

Land at Hogshaw Farm, Buxton, High Peak
Viability Assessment Executive Summary
August 2024



RogerHannah

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I. Introduction

I.1. Instructions

Roger Hannah has been instructed by Barratt Homes (Manchester) to provide a financial viability assessment in respect of its proposed development at Hogshaw Farm, Buxton. The scheme comprises the development of 99 houses.

This report has been prepared to support a planning application and considers the financial impact of the proposed planning obligations. We understand that the report will be submitted to High Peak Borough Council as part of the full planning application for this development.

I.2. RICS Compliance

In accordance with the RICS Professional Statement, Financial viability in planning: conduct and reporting (2019), we can confirm the following:

- The person(s) involved in the preparation and review of this report are suitably qualified professionals that have extensive experience advising on viability matters across the region
- There are no conflicts of interest that affect our independent opinion being provided
- We have acted with objectivity, impartiality, without interference and with reference to all appropriate available sources of information

We can also confirm that we have had reference to and followed the best practice recommendations in the RICS Guidance Note, Assessing viability in planning under the National Planning Policy Framework 2019 for England (2021).

I.3. Reporting

The report has been produced and reviewed by the following suitably qualified professionals.

Author:

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Jessica Mistry MRICS
Senior Surveyor

Reviewer:

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Steve Smith MRICS
Director

2. Executive Summary

Site	The application site is located approximately 0.4 miles North of Buxton town centre and is comprised of previously undeveloped land currently in agricultural use. The land is bordered along the western side by a former tip, with open countryside to the north and east, to the south is a playing field and to the south-east is existing residential development comprising Nunsfield Road and Glenmoor Road. The site is irregular in shape and has challenging topography. The site extends to a gross site area of approximately 5.6 hectares (13.84 acres) and a net developable area of 2.92 Hectares (7.21 Acres).
Scheme	The scheme comprises the development of 99 houses.
Viability Guidance	In accordance with the PPG, we have undertaken a site-specific assessment of viability for the following reasons: • The Local Plan viability evidence base is out of date – the Council's Local Plan Viability Assessment was undertaken in April 2014. This is 11 years out of date. In accordance with RICS guidance, this viability assessment has been assessed at today's date (August 2024) in line with current values and costs. The guidance on how viability is assessed has also changed since the Council's local plan viability assessment was undertaken, with the recent PPG guidance largely coming into effect in 2019. • Additional information is now available in respect of infrastructure or sites costs, compared to the assumptions adopted at the plan-making stage - Viability assessed at the Local Plan stage is high level and does not take into account site specifics. More detailed site due diligence has been undertaken by Barratt Homes regarding technical constraints and abnormal costs which would not have been assessed at the Local Plan viability stage, and this has impacted on the viability of the site. As per the PPG and RICS guidance, we have adopted the residual method to assess site viability. This is based on the following calculation: Gross Development Value – (Costs + Developer's Return) = Residual Value We have also established the Benchmark Land Value (BLV) as appropriate for assessing viability. Should the residual value be below the BLV, which represents the minimum return a reasonable landowner can expect, the development is deemed to be unviable and changes to planning policy are likely to be required to ensure that the development is delivered. We have therefore also assessed what level of planning obligations can be delivered in order for the BLV to be achieved, therefore resulting in a viable development.
GDV	The PPG states the following: <i>"Gross development value is an assessment of the value of development. For residential development this may be total sales and/or capitalised net rental income from developments . . . For viability assessment of specific site or development, market evidence</i>

	(rather than average figures) from the actual site or from existing developments can be used” The RICS Guidance Note also defines this as follows: <i>“The aggregate market value of the proposed development, assessed on the special assumption that the development is complete on the date of valuation in the market conditions prevailing pm that date.”</i> We have therefore assessed the GDV with reference to the comparable method of valuation. On balance of the evidence obtained, we would expect average sales values in the order of £290 - £305 per sq ft across the proposed development. For the purpose oof the viability testing, we have tested the scheme on both a policy compliant basis, including 30% affordable housing and S106 contributions, and on the Applicant’s proposal which seeks to deliver a 100% market sale scheme and no S106 contributions. • Appraisal 1: the total GDV for the policy compliant scheme equates to £28,034,500. • Appraisal 2: the total GDV for the 100% market sale scheme equates to £32,117,000. Copies of our appraisals can be found at Appendix 3.
Base Build Costs	We have adopted an ‘all in’ based build cost of £135 per sq ft exclusive of professional fees, contingency and abnormals.
Abnormal Costs	Barratt Homes have undertaken detailed site due diligence regarding the technical constraints of the site. A total cost of £5,561,000 has been included for abnormal works as assessed by Barratt Homes.
Profit	19% on GDV across the private housing 8% on GDV across the affordable housing
Benchmark Land Value	In any typical viability assessment, a benchmark land value is used to assess whether or not a scheme is viable. Paragraph 013 of the PPG states that: <i>“A benchmark land value should be established on the basis of the Existing Use Value (EUV), plus a premium for the landowner. The premium for the landowner should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The premium should provide a reasonable incentive, in comparison with other options available, for the landowner to sell the land for development while allowing a sufficient contribution to fully comply with policy requirement.”</i> This is often referred to as the EUV+ approach, which we have adopted in this case. In our assessment, we have adopted a benchmark land value of £1,689,315, which comprises of the following as per the above guidance:

	Item	Assessment	
	Existing Use Value	£117,640	
	Minimum Premium	£1,601,000	
	Total	£1,718,640	
Appraisal Results		Appraisal 1 – Policy Compliant	Appraisal 2– 100% Market Sale & No S106
	Benchmark Land Value	£1,718,640	£1,718,640
	Residual Land Value	-£769,517	£1,687,466
	Viability Concern	Yes- significantly	Marginal

Appendix I – Scheme Layout Plan

Appendix 2 – Financial Appraisals



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