

Erewash Borough Council Core Strategy Viability Assessment 2025



Final Report

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associates**

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1 INTRODUCTION

Overview and objectives

- 1.1 Andrew Golland Associates have been appointed to carry out an update of the Council's previous viability analyses.
- 1.2 Previous analyses have addressed the following key questions:
- Whether a split (Affordable Housing) target was appropriate?
 - Whether the current threshold or 'trigger point' is appropriate?
 - And if not whether this should be lower (higher)?
 - And/or whether the overall target should be varied by size of site?
- 1.3 This study covers the following main activities:
- 1) Updating the High Level Testing;
 - 2) Testing a number of key sites that will cover a significant amount of supply over the Plan period;
- 1.4 The Council have recently submitted the Erewash Core Strategy Review to the Planning Inspectorate. The appointed Planning Inspector is now considering the document and the Council is responding to the issues raised. Viability is critical to the delivery of the Plan.

Background for this study

- 1.5 The Council has previously carried out viability assessments both as an authority and as part of the Nottingham Core Housing Market Area. As a result, the local planning authority expects in particular, Affordable Housing to be delivered, but recognizes that local market circumstances may mean that this will vary from place to place.
- 1.6 However, in terms of numbers, the viability 'gap' (between values and costs) has widened over the past years.

- 1.7 This means that for most areas viability in principle is improving, although this may be because supply is short, and increasingly so, given the government's retraction on housing targets.
- 1.8 The Council will need to see that housing delivery is maintained, through viable schemes and sites, and in particular, that its strategic sites are built out whilst delivering the maximum potential community benefit in terms of Affordable Housing and other infrastructure.
- 1.9 This study takes place against a backdrop of significant political and economic change. Three impacts appear to have been significant – Brexit, Covid and the Ukraine war. We are now largely beyond the physical effects of Covid, although it has made a significant dent in the public finances as a consequence of the furlough scheme and the cost of mitigating health impacts. Brexit has proved an even greater negative impact, particularly on the primary industries – farming, fishing and manufacturing, but as well as on export trade and has had further disastrous impacts on the knowledge, research and cultural industries. Brexit has had further negative impacts via cost push inflation, in large measure created by sterling devaluation. Ukraine has proved a useful scapegoat for government inaction on all the major public policy fields – and for housing and planning in particular.
- 1.10 Against this backdrop it might be expected that the housing market would be in a state of collapse. This is not the case for a number of reasons. Perhaps the most important has been a lack of supply, particularly of new build housing. Supply across England for example is now expected to fall to its lowest for decades (<https://www.theguardian.com/society/2023/feb/26/england-new-housing-housebuilding-planning-policy>)
- 1.11 However, it should be acknowledged that for the development industry, the price of raw materials, often imported from the EU, has risen and this is then bound to squeeze margins, assuming that inflation costs cannot be passed on to land owners. Rising costs

against fixed or falling gross development values mean tighter residual values.

- 1.12 As ever, it is important to make a distinction between land prices and residual values. The purpose of policy development is to temper the transition from residual value into land value; in other words to ensure that a portion of any increase in land value translates into community benefits. This is entirely fair and reasonable as it is the community that creates that land value in the first instance.

Policy background

National planning

- 1.13 The National Planning Policy Framework (revised 12th December 2024) states:
- 1.14 57. Planning conditions should be kept to a minimum and only imposed where they are necessary, relevant to planning and to the development to be permitted, enforceable, precise and reasonable in all other respects.
- 1.15 Agreeing conditions early is beneficial to all parties involved in the process and can speed up decision making. Conditions that are required to be discharged before development commences should be avoided, unless there is a clear justification.
- 1.16 58. Planning obligations must only be sought where they meet all of the following tests:
- a) necessary to make the development acceptable in planning terms;
 - b) directly related to the development;
 - and
 - c) fairly and reasonably related in scale and kind to the development.
- 1.17 59. Where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable.

1.18 It is up to the applicant to demonstrate whether particular circumstances justify the need for a viability assessment at the application stage. The weight to be given to a viability assessment is a matter for the decision maker, having regard to all the circumstances in the case, including whether the plan and the viability evidence underpinning it is up to date, and any change in site circumstances since the plan was brought into force.

1.19 All viability assessments, including any undertaken at the plan-making stage, should reflect the recommended approach in national planning practice guidance, including standardised inputs, and should be made publicly available.'

1.20 Erewash Core Strategy (March 2014) states in relation to Affordable Housing:

Approach to Affordable Housing

4. On sites capable of supporting 15 or more residential units, up to 30% of those units will be sought by negotiation to be delivered as affordable housing, subject to consideration of viability. Viability is likely to constrain this target in the following areas:

- a) In the Ilkeston Urban Area excluding the Stanton Regeneration Site to around 10%
- b) At the Stanton Regeneration Site to around 10 to 20%
- c) In the Long Eaton Urban Area to around 20%.

Approach to Rural Affordable Housing

5. Where there is robust evidence of local need rural exception sites or sites allocated purely for affordable housing may be permitted within or adjacent to rural settlements, where supported by the local community.

6. In allocating rural affordable housing, priority will be given to people that have a connection to that settlement, who are unable to afford market housing.

Research undertaken for this study

1.21 There were five main strands to the research undertaken to complete this study:

- Discussions with a project group of officers from the Council to help inform the structure of the research approach;

- Analysis of information held by the authority, including the most up to date estimates of infrastructure costs;
- Use of the Development Appraisal Toolkit to carry out High Level Testing and large scheme specific viability assessment;
- Consultation with local developers and site promoters on the major scheme assessments
- Reporting on the viability of the Plan and its various policy impacts.

