Appendix A: Viability Assessment for Skerningham Allocation scenario without Golf Course re-location

An additional viability assessment has been undertaken for the proposed Skerningham allocation (Site 251) in the Darlington Local Plan 2016-2036 to test the viability of the scenario where the Darlington Golf Club Course does not relocate and remain in its current location. Should the Golf course not be relocated this will result in a reduction of the developable land area by 48.3ha which results in the number of homes that could be accommodated on the proposed Skerningham site also reducing to 3700 homes.

This assessment has taken account of the reduction in the net developable land area of the site and the amount of housing development that could be accommodated on the site.

Skerningham Viability Assessment Scenario without Golf Course relocation

Consistent with the requirements set out in Policy H10 the main infrastructure requirements factored into the assessment were:

• **Affordable Housing** @ 20% as the site is located in the medium value areas identified in Policy H5 an affordable housing mix of 50% social rented and 50% affordable home ownership consistent with the proposed modification to Policy H5.

• **Local Distributor Road** between A167 and Great Burdon (including rail crossing) – A cost allowance of £31,210.00 has been made within the off-site infrastructure/highways costs and other strategic infrastructure costs.

• **Neighbourhood Centre** – A cost allowance has been made in the other strategic infrastructure costs of £2,300,236. No revenue allowance has been made which would expect to be realised and would therefore improve the viability of the scheme.

• **Green and Blue Infrastructure** – The net developable area allowance of 24% has factored in the golf course remaining in its current location and the remainder of the site being retained for the other green and blue infrastructure functions including enabling the requirements of parts I i-ix of Policy H10 to be achieved. The viability assessment also makes an allowance for Biodiversity Net Gain costs of £1,159 per dwelling, consistent with the Local Plan Viability Assessment (CD08), which would be the expected costs for delivering these enhancements.

• **Education** – An allowance of £2,400 per dwelling has been made, consistent with the Local Plan Viability Assessment (CD08) and **Policy IN1**.

Other Cost and Revenue Allowances

Allowances made in relation to other costs and revenues including baseline costs and baseline sales values are set out within the viability assessment and the assumptions table following it below.

These are consistent and based on the same evidence as those identified and justified within the **Local Plan Viability Assessment (CD08).** For the strategic sites it has been assumed that all land values will be “medium” to reflect the current use and higher levels of infrastructure. It has been assumed that the strategic sites will create housing sites that broadly fall into 2 typologies: a. Medium Value areas b. High Value Areas for Skerningham. They have been split 2/3 on Medium Value and 1/3 on High value. This is indicative and used for appraisal purposes. The Net Developable Area assumption made for the site is 24% of the site to be developed which would be consistent with the indicative masterplan framework within policy H10 of the Local Plan enabling significant green and blue infrastructure provision on the remainder of the site.

Conclusion

The local plan stage viability assessment for the Skerningham Site (Site 251) scenario without the Golf Course relocating indicates that the scheme remains viable with a surplus of £0.5m allowing for 20% profit on GDV and additional infrastructure costs required for the site.

Skerningham – Local Plan Viability Assessment – Scenario Golf Course remain in current location

