Barnfield Construction	16	3 bed townhouses	£175k
• Stepping Stones, Laneshawbridge, Colne, BB8	Dalesmoor Homes	41	2 bed apartments, 3 & 4 bed houses	£104k to £249k
• Edge End Farm, Nelson, BB9	Persimmon	32	4 bed detached houses	£247k
• Beck Side, Grove Street, Earby, BB18	Persimmon	43	3 & 4 bed mews	£151k to £155k
• Hill Street / Bank Street, Barnoldswick, BB18	St Vincents Housing	7	1 & 2 bed apartments	£90k to £122k
** second hand comparable dwellings				

Appendix 2 House price variations

- A2.1 The indices in the table which follows compare prices in each postcode sector in the study area with an England & Wales 'average' figure – actually the median postcode value.
- A2.2 The indices are standardised, to eliminate the effect of variations in type mix; separate indices for each house type are combined with weightings based on the mix of overall sales.

Table A2.1 Price variations by postcode sector			
Postcode sector	Areas covered in sector	Q4 2007	Q2 2008
BB9 9	Nelson Central	43%	40%
BB10 1	N Burnley, Burnley Lane	46%	40%
BB9 7	W Nelson	47%	55%
BB8 0	Colne S&E	54%	51%
BB11 1	Burnley Central	55%	-
BB9 5	Brierfield	56%	51%
BB12 0	NW Burnley	59%	59%
BB11 5	W Burnley (S M65), Clow Bridge	60%	58%
BB12 6	W Burnley (N M65)	62%	56%
BB11 2	S Burnley	63%	63%
BB11 3	SE Burnley, Burnley Wood	64%	65%
BB10 4	E Burnley, Mereclough, Holme Chapel	64%	60%
BB11 4	SW Burnley	64%	54%
BB8 9	Colne N & W	65%	58%
BB12 8	Padiham	67%	63%
BB9 0	S Nelson, Marsden	67%	65%
BB10 3	Brownside, Worsthorne, Thursden	69%	59%
BB9 8	NE Nelson, Barrowford	69%	77%
BB10 2	NE Burnley, Reedley	72%	72%
BB8 8	Colne SW, Trawden	82%	90%
BB18 6	Salterforth E, Earby, Kelbrook	83%	85%
BB18 5	Barnoldswick, Salterforth	87%	98%
BB12 7	Padiham SW, Simonstone	92%	77%
BB9 6	Higherford, Blacko, Barley	93%	101%
BB8 7	Foulridge, Laneshaw Bridge	95%	95%
BB12 9	Higham, Fence, Newchurch, Spen Brook	110%	117%

Source: Analysis of Land Registry data

Notes

1. Where a postcode sector includes areas inside and outside the Borough, the areas outside are shown in brackets, as (+ Knighton)

2. Data has been mix adjusted to remove differences in house type mix between postcode sectors; individual indices have been calculated for each house type, and combined using weights reflecting the nation-wide type mix. A worked example is provided below.

Table A2.2 Worked example for BB12 8 at Q2 2008					
	Land Registry data Q2 2008				
	Detached	Semi	Terraced	Flat	Total
England & Wales – median price	£292,500	£178,166	£154,328	£149,795	
England & Wales – no of sales	32,864	46,546	54,092	35,249	168,751
BB12 8 – ave price	£221,868	£122,750	£81,343	£89,237	
BB12 8 price as % of England & Wales median value	75.9%	68.9%	52.7%	59.6%	
Weighted average index for IP11 0 =	$[(32,864 \times 75.9\%) + (46,546 \times 68.9\%) + (54,092 \times 52.7\%) + (35,249 \times 59.6\%)] / 168,751$ <p style="text-align: center;">= 63.1%</p>				

Appendix 3 Small plots for sale

Table A3.1 Asking prices for building plots: values					
Location	No	Area acres	Price	Value £k per plot	Value £k per acre
Portsmouth near Todmorden	3		£200k	£66.7k	na
Brierfield, Nelson	1		£150k	£150k	na
Duncan Street, Burnley	10	0.25	£350k	£35k	£1,400k
Gannow Lane, Burnley	12		£340k	£28.3k	na
New Hall Street, Burnley	15	1.11	£850k	£56.7k	£766k
Coal Clough Lane, Burnley	14	0.2	£350k	£25k	£1,750k
Waterfoot, Rossendale	39	4.45	£2.80m	£71.8k	£629k

Source: Internet listings

Appendix 4 Built form and affordable requirements: worked example

A4.1 The worked example set out below demonstrates that sites of 35 houses and 120 flats, whilst produce similar land values with 100% market housing, differ considerably in their ability to provide affordable housing. Essentially this is because on the flatted site, the land value is a much smaller proportion of the total development cost or revenue and therefore as the affordable proportion increases, is used up much more quickly.

A4.2 A one hectare site is developed with the built form characteristics set out in Table A4.1 – 35 houses (A) or alternatively 120 flats (B). Developed as 100% market housing, the two scenarios produce residual values (RVs) as calculated in Table A4.2 – in both cases, around £630k per acre (£1.56m per ha).

Table A4.1 Worked example – Site details		
	Site A houses	Site B flats
no of dwellings	35	120
sq ft per acre	12,500	41,000
sq ft gross	30,900	118,000
sq ft net	30,900	101,000

Table A4.2 Residual value – all market				
Item	rate		£k	
	A	B	A	B
Sales market (per sq ft)	200	215	6,178	21,782
Sales affordable (per sq ft)	95	105		
Build cost (per sq ft)	79.5	98	2,456	11,545
Add ons (con, fees, devlt costs)	27.5%	25%	675	2,886
Developer contribution (per dwg)	6,500	4,000	228	480
Sales fees	3.5%	3.5%	216	762
Total costs			3,575	15,673
Finance	7.5%	7.5%	268	1,175
Developer profit (% on cost)	20%	20%	769	3,370
Residual value of site at 100% market			1,566	1,563
RV per acre			634	633

A4.3 Table A4.3 shows the effect on RV as increasing amounts of affordable housing are provided. With a viability threshold at £200k per acre (£500k per ha), Scheme A can provide 35% affordable housing before viability becomes marginal – whereas this happens on Scheme B by 10%.

A4.4 The appraisal figures are designed to provide an illustrative example. They are drawn from general recent experience elsewhere and are not intended to be specific to the Burnley & Pendle area.

Table A4.3 Residual value – affordable £k		
Lost revenue – affordable @5%	162	557
Revised site residual value – total	1,404	1,006
-per acre	568	407
Lost revenue – affordable @10%	324	1,114
Revised site residual value – total	1,242	449
-per acre	503	182
Lost revenue – affordable @15%	486	1,672
Revised site residual value – total	1,080	-108
-per acre	437	-44
Lost revenue – affordable @20%	649	2,229
Revised site residual value – total	918	-666
-per acre	371	-269
Lost revenue – affordable @25%	811	2,786
Revised site residual value – total	756	-1,223
-per acre	306	-495
Lost revenue – affordable @30%	973	3,343
Revised site residual value – total	593	-1,780
-per acre	240	-720
Lost revenue – affordable @35%	1,135	3,900
Revised site residual value – total	431	-2,337
-per acre	175	-946

