

- There has also been a recent 'step-change' in the Bank of England Base Rate, increasing from an historic low of 0.1% in December 2021 to the current 5.25% rate. This has had a 'knock-on' effect on the lending market, generally serving to increase finance costs for residential development schemes and potentially impact on sales values going forward.
- There have also been changes in the development industry which are likely to have a further impact, most notably the changes to Part L of the Building Regulations, which came into full effect from June 2023. This required that CO2 emissions are reduced by 31% for dwellings, with a new emphasis on low carbon heating systems. These are an interim step towards the Future Homes Standard which will come into force from 2025.
- Equally, requirements for a Bio-Diversity Net Gain of at least 10% are due imminently (albeit this was intended to be mandatory from November 2023 but has recently been pushed back to 2024).

To ensure the Local Plan policies are robust and deliverable, it is considered appropriate to

- 1 party suggested the 250 unit typology was too similar to the 125 dwelling typology and instead should be increased to 400 to 500 units, as at that level there would be a clear distinction, being a multi outlet scheme.
- 1 party also suggested an additional typology test of 500 units.

We see little benefit in adding a typology of 200 units when there is already modelling at 125 and 250 units. However, we accept the comments raised with regards to testing a larger scale 'multi outlet' typology in addition to the typologies undertaken. In light of this, for the purposes of this update we have amended our typologies to the following:

Si

Site:	5 dwellings	90%
Site:	10 dwellings	90%
Site:	30 dwellings	75%
Site:	80 dwellings	70%
Site:	125 dwellings	65%
Site:	250 dwellings	65%
Site:	40 retirement apartments	70%
Site:	100 apartments	85%

During the workshop, and in the subsequent stakeholder questionnaire, we suggested that the above gross to net ratios should be retained in the modelling.

The following response were received through the stakeholder questionnaire:

- 4 parties deemed the gross to net ratios used in the typology testing used in Dec 2021 to still be appropriate without amendment.
- 1 party suggested that "...with BNG [Bio Diversity Net Gain] requirements, SUDS etc these possibly need to reduce the gross to net ratios. The above will need to be revisited if you are to apply NDSS, M4 cat 2 and M4 cat 3 requirements as this will ultimately reduce the number of dwellings per hectare".
- 1 party stated "Gross to net ratios need to take into account Biodiversity Net Gain which needs to be mitigated on a site by site basis".
- 1 party queried what was t ratios should be rets t ratios should be reat net ratios

In light of this, it is appropriate for an assessor to make an assumption as to what constitutes a reasonable assumption in the Local Plan viability modelling.

Furthermore, the guidance goes on to state the following with regards to establishing benchmark land value:

Benchmark land value should:

- o be based upon existing use value*
- o allow for a premium to landowners (including equity resulting from those building their own homes)*
- o reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees. Para 014*

In this respect, whatever the assumption is regarding abnormal costs, site-specific infrastructure costs and professional site fees, this will need to be appropriately balanced against the benchmark land value. In other words, if high abnormal costs are assumed in the model, this will have a downward impact on benchmark land value and vice versa.

In terms of how this impacts on the requirements for Bio-Diversity Net Gain, it is our view that Bio-Diversity Net Gain requirements can be regarded as a site specific infrastructure cost. This is because Bio-Diversity Net Gain is a fixed requirement, which is not subject to viability. In other words, the developer / housebuilder would have to incur the associated costs regardless of whether the scheme is viable or not. As this is a fixed requirement, that would always be required to bring forward the site for development, it is reasonable to assume that this has the same impact on land value as say flood mitigation works or enhanced foundations, i.e. it would serve to reduce the value of the land as it is a cost which a developer / housebuilder would be unable to avoid.

During the workshop, and in the subsequent stakeholder questionnaire, we suggested that the above density rates should be retained in the modelling.

The following response were received through the stakeholder questionnaire:

- 5 parties deemed the density rates used in the typology testing used in Dec 2021 to still be appropriate without amendment.
- 1 party commented that the application of nationally Described Space Standards (“NDSS”) and Accessibility and Adaptability standards (M4(2) and M4(3)) would “...ultimately reduce the number of dwellings per hectare.
- 1 party stated that different housebuilders have different densities of dwellings per net Ha.

As discussed above, it is not practical (or necessary) for Local Plan viability testing to consider every conceivable development scenario. In this regard, the typology testing should reflect an average assumption on dwelling density (rather than seeking to reflect the individual approaches of different housebuilders).

It is also stressed that the M4(2) and M4(3) Accessibility and Adaptability standards were factored into our Dec 21 testing, therefore this is implicit in the density rates applied.

In light of this and recognizing that the majority of respondents were comfortable with the adopted density rates, we have retained these allowances in our modelling.

In our Dec 21 modelling we adopted the following dwelling types and mix:

5/10 dwellings	60% detached, 40% semi
30, 80, 125, 250 dwellings	40% detached, 40% semi, 20% terrace
40 retirement flats	100% apartments
100 retirement flats	100% apartments

During the workshop, and in the subsequent stakeholder questionnaire, we suggested that the above dwelling types and mix should be retained in the modelling.