APPENDIX A: Skerningham Viability option 3700	**(without Golf Course)**		1	**20%**	**20%**	
			2	**Medium**	**High**	**Whole Scheme**
	3 Policy On/Off	S106 Costs - Sustainable Transport		On	On	
	4 Policy On/Off	S106 Costs - Education		On	On	
	5 Policy On/Off	S106 Costs - Blue Green Infrastructure		On	On	
	6 Policy On/Off	S106 Costs - off site infrastructure / highways		On	On	
	7 Policy On/Off	S106 Costs - Affordable Homes (off-site contbn)		On	On	
	8 Policy On/Off	S106 Costs - Charging points		On	On	
Land Value Net Developable per acre (adjustment for local area %)			9	-		
Average sales value psf (adjustment for local area)			10	-	30	
Land Value per net developable arce			11	200,000		
Land Value per net developable hectares			12	494,200		
Average sales value psf (after adjustment for local area %)			13	195	225	
Average sales value psm			14	2,099	2,422	
Area (acres)			15	1213.24		
Area (hectares)			16	490.99		
Net Developable acres			17	**24%**	**24%**	
Net Developable acres			18	287.34		
Net Developable hectares			19	116.284		
Input Value			20	**20%**	**20%**	
No. Dwellings			21	2467	1233	
% Market			22	80%	80%	
% Social Rented (Affordable)			23	10.0%	10.0%	
% intermediate			24	10.0%	10.0%	
Market			25	1974	986	2960
Affordable (Rent)			26	247	123	370
Affordable (Shared Ownership)			27	247	123	370
Market Floor Area (sq ft)			28	2,368,800	1,479,000	3,847,800
Market Floor Area (sq m)			29	220,067	137,402	357,469
Affordable Floor Area (sq ft)			30	444,600	221,400	666,000
Affordable Floor Area (sq m)			31	20,445	12,765	33,210
Total Floor Area (sq.ft.)			32	2,813,400	1,700,400	4,513,800
Total Floor Area (sq.m.)			33	261,371	157,971	
Sales Revenue (£/sq.ft) (Market)			34	£195	£225	
Sales Revenue (£/sq.m) (Market)			35	£2,099	£2,422	
Sales Revenue (£/sq.ft) (Social Rented))			36	£88	£101	
Sales Revenue (£/sq.m) (Social Rented))			37	£945	£1,090	
Sales Revenue (£/sq.ft) (Intermediate))			38	£146	£169	
Sales Revenue (£/sq.m#) (Intermediate))			39	£1,574	£1,816	
Sales Revenue Private			40	£461,916,000	£332,775,000	£794,691,000
Sales Revenue Social			41	£46,599,638	£26,775,563	£73,375,200
Gross Development Value (GDV)			42	**£508,515,638**	**£359,550,563**	£868,066,200
Base Build Cost (including Externals)			43	(£309,474,000)	(£196,396,200)	(£505,870,200)
Contingencies			44	(£9,284,220)	(£5,891,886)	(£15,176,106)
Abnormals			45	(£6,189,480)	(£3,927,924)	(£10,117,404)
Design and Professional Fees			46	(£18,568,440)	(£11,783,772)	(£30,352,212)
Marketing			47	(£9,284,220)	(£5,891,886)	(£15,176,106)
Sales Costs			48	(£986,800)	(£493,200)	(£1,480,000)
S106 Costs - Sustainable Transport			49	(£616,750)	(£308,250)	(£925,000)
S106 Costs - Education			50	(£5,920,800)	(£2,959,200)	(£8,880,000)
S106 Costs -Open Space			51	£0	£0	£0
S106 Costs - off site infrastructure / highways			52	(£4,934,000)	(£2,466,000)	(£7,400,000)
S106 Costs - Affordable Homes (off-site contbn)			53	£0	£0	£0
S106 Costs - Biodiversity net gain			54	(£2,859,253)	(£1,429,047)	(£4,288,300)
M4(2)	47%		55	(£1,646,416)	(£1,646,416)	(£3,292,831)
M4(3)	9%		56	(£1,296,103)	(£1,296,103)	(£2,592,205)
Total Direct Costs			57	**(£371,060,481)**	**(£234,489,883)**	(£605,550,364)
Land Purchase Price			58	(£57,467,553)	£0	
Acquisition Costs			59	(£3,448,053)	£0	(£3,448,053)
Finance Costs			60	(£7,421,210)	(£4,689,798)	(£12,111,007)
Total Finance and Acquisition Costs			61	**(£68,336,816)**	**(£4,689,798)**	(£73,026,613)
Developer Profit on GDV			62	**(£92,383,200)**	**(£66,555,000)**	(£158,938,200)
Developer profit on affordable			63	**(£2,795,978)**	**(£1,606,534)**	(£4,402,512)
Total Cost			64	**(£534,576,475)**	**(£307,341,215)**	(£841,917,690)
Surplus/(Deficit) before strat. infrastructure			65	**(£26,060,838)**	**£52,209,348**	**£26,148,510**
			66			
Other Strategic Infrastructure					**67**	(£25,654,136)
				68	Net Surplus	**£494,374**

