

Stage 5 Deliverability and Viability Options Assessment

Green Hammerton / Cattal
Broad Area for Growth,
Harrogate

January 2020

Prepared for:
Harrogate Borough Council

Contents

1	Introduction.....	4
2	Development Options.....	5
3	Assessment Criteria	8
4	Option Assessment	9
5	Summary	13

Report Disclaimer

This report should not be relied upon as a basis for entering into transactions without seeking specific, qualified, professional advice. Whilst facts have been rigorously checked, Cushman & Wakefield can take no responsibility for any damage or loss suffered as a result of any inadvertent inaccuracy within this report. Information contained herein should not, in whole or part, be published, reproduced or referred to without prior approval. Any such reproduction should be credited to Cushman & Wakefield.

Version	Prepared by	Approved by	Date
Final Report	Stephanie Hiscott MRICS	Stephen Miles MRICS MRTPI	January 2020

1 Introduction

- 1.1 Gillespies, supported by Cushman and Wakefield (C&W) and Vectos have been instructed by Harrogate Borough Council (HBC) to produce a new settlement Concept Framework in respect of the Green Hammerton / Cattal area within Harrogate District. The Council require the preparation of a Concept Framework for the area which is identified as a broad location for growth.
- 1.2 This document forms part of Stage 5 of the DPD process and assesses three masterplan options that have been developed following an assessment of the study area, and consultation with local residents, stakeholders, landowners and the two site promoters who are actively engaged in bringing development forward in the broad location for growth.
- 1.3 Our analysis focuses specifically on the “deliverability and viability” of each of the three development options.

2 Development Options

2.1 We set out below the key elements of each of the development options

Option 1 – Central Focus

2.2 This concept framework option focuses on the area north of the railway line between Cattal and Hammerton railway stations, and the existing settlements of Green Hammerton and Kirk Hammerton. It incorporates the following key elements:

- Residential development to the north of the railway line between Cattal and Hammerton railway stations, with links to the existing settlements.
- Development to the north of the existing A59 alignment.
- Employment area to the east
- Local centre to the west.
- A diverted A59, running parallel to the railway line.



Option 2 – North of Cattal Station Focus

2.3 The North of Cattal Station option comprises:

- Development north of the railway line stretching in a linear fashion from around Cattal railway station towards Green and Kirk Hammerton; however, a significant green buffer is maintained between the new development and the existing settlements
- The majority of development is located south of the A59
- A local centre at Cattal railway station
- Employment located between the new development and existing settlements



Option 3 – Cattal Station Focus

2.4 The Cattal Station option incorporates the following key elements:

- Development clustered around Cattal railway station, to the south of A59, straddling the railway line and expanding towards the south and south west of Cattal railway station.
- A local centre and housing focussed around Cattal railway station
- Employment near to Cattal railway station



3 Assessment Criteria

3.1 We have assessed each of the options against the following criteria:

Site Size

3.2 Is the net developable area large enough to support the volume of housing numbers and employment space?

Site Ownership

3.3 Is the site entirely within the control of the local authority, land promoter or landowners who have expressed willingness to dispose of their land for the purposes of development?

Site Constraints

3.4 Are there any major infrastructure or land constraints that are incapable of realistically being mitigated?

3.5 What is the order and magnitude of cumulative site constraints

Delivery Structure

3.6 Is there a developer in place who has the capability, resource, and track record to deliver the scheme as a whole?

Viability

3.7 Is the proposed development financially viable?

Delivery Statements

3.8 It should be noted that in the case of Option 1 and Option 3, we have assessed Delivery Statements provided by the two site promoters who are actively pursuing development within the broad location for growth. Commercial Estates Group (CEG) has submitted a planning application for land within Option 1. Oakgate Yorkshire (Oakgate) has submitted a planning application for land within Option 3. There is no land promoter pursuing development in Option 2 and therefore the level of evidence relating to deliverability is much more limited than for options 1 and 3.