The following response were received through the stakeholder questionnaire:

- 4 parties deemed the dwelling type and mix used in the typology testing used in Dec 2021 to still be appropriate without amendment.
- 1 party commented that the Strategic Housing Market Assessment ("SHMA") identified the need for bungalows, therefore this should be accounted for within the dwelling type and mix.
- 2 parties queried whether the dwelling mix should be adjusted for each typology location. For example, they suggested that Cleadon would unlikely support 20% terraced housing (unless for affordable units) and instead would be more heavily weighted to detached.

We do not agree that the higher value areas should be assumed to have a higher proportion of detached units at the expense of terraced units (particularly given the relatively low levels of terraced housing allowed in the modelling). This is for 2 reasons:

- (i) This is to enable parties wishing to move into a specific area that may not otherwise be able to afford to do so (for example by purchasing a mid terrace rather than a semi). In higher value locations, terraced housing may also be the best way that parties can step onto the housing ladder.
- (ii) As noted by one of the respondents, terraced houses can be an important source of affordable housing, particularly in higher value locations (where detached units may be less affordable / practical for Registered Providers).

With regards to bungalows, having considered this we agree that it is appropriate to undertake sensitivity testing which factors in bungalows into the modelling. We have subsequently run an additional sensitivity test which is based on 10% bungalows for each site.

In our Dec 21 mo

The above average allowances were considered against the Nationally Described Space Standards (“NDSS”), as set out in paragraphs 6.5.8 to 6.5.9 of our Dec 21 report. We noted that in order to meet the NDSS minimum requirements the average apartment size would need to increase from 60 sq m to 61 sq m and the 3 bed semi would need to increase from 80 sq m to 84 sq m. However, the rest of the assumptions met or exceeded the minimum NDSS standards.

We subsequently ran the base modelling on the average allowances set out above in para 2.5.1 and sensitivity testing at the NDSS standard.

The following response were received through the stakeholder questionnaire:

- 4 parties deemed the average dwelling sizes used in the typology testing used in Dec 2021 to still be appropriate without amendment.
- 3 parties indicated that an adjustment to the average sizes would be required if the NDSS was adopted. 1 party stated that, if NDSS is being considered as a Local Plan policy, then it is necessary to adopt a ‘cautious’ approach and apply NDSS to the testing.

Having considered this, for the purposes of the updated modelling, we agree that it is appropriate to assume the average dwelling sizes are all in keeping with the NDSS. We have subsequently run the latest modelling on the assumption that the average apartment size increases to 61 sq m and the average 3 bed semi increase to 84 sq m.

In our Dec 21 modelling the capacity rates were as follows:

2.6.2.

5/10 dwellings	2,940 sq m per net Ha T
30, 80, 125, 250 dwellings	3,150 sq m per net Ha
40 retirement flats	6,500 sq m per net Ha
100 retirement flats	24,000 sq m per net Ha

The following response were received through BT/F5 12 Tf1 0 0 1 300887eq0.000008873 0 59

This relates to the sales revenue of the completed dwellings, assuming the scheme had been fully completed. Gross development value includes market values, as well as revenue generated from transferring / disposing affordable units.

In the previous studies, the evidence which underpinned our adopted values was taken as at May 2021 and can be summarised as follows:

Cleadon	£3,500	£3,250	£3,200
East Boldon / Whitburn	£3,000	£2,800	£2,750
West Boldon / Boldon Colliery			

By way of an example as to the impact this has on affordability, for a sale price of £300,000, with a 10% deposit this would mean a mortgage of £270,000. In the summer 2022 mortgages were available at around 2.5%. Assuming a 25 year mortgage period, this equates to a monthly repayment of £1,221. As at the time of writing, mortgages have increased to around 5.25%. On the same criteria this would mean a mortgage repayment of £1,677 per calendar month. This level of increase in mortgage costs will impact on purchaser affordability, which may in turn reduce demand (the 'knock-on' effect being reduction in property prices).

In light of these market conditions, and whilst these remain relatively early predictions, some commentators are predicting that values will stagnate as we progress through into 2024, albeit compared to the 'peak' that appears to have been around August / September 2022 before the Government's mini-budget.

That said, a Local Plan viability assessment can only/F5 12 ea1 0 0 1 521.02 4 Tm0 g0 0.18 01

Notwithstanding the current market outlook, it is stressed that the housing market has been subject to house price inflation since May 2021. According to the UK House Price Index, from May 2021 to July 2023 (the latest point currently shown in the database) the average house price in South Tyneside has increased from £142,980 to £163,971, which reflects an increase of 14.68%. Applied to the above would generate the following values:

Cleadon	£4,014	£3,727	£3,670
East Boldon / Whitburn	£3,440	£3,211	£3,154
West Boldon / Boldon Colliery	£2,867	£2,752	£2,695
Hebburn	£2,752	£2,638	£2,580
South Shields / Jarrow	£2,580	£2,466	£2,408

However, and notwithstanding the UK House Price index inflation rate, we have also looked to analyze new build transactions / current asking prices across recent developments in South Tyneside, using Land Registry data cross-referenced with the EPC Register dwelling sizes (to establish rates per sq m) and also Rightmove.