1.22 Particular thanks are given to the following with respect to their assistance with the project:

David Winterbotham, Lambert Limited;

Liberty Stones, Fisher German;

John Cox, Property agent;

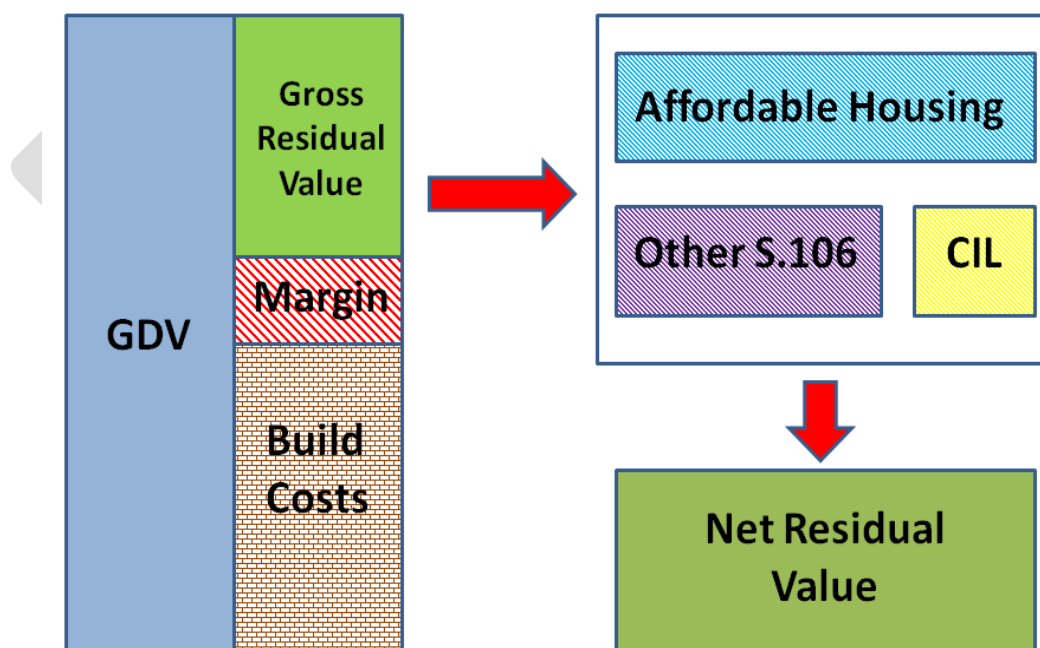
Peter Leaver, Nurton Developments;

Richard Piggott, Planning and Design.

2 APPROACH TO VIABILITY DEFINITION

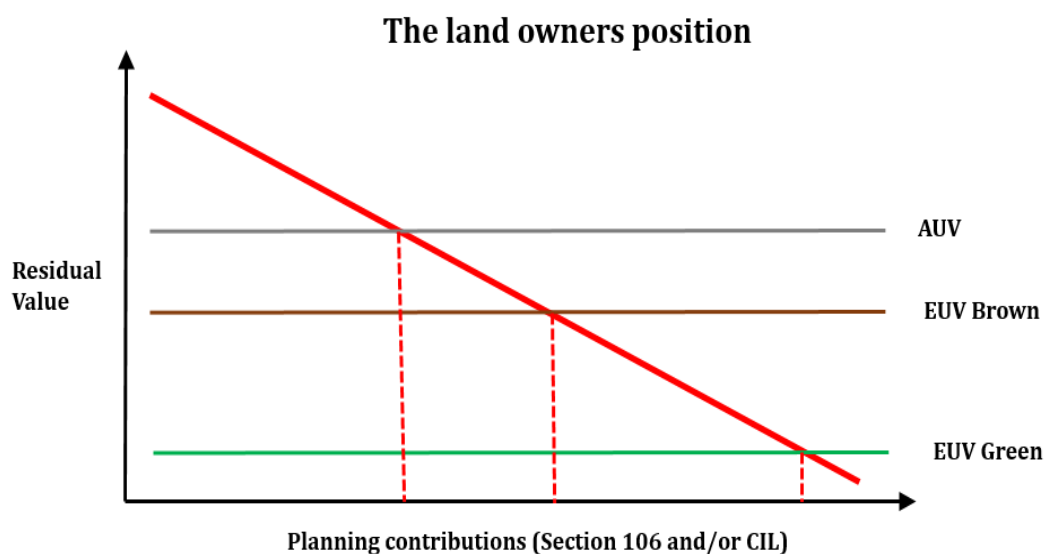
- 2.1 Development Appraisal Model (DAT) is used to assess development viability. This mimics the approach of virtually all developers when purchasing land. This model assumes that the value of the site will be the difference between what the scheme generates (scheme revenue) and what it costs to develop (build costs and developer margin). The model can take into account the impact on scheme residual value of affordable housing and other Section 106 contributions or CIL where this is being tested.
- 2.2 Figure 2.1 below shows diagrammatically the underlying principles of the approach. Scheme costs are deducted from scheme revenue to arrive at a gross residual value. Scheme costs assume a profit margin to the developer and the 'build costs' as shown in the diagram include such items as professional fees, finance costs, marketing fees and any overheads borne by the development company.