Additional Infrastructure	
Lines 30+32+34	**Total £**
(£20,568,300)	**(£46,222,436)**
Drainage / SUDS	£2,642,750
Open space allowance	£3,960,000
Primary access road	£11,210,000
Bridge over railway	£20,000,000
Golf Course re-location	
Neighbourhood Centre	£2,300,236
School / Education	£6,109,450
	£46,222,436

Viability Assumptions

Sales Revenue (£/sq.ft) (Private)	69	195.00	225.00
Sales Revenue (£/sq.ft) (Private)	70	2099	2422
Average sq ft per market dwelling	71	1200	1500
Average sq m per market dwelling	72	111	139
Social dwelling size - proportionate to average market	73	75%	60%
Average afordable dwelling size sq ft	74	900	900
Average afordable dwelling size sq m	75	84	84
Social Rented as a % of private	76	45.0%	45.0%
Social Shared ownership as % of private	77	75.0%	75.0%
Average Value per Market unit	78	234,000	337,500
£ construction cost £ psf	79	110	110
£ construction cost £ psm	80	1184.04	1184.04
Contingency (as % of construction cost)	81	3%	3%
Abnormals (as % of construction cost)	82	2%	2%
Fees (as % of construction cost)	83	6%	6%
Marketing (as % construction cost)	84	3%	3%
Sales cost per private unit	85	500	500
Finance Costs	86	2%	2%
Average social dwelling size (sq ft)	87	750	750
Land (acres net developable)	88	1213.240	0.000
Land (hectacres net developable)	89	287.338	
Land (acres non-developable)	90	925.902	0.000
Land (hectacres non-developable)	91		
Land value per net dev acre	92	200,000	200,000
Land value per net dev hectacres	93	494,200	494,200
Land value per net dev acre (amenity)	94	10,000	10,000
Land value per net dev hectacre (amenity)	95	24,700	24,700
Land Value per acre (Blended) Calculation	96	60,000	
Land Value - net developable area	97	148,263	-
Total land value			
Developer profit on GVV		20%	20%
Build cost psf (includes externals)		110	110

BCIS - £1,040 psm excl externals or prelims 96.6 96.6

Skerningham Viability Key

The following is a guide to how to interpret the key information within the viability appraisals:

1) The top row of the appraisal shows that the profit on **GDV applied** to the scheme is 20% **(1)**

2) The Second row splits the scheme into an indicative **mix of higher and medium value properties** (Cols D and E) with column F being the consolidated (whole) scheme: F = D+E (**2)**

3) For Skerningham, is assumed that 33.33% (1,232 units) of the properties will be in **higher value** areas and 66.67% will be **medium value** (2,468 units). This is indicative and used for appraisal purposes. **(21-23)**

4) (**3)-(8)** set out the **range of policies** that have been applied. This was used in sensitivity analysis to examine the impact of policies on sites. “Policy on” means that the policy and subsequent s106 obligation has been applied to the scheme.

5) The next row sets out the **land value adjustment** that would be made based on the area typology. For the strategic sites it has been assumed that all land values will be “medium” to reflect the current use and higher levels of infrastructure. **(9)**

6) The remainder of the assumptions are self-explanatory with detailed explanations of cost and value assumptions in the body of the main viability report.

7) Estimated additional infrastructure costs of delivering the strategic sites are identified in **67.** These include costs for a rail crossing (bridge over East Coast Mainline), utilities, highways, creation of a Neighbourhood Centre, a school and SUDS. The detailed costed breakdown is set out in the Infrastructure Costs box above.

8) The viability assessment concludes that this option remains viable after allowing for 20% profit on GDV and additional infrastructure costs associated with strategic sites.