4 Option Assessment

4.1 The following table presents our assessment of each of the concept framework options.

Issue	Assessment	Option 1	Option 2	Option 3
Site size (Gross Area and Net Developable Area)	Is the NDA large enough to support the volume of housing numbers and employment space?	<p>The gross site area of this option is circa 220 hectares. However, the site promoter (CEG) has identified a development capable of being delivered on circa 157 hectares / 387.7 acres. We consider that this is of sufficient scale to make the option capable of delivering the required number of housing units and commercial development.</p> <p>Net developable areas are as follows:</p> <ul style="list-style-type: none"> Residential land – 75.71 ha (187.00 acres) Employment land – 5.0 ha (12.35 acres) Local centre – 3.65 ha (9.01 acres) School land – 4.48 ha (11.06 acres) Open space – 68.12 ha (168.25 acres) 	<p>The gross site area of this option is circa 230 hectares. We therefore consider that this is of sufficient scale to make the option capable of delivering the required number of housing units and commercial development.</p>	<p>The total gross site area of this option is circa 260 hectares however the site promoter (Oakgate) has identified a development capable of being delivered on circa 213 hectares / 526 acres. We consider that this is of sufficient scale to make the option capable of delivering the required number of housing units and commercial development.</p> <p>It should be noted that Oakgate has developed:</p> <ol style="list-style-type: none"> a main scheme producing 3,888 units, over 12 phases, on a net developable area of circa 130 hectares/320 acres, based on a density of 12 units per acre. A smaller scheme producing 3,060 units, over 8 phases, on a net developable area of circa 102 hectares / 251 acres. <p>Both schemes include a retail centre, GP surgery, 60 bed extra care facility and community centre.</p> <p>The 3,888 unit scheme includes two new primary schools. The 3,060 unit scheme includes one new primary school.</p> <p>The scheme provides for 6 hectares of employment space</p>
Site ownership	Is the site entirely within the control of the local authority, land promoter or landowners who have expressed willingness to dispose of their land for the purposes of development?	<p>The majority of the site area is within the control of landowners who have expressed willingness to dispose of their land for the purposes of development; or within the control of a land promoter. There are land parcels over which the land promoter is seeking to secure control and terms are being currently negotiated.</p> <p>We understand that part of the site is in the control of an opposing land promoter and whilst we believe it is available for development; we consider it appropriate to attribute an amber score given circumstances in which there is a risk the opposing land promoter may seek to withhold land from being released for development if it was not within their interests.</p> <p>There are a number of land parcels around Cattal Railway Station where the land owners' intentions are yet to be confirmed.</p>	<p>The majority of the site area is within the control of landowners who have expressed willingness to dispose of their land for the purposes of development. However, part of the site is in the control of two separate land promoters. Whilst negotiations to merge interests and/or compulsory acquisition could offer a solution, this creates risk and therefore an amber risk score has been attributed.</p> <p>There are a number of land parcels around Cattal Railway Station where the land owners' intentions are yet to be confirmed.</p>	<p>The majority of the site area is within the control of landowners who have expressed willingness to dispose of their land for the purposes of development, or within the control of a land promoter. There are land parcels over which the land promoter is seeking to secure control and terms are currently being negotiated.</p> <p>We understand that part of the site is in the control of the opposing land promoter who has indicated they would not be willing to release the land for development if this option were selected. Whilst negotiations to merge interests and/or compulsory acquisition could offer a solution, this creates risk and therefore a medium risk score has been attributed.</p> <p>There are a number of land parcels around Cattal Railway Station where the land owners' intentions are yet to be confirmed.</p> <p>In the event that access over the rail line will be required, agreement with Network Rail will be required which introduces further risk to this option.</p>
Site constraints and abnormals	<p>Are there any major infrastructure or land constraints that are incapable of realistically being mitigated.</p> <p>Order and magnitude of cumulative site constraints</p>	<p>The infrastructure required to bring forward this development is significant; however, the land promoter has not advised that there are any infrastructure or land constraints that are incapable of being mitigated.</p>	<p>On the basis of the limited assessment of infrastructure requirements and constraints carried out by Vectos within the scope of our brief, we are not aware of any insurmountable constraints affecting the scheme's delivery. Vectos has confirmed that there are no significant flood risk or infrastructure constraints.</p> <p>However, in keeping with all large-scale sites there are major infrastructure issues to mitigate and we have not had the benefit of any evidence that demonstrates how they will be mitigated or the viability of such mitigation.</p> <p>The amber score attribution is intended to reflect the reality that we have been unable to decisively determine the position in relation to constraints given the limitations of our brief and would recommend that further technical evidence is sought to inform a</p>	<p>The infrastructure required to bring forward this development is significant; however, the land promoter has not advised that there are any infrastructure or land constraints that are incapable of being mitigated. Access over the rail line will require Network Rail approval.</p>

more accurate judgement on the relative viability of the three options on this basis.