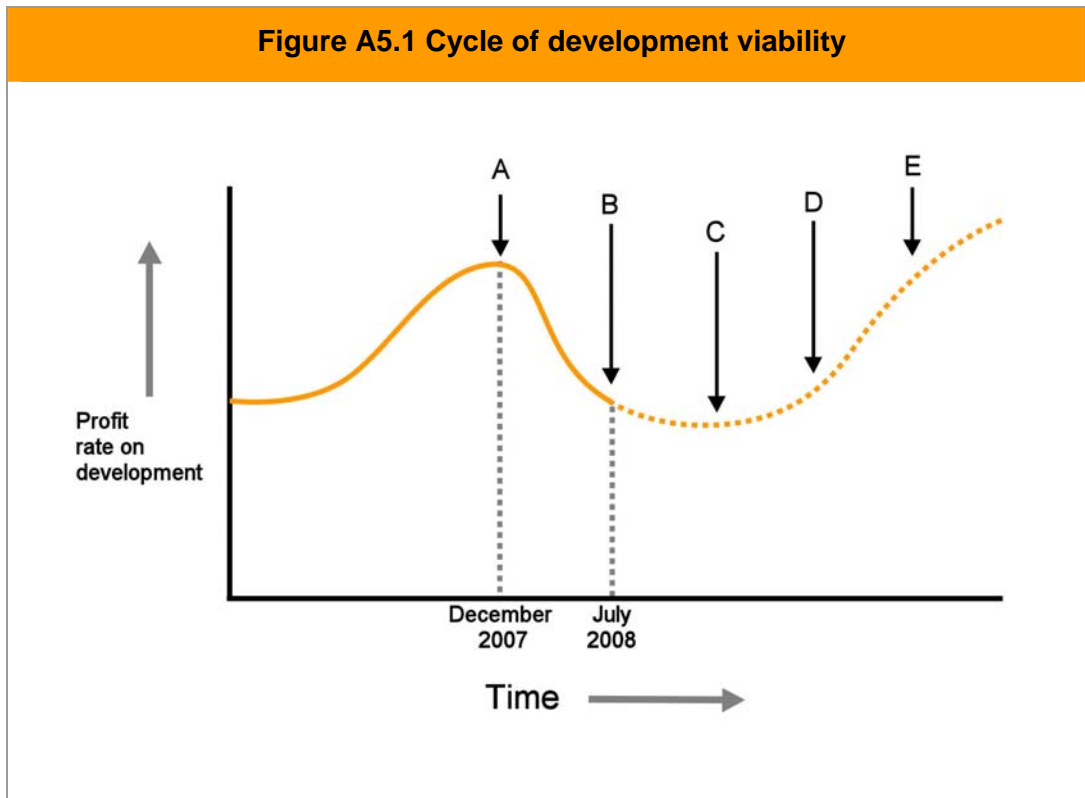
Appendix 5 Possible policy approach

Deliverability, viability and the credit crunch

- A5.1 PPS3: Housing emphasised the need to examine viability and deliverability, but was published in late 2006, well before the present train of events, and makes no direct reference to variations in the viability of sites, or whole districts. A possible policy approach to the market situation resulting from the credit crunch is set out below.
- A5.2 The reduction in house prices, and hence land values for housing, over the past six to eight months will have made some previously viable targets for affordable housing unviable. However that is a temporary phase. There will in due course be an upturn and viability will return to sites that are at present not commercially viable, even without regard to affordable housing and planning gain contributions.
- A5.3 In the credit crunch it is therefore necessary to think of viability in a dynamic context. In other words it can go up and down over time. This has a practical meaning for local authorities and house builders at two main levels:
- i) That of policy wording for the Local Development Framework (LDF)
 - ii) The wording of Section 106 Agreements in which affordable housing is required
- A5.4 It is necessary to have some wording for (i) and some mechanism for (ii) as otherwise planning appeals will be generated and a lot of avoidable cost incurred. However this discussion is addressed to (i) since setting targets through LDF policy is one of the main outputs to be derived from an SHMA: S106 negotiation policy is a separate issue.

Recognising the problem

- A5.5 In considering how to treat affordable housing, it is therefore necessary to consider a full cycle of price rise and fall, and as mentioned above, this is a novelty in the history of affordable housing. Government guidance will at some stage need to recognise the consequences upon viability, and hence affordable housing policy and practice.
- A5.6 The following graph describes the cycle: we do not know exactly where the bottom of the curve lies, or how long it will take for an upturn to develop, but there is not much doubt about the broad shape of the curve. It may waver about, but if households continue to increase and to get richer, then the upturn will eventually take prices higher than they were before the downturn.



A5.7 On the left hand axis the graph shows a measure of profitability. This relates fairly directly to the general viability of housing sites: i.e. their ability to carry a given fraction of affordable housing. Each site is individual, and the proportions of other planning gain, and availability of Housing Corporation and other finance will vary, but the graph describes the general position.

A5.8 The following are the key points on the diagram:

- (A) The top of the curve (around the end of 2007). After this point some sites that could carry a given proportion of affordable housing, no longer could. Any viability analysis results done before December 2007 are now wrong, to varying degrees depending on the nature of the housing sites involved.
- (B) The present day, which may or may not be the bottom of the cycle. Many sites which were viable and capable of carrying affordable housing contributions now cannot, and in many cases the whole site is unprofitable and no development is likely until there is an upturn.

- (C) This is the bottom of the cycle. It is hard to recognise this point, but important for house builders and local authorities. At this point there is the prospect of increased profitability in future, and so assuming that land price has fallen (for instance through the option mechanism) the house builder can envisage profit, and will start building again. At the same time the scope for affordable housing contributions will be at its minimum. This is an ideal time to finalise a S106 Agreement from the point of view of the developer, and the worst time from the point of view of a local authority. For both parties the reason is the same: it will minimise any contribution of (means tested) affordable housing.
- (D) At this point the recovery is well under way, and so many sites which had not been viable and unable to carry an affordable housing contribution will be able to do so. It is important that policy recognises such a point, and that S106 structures are designed to accommodate to it.
- (E) By this point prices have risen above the previous peak, and so many sites will be both viable and able to carry 'policy level' proportions of affordable housing again. However the experience of this downturn should warn all the parties to ensure that both policy and S106 mechanisms are suitably designed to address the problem of an eventual future downturn again.

Viability and cascades

- A5.9 The principle of a cascade is simple – it is a formula in a S106 Agreement that means that, if the agreed level and mix of social rented and intermediate housing is not viable at a given stage in development, the requirement 'cascades' into a less demanding form. Essentially this might mean that an X% requirement for social rented housing turns into intermediate housing.
- A5.10 English Partnerships and the Housing Corporation (now known as the Homes and Communities Agency) wrote a report about this in 2007. This report contains good material on the process, but is flawed due to the 'one way' character of a cascade: it only works downwards, i.e. to reduce the affordable housing obligation. It can reasonably be argued that while a given affordable housing contribution was viable at Phase A of a development, the same proportion of affordable housing might not be if conditions had deteriorated by the time of Phase B. This could be described by the price change from A to B on the graph above.
- A5.11 However there is no mechanism in a cascade for any upward movement if market conditions then improve, i.e. from C to E in the above graph. To deal with this sort of case it is important to have an upward as well as downward scope, within whatever affordable housing policy framework exists. Thus planning policy documents should refer to the fact that there will be upward as well as downward movements of viability.

Site specific viability

A5.12 It is of course impossible for a borough or housing market area wide viability analysis to represent the full range of site conditions: it has to be broad brush. As a consequence any affordable housing policy target level that is both borough wide and broadly viable at that level, may fail to be viable on a particular (and in planning terms otherwise acceptable) housing site. The problem may be unusually poor market circumstances of its location, or unusual abnormal costs.

A5.13 Hence it would not be reasonable to expect any target to be viable on all sites in an area. There must be leeway for the applicants to present a case against the application of the general affordable housing target on sites where it can be reasonably shown not to work. By the same token, the local authority cannot be expected to set an affordable housing target that will always be viable: the only such target is probably zero.

Two staged policy suggestion

A5.14 Given the viability findings, and the highly volatile immediate future prospects as regards viability, it is difficult to frame a fair and transparent approach which might be developed into policy. The following are the apparent options:

Table A5.1 Alternative approaches to addressing viability and affordable housing

Approach	Comments
A blanket percentage across each district with only site specific viability tests at the point of a planning application. This could be justified under PPS3: it requires a 'plan wide target'	This would probably not conform to what Para 29 of PPS3 requires. It could also produce a lot of conflict: it might be that all the sites in a given district could not afford the target level, and so a great deal of avoidable conflict would be created by trying to apply it.
Targets that vary within a district (as between more and less viable parts of a district, for example)	Apart from conflicting with Para 29 of PPS3, this could produce a complex policy situation where it would be hard for a landowner/developer to know where they were. It could also create a complex administrative task for the local authority.
No set target in the LDF Core Strategy but simply ad hoc targets based on viability and set in SPD from period to period (say 6 month ones during periods of rapid change)	This would not provide clarity or consistency: the LDF requires something specific which will have a reasonable duration to it, so as to provide a degree of certainty to all concerned, especially house builders and landowners who must negotiate provisional deals on land together.
A two level approach: a set district wide percentage for the LDF, and a rolling programme of viability analysis to determine, through SPD, the precise percentage (at or lower than the target) which is feasible for a given time period. Within that site negotiation will continue as at present with site specific viability assessments.	The process recommended here.

A5.15 We would suggest that the most practical approach seems to be to follow the two staged principle:

- i) Set a district wide target of the level implied in the study, subject to any consultation process. In any event a single percentage figure that applies plan wide.
- ii) Institute a process of repeating the viability analysis contained in the parallel viability report at intervals to be agreed within the continuing SHMA process. This might show that X% was viable in a given district at one point and Y% at another. So long as the calculations are transparent, as in the present viability report, nobody should have any reason to dispute them as the basis for a broad brush target.

A5.16 Therefore, in a given district 35% might be set as the plan wide target in the LDF Core Strategy. But with it would be a statement that the target is subject to a viability checking process that, for instance, at the time of the LDF Inquiry might mean that no more than 30% of affordable housing should be sought.

A5.17 That example 30% would be a plan wide target for the period of time between viability checks, and would itself be capable of exceptions as is normal practice, where particular site conditions require it. Figure A5.2 illustrates the position:

A5.18 Where large housing sites are to be developed in stages over a period of years, a similar process can be built into the S106 Agreement: so that the actual proportion of affordable housing on Phase W of the development may be less than the general agreed level due to housing market circumstances, but then will rise on succeeding tranches when market conditions have improved.

Figure A5.2 Policy structure for dynamic viability analysis

This diagram shows the nature of the viability analysis process over a housing cycle. It also allows, where appropriate, for S106 Agreements to be phrased dynamically: allowing for changes of effective target between phases. For convenience the steps are numbered. It is assumed that an SHMA monitoring group, including both public and private sectors, will meet periodically to agree on viability reviews. A minimum interval of say 6 months should be set between reviews to provide the necessary degree of certainty for land market dealing.

Standard policy approach

Policy for larger S106 sites

1. Target derived from housing needs evidence: e.g. 35%

For larger sites, with several tranches of development, the S106 should have written into it clauses which contain the mechanism shown in Steps 2-4. This will ensure that the level of affordable housing in each phase is both viable and as high as is reasonable. This replaces the 'cascade' approach which only considers downward adjustments

2. The target set in Step 1 is checked by viability analysis. This may show for instance that only 25% is viable at Date X assuming an a/b split of social rented and intermediate housing (other permutations could be considered)

3. A repeat viability analysis at Date Y shows that 30% affordable housing can now be afforded also on a/b split. Hence DPD altered

4. Repeat at Date Z shows that full 35% can be afforded. End of viability process unless or until prices drop again, when the process can restart

Appendix 6 Financial appraisal summaries

A6.1 The development viability **summaries** contained in the following pages set out the assumptions and outputs of the viability appraisals for a 20% affordable 'zero grant' scenario.