Figure 2.1 Viability, CIL and Affordable Housing



- 2.3 The gross residual value is the starting point for negotiations about the level and scope of Section 106 or CIL contribution. The contribution will normally be greatest in the form of affordable housing but other Section 106 items or CIL will also reduce the gross residual value of the site. Once the Section 106 contributions/CIL have been deducted, this leaves a net residual value.
- 2.4 Calculating what is likely to be the value of a site given a specific planning permission, is only one factor in deciding what is viable.
- 2.5 A site is extremely unlikely to proceed where the costs of a proposed scheme exceed the revenue. But simply having a positive residual value will not guarantee that development happens. The Existing Use Value (EUV) of the site, or indeed a realistic alternative use value for a site will also play a role in the mind of the land owner in bringing the site forward and thus is a factor in deciding whether a site is likely to be brought forward for housing or any other use.
- 2.6 Figure 2.2 shows how this operates in theory. Residual value (RV) falls as planning contributions increase. The issue for the land owner will be the point at which RV is less than or equal to the land value benchmark.

Figure 2.2 Residual Value (RV) and the land owner's position



- 2.7 Above this point there will be a land owner return. The extent of this returns depends on the existing use value of the site (EUV). Some sites will be green field and some brown field. Normally brown field sites will have a higher EUV than green field but this does not always follow; for example where brown field land is heavily contaminated.
- 2.8 In some instances, an Alternative Use Value (AUV) will be appropriate to use. The conditions where this is the case are discussed in the Harman Review (2012) which looks at how local authorities may take viability on board when making plans.

Approach and best practice

- 2.9 This approach follows that set out in the GLA's Viability Toolkit Guidance (2001) which was the forerunner to the current National Planning Policy Guidance.

The approach set out above is robust for:

- Policy development;
- Scheme specific assessment;
- Updating viability (policy and schemes);

- Commuted sums;
- Disposal of public and private land (subject to Section 106).

2.10 This approach, which has led national planning policy guidance has been followed in good practice and in all appeals.

2.11 The approach has never been rejected.

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3 VIABILITY ANALYSIS: HIGH LEVEL TESTING

Introduction

- 3.1 This chapter of the report considers viability for residential schemes including affordable housing. It provides an understanding of how residual value varies under different housing market circumstances, different policy impacts and different development densities and mixes.
- 3.2 The chapter is important in calculating residual values against which land value benchmarks are set.

Sub Market areas

- 3.3 The analysis is based on sub markets which are built on the geographical template of postcode sectors. Sub markets are important in helping to define the way policy is structured, and in particular in terms of the Affordable Housing targets which are seen to be viable. Within the structure of the sub markets, location is the key driver of house prices, and ultimately residual value. It is important in these respects to recognise that there will be 'hot' and 'cold' spots where the economics of development will not precisely emulate those of the wider sub market in which the site is located.
- 3.4 The house price data, along with other key data such as development costs and Affordable Housing revenue, has been updated. In the case of house prices, by analysing all transactions in the market (second hand) over a three year period. Prices have been cross checked against new build sales.
- 3.5 Table 3.1 below sets out the sub markets.

Testing assumptions

- 3.6 The analysis is based on a range of policy tests. Specifically, affordable housing targets of 0% through to 50%, including 10%, 20%, 30%, 40% and 50%.
- 3.7 Residual values have been generated for a notional one hectare site that reflect the Affordable Housing targets.

Table 3.1 Sub Markets: Erewash BC area

Sub Markets	Settlements		Detached			Semis		Terraced		Flats	
		PCS	5 Bed	4 Bed	3 Bed	3 Bed	2 Bed	3 Bed	2 Bed	2 Bed	1 Bed
Rural West and Central	Little Eaton	DE21 5	£610,000	£535,000	£425,000	£340,000	£290,000	£320,000	£280,000	£210,000	£150,000
	Ockbrook; Borrowwash; Draycott; Breaston	DE72 3									
	West Hallam; Breadsall; Morley; Stanley	DE7 6									
Derby Fringe	North of Spondon	DE21 7	£500,000	£435,000	£350,000	£275,000	£230,000	£270,000	£225,000	£175,000	£120,000
Long Eaton, Sandiacre & Sawley	Long Eaton	NG10 4	£480,000	£425,000	£335,000	£270,000	£225,000	£245,000	£210,000	£170,000	£115,000
	New Sawley	NG10 3									
	Long Eaton	NG10 2									
	Long Eaton	NG10 1									
	Sandiacre; Long Eaton North	NG10 5									
Kirk Hallam and Stanton	Kirk Hallam and Stanton-by-Dale	DE7 4	£450,000	£385,000	£310,000	£250,000	£215,000	£230,000	£200,000	£160,000	£110,000
Ilkeston, Little Hallam & Cotmanhay	Ilkeston & Little Hallam	DE7 5	£380,000	£330,000	£270,000	£215,000	£180,000	£210,000	£175,000	£140,000	£100,000
	Cotmanhay and North Ilkeston	DE7 9									
	Cotmanhay and North Ilkeston	DE7 8									

Source: HM Land Registry; cross check new developments in Erewash BC

- 3.8 A full range of schemes are tested here. Densities of 20 dwellings per hectare (dph), 30 dph, 40 dph and 50 dph have been tested for all (five) sub markets.
- 3.9 The results are shown in full (Residual Value in £ million) at Appendix B for all sub markets and each density is looked at in turn below. The results reflect the further following assumptions:
- Affordable Housing assuming Social Rent, Affordable Rent and Shared Ownership, split equally within the Affordable element;
 - Equivalent 20% developer margin on Market element of schemes;
 - 6% return on the Affordable element of schemes;
 - 3% marketing fees.

Residual values at 30 dph

- 3.10 Table 3.2 shows residual values for all sub markets at a density of 30 dwellings per hectare. It shows residual values at a range of Affordable Housing targets from 0% through to 50%.