Delivery Structure

Is there a developer in place who has the capability, resource, and track record to deliver the scheme as a whole?

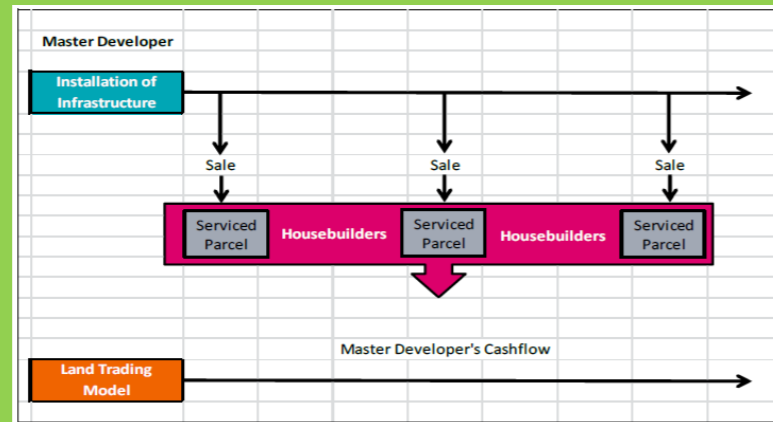
An experienced developer is in place with track record of the promotion and delivery of large scale sites.

A delivery statement has been presented which provides details of CEGs track record and experience. The delivery statement also provides details on the partners involved in delivering the proposed development.

Established in 1989, CEG actively invests in and develops a broad range of property assets throughout the UK. This includes office, residential, retail, leisure, industrial and mixed-use sectors.

CEG has been involved in delivering four Garden Villages:
 Dunton Hills Garden Village
 Harlow Garden Towns
 Lancaster
 West Oxfordshire

CEG will be the master developer as illustrated from the diagram below.



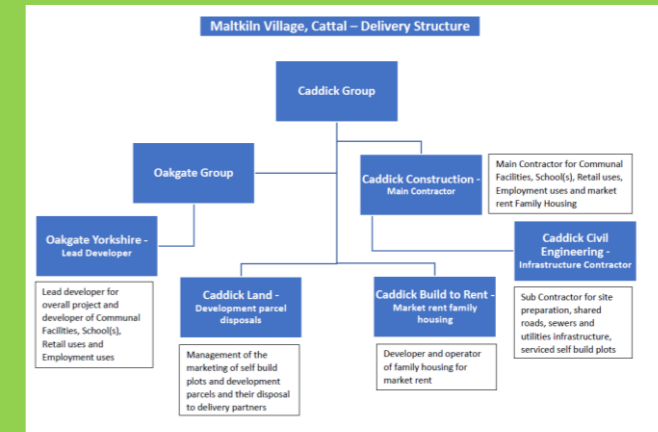
Open spaces will be transferred to The Land Trust

There is no developer in place for this option.

An experienced developer / contractor (Oakgate) is in place to promote the delivery of this site.

A Delivery Statement and Viability Assessment for their proposed scheme(s) has been presented which sets out the delivery structure and financial viability of the development.

All companies in the organogram are subsidiaries of Caddick Group.



The Group has a typical annual group turnover of circa £160m
 Net Assets of circa £100m
 Development pipeline circa £4bn

Oakgate Yorkshire - Lead Developer
 Oakgate is the lead developer for the overall project. Oakgate Yorkshire has entered into land agreements, assembled a project team including all technical disciplines and will promote the site through the planning process Oakgate will assume role of client for site preparation works and the construction of the communal facilities, school(s) employment uses and retail uses as well as shared roads, sewers and utilities infrastructure.

Caddick Construction - Main Contractor current turnover £100m

Caddick Civil Engineering - Sub Contractor – will undertake site preparation works before constructing shared roads, sewers and utilities infrastructure. It will also construct the roads, sewers and utilities for the development phase (s) of self-build plots. Will offer to deliver infrastructure to third party developers (housebuilders and RPs).

Caddick Land - Development Parcel Disposals. The marketing of the sub phase development parcels and disposal process to housebuilders and RPs will be managed by Caddick Land.

Caddick Land will also market and sell the individual plots for self-build homes.

Caddick Build to Rent – Newly established developer and operator of family housing for market rent. Will act as client for direct development, construction and subsequent operation of purpose built family housing for market rent.