SITE B1: Dorma Burnley

Input assumptions		Scenario & option		Affordable 10% = 9% social rented 1% intermediate			
Burnley & Pendle viability study				Dwellings			
Site details				Dwellings			
Site	B1 Dorma Casterton Ave					ave floor space	
Location	Burnley					gross	net
Area	1.93 ha					sq ft	sq ft
No dwgs	4.77 acres						build cost
Density dw/ha	110						per sq ft
	57.0						sales value
							per sq ft
Contingency				Total			
allowance	5.00%	£k		110.0		98,230	
		422		100.00%		£8,447,780	
Development costs				Floorspace density			
standard % build	13.00%	1,153		= 19,629		net sq ft per acre	
plus abnormalities	2.6%	232		[Redacted]			
Total	16%						
Design fees				Other costs			
on build costs	10.0%	887		438.2		£ per dwelling	
on dev costs	0%			500		£ per dwelling	
Planning gain				Marketing			
£ per dwelling	3,000	330		0		£ per dwelling	
				Interest			
				% per annum			
				7.50%			
				Notes			

SITE B1 LAND COST & PHASING

Land		Iterate to achieve 20.0% profit		Hectare	
		Affordable	No affordable	Affordable	No affordable
Land purchase price	£	-1,180,195	-826,939		
RV per acre	£	-247,471	-173,398	-£611,500	-£428,466
Dev profit	£	2,129,422	2,278,371		
Total costs	£	10,918,279	11,389,964		
profit as % of costs		19.50%	20.00%		

Programme	Year 1				Year 2				Year 3				Year 4				Year 5				TOTALS			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
Units started																								
Market housing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Affordable soc rent	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Affordable sh oship	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Units 'built' +2Q																								
Market housing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Affordable soc rent	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Affordable sh oship	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Units completed +3Q																								
Market housing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Affordable soc rent	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Affordable sh oship	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Units purchased +4Q																								
Market housing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Affordable soc rent	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Affordable sh oship	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTALS	99.0	99.0	99.0	99.0	99.0	99.0	99.0	99.0	99.0	99.0	99.0	99.0	99.0	99.0	99.0	99.0	99.0	99.0	99.0	99.0	99.0	99.0	99.0	99.0

SITE B1 CASH FLOW AFFORDABLE

INCOME	rate	Year 1				Year 2				Year 3				Year 4				Year 5				TOTALS	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Housing sales		0	0	0	0	0	0	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	0	0	0	0	12,300
Market housing		0	0	0	0	0	0	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	1,118	0	0	0	0	649
Affordable soc rent		0	0	0	0	0	0	59	59	59	59	59	59	59	59	59	59	59	0	0	0	0	97
Affordable sh oship		0	0	0	0	0	0	9	9	9	9	9	9	9	9	9	9	9	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales fees		0	0	0	0	0	0	-40	-40	-40	-40	-40	-40	-40	-40	-40	-40	-40	0	0	0	0	-435
Total income		0	0	0	0	0	0	1,186	1,186	1,186	1,186	1,186	1,186	1,186	1,186	1,186	1,186	1,186	0	0	0	0	13,046
COSTS																							
Land		-1,180																					-1,180
Land acquisition		0																					0
Stamp duty		-32																					-32
Purchase fees																							
Total		0	0	0	0	0	0	691	691	691	691	691	691	691	691	691	691	691	691	691	691	691	-1,213
Build costs																							
Market housing		0	0	0	0	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	7,603
Affordable soc rent		0	0	0	0	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	760
Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	84
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Build contingency	5.0%	0	0	0	0	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38	38	422
Total		144	144	144	144	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	52	8,870
Upfront	6.5%	0	0	52	52																		577
Build related	6.5%	116	116																				577
Abnormals	3%																						232
Total		0	0	0	0	81	81	81	81	81	81	81	81	81	81	81	81	81	81	81	81	81	1,385
Fees on build costs	10.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	887
Fees on dev costs	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	887
PG																							
Planning gain			30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30	330
Total		16	16	16	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	330
Other																							
Planning	£438	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	48
Survey	£500	55	55	55	55	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	55
Marketing	£0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	103
Sales fees		-882	276	243	227	969	969	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	927	927	927	40	435
Total costs		-882	276	243	227	969	969	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	1,009	927	927	927	40	10,798
Net profit/loss from quarter		882	-276	-243	-227	-969	-969	177	177	177	177	177	177	177	177	177	177	177	259	259	259	1,146	2,249
Profit/loss bf from last quarter		0	898	634	399	176	-809	-1,811	-1,665	-1,516	-1,364	-1,209	-1,051	-890	-726	-476	-220	944	2,129	2,129	2,129	2,129	2,129
Cumulative profit/loss		882	622	391	172	-794	-1,778	-1,634	-1,488	-1,339	-1,187	-1,032	-874	-713	-467	-216	926	2,090	2,129	2,129	2,129	2,129	2,129
Interest	7.50%	17	12	7	3	-15	-33	-31	-28	-25	-22	-19	-16	-13	-9	-4	17	39	0	0	0	0	-121
Charged at Total	7.50%	898	634	399	176	-809	-1,811	-1,665	-1,516	-1,364	-1,209	-1,051	-890	-726	-476	-220	944	2,129	2,129	2,129	2,129	2,129	2,129
Cumulative developer profit carried forward to RV calc		898	634	399	176	-809	-1,811	-1,665	-1,516	-1,364	-1,209	-1,051	-890	-726	-476	-220	944	2,129	2,129	2,129	2,129	2,129	2,128

SITE B2: Summit Works Burnley

Input assumptions		Scenario & option	
Burnley & Pendle viability study		Affordable 10% = 9% social rented 1% intermediate	
Site details			
Site	B2 Summit Wks Manchestr Rd		
Location	Burnley		
Area	0.45 ha		
	1.11 acres		
No dwgs	25		
Density dw/ha	55.6		
Dwellings			
	Market housing	22.5	90.00%
	Affordable soc rent	2.3	9.00%
	Affordable sh oship	0.3	1.00%
	Aff other 2	0.0	0.00%
	Aff other 2	0.0	0.00%
Total		25.0	100.00%
Contingency			
allowance	5.00%		
		£k	
		109	
Development costs			
standard % build	12.50%		
		£k	
		286	
Other costs			
plus abnormals	3.1%		
		£k	
		70	
Total	16%		
Design fees			
on build costs	10.0%		
		£k	
		229	
on dev costs	0%		
Planning gain			
£ per dwelling	3,000		
Notes			

ave floor space		gross		net		build cost		sales value	
sq ft	per sq ft	sq ft	per sq ft	sq ft	per sq ft	per sq ft	per sq ft	per sq ft	per sq ft
1,045	1,045	1,045	1,045	1,045	1,045	83.50	83.50	141.00	141.00
1,045	1,045	1,045	1,045	1,045	1,045	83.50	83.50	80.00	80.00
1,045	1,045	1,045	1,045	1,045	1,045	83.50	83.50	104.00	104.00
1,045	1,045	1,045	1,045	1,045	1,045	83.50	83.50	0.00	0.00
0	0	0	0	0	0	83.50	83.50	0.00	0.00
26,125	26,125	26,125	26,125	26,125	26,125	£2,181,438	£2,181,438	£3,530,533	£3,530,533
Floorspace density		=		23,495		net sq ft per acre			

Other costs		£ per dwelling	
Planning	515.0		
Survey	500		
Marketing	0		
Interest		% per annum	
			7.50%

SITE B2 LAND COST & PHASING

Land		Iterate to achieve 20.0% profit		Hectare	
		Affordable	No affordable	Affordable	No affordable
Land purchase price	£	-206,203	-119,225		
RV per acre	£	-185,442	-107,222	-£458,228	-£264,945
Dev profit	£	576,397	614,152		
Total costs	£	2,955,111	3,070,448		
profit as % of costs		19.51%			

Programme	Year 1				Year 2				Year 3				Year 4				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Units started																	
Market housing			0.9	3.6		3.6	3.6	3.6		3.6	3.6	3.6		3.6	3.6	3.6	3.6
Affordable soc rent			0.1	0.4		0.4	0.4	0.4		0.4	0.4	0.4		0.4	0.4	0.4	0.4
Affordable sh oship			0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0	0.0
Aff other 2			0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0	0.0
Aff other 2			0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0	0.0
TOTAL	0	0	1	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Units 'built' +2Q																	
Market housing			0	0		4	4	4		4	4	4		4	4	4	4
Affordable soc rent			0	0		0	0	0		0	0	0		0	0	0	0
Affordable sh oship			0	0		0	0	0		0	0	0		0	0	0	0
Aff other 2			0	0		0	0	0		0	0	0		0	0	0	0
Aff other 2			0	0		0	0	0		0	0	0		0	0	0	0
Units completed +3Q																	
Market housing			0	0		4	4	4		4	4	4		4	4	4	4
Affordable soc rent			0	0		0	0	0		0	0	0		0	0	0	0
Affordable sh oship			0	0		0	0	0		0	0	0		0	0	0	0
Aff other 2			0	0		0	0	0		0	0	0		0	0	0	0
Aff other 2			0	0		0	0	0		0	0	0		0	0	0	0
Units purchased +4Q																	
Market housing			0	0		0	1	4		4	4	4		4	4	4	4
Affordable soc rent			0	0		0	0	0		0	0	0		0	0	0	0
Affordable sh oship			0	0		0	0	0		0	0	0		0	0	0	0
Aff other 2			0	0		0	0	0		0	0	0		0	0	0	0
Aff other 2			0	0		0	0	0		0	0	0		0	0	0	0