Table 3.2 Residual values (£ million per hectare) at 30 Dwellings per Hectare

30 DPH	Affordable Housing Percentages					
Sub Markets	0%	10%	20%	30%	40%	50%
Rural West and Central	£3.61	£3.03	£2.46	£1.89	£1.32	£0.75
Derby Fringe	£1.99	£1.58	£1.18	£0.76	£0.35	-£0.06
Long Eaton, Sandiacre & Sawley	£1.80	£1.41	£1.02	£0.63	£0.24	-£0.15
Kirk Hallam and Stanton	£1.29	£0.95	£0.61	£0.27	£0.27	-£0.41
Ilkeston, Little Hallam & Cotmanhay	£0.40	£0.15	-£0.10	-£0.35	-£0.60	-£0.85

- 3.11 The table shows residual values (£ million) on a per hectare basis. The results show, as with previous analyses a significant range of results for the difference between gross development value and development costs.
- 3.12 A point that stands out is that a 50% Affordable Housing target delivers residual value of almost £0.75 million per hectare in the Rural West and

Central sub market, whereas in Ilkeston the residual value is approaching £1 million negative.

- 3.13 Where there are significant differences between the localities, there is a case for varying the Affordable Housing target in policy. This being said, it is important to stress that within high value areas there will be 'cold' spots and within lower value areas there will be 'hot' spots. However, the sub markets will set the wider 'tone' for the policy and hence the practical functioning of the policy.
- 3.14 Residual values in Erewash are generally strong. At the top end of the market, they are approaching £2.5 million per hectare at 20% Affordable; in a mid market such as Long Eaton they are in excess of £1 million per hectare at 20% Affordable; although in Ilkeston, the lowest value sub market, they are negative at the same percentage of Affordable Housing.
- 3.15 In most locations an Affordable Housing contribution of 20% should be viable, and particularly so where the existing use is agricultural.
- 3.16 The housing market across the Borough area is split broadly four ways between:
- Rural West and Central;
 - Derby Fringe and Long Eaton;
 - Kirk Hallam and Stanton;
 - Ilkeston

Residual values at 40 dph

- 3.17 Figure 3.1 shows residual values at 40 dph. This illustrates in bar chart form the geographical differences.
- 3.18 At 40 dph, residual values are positive at 40% Affordable Housing in all but the lowest value sub market.
- 3.19 In terms of viability, RVs exceed green field existing use values by a very significant margin in most scenarios. As examples (10% Affordable Housing):
- Rural West and Central x 166;
- Derby Fringe x 79;

Long Eaton x 70;

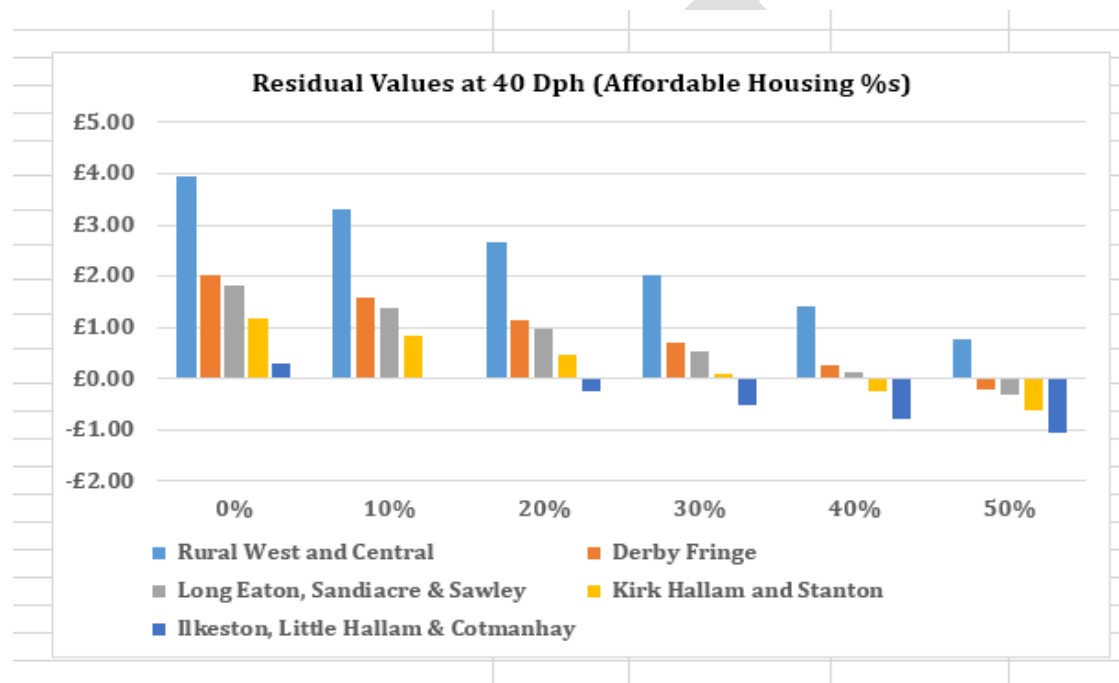
Kirk Hallam and Stanton x 42;

Ilkeston, Little Hallam and Cotmanhay x 2;

These multiples are based on agricultural value at circa £20,000 per hectare and 10% Affordable Housing contributions.

<https://www.savills.co.uk/landing-pages/rural-land-values/rural-land-values.aspx>

Figure 3.1 Residual value at 40 dph



- 3.20 These are very strong returns to land owners of these sites at lower percentages of Affordable Housing and it should be borne in mind that developers are also obtaining a return of 20% on gross development value.