<p>Viability</p>	<p>Is the proposed development financially viable?</p>	<p>A viability report has been undertaken which is compliant with National Planning Practice Guidance and indicates the scheme is viable making provision for site development and infrastructure costs.</p> <p>The costs presented in CEG's appraisal do not specifically include for junctions to the west of A1(M) J47. The appraisal assumes a £13 million contribution towards the cost of the works at A1(M) J47 and a separate contribution of £8.5million towards funding improvements to the A59 corridor between the site promoted by CEG and the A1(M). The Council requires a contribution of £19.5million to the A1 J47 however it is not unclear whether the separate contribution of £8.5million to the A59 represents any mitigation for this.</p> <p>CEG have reported that HBCs Background Paper (August 2018) indicated that work to apportion the impact of each development on junctions requiring mitigation was underway and would determine individual development contributions in a fair and equitable manner. CEG have confirmed that as clarification on apportionment emerges from HBC/NYCC, there may be scope for redistributing the element of contributions being made by CEG on the basis that such redistribution is necessary, proportionate and reasonably related to the CEG development.</p>	<p>There is much less site information available for Option 2 when compared against the other options which are more advanced with promoters who have already prepared viability information.</p> <p>However, C&W produced a high level viability appraisal of the scheme excluding infrastructure and abnormal development costs, to establish an understanding of the potential financial viability of a new settlement in this location.</p> <p>The appraisal was produced in the industry standard Argus Appraisal on a sample 230ha site area which is considered to be appropriate to accommodate the proposed initial c.3,000 new homes as part of a new mixed use community, based on an appropriate development density in this location.</p> <p>The tone of sales values of new build housing within the general location is significantly above the regional average and provides the potential for a significant uplift in land values. The land is currently greenfield in nature and as such carries an agricultural existing use value thought to be in the order of £10,000 per acre (circa £25,000 per ha) (excluding any hope value at this stage). This equates to an existing use value of £5,683,300 across the assumed 230ha (568 acre) site. The uplift in values associated with transforming the land into a new Garden Village settlement is therefore potentially significant.</p> <p>The appraisal generates a residual land price of £180,303,149, however it should be noted that all abnormal and site infrastructure costs have been excluded at this stage. Accounting for an existing use value of £5,683,300 across a 230ha (568 acre) site, the appraisal therefore suggests a land value uplift of approximately £174,619,849 which could generate headroom to fund site infrastructure and other site costs.</p> <p>However, whilst this provides a positive indication of the potential viability of the site, in reality because all infrastructure costs are excluded and unknown at this stage, we cannot realistically judge or score viability as we can for Options 1 and 3. For this reason, we consider that viability is relatively high risk.</p>	<p>A viability report has been produced which is compliant with National Planning Practice Guidance and indicates the scheme is viable making provision for site development and infrastructure costs. The assessment has been reiterated twice following two sets of comments that were made by C&W.</p> <p>The remaining points for consideration is the ransom payment to Network Rail which allows for circa one third of the uplift in value from Existing Use Value to market value, thus calculated at £35.5million. Network Rail have formally objected to Oakgate's proposal citing the need for a shared value payment at 50% of the uplift in value. Therefore, the imposition of this ransom places a risk over the viability necessitating an amber rating.</p>
------------------	--------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

5 Summary

- 5.1 Our “RAG” rated scoring system (which has been prepared in line with the wider RAG rated assessment of the three options) results in Option 1 Central Focus scores most highly under the deliverability and viability assessment criteria as it has three green and two amber scores.
- 5.2 Option 2 North of Cattal Station Focus is the least favourable option in terms of deliverability and viability as it has one green, two amber and two red scores.
- 5.3 Option 3 Cattal Station Focus has two green and three amber scores. A viability assessment has been produced for Option 3 which, like Option 1, indicates the scheme’s ability to meet its costs. However, it has been down-scored as a result of the risk associated with Network Rail’s objection and stated requirement of a shared value payment. The Network Rail position is considered to be capable of mitigation through negotiation though nonetheless represents a risk factor that must be registered as part of this option assessment.

Cushman & Wakefield
St Paul's House
23 Park Square South
Leeds LS1 2ND

About Cushman & Wakefield

Cushman & Wakefield is a leading global real estate services firm that helps clients transform the way people work, shop and live. The firm's 43,000 employees in more than 60 countries provide deep local and global insights that create significant value for our clients. Cushman & Wakefield is among the largest commercial real estate services firms, with core services of agency leasing, asset services, capital markets, facility services, global occupier services, investment & asset management (DTZ Investors), project & development services, tenant representation and valuation & advisory.