Since May 2021, when our original evidence was identified, we note the following sales (please note, where possible, we have restricted the evidence to dwellings that are broadly similar to the average units applied to the modelling, i.e. circa 70 sq m for a terrace, 84 sq m for a semi and 110 sq m for a detached):

14 SWALLOW DRIVE	HEBBURN	NE31 1AE	112	£	2,656	£297,500	30/09/2022	Detached
27 SWALLOW DRIVE	HEBBURN	NE31 1AE	112	£	2,634	£295,000	09/09/2022	Detached
29 SWALLOW DRIVE	HEBBURN	NE31 1AE	112	£	2,647	£296,500	05/08/2022	Detached
34 NIGHTINGALE AVENUE	HEBBURN	NE31 1FL	112	£	2,589	£290,000	28/01/2022	Detached
36 NIGHTINGALE AVENUE	HEBBURN	NE31 1FL	112	£	2,656	£297,500	25/03/2022	Detached
37 NIGHTINGALE AVENUE	HEBBURN	NE31 1FL	112	£	2,612	£292,500	14/04/2022	Detached
9 REDWING WALK	HEBBURN	NE31 1AP	85	£	2,441	£207,500	19/08/2022	Semi
10 REDWING WALK	HEBBURN	NE31 1AP	85	£	2,529	£215,000	11/08/2022	Semi
11 REDWING WALK	HEBBURN	NE31 1AP	85	£	2,529	£215,000	19/08/2022	Semi
12 REDWING WALK	HEBBURN	NE31 1AP	85	£	2,529	£215,000	16/09/2022	Semi
14 REDWING WALK	HEBBURN	NE31 1AP	85	£	2,529	£215,000	23/09/2022	Semi
15 REDWING WALK	HEBBURN	NE31 1AP	85	£	2,529	£215,000	29/09/2022	Semi
25 NIGHTINGALE AVENUE	HEBBURN	NE31 1FL	85	£	2,471	£210,000	29/09/2021	Semi
42 NIGHTINGALE AVENUE	HEBBURN	NE31 1FL	85	£	2,441	£207,500	27/01/2022	Semi
43 NIGHTINGALE AVENUE	HEBBURN	NE31 1FL	85	£	2,494	£212,000	26/10/2021	Semi

14 ROTHER CLc[(R) TJETBT1 0 0 1 292.97 123.98 Tm[()] TJETc[(R)1

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As shown above, for a detached dwelling of circa 110 sq m, the evidence from Hebburn suggests a rate of circa £2,650 per sq m was achieved in 2022. For semi-detached dwellings of around 84 sq m, this reduces to circa £2,500 sq m and for terraces in around 70 – 75 sq m the average drops to circa £2,425 per

89	ESKDALE DRIVE	JARROW	NE32 4BJ	108	£ 2,361	£255,000	08/07/2022	Detached
91	ESKDALE DRIVE	JARROW	NE32 4BJ	108	£ 2,361	£255,000	30/06/2022	Detached
93	ESKDALE DRIVE	JARROW	NE32 4BJ	108	£ 2,398	£259,000	15/08/2022	Detached
95	ESKDALE DRIVE	JARROW	NE32 4BJ	108	£ 2,361	£255,000	29/07/2022	Detached
77	ESKDALE DRIVE	JARROW	NE32 4BJ	92	£ 2,228	£205,000	17/06/2022	Semi
85	ESKDALE DRIVE	JARROW	NE32 4BJ	92	£ 2,120	£195,000	24/06/2022	Semi
99	ESKDALE DRIVE	JARROW	NE32 4BJ	92	£ 2,163	£199,000	16/05/2022	Semi
36	ESKDALE DRIVE	JARROW	NE32 4AA	93	£ 1,989	£185,000	30/09/2022	Semi
38	ESKDALE DRIVE	JARROW	NE32 4AA	93	£ 1,989	£185,000	05/08/2022	Semi
40	ESKDALE DRIVE	JARROW	NE32 4AA	93	£ 1,989	£185,000	26/09/2022	Semi
42	ESKDALE DRIVE	JARROW	NE32 4AA	93	£ 1,989	£185,000	26/09/2022	Semi
52	ESKDALE DRIVE	JARROW	NE32 4AA	93	£ 1,989	£185,000	12/08/2022	Semi
97	ESKDALE DRIVE	JARROW	NE32 4BJ	93	£ 1,962	£182,500	16/05/2022	Semi
48	ESKDALE DRIVE	JARROW	NE32 4AA	93	£ 1,989	£185,000	12/08/2022	Terraced
50	ESKDALE DRIVE	JARROW	NE32 4AA	93	£ 1,962	£182,500	05/08/2022	Terraced

The above were taken from a Centaurea Homes scheme (which is a housebuilding company established by the Council).

Centaurea Homes have provided further information about other sites that they involved with

We note the following current new build asking prices (limited, where possible, to similar average house types to those that are used in the modelling, i.e. 2 bed terrace 70 sqm, 3 bed semi 84 sq m and 4 bed detached 110 sq m):

- Kenley: 2 bed terrace 58 sq m. Labelled as 'coming soon' on Barratts website for Bedewell Court.
- Maidstone: 3 bed semi 77 sq m. Asking price £236,995 (£3,074 per sq m).
- Alderney: 4 bed detached 114 sq m. Asking price £339,995 (£2,988 per sq m).