Residual values at 50 dph

- 3.21 A further test of viability has been carried out – at 50 dwellings per hectare. An important variable at different densities is development mix. Here the proportion of smaller dwellings is greater than for example at 40 and 30 dph.
- 3.22 Increasing density to 50 dph has a generally beneficial impact on residual values. In the higher end sub markets these increase. For example the Rural West and Central residual value at 30% Affordable Housing increases from

£2.03 million to £2.33 million; in the Derby Fringe sub market residual values (30% Affordable Housing) increase from £0.69 million to £0.73 million.

3.23 However in the Long Eaton, Sandiacre and Sawley sub market the residual value remains virtually the same at 40 dph and 50 dph.

3.24 The trend reverses in the lower value sub markets of Kirk Hallam and Stanton and Ilkeston. In other words residual value decreases as density increases from 40 to 50 dph. This is quite dramatic; at 10% Affordable Housing at Ilkeston, residual value at 40 dph is minus £0.23 million yet at 50 dph it is minus £1.65 million. This means that in the lower value areas of the Borough a lower density may work better in terms of delivering housing than higher density.

Table 3.3 Residual values (£ million per hectare) at 40 dph

40 DPH	Affordable Housing Percentages					
Sub Markets	0%	10%	20%	30%	40%	50%
Rural West and Central	£3.95	£3.31	£2.67	£2.03	£1.40	£0.76
Derby Fringe	£2.03	£1.58	£1.14	£0.69	£0.25	-£0.20
Long Eaton, Sandiacre & Sawley	£1.81	£1.39	£0.96	£0.54	£0.12	-£0.31
Kirk Hallam and Stanton	£1.19	£0.83	£0.47	£0.10	-£0.26	-£0.62
Ilkeston, Little Hallam & Cotmanhay	£0.31	£0.04	-£0.24	-£0.51	-£0.79	-£1.06

3.25 In terms of increases in residual value (50 dph compared with 40 dph), the following percentages apply (10% Affordable Housing in the scheme):

Rural West and Central x 115;

Derby Fringe x 110;

Long Eaton x 108;

Kirk Hallam and Stanton x 104;

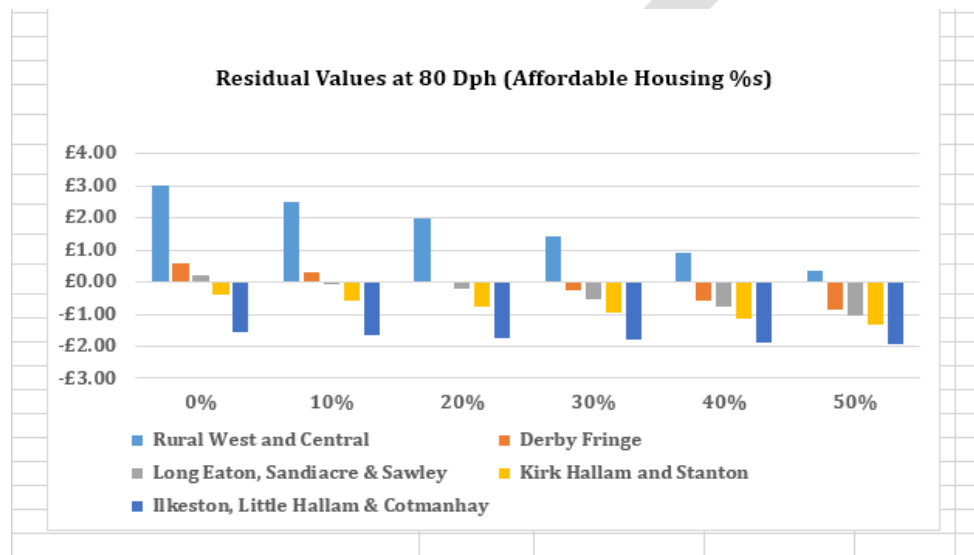
3.26 As previously, these are important increases for both land owner and developer.

Residual values at 80 dph

3.27 Figure 3.2 shows residual values per hectare for all sub markets at 80 dph. The pattern or spread of values is broadly maintained as for other density analyses.

- 3.28 Increasing density from lower densities to 80 dph obviously includes more smaller housing; in practice flats (which are not included at lower density).
- 3.29 Residual values are only positive across all sub markets where no Affordable Housing is included in the scheme. Affordable Housing is only viable in the highest two sub markets at around 10% to 20%. Elsewhere it looks like high density schemes are not viable.

Figure 3.2 Residual values per hectare at 80 dph



- 3.30 The chart shows clearly that development at this higher density is not viable in the weaker sub markets. And it is important to highlight that even in the strongest (Rural) sub market residual values are lower at 80 dph than at 50 dph.

Conclusions

- 3.31 The analysis in this chapter shows that:
- The key factor driving residual value is location. Location is the key to understanding why Affordable Housing targets (all other things equal) should be varied across different settlements and rural areas;
 - Marginal changes in house prices have disproportionate impacts on residual value. This means that policy should reflect these differences in particular with respect to Affordable Housing;
 - However, it is important to remember that any targets set will cover areas where there are hot as well as cold spots, so flexibility is needed in the interpretation of policy.