SITE B2 CASH FLOW AFFORDABLE

INCOME	rate	Year 1				Year 2				Year 3				Year 4				TOTALS	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Housing sales		0	0	0	0	0	0	133	530	530	530	530	530	530	0	0	0	0	3,315
Affordable soc rent		0	0	0	0	0	0	8	30	30	30	30	30	30	0	0	0	0	188
Affordable sh oship		0	0	0	0	0	1	4	4	4	4	4	4	4	0	0	0	0	27
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales fees		0	0	0	0	0	0	-5	-19	-19	-19	-19	-19	-19	0	0	0	0	-117
Total income		0	0	0	0	0	0	141	565	565	565	565	565	565	0	0	0	0	3,531
COSTS																			
Land		-206	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-206
Land acquisition		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Stamp duty		-6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-6
Purchase fees		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-212
Total		0	0	0	0	0	0	0	314	314	314	314	314	314	0	0	0	0	1,963
Build costs		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	196
Market housing		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Affordable soc rent		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Build contingency	5.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		36	36	36	36	23	23	23	23	23	23	23	23	23	0	0	0	0	143
Dev costs		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Upfront	6.3%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Build related	6.3%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Abnormals	3%	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	356
Total		35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	229
Fees		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees on build costs	10.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees on dev costs	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	229
PG		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Planning gain		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	75
Other		4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Planning	£515	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13	13
Survey	£500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing	£0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	25
Sales fees		-124	75	49	71	136	438	443	457	457	422	422	19	19	0	0	0	0	117
Total costs		-124	75	49	71	136	438	443	457	457	422	422	19	19	0	0	0	0	2,882
Net profit/loss from quarter		124	-75	-49	-71	-136	-438	-302	108	108	143	143	546	546	0	0	0	0	649
Profit/loss bf from last quarter		0	127	53	4	-68	-207	-657	-977	-885	-791	-660	-527	-527	20	576	576	576	576
Cumulative profit/loss		124	52	4	-67	-203	-645	-959	-869	-777	-648	-517	19	19	566	576	576	576	576
Interest	7.50%	2	1	0	-1	-4	-12	-18	-16	-15	-12	-10	0	0	11	0	0	0	0.00%
Charged at Total	7.50%	127	53	4	-68	-207	-657	-977	-885	-791	-660	-527	20	20	576	576	576	576	576
Cumulative developer profit carried forward to RV calc		127	53	4	-68	-207	-657	-977	-885	-791	-660	-527	20	20	576	576	576	576	575

SITE B3: Park Mill Burnley

SITE B3 CASH FLOW AFFORDABLE

	rate	Year 1				Year 2				Year 3				Year 4				Year 5				TOTALS
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
INCOME																						
Housing sales		0	0	0	0	0	0	512	818	818	818	818	818	818	818	818	818	818	818	818	818	7,878
Market housing		0	0	0	0	0	0	29	46	46	46	46	46	46	46	46	46	46	46	46	46	439
Affordable soc rent		0	0	0	0	0	0	4	7	7	7	7	7	7	7	7	7	7	7	7	7	65
Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales fees		0	0	0	0	0	0	-18	-29	-29	-29	-29	-29	-29	-29	-29	-29	-29	-29	-29	-29	-279
Total income																						
COSTS																						
Land		-1,113	0	0	0	0	0	544	871	871	871	871	871	871	871	871	871	871	871	871	871	8,382
Land acquisition		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-1,113
Stamp duty		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Purchase fees		-31	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-31
Total		0	0	0	0	0	0	537	537	537	537	537	537	537	537	537	537	537	537	537	537	-1,144
Build costs		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	5,164
Market housing		0	0	0	0	0	0	54	54	54	54	54	54	54	54	54	54	54	54	54	54	516
Affordable soc rent		0	0	0	0	0	0	6	6	6	6	6	6	6	6	6	6	6	6	6	6	57
Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Build contingency	5.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	19	30	30	30	30	30	30	30	30	30	30	30	30	30	287
Dev costs		98	98	98	98	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	6,025
Upfront	6.5%	0	0	25	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	41	392
Build related	6.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Abnormals	2%	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	137
Total		0	0	0	0	0	0	63	63	63	63	63	63	63	63	63	63	63	63	63	63	921
Fees on build costs	10.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	602
Fees on dev costs	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	24	24	24	24	24	24	24	24	24	24	24	24	24	24	602
PG		0	0	15	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	231
Planning gain		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other		10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	29
Planning	£371	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39	39
Survey	£500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing	£0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	67
Sales fees		0	0	0	0	0	0	18	29	29	29	29	29	29	29	29	29	29	29	29	29	279
Total costs		-929	176	148	163	495	753	771	782	782	782	782	782	782	782	782	782	782	782	782	782	6,981
Net profit/loss from quarter																						
Profit/loss bl from last quarter																						
Cumulative profit/loss		929	-176	-148	-163	-495	-753	-227	89	89	89	89	89	89	89	89	89	89	89	89	89	1,401
Interest	7.50%	0	946	785	649	496	1	-767	-1,012	-941	-868	-794	-718	-642	-497	-350	501	1,368	1,368	1,368	1,368	1,368
Charged at	7.50%	929	770	637	486	1	-753	-994	-924	-852	-779	-705	-630	-488	-344	492	1,343	1,368	1,368	1,368	1,368	1,368
Total	7.50%	17	14	12	9	0	-14	-19	-17	-16	-15	-13	-12	-9	-6	9	25	0.00%	0.00%	0.00%	0.00%	-34
Cumulative developer profit carried forward to RV calc		946	785	649	496	1	-767	-1,012	-941	-868	-794	-718	-642	-497	-350	501	1,368	1,368	1,368	1,368	1,368	1,367

SITE B4: Spa Mill Padiham

SITE B4 CASH FLOW AFFORDABLE

	rate	Year 1				Year 2				Year 3				Year 4				Year 5				TOTALS
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
INCOME																						
Housing sales																						
Market housing		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Affordable soc rent		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sales fees		0	0	0	0	0	0	-6	-35	-35	-35	-35	-35	-35	-35	-35	-35	-35	-35	-35	-35	
Total income		0	0	0	0	0	0	175	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	1,051	
COSTS																						
Land		-860																				
Land acquisition		0																				
Stamp duty		0																				
Purchase fees		-24																				
Total		0	0	0	0	104	621	621	621	621	621	621	621	621	621	621	621	621	621	621	621	
Build costs		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Market housing		0	0	0	0	10	62	62	62	62	62	62	62	62	62	62	62	62	62	62	62	
Affordable soc rent		0	0	0	0	1	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	
Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Build contingency	5.0%	0	0	0	0	6	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	
Total		108	108	108	108	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	47	
Dev costs		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Upfront	6.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Build related	6.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Abnormals	2%	71	71	71	71	71	71	71	71	71	71	71	71	71	71	71	71	71	71	71	71	
Total		0	0	0	0	12	72	72	72	72	72	72	72	72	72	72	72	72	72	72	72	
Fees		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Fees on build costs	10.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Fees on dev costs	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total		0	0	0	0	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	
PG		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Planning gain		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other		5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	
Planning	£281	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	
Survey	£300	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	28	
Marketing	£0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sales fees		-672	184	124	173	198	862	868	897	897	897	897	897	897	897	897	897	897	897	897	897	
Total costs		-672	184	124	173	198	862	868	897	897	897	897	897	897	897	897	897	897	897	897	897	
Net profit/loss from quarter		672	-184	-124	-173	-198	-862	-693	154	154	154	154	154	154	154	154	154	154	154	154	154	
Profit/loss bf from last quarter		0	684	510	393	224	27	-851	-1,573	-1,446	-1,316	-1,184	-1,050	-913	-708	-498	527	1,572	1,572	1,572	1,572	
Cumulative profit/loss		672	500	386	220	26	-835	-1,544	-1,419	-1,292	-1,163	-1,031	-897	-695	-489	517	1,543	1,572	1,572	1,572	1,572	
Interest	7.50%	13	9	7	4	0	-16	-29	-27	-24	-22	-19	-17	-13	-9	10	29	0.00%	0.00%	0.00%	0.00%	
Charged at Total		684	510	393	224	27	-851	-1,573	-1,446	-1,316	-1,184	-1,050	-913	-708	-498	527	1,572	1,572	1,572	1,572	1,571	
Cumulative developer profit carried forward to RV calc																						

SITE B5: Coal Yard Oswald St Burnley

SITE B6: Langham Street Burnley

SITE B7: Gorple Mill Worsthorne

Input assumptions		Scenario & option		Affordable 10% = 9% social rented 1% intermediate											
Burnley & Pendle viability study				Dwellings											
Site details				Dwellings											
Site	B7 Gorple Mill, Gordon St.			Market housing		Affordable soc rent		Affordable sh oship		Aff other 2		Aff other 2		Total	
Location	Worsthorne, BURNLEY			29.7		3.0		0.3		0.0		0.0		33.0	
Area	0.90	2.22	33	90.00%		9.00%		1.00%		0.00%		0.00%		100.00%	
No dwgs	33			944		944		944		944		944		31,152	
Density dw/ha	36.7			ave floor space gross sq ft		ave floor space net sq ft		ave floor space gross sq ft		ave floor space net sq ft		build cost per sq ft		sales value per sq ft	
				944		944		944		944		81.50		157.00	
				0.0%		0.0%		0.0%		0.0%		0.0%		80.00	
				0.0%		0.0%		0.0%		0.0%		0.0%		104.00	
				0.0%		0.0%		0.0%		0.0%		0.0%		0.00	
				0.0%		0.0%		0.0%		0.0%		0.0%		0.00	
				31,152		31,152		£2,538,888		£4,658,470					
Contingency				Floorspace density = 14,008 net sq ft per acre											
allowance	5.00%			[Red Bar]											
	127														
Development costs				Other costs											
standard % build	14.00%			Planning											
	373			£ per dwelling											
plus abnormalities	3.5%			Survey											
	92			£ per dwelling											
Total	17%			Marketing											
	267			£ per dwelling											
Design fees				Interest											
on build costs	10.0%			% per annum											
on dev costs	0%			7.50%											
	99														
Planning gain				Notes											
£ per dwelling	3,000														