- Norwood: 3 bed semi 85 sq m. Asking price £212,000 (£2,497 per sq m).
- Marley: 4 bed detached 112 sq m. Asking price £305,000 (£2,725 per sq m).

In South Shields, the Keepmoat scheme identified shows 4 bed detached just under £2,700 per sq m, 3 bed semi at just under £2,900 per sq m and terrace at £3,000 per sq m.

For the purposes of the stakeholder workshop, we sought to identify updated sales values. We proposed the following updated rates:

Cleadon	£3,700	£3,450	£3,400
East Boldon / Whitburn	£3,200	£3,000	£2,950
West Boldon / Boldon Colliery	£2,700		

4 parties had no specific comments to make about this value area. 1 party suggested, along with all of the other value locations, that the allowances were 'ambitious'. 2 parties suggested the allowances are too high although no supporting evidence was provided. There are 2 current

The BCIS data used in our previous was rebased to South Tyneside and based on the '5 year' figures. For 2 storey housing, at the time, the BCIS median rate was £1,085 per sq m whilst the lower quartile was £964 per sq m. For supported housing (i.e. retirement apartments) the lower quartile rate was £1,244 per sq m. For 3-5 storey apartments the lower quartile rate was £1,089 per sq m. However, to reflect likely higher specifications in Cleadon and East Boldon / Whitburn a 10% uplift was applied to these rates in these locations.

For the purposes of the update, we reviewed the same BCIS rates and put forward the following suggested figures for the modelling:

- 1 party suggested, in the absence of other data, that the BCIS was a useful 'starting point'. They also queried whether there was a significant difference between small and large house builders. On this basis, they suggested all sites should have BCIS median applied.
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- 5 parties were silent on this allowance.
- 1 party agreed with 15%.
- 1 party suggested a 'blanket' 15% allowance was no longer appropriate, due to factors such as Bio-Diversity Net Gain.

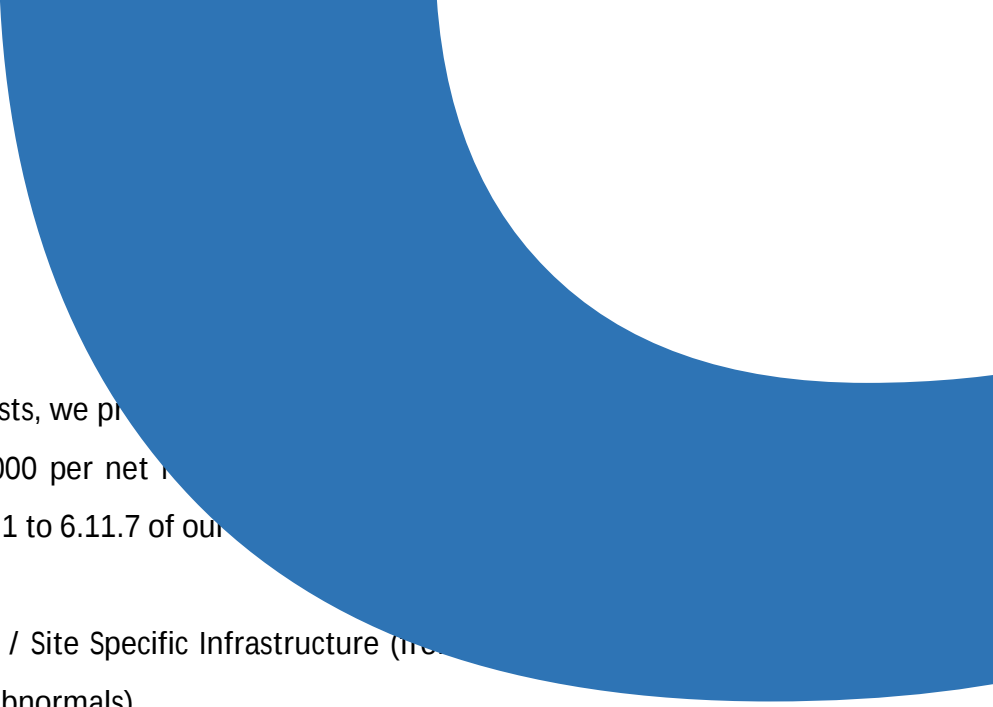
Overall, stakeholders appear generally comfortable with our external allowance of 15% (which consider to be sufficient to cover all required elements). We have subsequently retained this allowance in our modelling.

Following engagement with stakeholders, in our Dec 21 study we previously applied a further 3.5% to the BCIS rates and externals for greenfield sites, increased to 4.5% for brownfield (otherwise referred to as previously developed land).

The following responses were received through the stakeholder questionnaire:

- 5 parties were silent on these allowances.
- 1 party suggested a rate of 5% for greenfield on the basis that greenfield sites can have significant unknowns.
- 1 party suggested there should be no differential between greenfield and brownfield sites.

We deem our adopted allowances to be appropriate and have retained them in the modelling.