To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

© Cushman & Wakefield 2020



Technical Annex to Appendix 2 Option Assessment (Viability Notes)

<p>Detailed analysis of Viability Statements:</p>	<p><u>Planning process</u> A planning application has been submitted to HBC and is pending determination.</p> <p><u>Development programme</u> Provision for up to 3,000 dwellings.</p> <p>The development will be split into two broad phases and a series of sub phases.</p> <p>Phase 1 - 750 dwellings with sub phases 1A-1E. Phase 2 - 2,250 dwellings with sub phases 2A-2D.</p> <p>38dph assumed across the development with higher density within the local centre</p> <p>On grant of planning CEG will undertake a detailed review of the illustrative masterplan and divide the areas into phases.</p> <p>Land parcels will be identified, capable of delivering 150-250 units (subject to market demand). These land parcels will be offered to the market. CEG will then partner with each chosen housebuilder to deliver the houses.</p> <p>Assumed sales rate of three dwellings per month.</p> <p>Affordable dwellings sold to an RP in phases.</p> <p>Construction is assumed to start in month five and the first house sale completes in month eleven. this means a total sales and development period of 31 months for each 10 acre land parcel.</p> <p><u>Financial appraisal</u> Complies with NPPF and RICS Financial Viability in Planning. CEG has prepared a Land Trading Model - Excel Based spreadsheet as well as an independent viability appraisal using Argus Developer which has been undertaken by Allsop LLP.</p> <p><u>Affordable housing (AH)</u> Policy compliant 40% AH. Tenure mix to be agreed at reserved matters stage for each phase.</p> <p>Either each individual land parcel will need to include its own AH element and the housebuilder will partner directly with its preferred RP. Alternatively, CEG and the landowner may identify a number of lead partners who want to take on the affordable elements of the development and may build that out themselves as a separate parcel of land.</p> <p>Any offer made by a housebuilder to CEG will need to have taken into account the AH requirement or a S106 Agreement.</p> <p><u>Affordable housing transfer values</u> CEG has adopted the Council's stipulated affordable housing transfer prices of £1,100 per sq m (£102 per sq ft) for houses and £1,050 per sq m (£98) for flats. The affordable housing blended rate is £1,075 per sq m (£99.87 per sq ft).</p> <p><u>Unit sizes</u> In line with Nationally Described Space Standards, March 2015</p>	<p>n/a</p>	<p><u>Planning process</u> A planning application has been submitted to HBC and is pending determination.</p> <p><u>Development programme</u> Although the Oakgate covering report indicates a scheme of 3,888 units BNP has prepared an appraisal for 3,060 unit development on 102 hectares / 252 acres and based on a density of 30 dwellings per hectare. The phasing plan provides for 8 residential phases. In addition the scheme includes a retail centre, 6 hectares of employment land, a GP surgery, a 60 bed extra care facility, a primary school and a community centre.</p> <p>Average delivery rate of 150 units per annum across all tenures</p> <p><u>Financial appraisal</u> Complies with NPPF and RICS Financial Viability in Planning.</p> <p>Argus Developer Appraisal prepared independently by BNP Paribas. Costs prepared by Henry Riley Cost Consultants. A development appraisal is prepared for the . 3,060 unit scheme.</p> <p>Housebuilder appraisal is presented which is acceptable, but the scheme is being delivered by a master developer and as such does not assume plot sales to housebuilders.</p> <p><u>Affordable housing</u> Policy compliant 40% affordable housing.</p> <p><u>Affordable housing transfer values</u> Oakgate have adopted the Council's stipulated affordable Housing Transfer values.£1,110 per sq m (£102 per sq ft). This is the rate in the Council's Affordable Housing Policy SPD for houses (no apartments included)</p> <p><u>Unit sizes</u> In line with Nationally Described Space Standards, March 2015</p> <p><u>Housing mix and unit size</u> Oakgate has applied the following housing mix which is a balance between the Council's housing mix requirements and market demand.</p> <table border="1" data-bbox="1872 1486 2662 1833"> <thead> <tr> <th>Dwelling Type</th> <th>Market</th> <th>Affordable</th> <th>Affordable Ownership</th> </tr> </thead> <tbody> <tr> <td>1 Bed apartments/houses</td> <td>2.5%</td> <td>32.5%</td> <td>17.5%</td> </tr> <tr> <td>2 Bed apartments/houses</td> <td>10%</td> <td>42.5%</td> <td>47.5%</td> </tr> <tr> <td>3 Bed houses</td> <td>37.5%</td> <td>17.5%</td> <td>27.5%</td> </tr> <tr> <td>4 Bed houses</td> <td>40%</td> <td>7.5%</td> <td>7.5%</td> </tr> <tr> <td>5 bed houses</td> <td>10%</td> <td>-</td> <td>-</td> </tr> <tr> <td>Average unit size</td> <td>1,079 sq ft</td> <td colspan="2">844 sq ft</td> </tr> </tbody> </table> <p><u>Values</u></p>	Dwelling Type	Market	Affordable	Affordable Ownership	1 Bed apartments/houses	2.5%	32.5%	17.5%	2 Bed apartments/houses	10%	42.5%	47.5%	3 Bed houses	37.5%	17.5%	27.5%	4 Bed houses	40%	7.5%	7.5%	5 bed houses	10%	-	-	Average unit size	1,079 sq ft	844 sq ft	
Dwelling Type	Market	Affordable	Affordable Ownership																												
1 Bed apartments/houses	2.5%	32.5%	17.5%																												
2 Bed apartments/houses	10%	42.5%	47.5%																												
3 Bed houses	37.5%	17.5%	27.5%																												
4 Bed houses	40%	7.5%	7.5%																												
5 bed houses	10%	-	-																												
Average unit size	1,079 sq ft	844 sq ft																													