SITE B7 LAND COST & PHASING

Land		Iterate to achieve 20.0% profit		Hectare	
	Affordable	No affordable	Affordable	No affordable	
Land purchase price	£ 67,103	£ 199,056			
RV per acre	£ 30,173	£ 89,508	£ 74,558	£ 221,173	
Dev profit	£ 761,768	£ 817,497			
Total costs	£ 3,897,828	£ 4,074,492			
profit as % of costs	19.54%	20.06%			

Programme	Year 1				Year 2				Year 3				Year 4				TOTALS
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Units started																	
Market housing			0.9	3.6													
Affordable soc rent			0.1	0.4													
Affordable sh oship			0.0	0.0													
Aff other 2			0.0	0.0													
Aff other 2			0.0	0.0													
TOTAL	0	0	1	4	4	4	4	4	4	4	4	4	4	4	4	4	33.0
Units 'built' +2Q																	
Market housing			0	4													
Affordable soc rent			0	0													
Affordable sh oship			0	0													
Aff other 2			0	0													
Aff other 2			0	0													
Units completed +3Q																	
Market housing			0	1													
Affordable soc rent			0	0													
Affordable sh oship			0	0													
Aff other 2			0	0													
Aff other 2			0	0													
Units purchased +4Q																	
Market housing			0	0	1												
Affordable soc rent			0	0	0												
Affordable sh oship			0	0	0												
Aff other 2			0	0	0												
Aff other 2			0	0	0												
TOTALS																	

SITE B7 CASH FLOW AFFORDABLE

INCOME	rate	Year 1				Year 2				Year 3				Year 4				TOTALS	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Housing sales		0	0	0	0	0	0	133	534	534	534	534	534	534	534	534	0	0	4,402
Market housing		0	0	0	0	0	0	7	27	27	27	27	27	27	27	27	0	0	224
Affordable soc rent		0	0	0	0	0	0	1	4	4	4	4	4	4	4	4	0	0	32
Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales fees		0	0	0	0	0	0	-5	-19	-19	-19	-19	-19	-19	-19	-19	0	0	-156
Total income		0	0	0	0	0	0	141	565	565	565	565	565	565	565	565	0	0	4,658
COSTS																			
Land		67																	67
Land acquisition		1																	1
Stamp duty		2																	2
Purchase fees																			70
Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2,285
Build costs		0	0	0	0	69	277	277	277	277	277	277	277	277	277	277	0	0	2,285
Market housing		0	0	0	0	7	28	28	28	28	28	28	28	28	28	28	0	0	228
Affordable soc rent		0	0	0	0	1	3	3	3	3	3	3	3	3	3	3	0	0	25
Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Build contingency	5.0%	0	0	0	0	4	15	15	15	15	15	15	15	15	15	15	0	0	127
Total		47	47	47	47	23	23	23	23	23	23	23	23	23	23	23	0	0	2,666
Dev costs		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	187
Upfront	7.0%	0	0	0	0	23	23	23	23	23	23	23	23	23	23	23	0	0	187
Build related	7.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	92
Abnormals	3%	46	46	46	46	0	0	0	0	0	0	0	0	0	0	0	0	0	465
Total		0	0	0	0	8	32	32	32	32	32	32	32	32	32	32	0	0	267
Fees		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees on build costs	10.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees on dev costs	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	12	12	12	12	12	12	12	12	12	12	12	0	0	267
PG		6	6	6	6	0	0	0	0	0	0	0	0	0	0	0	0	0	99
Planning gain	£515	6	6	6	6	0	0	0	0	0	0	0	0	0	0	0	0	0	17
Planning Survey	£500	17	17	17	17	0	0	0	0	0	0	0	0	0	0	0	0	0	17
Marketing	£0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	33
Total		0	0	0	0	0	0	5	19	19	19	19	19	19	19	19	0	0	156
Sales fees		184	98	61	81	123	390	395	409	409	409	409	409	409	409	409	0	0	3,755
Total costs		184	98	61	81	123	390	395	409	409	409	409	409	409	409	409	0	0	3,755
Net profit/loss from quarter		-184	-98	-61	-81	-123	-390	-254	156	156	156	156	156	156	156	190	546	0	903
Profit/loss bf from last quarter		0	-188	-291	-359	-448	-582	-991	-1,268	-1,133	-855	-712	-532	-348	202	762	762	762	761
Cumulative profit/loss		-184	-286	-352	-440	-572	-973	-1,244	-1,112	-977	-699	-522	-341	198	748	762	762	762	761
Interest	7.50%	-3	-5	-7	-8	-11	-18	-23	-21	-18	-13	-10	-6	4	14	0	0	0	-142
Charged at	7.50%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		-188	-291	-359	-448	-582	-991	-1,268	-1,133	-995	-855	-712	-532	202	762	762	762	762	761
Cumulative developer profit carried forward to RV calc																			

SITE B8: Albion Mill Padiham

SITE B8 LAND COST & PHASING

Land	
Iterate to achieve 20.0% profit	
	Hectare
	Affordable No affordable
Land purchase price	£ -767,315 £ -641,161
RV per acre	£ -295,741 £ -£730,776 £ -£610,629
Dev profit	£ 859,126 £ 918,823
Total costs	£ 4,426,800 £ 4,594,011
profit as % of costs	19.41% 20.00%

Programme	Year 1				Year 2				Year 3				Year 4				TOTALS				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4					
Units started																					
Market housing	0	0	4.5	5.4	5	5	5	5	5	5	5	5	5	5	5	5	5	0	0	42.3	
Affordable soc rent			0.5	0.5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4.2
Affordable sh oship			0.0	0.1	0.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.5
Aff other 2			0.0	0.0	0.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0
Aff other 2			0.0	0.0	0.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.0
TOTAL	0	0	5	6	5	6	6	6	6	6	6	6	6	6	6	6	6	0	0	47.0	
Units 'built' +2Q																					
Market housing	0	0	0	0	5	5	5	5	5	5	5	5	5	5	5	5	5	0	0	42	
Affordable soc rent			0	0	0	1	1	1	1	1	1	1	1	1	1	1	1	0	0	4	
Affordable sh oship			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Units completed +3Q																					
Market housing	0	0	0	0	0	5	5	5	5	5	5	5	5	5	5	5	5	0	0	42	
Affordable soc rent			0	0	0	0	1	1	1	1	1	1	1	1	1	1	1	0	0	4	
Affordable sh oship			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Units purchased +4Q																					
Market housing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	42	
Affordable soc rent			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	
Affordable sh oship			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

SITE B8 CASH FLOW AFFORDABLE

	rate	Year 1				Year 2				Year 3				Year 4				TOTALS	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
INCOME																			
Housing sales		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Market housing																			
Affordable soc rent		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales fees		0	0	0	0	0	0	-19	-22	-22	-22	-22	-22	-22	-22	-22	-22	-22	-176
Total Income		0	0	0	0	0	0	562	675	675	675	675	675	675	675	675	675	675	5,285
COSTS																			
Land		-767																	-767
Land acquisition		0																	0
Stamp duty		0																	0
Purchase fees		-21																	-21
Total		-767																	-768
Build costs		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Market housing																			
Affordable soc rent		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Build contingency	5.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dev costs		66	66	66	66	66	66	66	66	66	66	66	66	66	66	66	66	66	66
Upfront	7.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Build related	7.0%	0	0	28	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33
Abnormals	4%	79	79																
Total		145	145	94	99	99	99	99	99	99	99	99	99	99	99	99	99	99	99
Fees		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees on build costs	10.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees on dev costs	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PG		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Planning gain		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other		8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
Planning	£515	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Survey	£500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing	£0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8
Sales fees		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total costs		-612	153	117	117	117	117	578	596	600	600	600	549	549	549	549	549	549	4,381
Net profit/loss from quarter		612	-153	-117	-117	-490	-578	-34	75	75	75	126	126	126	0	0	0	0	904
Profit/loss b/f from last quarter		0	623	479	370	257	-237	-830	-880	-820	-760	-698	-582	-465	191	859	859	859	859
Cumulative profit/loss		612	470	363	252	-233	-815	-864	-805	-746	-685	-572	-456	-187	843	859	859	859	859
Interest	7.50%	11	9	7	5	-4	-15	-16	-15	-14	-13	-11	-9	4	16	0	0	0	0
Charged at	7.50%																		
Total		623	479	370	257	-237	-830	-880	-820	-760	-698	-582	-465	191	859	859	859	859	858
Cumulative developer profit carried forward to RV calc																			

SITE P1: Lob Lane Mill Brierfield

Land	
Iterate to achieve 20.0% profit	
	Hectare
	Affordable No affordable
Land purchase price	£ -2,941,877 £ -2,669,695
RV per acre	£ -1,190,561 £ -£2,941,877 £ -£2,669,695
Dev profit	£ 1,684,708 £ 1,803,324
Total costs	£ 8,660,648 £ 9,007,953
profit as % of costs	19.45% 20.02%