For abnormal costs, we provide a maximum of £100,000 per net hectare of sites and £300,000 per net hectare of sites. This is detailed in paragraphs 6.11.1 to 6.11.7 of our

- 'Abnormals' / Site Specific Infrastructure (not to be treated as just as abnormals)

- The spot allowance approach is not therefore entirely satisfactory, as it is a broad assumption which is likely to vary significantly when applications are brought forward on a site by site basis. However, it at least acknowledges the reality that a higher proportion of developments typically come forward with some level of abnormal costs. Furthermore, it can also still be balanced

There appears to be general agreement that abnormal costs will naturally fluctuate from site to site, which makes adopting a specific assumption in a Local Plan viability study difficult.

As discussed above in paragraphs 2.2.7 to 2.2.10 the Planning Practice Guidance: Viability accepts that every potential level of costs associated with a development site cannot be reflected in the Local Plan viability testing (as this is impractical). It is therefore appropriate, when testing typologies, to make reasonable allowances in the modelling for abnormal works. Furthermore, the guidance is clear that uplifted abnormal works should be primarily reflected in the viability modelling through a reduction in the benchmark land value (where possible). In this respect, whatever the assumption is regarding abnormal costs, this will need to be appropriately balanced against the benchmark land value.

In light of this, we stand by our abnormal cost allowances and have again applied the same rates in the updated modelling, on the basis that this is appropriately balanced against the corresponding benchmark land values.

For benchmark land value, the following values were applied to our Dec 21 assessment:

Cleadon	£25,000 / Ha	32	£800,000/net Ha
East Boldon / Whitburn	£25,000 / Ha	24	£600,000/net Ha
West Boldon / Boldon Colliery	£25,000 / Ha	18	£450,000/net Ha
Hebburn	£25,000 / Ha	16	£400,000/net Ha
South Shields / Jarrow	£25,000 / Ha	12	£300,000/net Ha

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As discussed above, we have made an abnormal cost allowance of £200,000 per net Ha. However, in addition there are site specific infrastructure work allowances of £30,000 per gross Ha for SUDS, together with now an additional allowance of £30,000 per gross Ha for Bio-Diversity Net Gain. Overall, the site specific infrastructure / abnormal allowance is therefore in excess of £275,000 per net Ha (once adjustments are made for gross to net).

The 2 appeal cases discussed above allow premium uplifts in high value areas of 10 to 15 times the existing use value for site specific infrastructure costs ranging from circa £500,000 to £1,000,000 per net Ha. This suggests that for every circa £500,000 per Ha in site infrastructure / abnormal costs this should result in an adjustment of around 5 times the multiplier (or 1 times the multiplier for every circa £100,000 per net Ha in site specific infrastructure / abnormal works.

In our modelling, we have site infrastructure / abnormal works at around £275,000 per net Ha. This is circa £225,000 per net Ha below the Halton Heights appeal case discussed above. This would therefore push up the multiplier, following the rationale explained above in para 2.12.10, by 2.25 times. Instead of a multiplier of 15, like at Halton Heights, the reduced abnormals would mean a multiplier of circa 17.25 would be appropriate for a high value area in South Tyneside (which we would regard as being East Boldon / Whitburn). In this context, our 206-212(cung0 W*BT/F5 12 Tf1 0 0 1 252.29 25

An appropriate

Equally, though, the level of multiplier (applied to the gross, rather than net area) should be measured against the premium uplifts suggested through the appeal decisions referenced above.

Having considered the above, for the purposes of the updated testing, and taking into account the appeal decisions referred to above, as well as the need to provide Bio-Diversity Net Gain (which is now a mandatory requirement and therefore functions like a site specific infrastructure cost / abnormal in the viability modelling in the sense that this has to be taken into account when assessing the benchmark land value), we have adjusted our greenfield benchmark land values to the following:

Cleadon	£25,000 / Ha	25	£625,000/gross Ha
East Boldon / Whitburn	£25,000 / Ha	17	£425,000/gross Ha
West Boldon / Boldon Colliery	£25,000 / Ha	14	£350,000/gross Ha
Hebburn	£25,000 / Ha	12	£300,000/gross Ha
South Shields / Jarrow	£25,000 / Ha	10	£250,000/gross Ha

Please note, on a capital basis, adopting the premium uplifts suggested above and applying them to the gross site areas, rather than the net developable areas, means that the overall benchmark land values are higher than those used in Dec 2021. Adopting the lower premium uplifts, but applying them to the gross areas, does not therefore result in a fall in the benchmark land values, on the contrary it has increased the overall benchmark land values in the modelling.

For the brownfield / previously developed land, the methodology is the same, whereby an existing use value is identified and then a premium uplift applied. However, the existing use value not only based on locational factors, but also this can be

The following responses were received through the stakeholder questionnaire:

- 5 parties were silent on these allowances.
- 1 party suggested a figure of 10% for small schemes and 8 for schemes of 125 units or more.
- Another party suggested professional fees should be established on a scheme by scheme basis.

We consider our previous allowances to still be appropriate and have adopted the same in our updated modelling.

For marketing / disposal, we previously applied 2% on revenue for sites of 5 and 10 units, increased to 3% for all the remaining housing schemes. For the retirement apartments we applied 5%.