Housing mix

For the purposes of the viability assessment the following mix of residential units and floor areas has been applied which incorporates the Council's policy on dwelling mix.

	HBC policy	Type	Units	%	Sq m ea	Sq ft ea	Sq ft total
Market							
1 bed	0-5%	1 bed	18	1.0%	65	700	12,594
2 bed	30-35%	2 bed	550	30.6%	75	807	444,015
3 bed	40-45%	3 bed	800	44.4%	110	1184	947,232
4 bed+	20-25%	4 bed	242	13.4%	135	1453	351,660
		5 bed	190	10.6%	160	1722	327,226
			1800	100.0%			2,082,726
Affordable							
1 bed flat	30-35%	1 bed	420	35.0%	60	646	271,253
2 bed	40-45%	2 bed flat	268	22.3%	70	753	201,933
		2 bed house	267	22.3%	70	753	201,179
3 bed	15-20%	3 bed	184	15.3%	85	915	168,349
4 bed	5-10%	4 bed	61	5.1%	100	1076	65,660
			1200	100.0%			908,374
TOTAL			3000				2,991,100

Given the overall housing mix in the table above, CEG has assumed a 10 acre land parcel will comprise the following mix of market and affordable dwellings:

	HBC policy	Chosen	Type	Units	Sq m ea	Sq ft ea	Sq ft total
Market							
1 bed	0-5%	0%	1 bed	0	65	700	-
2 bed	30-35%	30%	2 bed	27	75	807	21,797
3 bed	40-45%	45%	3 bed	40	110	1184	47,362
bed+	20-25%	25%	4 bed	13	135	1453	18,891
			5 bed	10	160	1722	17,222
Sub-total		100%		90			105,272
Affordable							
1 bed flat	30-35%	35%	1 bed	21	60	646	13,563
2 bed	40-45%	45%	2 bed flat	12	70	753	9,042
			2 bed house	15	70	753	11,302
3 bed	15-20%	15%	3 bed	9	85	915	8,234
4 bed	5-10%	5%	4 bed	3	100	1076	3,229
Sub-total		100%		60			45,370
TOTAL (10 acres)				150			150,642

Values

Sales revenues and sales rates are in line with market expectations and are realistic for this area: £314.92 per sq ft with a blend of £290 (largest units) - £340 per sq ft (smallest units).

Research of local housing market - 10 mile radius to establish current tone of new build and second hand sales.

- Churchfields, Redrow - £330.03 per sq ft
- Greenway Park, Linden Homes - £292.01 per sq ft
- David Wilson development Wetherby - £293 per sq ft
- Bellway development Wetherby - £331 per sq ft

Base Build Costs

BCIS rebased for Harrogate, General Estate Housing, Lower Quartile, September 2008.