Programme	Year 1				Year 2				Year 3				Year 4				TOTALS				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4					
Units started																					
Market housing																					
Affordable soc rent	29.7	29.7	29.7	29.7	29.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	89.1	
Affordable sh oship	2.6	2.6	2.6	2.6	2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.9	
Aff other 2	0.7	0.7	0.7	0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	
Aff other 2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
TOTAL	0	0	33	33	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	99.0	
Units 'built' +2Q																					
Market housing																					
Affordable soc rent	0	0	0	0	30	30	30	30	0	0	0	0	0	0	0	0	0	0	0	89	
Affordable sh oship	0	0	0	0	3	3	3	3	0	0	0	0	0	0	0	0	0	0	0	8	
Aff other 2	0	0	0	0	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	2	
Aff other 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Units completed +3Q																					
Market housing																					
Affordable soc rent	0	0	0	0	0	30	30	30	30	0	0	0	0	0	0	0	0	0	0	89	
Affordable sh oship	0	0	0	0	3	3	3	3	0	0	0	0	0	0	0	0	0	0	0	8	
Aff other 2	0	0	0	0	1	1	1	1	0	0	0	0	0	0	0	0	0	0	0	2	
Aff other 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Units purchased +4Q																					
Market housing																					
Affordable soc rent	0	0	0	0	0	0	0	0	30	30	30	30	0	0	0	0	0	0	0	89	
Affordable sh oship	0	0	0	0	0	0	0	0	3	3	3	3	0	0	0	0	0	0	0	8	
Aff other 2	0	0	0	0	0	0	0	0	1	1	1	1	0	0	0	0	0	0	0	2	
Aff other 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

SITE P2: Richard Street Brierfield

Input assumptions		Scenario & option		Affordable 10% = 8% social rented 2% intermediate				
Burnley & Pendle viability study								
Site details								
Site	PE2 Richard Street							
Location	Brierfield							
Area	0.98 ha							
No dwgs	2.42 acres							
Density dw/ha	70							
	71.4							
Contingency								
allowance	5.00%	£k	256					
Development costs								
standard % build	13.00%		698					
plus abnormal	1.7%		89					
Total	15%							
Design fees								
on build costs	10.0%		537					
on dev costs	0%							
Planning gain								
£ per dwelling	3,000		210					
Dwellings								
Dwellings								
Market housing	63.0			90.00%	753	679	97.00	144.00
Affordable soc rent	5.6			8.00%	753	679	97.00	74.00
Affordable sh oship	1.4			2.00%	753	679	97.00	104.00
Aff other 2	0.0			0.00%	753	679	97.00	0.00
Aff other 2	0.0			0.00%	0	0	97.00	0.00
Total	70.0			100.00%	52,710	47,530	£5,112,870	£6,540,128
Floorspace density	= 19,628 net sq ft per acre							
Other costs								
Planning	348.6							£ per dwelling
Survey	500							£ per dwelling
Marketing	0							£ per dwelling
Interest								
% per annum	7.50%							
Notes								

SITE P2 CASH FLOW AFFORDABLE

	rate	Year 1				Year 2				Year 3				Year 4				Year 5				TOTALS				
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4					
INCOME																										
Housing sales		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,160
Market housing																										
Affordable socr rent		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	281
Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	99
Air cater 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Air cater 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales fees		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales fees																										
Total income		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6,540
COSTS																										
Land		-1,575	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-1,575
Land acquisition		0																								0
Stamp duty		0																								-43
Purchase fees		-43																								-1,618
Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	409
Build costs		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	102
Market housing																										
Affordable socr rent		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Air cater 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Air cater 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Build contingency	5.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	286
Dev costs		87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	87	3,499
Upfront	6.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	349
Build related	6.5%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	349
Abnormals	2%	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	44	89
Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	786
Fees		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	537
Fees on build costs	10.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	537
Fees on dev costs	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	537
PG		8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	210
Planning gain																										
Planning	£349	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	24
Survey	£500	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35
Marketing	£0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	59
Sales fees		-1,443	140	151	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	218
Total costs		-1,443	140	151	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	143	5,562
Net profit/loss from quarter		1,443	-140	-151	-143	-143	-143	-143	-143	-143	-143	-143	-143	-143	-143	-143	-143	42	42	632	632	0	0	0	0	978
Profit/loss bf from last quarter		0	1,471	1,356	1,227	1,227	1,105	467	-183	-201	-219	-238	-257	-276	-295	-321	-349	-295	-259	-221	-191	1,071	1,071	1,071	1,071	
Cumulative profit/loss		1,443	1,331	1,205	1,084	1,084	458	-180	-197	-215	-233	-252	-271	-290	-319	-348	-377	-254	-217	411	1,051	1,071	1,071	1,071	1,071	
Interest	7.50%	27	25	23	20	20	9	-3	-4	-4	-4	-5	-5	-5	-5	-5	-5	7,500%	7,500%	7,500%	7,500%	0.00%	0.00%	0.00%	0.00%	91
Total		1,471	1,356	1,227	1,105	1,105	467	-183	-201	-219	-238	-257	-276	-295	-321	-349	-377	-295	-259	-221	-191	1,071	1,071	1,071	1,071	1,070
Cumulative developer profit carried forward to RV calc																										

SITE P3: Lamberts Woodyard Nelson

Land	
Iterate to achieve 20.0% profit	
	Hectare
	Affordable No affordable
Land purchase price	-1,243,267
RV per acre	-£1,367,641 -£1,195,449
Dev profit	£ 1,163,235
Total costs	£ 5,965,891
profit as % of costs	19.50%

Programme	Year 1				Year 2				Year 3				Year 4				TOTALS	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Units started																		
Market housing			3.6	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4
Affordable soc rent			0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Affordable sh oship			0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Aff other 2			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Aff other 2			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0	0	4	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6
Units 'built' +2Q																		
Market housing			0	0	4	5	5	5	5	5	5	5	5	5	5	5	5	5
Affordable soc rent			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Affordable sh oship			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Units completed +3Q																		
Market housing			0	0	0	4	5	5	5	5	5	5	5	5	5	5	5	5
Affordable soc rent			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Affordable sh oship			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Units purchased +4Q																		
Market housing			0	0	0	0	4	5	5	5	5	5	5	5	5	5	5	5
Affordable soc rent			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Affordable sh oship			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTALS			0	0	4	6	6	6	6	6	6	6	6	6	6	6	6	6

SITE P3 CASH FLOW AFFORDABLE

	rate	Year 1				Year 2				Year 3				Year 4				TOTALS
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
INCOME																		
Housing sales																		
Market housing		0	0	0	0	0	0	515	773	773	773	773	773	773	773	773	773	6,699
Affordable soc rent		0	0	0	0	0	0	25	37	37	37	37	37	37	37	37	37	321
Affordable sh oship		0	0	0	0	0	0	8	12	12	12	12	12	12	12	12	12	108
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales fees		0	0	0	0	0	0	-18	-27	-27	-27	-27	-27	-27	-27	-27	-27	-238
Total income		0	0	0	0	0	0	548	822	822	822	822	822	822	822	822	822	7,128
COSTS																		
Land																		
Land acquisition		-1,422																
Stamp duty		0																
Purchase fees		-39																
Total		-1,461																-1,461
Build costs																		
Market housing		0	0	0	0	369	553	553	553	553	553	553	553	553	553	553	553	4,794
Affordable soc rent		0	0	0	0	33	49	49	49	49	49	49	49	49	49	49	49	426
Affordable sh oship		0	0	0	0	8	12	12	12	12	12	12	12	12	12	12	12	107
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Build contingency	5.0%	0	0	0	0	20	31	31	31	31	31	31	31	31	31	31	31	266
Total		0	0	0	0	42	42	42	42	42	42	42	42	42	42	42	42	5,593
Dev costs																		
Upfront	6.5%	91	91	91	91	42	42	42	42	42	42	42	42	42	42	42	42	364
Build related	6.5%	0	0	28	42	42	42	42	42	42	42	42	42	42	42	42	42	364
Abnormals	3%	73	73															145
Total		164	164	119	133	84	84	84	84	84	84	84	84	84	84	84	84	872
Fees																		
Fees on build costs	10.0%	0	0	0	0	43	65	65	65	65	65	65	65	65	65	65	65	559
Fees on dev costs	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	43	65	65	65	65	65	65	65	65	65	65	65	559
PG																		
Planning gain		5	5	5	5	18	18	18	18	18	18	18	18	18	18	18	18	156
Total		5	5	5	5	18	18	18	18	18	18	18	18	18	18	18	18	156
Other																		
Survey	£263	26	26	26	26	0	0	0	0	0	0	0	0	0	0	0	0	26
Marketing	£500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		26	26	26	26	0	0	0	0	0	0	0	0	0	0	0	0	26
Sales fees																		
b/forward from above		0	0	0	0	0	0	18	27	27	27	27	27	27	27	27	27	238
Total costs		-1,267	168	135	151	533	770	788	797	797	797	797	797	797	797	797	797	5,996
Net profit/loss from quarter		1,267	-168	-135	-151	-533	-770	-240	25	25	25	25	25	25	25	25	25	1,132
Profit/loss bf from last quarter		0	1,291	1,144	1,028	893	367	-410	-662	-649	-635	-621	-607	-596	-582	-455	347	1,163
Cumulative profit/loss		1,267	1,123	1,009	877	360	-403	-650	-637	-624	-610	-596	-582	-572	-446	340	1,142	1,163
Interest	7.50%	24	21	19	16	7	-8	-12	-12	-12	-11	-11	-10	-10	-8	6	21	0
Charged at Total	7.50%	24	21	19	16	7	-8	-12	-12	-12	-11	-11	-10	-10	-8	6	21	0
Cumulative developer profit carried forward to RV calc		1,291	1,144	1,028	893	367	-410	-662	-649	-635	-621	-607	-596	-582	-455	347	1,163	1,163

**SITE P4: James Nelson Sports Club
Nelson**

SITE P5: Spen Brook Mill Spen Brook

SITE P5 LAND COST & PHASING

Land		Iterate to achieve 20.0% profit		Hectare	
	Affordable	No affordable	Affordable	No affordable	
Land purchase price	£ 602,747	£ 936,906	£ 669,719	£ 1,041,007	
RV per acre	£ 271,032	£ 421,290			
Dev profit	£ 1,374,836	£ 1,499,825			
Total costs	£ 7,050,161	£ 7,498,600			
profit as % of costs	19.50%	20.00%			