In terms of developer profit, for schemes providing 5 / 10 dwellings a rate of 15% on revenue was previously applied to the market value dwellings, reduced to 6% for the affordable homes. For schemes providing 30 dwellings this was increased to 18% on revenue for market value dwellings and 6% for affordable. For all other typologies this was increased to 20% on revenue for market value dwellings and 6% for affordable. We proposed the same figures at the stakeholder workshop.

The following responses were received through the stakeholder questionnaire:

- 2 parties were silent on these allowances.
- 3 parties suggested a figure of 20% should be applied to all schemes (and they suggested that risk for small scale schemes is no lower than large scale projects).
- 1 party suggested 15% was too low for 5 and 10 dwelling typologies.
- 1 party suggested profit should be determined on a site by site basis.

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- Large scale developments typically have significantly higher upfront infrastructure requirements (for example linked to the greater impact the uplifted number of dwellings would have on the local road network, there may be requirements to enhance existing services on site, provide larger scale drainage solutions such as balancing ponds etc). This can mean that

Finally, we would also s

For accessibility and adaptability standards, it is assumed that all dwellings will meet the M4(2) standard, which has been factored into the modelling at a cost of £1,500 per dwelling.

For the M4(3) accessibility and adaptability standards, it is assumed that this applies to 13% of the units within a scheme, at a cost of £13,000 per unit.

As discussed above, we have adjusted the average apartment size and semi-detached dwelling size to ensure that all of the assumed dwellings are compliant with the Nationally Described Space Standards.

For Biodiversity Net Gain the 2021 Environment Act introduced an automatic condition requiring a Biodiversity Net Gain of 10%. To calculate the biodiversity value of a site the Department for Environment, Food & Rural Affairs ("DEFRA") recommends the use of its biodiversity metric (an online tool freely available to use). The metric calculates the values as "Biodiversity Units", which are calculated using the size of the habitat, its quality and location. This assessment is required on a site-by-

We have factored this into the gross to net ratios adopted to allow space for onsite Bio-Diversity Net Gain.

We have assumed a cost equivalent to £30,000 per net Ha for delivery. Please note, in terms of ongoing maintenance we have assumed that this can be dealt with through an estate management company (as is often used for general estate open space).

Finally, for Sustainable Urban Drainage systems an average allowance of £30,000 per Ha has been applied to the modelling.

This adopts all the policies that were proposed following the Dec 21 st

In the Dec 2021 study all but the South Shields / Jarrow brownfield typology showed a viable outcome. As with the 80 dwelling typologies, this is a significant change in the viability outcomes and points to general difficulties in the marketplace at the current time.

Cleadon	Greenfield	250	30.00%	10.99	£ 9,664	£9,574,659	£625,000	£ 6,868,132	39.41%	VIABLE
East Boldon / Whitburn	Greenfield	250	30.00%	10.99	£ 9,664	£3,976,539	£425,000	£ 4,670,330	-14.86%	UNVIABLE
West Boldon / Boldon Colliery	Greenfield	250	20.00%	10.99	£ 9,664	£2,700,999	£350,000	£ 3,846,154		

Similarly, in the Dec 2021 study all but the South Shields / Jarrow brownfield typology showed a viable outcome. As with the 80 and 125 dwelling typologies, this is a significant change in the viability outcomes and points to general difficulties in the marketplace at the current time.

As with the 80,

For the purposes of this modelling, we have retained the affordable housing levels as used in 'Test 1'. However, we have adjusted the tenure split for some of the typologies, as follows:

- East Boldon / Whitburn: 50/50 split between rented and First Homes
- West Boldon / Boldon Colliery: 25/75 split between rented and First Homes
- Hebburn: 25/75 split between rented and First Homes
- Please note, Cleadon has been retained as the outcomes are viable. South Shields / Jarrow already allows all of the affordable units as First Homes, so cannot be altered.



East Boldon / Whitburn	Greenfield	30	30.00%	1.14	£ 8,000	£ 698,238	£ 425,000	£485,714	43.75%	VIABLE	
West Boldon / Boldon Colliery	Greenfield	30	20.00%	1.14	£ 8,000	£ 486,716	£ 350,000	£400,000	21.68%	VIABLE	
Hebburn	Greenfield	30	20.00%	1.14	£ 8,000	£ 315,831	£ 300,000	£342,857	-7.88%	UNVIABLE	
East Boldon / Whitburn	Brownfield	30	30.00%	1.14	£ 8,000	£ 583,139	£ 510,000	£437,143	33.40%	VIABLE	
West Boldon / Boldon Colliery	Brownfield	30	20.00%	1.14	£ 8,000	£ 374,672	£ 450,000	£385,714	-2.86%	UNVIABLE	
Hebburn	Brownfield	30	20.00%	1.14	£ 8,000	£ 202,489	£ 360,000	£308,571	-34.38%	UNVIABLE	

The typology outcomes are unchanged, albeit the deficits to the viability threshold are reduced.



The typology outcomes are again unchanged, albeit t3.1.