- 3.32 The housing market across the Borough area is split broadly four ways between:
- Rural West and Central;
 - Derby Fringe and Long Eaton;
 - Kirk Hallam and Stanton;
 - Ilkeston
- 3.33 In terms of viability, RVs exceed green field existing use values by a very significant margin in most scenarios. As examples (10% Affordable Housing and 30 dph):
- Rural West and Central x 166;
- Derby Fringe x 79;
- Long Eaton x 70;
- Kirk Hallam and Stanton x 42;
- Ilkeston, Little Hallam and Cotmanhay x 2;
- These multiples are based on agricultural value at circa £20,000 per hectare and 10% Affordable Housing contributions.
- 3.34 These are strong residual values which are well above existing use value in all sub markets except Ilkeston and allow the Borough to set Affordable Housing targets fairly robustly and ambitiously.
- 3.35 When moving from policy targets to scheme specific negotiations it will be important for Planning and Housing officers to maintain a flexible approach. Not all sites are green field and will have higher existing use values that in some instances may make the headline target not deliverable.
- 3.36 Additionally it should also be remembered that development mix is key a different mix on a scheme by scheme basis could generate improved viability.
- 3.37 The full results of the High Level Testing are set out in Appendix A.

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4 LARGE SITE ANALYSIS

4.1 The Council has several key sites which will bring forward additional housing. These sites include:

- A site south west of Kirk Hallam for 1,300 dwellings;
- A site north of Spondon for 237 dwellings;
- A site at land north of Cotmanhay for 200 dwellings;
- A site at Acorn Way, east of Derby for 600 dwellings;
- A site at South Stanton for 1,000 dwellings.

In addition a further set of sites are currently being considered. These include:

- A site at Sandiacre Cloudside for 180 dwellings;
- A site at Breadsall Hill Top for 160 dwellings;
- A site at Beech Lane, West Hallam for 90 dwellings;
- A site north of High Lane, West Hallam for 35 dwellings;
- A site at Heath Gardens, Breaston for 50 dwellings;
- A site south west of Draycott;
- A site west of Cole Lane, Borrowash for 60 dwellings;
- A site west of Borrowash for 280 dwellings.

4.2 The Council have been in contact with several of the promoters and the relevant policy makers and there is a full list of infrastructure requirements for the current sites which I have built into the appraisals.

4.3 In addition the Borough have certain Borough wide project objectives, which I have also factored in as shown in Table 4.1.

Table 4.1 Borough wide obligations

Borough wide Obligations				
Site	Dwellings			
South Stanton	1000			
Acorn Way	600			
North of Spondon	200			
SW of Kirk Hallam	1300			
North of Cotmanhay	250			
Total	3350			
Trent Valley Way	Improvement to multi-user standard for full length	4	Transport	£1,800,000
Great Northern Greenway	Completion and improvement to multi-user standard for full length	4	Transport	£2,200,000
Derbyshire				£103,947
Derby City				£29,321
Total				£4,133,268
Obligation per Dwelling				£1,233.81

4.4 The rate per unit to fund these Borough wide objectives is £1,234 per dwelling across all large sites. This is a very small impact.

4.5 The viability of each of these sites is looked at in turn.

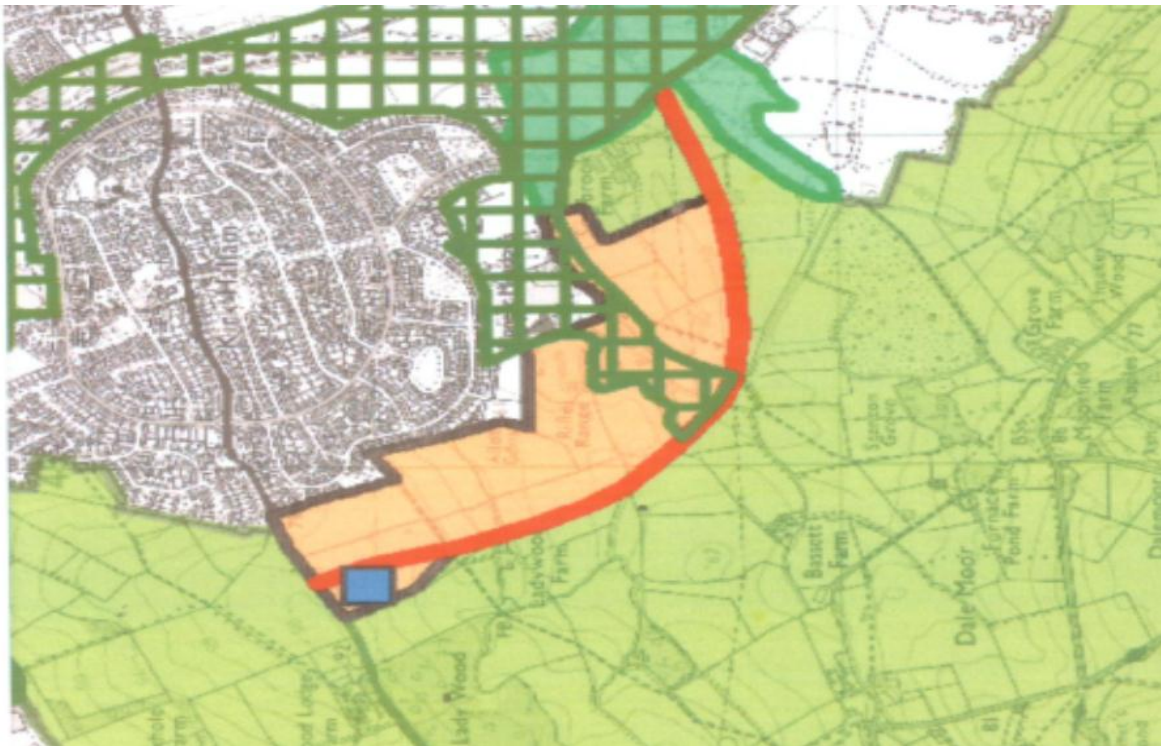
South West of Kirk Hallam

4.6 This site is for 1,000 dwellings. The main infrastructure requirement is a relief road (a cost of some £10 million), and there are additional items in the form of education contributions.