Programme	Year 1				Year 2				Year 3				Year 4				TOTALS	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Units started																		
Market housing	0	0	4	6	0	6	6	6	0	6	6	6	0	6	6	6	0	0
Affordable soc rent			0.3	0.5		0.5	0.5	0.5		0.5	0.5	0.5		0.5	0.5	0.5		0.0
Affordable sh oship			0.1	0.1		0.1	0.1	0.1		0.1	0.1	0.1		0.1	0.1	0.1		0.0
Aff other 2			0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0
Aff other 2			0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0	0.0	0.0		0.0
TOTAL	0	0	4	6	0	6	6	6	0	6	6	6	0	6	6	6	0	52.0
Units 'built' +2Q																		
Market housing	0	0	0	0	4	5	5	5	5	5	5	5	5	5	5	5	5	47
Affordable soc rent			0	0		0	0	0		0	0	0		0	0	0		0
Affordable sh oship			0	0		0	0	0		0	0	0		0	0	0		0
Aff other 2			0	0		0	0	0		0	0	0		0	0	0		0
Aff other 2			0	0		0	0	0		0	0	0		0	0	0		0
Units completed +3Q																		
Market housing					0	4	5	5	5	5	5	5	5	5	5	5	5	47
Affordable soc rent					0	0	0	0	0	0	0	0	0	0	0	0	0	0
Affordable sh oship					0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2					0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2					0	0	0	0	0	0	0	0	0	0	0	0	0	0
Units purchased +4Q																		
Market housing					0	0	4	5	5	5	5	5	5	5	5	5	5	47
Affordable soc rent					0	0	0	0	0	0	0	0	0	0	0	0	0	0
Affordable sh oship					0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2					0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2					0	0	0	0	0	0	0	0	0	0	0	0	0	0

SITE P5 CASH FLOW AFFORDABLE

	rate	Year 1				Year 2				Year 3				Year 4				TOTALS		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
INCOME																				
Housing sales		0	0	0	0	0	0	623	934	934	934	934	934	934	934	934	934	0	0	8,098
Market housing		0	0	0	0	0	0	19	28	28	28	28	28	28	28	28	28	0	0	243
Affordable soc rent		0	0	0	0	0	0	6	10	10	10	10	10	10	10	10	10	0	0	83
Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales fees		0	0	0	0	0	0	-22	-33	-33	-33	-33	-33	-33	-33	-33	-33	0	0	-286
Total income		0	0	0	0	0	648	972	972	972	972	972	972	972	972	972	972	0	0	8,424
COSTS																				
Land		603																		603
Land acquisition		24																		24
Stamp duty		17																		17
Purchase fees																				643
Total																				3,839
Build costs		0	0	0	0	295	443	443	443	443	443	443	443	443	443	443	443	0	0	341
Market housing		0	0	0	0	26	39	39	39	39	39	39	39	39	39	39	39	0	0	85
Affordable soc rent		0	0	0	0	7	10	10	10	10	10	10	10	10	10	10	10	0	0	0
Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Build contingency	5.0%	0	0	0	0	16	25	25	25	25	25	25	25	25	25	25	25	0	0	0
Total																				213
Dev costs		73	73	73	73	34	34	34	34	34	34	34	34	34	34	34	34	0	0	4,479
Upfront	6.5%	0	0	22	34															291
Build related	6.5%	52	52																	291
Abnormals	2%																			104
Total																				686
Fees		0	0	0	0	34	52	52	52	52	52	52	52	52	52	52	52	0	0	448
Fees on build costs	10.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees on dev costs	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total																				448
PG				12	18	18	18	18	18	18	18	18	18	18	18	18	18	0	0	156
Planning gain																				14
Total																				26
Other		5	5	5	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	40
Planning	£263	26	26	26	26	0	0	0	0	0	0	0	0	0	0	0	0	0	0	286
Survey	£500																			
Marketing	£0																			
Total																				40
Sales fees		0	0	0	0	0	0	22	33	33	33	33	33	33	33	33	33	0	0	286
Total costs		799	129	112	124	431	620	642	653	653	653	653	653	653	653	653	653	0	0	6,738
Net profit/loss from quarter		-799	-129	-112	-124	-431	-620	6	319	319	319	371	371	371	939	939	0	0	0	1,686
Profit/loss bf from last quarter		0	-814	-961	-1,092	-1,239	-1,701	-2,365	-2,403	-1,838	-1,547	-1,251	-880	-880	-536	410	1,375	1,375	1,375	1,375
Cumulative profit/loss		-799	-943	-1,072	-1,217	-1,670	-2,321	-2,359	-2,084	-1,804	-1,519	-1,228	-880	-880	-526	403	1,349	1,375	1,375	1,375
Interest	7.50%	15	18	20	23	31	44	44	39	34	28	23	17	17	8	25	0	0	0	0.00%
Charged at Total	7.50%	-15	-18	-20	-23	-31	-44	-44	-39	-34	-28	-23	-17	-17	-10	8	25	0	0	0.00%
Cumulative developer profit carried forward to RV calc		-814	-961	-1,092	-1,239	-1,701	-2,365	-2,403	-2,123	-1,838	-1,547	-1,251	-897	-897	-536	410	1,375	1,375	1,375	-313
																				1,374

SITE P6: Glen Mill Colne

Input assumptions		Scenario & option		Affordable 10% = 8% social rented 2% intermediate												
Burnley & Pendle viability study				Dwellings												
Site details		PE6 Glen Mill, North Valley Rd COLNE		Dwellings												
Location		ha		Market housing	40.5	90.00%	ave floor space gross sq ft	1,050	1,050	net sq ft	1,050	build cost per sq ft	82.00	sales value per sq ft	143.00	
Area	1.24	acres		Affordable soc rent	3.6	8.00%		1,050	1,050		1,050		0.0%	80.00		
No dwgs	45			Affordable sh oship	0.9	2.00%		1,050	1,050		1,050		0.0%	104.00		
Density dw/ha	36.3			Aff other 2	0.0	0.00%		1,050	1,050		1,050		0.0%	0.00		
				Aff other 2	0.0	0.00%		0	0		0		0.0%	0.00		
				Total	45.0	100.00%		47,250	47,250		47,250		£3,874,500	£6,481,755		
Contingency	£k			Floorspace density = 15,421 net sq ft per acre												
allowance	194	5.00%														
Development costs	610			Other costs												
standard % build	15.00%			Planning												£ per dwelling
plus abnormalities	179	4.4%		Survey												£ per dwelling
Total	183			Marketing												£ per dwelling
Design fees	407			Interest												
on build costs	10.0%			% per annum												
on dev costs	0%															
Planning gain	135			Notes												
£ per dwelling	3,000															

SITE P6 LAND COST & PHASING

Land		Iterate to achieve 20.0% profit		Hectare	
		Affordable	No affordable	Affordable	No affordable
Land purchase price	£	-365,658	-210,266		
RV per acre	£	-119,338	-68,624	-£294,885	-£169,569
Dev profit	£	1,057,911	1,126,358		
Total costs	£	5,424,894	5,631,442		
profit as % of costs		19.50%	20.00%		

Programme	Year 1				Year 2				Year 3				Year 4				TOTALS		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Units started																			
Market housing	0	0	2.7	5.4	3	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	40.5
Affordable soc rent			0.2	0.5	0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	3.6
Affordable sh oship			0.1	0.1	0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.9
Aff other 2			0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Aff other 2			0.0	0.0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0	0	3	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	45.0
Units 'built' +2Q																			
Market housing	0	0	0	3	0	5	5	5	5	5	5	5	5	5	5	5	5	5	41
Affordable soc rent			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4
Affordable sh oship			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Units completed +3Q																			
Market housing	0	0	0	0	3	5	5	5	5	5	5	5	5	5	5	5	5	5	41
Affordable soc rent			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4
Affordable sh oship			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Units purchased +4Q																			
Market housing	0	0	0	0	0	0	3	5	5	5	5	5	5	5	5	5	5	5	41
Affordable soc rent			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4
Affordable sh oship			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