East Boldon / Whitburn	Greenfield	23.33%	1.14	£ 8,000	£ 809,922	£425,000	£485,714	£324,208	66.75%	VIABLE
West Boldon / Boldon Colliery	Greenfield	13.33%	1.14	£ 8,000	£ 618,905	£350,000	£400,000	£218,905	54.73%	VIABLE
Hebburn	Greenfield	13.33%	1.14	£ 8,000	£ 442,907	£300,000	£342,857	£100,050	29.18%	VIABLE
East Boldon / Whitburn	Brownfield	23.33%	1.14	£ 8,000	£ 694,823	£510,000	£437,143	£257,680	58.95%	VIABLE
West Boldon / Boldon Colliery	Brownfield	13.33%	1.14	£ 8,000	£ 506,861	£450,000	£385,714	£121,147	31.41%	VIABLE
Hebburn	Brownfield	13.33%	1.14	£ 8,000	£ 330,863	£360,000	£308,571	£ 22,292	7.22%	VIABLE

The typology outcomes all now show a viable outcome with the reduced affordable housing provision. However, please note in East Boldon / Whitburn the allowance is actually 23.33%, rather than 25% (as the number of affordable units has to be whole figures). Similarly West Boldon / Boldon Colliery and Hebburn assume 13.33%, rather than 15%.

East Boldon / Whitburn	Greenfield	25.00%	3.27	£ 9,625	£1,490,568	£ 425,000	£1,387,755	£ 102,812	7.41%	VIABLE
West Boldon / Boldon Colliery	Greenfield	15.00%	3.27	£ 9,625	£1,174,671	£ 350,000	£1,142,857	£ 31,814	2.78%	VIABLE
Hebburn	Greenfield	15.00%	3.27	£ 9,625	£ 742,799	£ 300,000	£ 979,592	-£ 236,792	-24.17%	UNVIABLE
East Boldon / Whitburn	Brownfield	25.00%	3.27	£ 9,625	£1,190,036	£ 510,000	£1,165,714	£ 24,322	2.09%	VIABLE
West Boldon / Boldon Colliery	Brownfield	15.00%	3.27	£ 9,625	£ 881,696	£ 450,000	£1,028,571	-£ 146,875	-14.28%	UNVIABLE
Hebburn	Brownfield	15.00%	3.27	£ 9,625	£ 449,824	£ 360,000	£ 822,857	-£ 373,033	-45.33%	UNVIABLE

There is some improvement in the viability outcomes.

East Boldon / Whitburn	Greenfield	24.80%	5.49	£ 9,664	£2,515,539	£ 425,000	£2,335,165	7.72%	Viable
West Boldon / Boldon Colliery	Greenfield	15.20%	5.49	£ 9,664	£1,787,610	£ 350,000	£1,923,077	-7.04%	Unviable
Hebburn	Greenfield	15.20%	5.49	£ 9,664	£1,129,254	£ 300,000	£1,648,352	-31.49%	Unviable
East Boldon / Whitburn	Brownfield	24.80%	5.49	£ 9,664	£2,049,910	£ 510,000	£1,821,429	12.54%	Viable
West Boldon / Boldon Colliery	Brownfield	15.20%	5.49	£ 9,664	£1,333,505	£ 450,000	£1,607,143	-17.03%	Unviable
Hebburn	Brownfield	15.20%	5.49	£ 9,664	£ 675,054	£ 360,000	£1,285,714	-47.50%	Unviable

The East Boldon / Whitburn typologies change from being unviable to viable, the others remain unchanged.

East Boldon / Whitburn	Greenfield	25.20%	10.99	£ 9,664	£5,113,946	£425,000	£4,670,330	£ 443,616	
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Again only the East Boldon / Whitburn typology changes from being unviable to viable.

East Boldon / Whitburn	Greenfield	25.00%	21.98	£ 9,690	£10,780,691	£425,000	£ 9,340,659	£1,440,032	15.42%	Viable
West Boldon / Boldon Colliery	Greenfield	15.00%	21.98	£ 9,690	£ 8,006,294	£350,000	£ 7,692,308	£ 313a0 17a0 1575 37.75 reWmBm		

There is improvement in the East Boldon / Whitburn outcomes, as well as greenfield West Boldon / Boldon Colliery.

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East Boldon / Whitburn	Greenfield	25.00%	21.98	£ 4,845	£13,045,729	£425,000	£ 9,340,659	£3,705,069	39.67%	VIABLE
West Boldon / Boldon Colliery	Greenfield	15.00%	21.98	£ 4,845	£10,271,331	£350,000	£ 7,692,308	£2,579,024	33.53%	VIABLE
Hebburn	Greenfield	15.00%	21.98	£ 4,845	£ 7,847,012	£300,000	£ 6,593,407	£1,253,605	19.01%	VIABLE
South Shields / Jarrow	Greenfield	10.00%	21.98	£ 4,845	£ 5,852,592	£250,000	£ 5,494,505	£ 358,087	6.52%	VIABLE
East Boldon / Whitburn	Brownfield	25.00%	21.98	£ 4,845	£11,265,751	£510,000	£ 7,285,714	£3,980,036	54.63%	VIABLE
West Boldon / Boldon Colliery	Brownfield	15.00%	21.98	£ 4,845	£ 8,524,692	£450,000	£ 6,428,571	£2,096,120	32.61%	VIABLE
Hebburn	Brownfield	15.00%	21.98	£ 4,845	£ 6,088,456	£360,000	£ 5,142,857	£ 945,599	18.39%	VIABLE
South Shields / Jarrow	Brownfield	10.00%	21.98	£ 4,845	£ 4,092,170	£360,000	£ 5,142,857	£-1,050,687	-20.43%	UNVIABLE

All but the South Shields / Jarrow brownfield typologies show a viable outcome.