£977 per sq m (£90.76 per sq ft) plus 15% allowance for external works. Total build cost of £1,123 per sq m (£104.37 per sq ft).

Sales revenues and sales rates are in line with market expectations and are realistic for this area:

Amended to £310 psf following original submission (which were £300 per sq ft) however £310 remains reasonable in line with evidence of the following schemes:

- Churchfields, Redrow, Green Hammerton - £310.38 per sq ft
- Greenway Park, Linden Green, Hammerton - £308.35 per sq ft
- Oak Park, Linden Homes, Tockwith - £309.79 per sq ft
- Meadowside, Loxley Homes, Hunsingore, £282 per sq ft 2017/18 with current asking prices £297 per sq ft.

Base Build Costs

BCIS rebased for North Yorkshire, General Estate Housing, Lower Quartile, November 2018.

£977 per sq m (£90.76 per sq ft) plus 10% allowance for build costs. Total build cost of £1,075 per sq m (£99.84 per sq ft).

Base build costs (based on BCIS) and external works allowance within acceptable range (10-15%).

Infrastructure Costs

The total infrastructure costs amount to: £81,324,193 including preliminaries (10%), overheads and profit (5%) and risk contingency (5%)

Oakgate has instructed cost consultants Henry Riley to prepare a full cost assessment of the infrastructure required to implement and deliver the scheme. The following summary of infrastructure costs has been presented by Oakgate:

Cost	Amount
Infrastructure 8 Residential Phases	£34,076,439
Off-Site Highways Works	£6,250,000
Education (1 x primary school)	£4,935,000
Extra Care/GP Surgery/Retail	£9,950,000
Utilities	£8,080,000
Highways Contribution	£750,000
Gas Contribution	£1,500,000
Preliminaries	£8,329,144
Overheads and Profit	£3,581,029
Risk	£3,872,581
Total	£81,324,193

These figures do not precisely correlate to those included in the viability appraisal.

Oakgate has confirmed that the infrastructure works that will be undertaken across phases 1-8 include: primary roads, cycle network and street lighting; all main drainage runs (surface and foul), green infrastructure and a new vehicle bridge over the railway and a separate new cycle / pedestrian bridge over the railway. The two new schools are 420 space primaries. Off site highways infrastructure includes widening to the A59 and two new roundabouts. The costs include demolition of existing buildings and remediation as required.

Base build costs (based on BCIS) and external works allowance within acceptable range (10-15%).

Infrastructure Costs

The site wide infrastructure costs for this development are significant. CEG has been advised on infrastructure costs by Brookbanks and their work is appended to the viability appraisal provided by Allsop.

The strategic infrastructure costs, S106 contributions and other planning costs total £102,202,357 (£34,067 per dwelling) as detailed in the table below:

Cost head	Sum incl fees and contingency	per plot	per net acre
Land Preparation & demolition	£2,343,908	£781.30	£11,720
S106 and CIL	£61,693,704	£20,564.57	£308,469
Highway works	£19,671,042	£6,557.01	£98,355
Flood risk and drainage	£4,489,000	£1,496.33	£22,445
Utilities	£7,256,179	£2,418.73	£36,281
Landscaping	£2,323,209	£774.40	£11,616
Archaeology & ecology	£750,000	£250.00	£3,750
Sustainability and renewables	£0	£0.00	£0
Rees	£2,933,361	£977.79	£14,667
Contingency	£741,954	£247.32	£3,710
	£102,202,357	£34,067	£511,012

The highway works of £19,671,042 include the Northern Distributor Road, Southern A59 Bypass, Onsite Highways and Off Site Highways works.

CEG breakdown the costs into the development costs of creating a serviced land parcel and the Section 106 costs.

£61.7m is set aside in relation to planning items such as rail enhancements, bus infrastructure, improvements to the A59 and Junction 47 of the A1(M) and contributions to primary and secondary education, cemeteries and Sport England.

Infrastructure works include:

- Realignment of A59
- contributing to improvements to a section of the A59 and at junction 47 of the A1(M)
- Cattal Railway Station - improvements
- Junction of B6265 with A59
- Pedestrian and cycle crossings
- Junction of Station Road with A59 (Kirk Hammerton)
- Hammerton station improvements
- Parker Lane Level Crossing
- B6265 - northern orbital road linking new roundabout on B6265 with the western gateway roundabout
- Contribution towards upgrade of part of A59 (£8,500,000)
- Contribution towards upgrade of J47 of A1M (£13,000,000)
- Sports pitches £1,174,254
- Cemetery contribution £978,180
- Travel Plan £150,000
- Bus infrastructure £4,500,000

Oakgate has assumed ground conditions are standard and there is no expectation that abnormal foundations will be required.