Table 4.1 Infrastructure requirements

Item	Item details	Policy	Site/ policy	Estimated total cost
Kirk Hallam Relief Road	Including appropriate crossings	1.5	South West of Kirk Hallam	£10,295,000 (total)
				Phase 1 - £3,860,000
				Phase 2 - £3,910,000
				Phase 3 - £1,316,000
				Phase 4 - £1,209,000
Primary school (on site)	To serve new population	1.5	South West of Kirk Hallam	£5,500,000 (1.5 form entry)
School Place contributions			South West of Kirk Hallam	£945,917

4.7 The site is shown below. The development will be close to the existing settlement of Kirk Hallam. This is a lower value settlement. However the new development is very large and hence it is expected that it will create its own market and respective development values. I have taken account of the information provided by the site promoters in the adopted GDV.



4.8 It is understood that an application is to be submitted imminently. At a density of 30 dwellings per hectare site (and 1,000 dwellings) the developable area is around 33 hectares. The gross area is believed to be around 51 hectares. It is assumed that this will be family housing, including two, three and four bed dwellings.

4.9 The anticipated development mix is shown in Table 4.2:

Table 4.2 Anticipated development mix for Kirk Hallam development

Dwelling Type	30 DpH	Total	Homes	Prices	GDV

2 Bed Terraces	15	1000	150	£200,000	£30,000,000
3 Bed Semis	50	1000	500	£250,000	£125,000,000
4 Bed Detached	25	1000	250	£385,000	£96,250,000
5 Bed detached	10	1000	100	£450,000	£45,000,000
	100		1000		£296,250,000

4.10 The results of the assessment are shown in Table 4.3 below:

Table 4.3 Viability assessment for land South West of Kirk Hallam: Results

% Affordable Housing	Residual Value
0	£17,616,000
10	£11,374,000
20	£5,134,000
30	£-1,106,000
40	£-7,347,000

4.11 The screenshot below shows the results for the scheme at 20% Affordable Housing:

Results

Site	Land South West of Kirk Hallam	Site Reference Number	
Address		Application Number	
Scheme	30 DPH	NLUD Ref. Number	
Description		UPRN or Grid Ref.	

Save Results
View Results
Discounting Function
Floor Space Analysis
Costs Analysis
Child Occupancy & Bedrooms

RESIDUAL before land finance	£5,785,000	SCHEME UNITS	per ha
RESIDUAL after land finance	£5,134,000	No. of Dwellings	1000
Per hectare	£156,000	No. of Habitable rooms	3950
Per dwelling	£5,000	No. of Bedrooms	3300
Per market dwelling	£6,000	Total floorspace (m2)	86,700
Per habitable room	£11,000	% Wheelchair Units	2688
Per bedspace	£2,000		

SCHEME REVENUE	£250,822,000	LAND FINANCE	
Contribution to revenue from:		Total land finance	£571,000
Market housing	£220,410,000		
Affordable Housing	£30,412,000		
- Low Cost Sale			
- Equity Share			
- Shared Ownership			
- Intermediate Rent			
- Affordable Rent	£30,412,000		
- Social Rent			
Grant			
Capital Contribution			
Commercial Elements			

SCHEME COSTS	£245,117,000	PUBLIC SUBSIDY (GRANT)	
Contribution to costs from:		Whole scheme	£ -
Market housing	£177,935,000	Per Social Rent dwelling	£ -
Affordable Housing	£33,661,000	Per Shared Ownership dwelling	£ -
- Low Cost Sale		Per Intermediate Rent dwellings	£ -
- Equity Share		Per Affordable Rent dwelling	£ -
- Shared Ownership			
- Intermediate Rent			
- Affordable Rent	£33,661,000		
- Social Rent			
Planning Obligations	£16,757,000		
Community Infrastructure Levy			
Exceptional Development Costs	£16,764,000		
Commercial Elements			

Alternative Site Values	Against residual
Existing Use Value	£ 11,550,000
Acquisition Cost	£ -
Value for offices	£ -
Value for industrial	£ -
Value as hotel site	£ -
Value as other alternative	£ -

North of Spondon

- 4.12 This site is for 200 dwellings. The main infrastructure requirement is an education contribution of £1,172,840. In addition there is a cost of £100,000 towards a crossing; and £125,000 towards pavement improvements. This is a relatively high value area, being well located for Derby. The scheme should be large enough to generate its own values.

Table 4.4 Infrastructure requirements

Item	Item details	Policy	Site/ policy	Estimated total cost
Improved multi user crossings	On Acorn Way using Morley byway 29 and Morley foot	1.3	North of Spondon	£100,000
Financial contribution to off site education provision	Toward provision of additional pupil capacity at schools in Spondon	1.4	North of Spondon	Assumed no capacity scenario -£1,172,840
Pavement	Along west side of A6096 Dale Road to Spondon	1.4	North of Spondon	£125,000 - Based on £360 per m and 250m length

- 4.13 The site is shown below:



- 4.14 It is understood that an application is in the process of being submitted. At a density of 30 dwellings per hectare site (and 200 dwellings) the developable area is around 7 hectares. It is assumed that this will be family housing, including two, three and four bed dwellings.
- 4.15 The tested development mix is shown in Table 4.5, along with the anticipated selling prices for new build dwellings.