As discussed above in Section 2, we have also run a sensitivity assessment which incorporates

Cleadon	Greenfield	125	30.40%	5.49	£ 4,832	£4,562,416	£ 625,000	£3,434,066	£1,128,350	32.86%	VIABLE
East Boldon / Whitburn	Greenfield	125	24.80%	5.49	£ 4,832	£2,544,452	£ 425,000	£2,335,165	£ 209,287	8.96%	VIABLE
West Boldon / Boldon Colliery	Greenfield	125	15.20%								

This has a negative impact on the viability. Hebburn greenfield changes from being viable to unviable and West Boldon / Boldon Colliery also changes from being viable to unviable.

This has a negative impact on the viability. Hebburn greenfield and brownfield

For these typologies we have adopted the following assumptions:

- Market value increase by 10% compared to values used in the Dec 21 study.
- For updated build costs we have applied the updated BCIS for sheltered flats (retirement apartments) of £1,403 per sq m and 3-5 storey apartments (£1,303 per sq m).

The results for the retirement apartment model are as follows:



The viability outcomes are similar to the Dec 21 outcomes. The only change is Hebburn brownfield, which changes from an unviable outcome to viable.

The results for the apartment model are as follows:

Cleadon	Greenfield	100	30.00%	0.29	£ 10,080	£ 938,451	£ 625,000	£1,437,044	781.75%	VIABLE
East Boldon / Whitburn	Greenfield	100	30.00%	0.29	£ 10,080	-£ 728,671	£ 425,000	£ 35,722	28.58%	VIABLE
West Boldon / Boldon Colliery	Greenfield	100	10.00%	0.29	£ 10,080	-£1,523,557	£ 350,000	-£ 662,408	-643.48%	UNVIABLE
Hebburn	Greenfield	100	10.00%	0.29	£ 10,080	-£1,966,511	£ 300,000	-£1,049,643	-1189.60%	UNVIABLE
South Shields / Jarrow	Greenfield	100	10.00%	0.29	£ 10,080	-£3,320,373	£ 250,000	-£2,252,769	-3063.77%	UNVIABLE
Cleadon	Brownfield	100	30.00%	0.29	£ 10,080	£ 816,765	£ 600,000	£1,345,638	762.53%	VIABLE
East Boldon / Whitburn	Brownfield	100	30.00%	0.29	£ 10,080	-£ 850,078	£ 510,000	-£ 92,672	-61.78%	UNVIABLE
West Boldon / Boldon Colliery	Brownfield	100	10.00%	0.29	£ 10,080	-£1,651,169	£ 450,000	-£ 799,046	-603.72%	UNVIABLE
Hebburn	Brownfield	100	10.00%	0.29	£ 10,080	-£2,094,123	£ 360,000	-£1,175,142	-1109.86%	UNVIABLE
South Shields / Jarrow	Brownfield	100	10.00%	0.29	£ 10,080	-£3,447,985	£ 360,000	-£2,393,715	-2260.73%	UNVIABLE

The viability o

In our Dec 2021 study we adopted the following commercial scheme typologies:



This also impacts on investment values, because investors are able to get higher returns from Bonds and general savings. This in turn pushes out the price that investors are willing to pay for commercial property (because they are perceived to be higher risk investments compared to bonds / savings). This ultimately results in a downward pressure on investment values, which has a negative impact on viability.

Furthermore, concurrently to the increased finance costs and sluggish investment values, construction inflation has continued. This also has a downward pressure on the viability outcomes.

Within this context, it is reasonable to assume that viability pressure on the commercial schemes has increased since Dec 2021, rather than decrease. For those typologies that previously demonstrated an unviable outcome, we therefore see little scope for this changing (this relates therefore to the town centre office, out of town office, small workshop, medium industrial, large industrial, town centre retail, cinema, hotel and leisure typologies). We have run updated models, but as anticipated the viability pressure has worsened, not improved since our last testing in Dec 21.

In terms of the retail warehouse model, despite the increase in finance costs and construction costs, the appraisal is still showing a viable outcome (although the margin is significantly smaller than Dec 21).

The s

To ensure consistency with the viability testing in Dec 21, we have looked to apply the same modelling approach, albeit with sales values and build costs reflective of current market conditions.

The result of the testing shows that viability pressure is high. This is due to a combination of challenging market conditions and amendments to national planning / Building Regulation requirements.

However, as discussed above, Local Plan viability testing can only be a 'snapshot' of current market conditions. Local Plan policies, though, must consider the long term and should be set on the basis that market conditions (which are cyclical) will be subject to fluctuations throughout the lifetime of the plan. In this regard, market conditions have been relatively good in

