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AFFORDABLE HOUSING VIABILITY ASSESSMENT (REV B)

5 NO. DWELLINGS, NEW BUILD

LAND TO WEST OF COACH ROAD, SLEIGHTS, WHITBY

NYMNPA
-2 SEP 2013



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1.0 COSTS

Land Acquisition	235,000.00
Legal Fees (estimate)	15,000.00
Build Costs (estimate)	510,000.00
External Works (estimate)	92,500.00
Planning Fees	1,925.00
Building Control Fees	2,500.00
Consultants Fees Architectural/Air/Acoustic/EPC	30,000.00
Cost of Finance (estimate)	<u>84,000.00</u>
Total Cost (excluding Profit)	970,925.00
Presumed Profit at 15%	<u>145,638.75</u>
Total Cost (including Profit)	<u>1,116,563.75</u>

2.0 VALUE

4 no. Dwellings (3 bed) @ £220,000.00 each	880,000.00
1 no. Dwelling (2 bed) @ £215,000.00	215,000.00
Less Total Costs	1,116,563.75
Residual Amount	(-£21,563.75)

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3.0 EXPLANATION OF COSTS

3.1 Land Costs

The total acquisition cost of the land is **£235,000.00**.

This area of land consists of scrub land, unused in any meaningful manner since the closing of the former village school.

The land is wholly enclosed by a wall and does not offer any amenity given it slopes away from view from the main Coach Road and is substantially overgrown.

Following acquisition, various development options have been considered. These were influenced heavily by the current poor economic climate and Planning Policies.

3.2 Legal Fees

This amount is based on our client's experience with its legal team and has been kept very low when you consider the costs involved during the purchase of land, proposed sale of houses, Section 106 Agreement etc.

The client benefits from agreed discounted rates with an established firm of lawyers and the discounted rates (as opposed to headline rates) have been used for the purposes of this calculation.

3.3 Build Costs

The properties are designed in an efficient and cost effective manner. The proposed semi detached houses minimize expense in many areas by creating 2 x semi-detached properties as compared to 4 detached dwellings along the back of the site.

A number of retaining walls are required given the topology of the site.

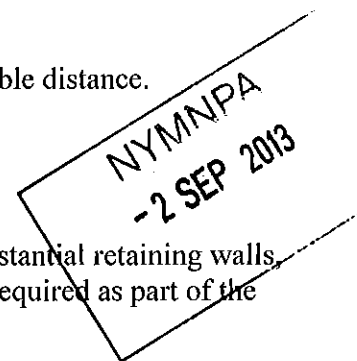
New build properties can be constructed for costs of £1,000/m² to £1,600/m²

Our estimate is based on £1,300/m² and therefore 'middle' of the scale giving a total of **£507,000.00**.

It presumes service connections are available within a reasonable distance.

3.4 External Works and Roads

This is to include driveways, paths, a number of relatively substantial retaining walls, landscaping and site fencing. A road to adoptable standard is required as part of the proposal - **£92,500.00**



3.5 Planning Fees

Costs have been taken directly from the Local Planning Authority fee scale of charges.

These are currently set at £385/dwelling therefore **£1,925.00**

3.6 Building Control Fees

These have been taken directly from the North Yorkshire Building Control scale of fees operational from 1st April 2013.

As the houses are all similar, the fee is reduced to **£2,500.00**

3.7 Consultants Fees

This section covers a range of professional services required to complete the project and obtain all approval:

- Architectural
- Acoustic testing and design
- Energy Performance and Air Testing - **£30,000.00**

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3.8 Cost of Finance

It is considered that the finance required given the costs previously noted will be £700,000.00. This will need to be in place for the full construction period and up to the sale of at least two properties. Therefore, we include £700,000 at 8% interest for 18 months, giving **£84,000.00**.

It should be noted that this calculation excludes arrangement fees which are likely to be in the region of a further £6,000 - £10,000 depending on lender.

The £700,000 figure is lower than the full costs of the development given the client is using existing funds wherever possible to reduce lending costs. Accordingly, this figure could be far higher for the purposes of this assessment.

4.0 CONCLUSION

Our client has costed this project in a very economical manner, from the design and number/type of dwellings right through to being heavily involved itself to reduce consultants costs, thus seeking to minimize costs wherever possible. However, the well documented economic pressures on building development still conspire to create a difficult scenario for profitable projects.

Whilst we do believe some profit will be made, it is very likely to be less than the accepted 15% which, when taken against the notoriously inconsistent expenditure during construction projects, should not in our view be further eroded by Planning Policy to effectively make the proposal financially unviable.

It is likely that the current 'Affordable Housing SPD' has effectively prevented small housing developments like this proposal from taking place in the National Park and some negotiation is clearly required before any developer will consider construction. It can be respectfully noted that the National Park is yet to agree with a developer a project of this kind with a significant 'donation' as an affordable housing provision, and this would be the first of its kind to be successfully negotiated.

The client is very keen to show a willingness to make a contribution to affordable housing provision and considers that it is important to seek to promote affordable housing in the National Park at large. This is particularly topical at this time given the very recent approval of an affordable house exception site ¼ mile away from this land.

It is therefore hoped that the 'donation' in the shape of financial contribution to local affordable housing is seen as the major concession it clearly is, and accepted as fulfilling the social obligations imposed by planning policy.

Our client offers:-

- **£20,000.00** or £4,000.00 per dwelling. This equates to a figure of approximately £65/m² on the small dwelling of £49/m² for the larger 3 bedroom dwellings.
- The provision of three public benches to be positioned in locations within the village of Sleights in consultation with the Authority or the Parish Council (as directed), in seeking to make a positive contribution/benefit to the community as a whole.

It can be noted that other local authorities work on a contribution between £40/m² and £75/m² – yet few achieve the latter figure. We therefore consider that this offer is very attractive, in line with that considered acceptable by other authorities, and would also hope that it sends a very positive message and acts as a 'good example' more generally to other potential developers in the National Park.

The proposed provision of seating is considered to be an appropriate gesture to the village community.

We expect these obligations to form the basis of a Section 106 Unilateral undertaking between our client and the Planning Authority. Our client can provide a draft of this document for approval if desired.