SITE P6 CASH FLOW AFFORDABLE

	rate	Year 1				Year 2				Year 3				Year 4				TOTALS	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
INCOME																			
Housing sales		0	0	0	0	0	0	405	811	811	811	811	811	811	0	0	0	0	6,081
Market housing		0	0	0	0	0	0	20	40	40	40	40	40	40	0	0	0	0	302
Affordable soc rent		0	0	0	0	0	0	7	13	13	13	13	13	13	0	0	0	0	98
Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales fees		0	0	0	0	0	0	-14	-29	-29	-29	-29	-29	-29	-29	-29	-29	-29	-216
Total income		0	0	0	0	0	0	432	864	864	864	864	864	864	0	0	0	0	6,482
COSTS																			
Land		-366	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-366
Land acquisition		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Stamp duty		-10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Purchase fees		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-10
Total		-376	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-376
Build costs		0	0	0	0	0	0	465	465	465	465	465	465	465	0	0	0	0	3,487
Market housing		0	0	0	0	0	0	41	41	41	41	41	41	41	0	0	0	0	310
Affordable soc rent		0	0	0	0	0	0	10	10	10	10	10	10	10	0	0	0	0	77
Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Build contingency	5.0%	0	0	0	0	0	0	26	26	26	26	26	26	26	0	0	0	0	194
Total		76	76	76	76	41	41	41	41	41	41	41	41	41	0	0	0	0	4,068
Dev costs		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	305
Upfront	7.5%	0	0	20	41	41	41	41	41	41	41	41	41	41	0	0	0	0	305
Build related	7.5%	90	90	90	90	90	90	90	90	90	90	90	90	90	0	0	0	0	179
Abnormals	4%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	789
Total		0	0	0	0	27	54	54	54	54	54	54	54	54	0	0	0	0	407
Fees on build costs	10.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees on dev costs	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	18	18	18	18	18	18	18	18	18	0	0	0	0	407
PG		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	135
Planning gain		8	8	8	8	8	8	8	8	8	8	8	8	8	0	0	0	0	135
Total		8	8	8	8	8	8	8	8	8	8	8	8	8	0	0	0	0	23
Other		23	23	23	23	23	23	23	23	23	23	23	23	23	0	0	0	0	23
Planning	£515	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Survey	£500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Marketing	£0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	0	0	14	29	29	29	29	29	29	29	29	29	29	46
Sales fees		-180	174	113	135	357	655	670	684	684	684	684	684	684	684	684	684	684	216
Total costs		-180	174	113	135	357	655	670	684	684	684	684	684	684	684	684	684	684	5,285
Net profit/loss from quarter		180	-174	-113	-135	-357	-655	-238	180	180	239	239	239	239	835	835	0	0	1,197
Profit/loss bf from last quarter		0	183	10	-105	-245	-613	-1,292	-1,558	-1,404	-1,247	-1,086	-864	-636	203	1,058	1,058	1,058	1,058
Cumulative profit/loss		180	10	-103	-240	-602	-1,268	-1,530	-1,378	-1,224	-1,067	-848	-625	199	1,038	1,058	1,058	1,058	1,058
Interest	7.50%	3	0	-2	-5	-11	-24	-29	-26	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	0.00%	0.00%	0.00%	0.00%
Charged at	7.50%	3	0	-2	-5	-11	-24	-29	-26	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	0.00%	0.00%	0.00%	0.00%
Total		183	10	-105	-245	-613	-1,292	-1,558	-1,404	-1,247	-1,086	-864	-636	203	1,058	1,058	1,058	1,058	-140
Cumulative developer profit carried forward to RV calc		183	10	-105	-245	-613	-1,292	-1,558	-1,404	-1,247	-1,086	-864	-636	203	1,058	1,058	1,058	1,058	1,057

SITE P7: Warehouse Lane Foulridge

SITE P7 LAND COST & PHASING

Land	
Iterate to achieve 20.0% profit	
	Hectare
	Affordable No affordable
Land purchase price	£ 249,229 £ 320,359
RV per acre	£ 296,652 £ 381,317 £ 733,026 £ 942,233
Dev profit	£ 331,289 £ 356,673
Total costs	£ 1,691,530 £ 1,781,937
profit as % of costs	19.59% 20.02%

Programme	Year 1				Year 2				Year 3				Year 4				TOTALS		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Units started																			
Market housing	0	0	3	3	2.7	2.7	2.7	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10.8
Affordable soc rent			0.2	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0
Affordable sh oship			0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Aff other 2			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Aff other 2			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0	0	3	3	3	3	3	0	0	0	0	0	0	0	0	0	0	0	12.0
Units 'built' +2Q																			
Market housing			0	0	3	3	3	3	0	0	0	0	0	0	0	0	0	0	11
Affordable soc rent			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Affordable sh oship			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Units completed +3Q																			
Market housing			0	0	0	3	3	3	3	0	0	0	0	0	0	0	0	0	11
Affordable soc rent			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Affordable sh oship			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Units purchased +4Q																			
Market housing			0	0	0	0	3	3	3	3	0	0	0	0	0	0	0	0	11
Affordable soc rent			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Affordable sh oship			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

SITE P7 CASH FLOW AFFORDABLE

	rate	Year 1				Year 2				Year 3				Year 4				TOTALS
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
INCOME																		
Housing sales		0	0	0	0	0	0	481	481	481	481	0	0	0	0	0	0	1,924
Marker housing		0	0	0	0	0	0	18	18	18	18	0	0	0	0	0	0	74
Affordable soc rent		0	0	0	0	0	0	6	6	6	6	0	0	0	0	0	0	24
Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales fees		0	0	0	0	0	0	-17	-17	-17	-17	0	0	0	0	0	0	-68
Total income		0	0	0	0	0	0	506	506	506	506	0	0	0	0	0	0	2,022
COSTS																		
Land		249																249
Land acquisition		2																2
Stamp duty		7																7
Purchase fees																		259
Total		0	0	0	0	218	218	218	218	218	218	0	0	0	0	0	0	874
Build costs		0	0	0	0	19	19	19	19	19	19	0	0	0	0	0	0	78
Marker housing		0	0	0	0	5	5	5	5	5	5	0	0	0	0	0	0	19
Affordable soc rent		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Build contingency	2.5%	0	0	0	0	6	6	6	6	6	6	0	0	0	0	0	0	24
Total		17	17	17	17	17	17	17	17	17	17	0	0	0	0	0	0	995
Dev costs		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	70
Upfront	7.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	70
Build related	7.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Abnormals	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	25	25	25	25	25	25	0	0	0	0	0	0	139
Fees		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	99
Fees on build costs	10.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees on dev costs	0.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		0	0	0	0	9	9	9	9	9	9	0	0	0	0	0	0	99
PG		2	2	2	2	2	2	2	2	2	2	0	0	0	0	0	0	36
Planning gain	£515	6	6	6	6	6	6	6	6	6	6	0	0	0	0	0	0	36
Other	£500	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6
Survey	£0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6
Marketing	£0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	6
Total		284	19	46	44	300	300	291	291	291	291	0	0	0	0	0	0	68
Sales fees		0	0	0	0	0	0	17	17	17	17	0	0	0	0	0	0	68
Total costs		284	19	46	44	300	300	291	291	291	291	0	0	0	0	0	0	1,609
Net profit/loss from quarter		-284	-19	-46	-44	-300	-300	-215	-215	-215	-215	488	488	0	0	0	0	413
Profit/loss bf from last quarter		0	-289	-314	-367	-419	-732	-1,051	-852	-852	-852	-649	-163	331	331	331	331	331
Cumulative profit/loss		-284	-309	-360	-411	-719	-1,032	-836	-637	-637	-637	-160	325	331	331	331	331	331
Interest	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	0.00%	0.00%	0.00%	0.00%	0.00%
Charged at		-5	-6	-7	-8	-13	-19	-16	-12	-12	-12	-3	6	0	0	0	0	0
Total		-289	-314	-367	-419	-732	-1,051	-852	-649	-649	-649	-163	331	331	331	331	331	-83
Cumulative developer profit carried forward to RV calc																		331

SITE P8: Garage site Earby

SITE P8 CASH FLOW AFFORDABLE

	rate	Year 1				Year 2				Year 3				Year 4				TOTALS
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
INCOME																		
Housing sales		0	0	0	0	0	0	529	529	529	529	529	529	529	0	0	0	3,704
Market housing		0	0	0	0	0	0	27	27	27	27	27	27	27	0	0	0	187
Affordable soc rent		0	0	0	0	0	0	9	9	9	9	9	9	9	0	0	0	62
Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sales fees		0	0	0	0	0	0	-19	-19	-19	-19	-19	-19	-19	0	0	0	-132
Total income		0	0	0	0	0	0	565	565	565	565	565	565	565	0	0	0	3,953
COSTS																		
Land		-452																-452
Land acquisition		0																0
Stamp duty		-12																-12
Purchase fees																		-464
Total		0	0	0	0	333	333	333	333	333	333	333	333	333	0	0	0	2,330
Build costs		0	0	0	0	333	333	333	333	333	333	333	333	333	0	0	0	207
Market housing		0	0	0	0	30	30	30	30	30	30	30	30	30	0	0	0	52
Affordable soc rent		0	0	0	0	7	7	7	7	7	7	7	7	7	0	0	0	0
Affordable sh oship		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aff other 2		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Build contingency	5.0%	0	0	0	0	18	18	18	18	18	18	18	18	18	0	0	0	129
Total		44	44	44	44	25	25	25	25	25	25	25	25	0	0	0	0	177
Dev costs	6.5%	0	0	25	25													177
Upfront	6.5%	52	52															103
Build related	4%																	457
Abnormals		0	0	0	0	39	39	39	39	39	39	39	39	39	0	0	0	272
Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fees on build costs	10.0%																	272
Fees on dev costs	0.0%																	0
Total		6	6	6	6	15	15	15	15	15	15	15	15	0	0	0	0	272
PG																		105
Planning	£515																	18
Other	£500	18																18
Survey	£0																	0
Marketing																		0
Total		0	0	0	0	0	0	19	19	19	19	19	19	19	0	0	0	36
Sales fees		-345	102	90	84	467	467	486	486	486	486	486	486	446	19	0	0	132
Total costs		-345	102	90	84	467	467	486	486	486	486	486	486	446	19	0	0	3,254
Net profit/loss from quarter		345	-102	-90	-84	-467	-467	79	79	119	119	546	546	0	0	0	0	698
Profit/loss bf from last quarter		0	351	254	167	84	-390	-874	-810	-810	-460	-460	-460	645	645	645	645	645
Cumulative profit/loss		345	249	164	82	-383	-858	-795	-731	-731	-460	-460	-460	645	645	645	645	645
Interest	7.50%	6	5	3	2	-7	-16	-15	-14	-14	-8	2	2	0.00%	0.00%	0.00%	0.00%	0.00%
Charged at		7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	0.00%	0.00%	0.00%	0.00%	0.00%
Total		351	254	167	84	-390	-874	-810	-745	-745	-460	87	87	645	645	645	645	644
Cumulative developer profit carried forward to RV calc																		