Section 106 allowance

The cost of two primary schools is allowed for at a base cost of £4.935m with a further £10,000 per unit as a direct Section 106 contribution. this equates to circa £12,000 per unit Section 106.

No CIL is included.

Residual Land Value

3,060 dwellings and 6 hectares employment land
RLV ££ 110,523,399. on a phased residual basis.

However it should be noted that as the scheme requires a new bridge over the existing railway, Network Rail will require payment to reflect the granting of this right. This is a "Shared Value" payment which is yet to be agreed.

A worst case scenario has been assumed by Oakgate in their financial appraisal. Having made an allowance for this payment, the net outcome is reduced as follows:

3,060 dwellings – single acquisition £75,300,000 equating to £312,500 per net developable acre

Purchasers costs

- 5% Stamp Duty Land Tax
- 0.5% agent's fees
- 0.5% legal fees on acquisition

Contingency

5% This is in line with typical market range of 3-5%.

Professional Fees

6% This is in line with typical market range of 6-10%

Planning fees

non stated - assumed included in professional fees

Marketing Sales and Legal Costs

- 2% marketing costs
- 1% agency sale
- £300 per unit legal fees on disposal
- These costs are in line with typical fees.

Finance Costs

6% debt interest rate

Developers return

- 20% on Gross Development Value
- 25% Profit on Cost

IRR

IRR variable by phase

CEG has confirmed they will enter into commitments to provide land at no cost, with financial contributions to the establishment of two primary schools (including nurseries), community facilities, sports pitches and open space.

NYCC education contributions of £10,197,000 (Primary) and £7,914,270 (Secondary).

Breakdown of Network Rail Payments:

Network Rail Payments - Cattal

£70,000 design and develop a scheme for Cattal Station

£630,000 on occupation of 200 dwellings

£313,000 on occupation of 545 dwellings

£2,817,000 on occupation of 751 dwellings

£79,000 on occupation of 880 dwellings

£711,000 on occupation of 1106 dwellings

Network Rail Payments - Hammerton

£69,500 - design and develop a scheme for Hammerton

£625,500 on occupation of 2200 dwellings

£295,000 on occupation of 880 dwellings

£2,655,000 on occupation of 1106 dwellings

£65,500 on occupation of 1323 dwellings

£598,500 on occupation of 1548 dwellings

Network Rail Payments - Parker Lane

£17,000 on occupation of 881 dwellings

£153,000 on occupation of 1106 dwellings

Residual Land Value

The 10 acre serviced land parcel produces a residual land value of £11,399,223 or £1,140,000 per acre. This appraisal assumes that the housebuilder will pay for the 10 acre parcel in one payment at "day one" of the development period.

CEG has established a base rate per acre of £1,140,000 for a serviced parcel and £300,000 per acre of employment land.

The 24 years worth of land trading revenues (at serviced land parcel values) against the infrastructure costs gives a total investment value of £33M with an IRR of 22.7%. On total investment the IRR hits a zero growth IRR of 20.41%.

Purchasers costs

5% Stamp Duty Land Tax

0.75% agent's fees

0.2% legal fees on acquisition

Contingency

3% on construction cost. This is in line with typical market range of 3-5%

Professional Fees

6% This is in line with typical market range of 6-10%

Planning fees

£36,659 planning fees are included in addition to professional fees

Marketing Sales and Legal Costs

2% marketing costs and incentives on market units.

1% sales legal fee on market units.

£400 per unit legal fees.

These costs are in line with typical fees.

	<p><u>Finance Costs</u> 5.05% interest rate</p> <p><u>Developers return</u> 18.5% profit on market units and 6% on affordable units. Blended profit of 17% on all sales or 20.4% on all cost</p> <p><u>IRR</u> Based on the Land Trading Model, the 24 years' worth of land trading revenues (at serviced land parcel values) against the infrastructure costs gives a total investment value of £33M with a zero growth IRR of 22.7%. On total investment the IRR hits a zero growth IRR of 20.41%.</p>		
--	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--	--