Table 4.5 Anticipated development mix for the North of Spondon development

Dwelling Type	30 DpH	Prices	GDV
2 Bed Terraces	18	£225,000	£4,050,000
3 Bed Semis	134	£275,000	£36,850,000
4 Bed Detached	85	£435,000	£36,975,000
	237		£77,875,000

4.16 The results of the assessment are shown in Table 4.6 below:

Table 4.6 Viability assessment for land North of Spondon: Results

% Affordable Housing	Residual Value
0	£15,066,000
10	£11,905,000
20	£8,743,000
30	£5,582,000
40	£2,420,000

4.17 The screenshot below shows the results for the scheme at 20% Affordable Housing:

Results

Site	Land North of Spondon	Site Reference Number	
Address		Application Number	
Scheme		NLUD Ref. Number	
Description	Family Housing on Green Field Site	UPRN or Grid Ref.	

RESIDUAL before land finance	£9,714,000
RESIDUAL after land finance	£8,743,000
Per hectare	£1,249,000
Per dwelling	£37,000
Per market dwelling	£46,000
Per habitable room	£8,000
Per bedspace	£11,000

SCHEME UNITS		per ha.
No. of Dwellings	237	34
No. of Habitable rooms	1100	157
No. of Bedrooms	778	111
Total floorspace (m2)	21,052	3007
% Wheelchair Units		

SCHEME REVENUE	£67,751,000
Contribution to revenue from:	
Market housing	£62,300,000
Affordable Housing	£5,451,000
- Low Cost Sale	
- Equity Share	
- Shared Ownership	
- Intermediate Rent	
- Affordable Rent	£5,451,000
- Social Rent	
Grant	
Capital Contribution	
Commercial Elements	

LAND FINANCE	
Total land finance	£971,000

AFFORDABLE UNITS							
	Low Cost	Equity Share	Shared	Intermediate	Affordable	Social Rent	Total
Units					47.4		47.4
Units %					20%		20%
Hab rooms					20%		20%
Bedrooms							
Persons					20%		20%
Floorspace					20%		20%

SCHEME COSTS	£58,037,000
Contribution to costs from:	
Market housing	£47,556,000
Affordable Housing	£8,791,000
- Low Cost Sale	
- Equity Share	
- Shared Ownership	
- Intermediate Rent	
- Affordable Rent	£8,791,000
- Social Rent	
Planning Obligations	£1,690,000
Community Infrastructure Levy	
Exceptional Development Costs	
Commercial Elements	

PUBLIC SUBSIDY (GRANT)	
Whole scheme	£ -
Per Social Rent dwelling	£ -
Per Shared Ownership dwelling	£ -
Per Intermediate Rent dwellings	£ -
Per Affordable Rent dwelling	£ -

Alternative Site Values		Against residual
Existing Use Value	£ -	
Acquisition Cost	£ -	
Value for offices	£ -	
Value for industrial	£ -	
Value as hotel site	£ -	
Value as other alternative u	£ -	

Save Results

View Results

Discounting Function

Floor Space Analysis

Costs Analysis

Child Occupancy & Bedrooms

Land North of Cotmanhay

- 4.18 This site is for 200 dwellings. The main infrastructure requirement is an education contribution of £1,890,805 and there is a smaller contribution of £125,000 towards woodland provision. This site is located in a weaker sub market area (Ilkeston) of Erewash and values tends to diminish going further north. However development at this site is likely to generate a significant premium as new build against a low value existing housing product.

Table 4.7 Infrastructure requirements

Item	Item details	Policy	Site/policy	Estimated total cost
Cotmanhay Wood	Develop into a community woodland through active	1.6	North of Cotmanhay	£125,000 - based on cost of TVV quality paths x2 through two routes through the
Financial contribution to off site education provision	Toward provision of additional pupil capacity at schools in Kirk Hallam	1.6	North of Cotmanhay	Assumed no capacity scenario - £1,890,805 based on 68 nett places

- 4.19 The site is shown below with proposed development in two phases:



4.20 At a density of 30 dwellings per hectare site (and 200 dwellings) the developable area is around 7 hectares. It is assumed that this will be family housing, including two, three and four bed dwellings.

4.21 The anticipated development mix is shown in Table 4.8, along with the anticipated selling prices for new build dwellings.

Table 4.8 Anticipated development mix for the North of Cotmanhay development

Dwelling Type	30 DpH	Total	Homes	Prices	GDV
2 Bed Terraces	15	200	30	£175,000	£5,250,000
3 Bed Semis	50	200	100	£215,000	£21,500,000
4 Bed Detached	25	200	50	£330,000	£16,500,000
5 Bed detached	10	200	20	£380,000	£7,600,000

	100		200		£50,850,000

4.22 The results of the assessment are shown in Table 4.9 below:

Table 4.9 Viability assessment for land North of Cotmanhay: Results

% Affordable Housing	Residual Value
0	£803,000
5	-£15,000
10	-£834,000
15	-£1,652,000

4.23 The screenshot below shows the results for the scheme at 5% Affordable Housing:

← **Results**

Site	Land North of Colmanhay	Site Reference Number	
Address		Application Number	
Scheme	Family Housing	NLUD Ref. Number	
Description		UPRN or Grid Ref.	

RESIDUAL before land finance	-£17,000
RESIDUAL after land finance	-£15,000
Per hectare	-£2,000
Per dwelling	
Per market dwelling	
Per habitable room	
Per bedspace	

SCHEME UNITS	per ha.
No. of Dwellings	200
No. of Habitable rooms	790
No. of Bedrooms	660
Total floorspace (m2)	17,740
% Wheelchair Units	2534

SCHEME REVENUE	£49,458,000
Contribution to revenue from:	
Market housing	£48,308,000
Affordable Housing	£1,150,000
- Low Cost Sale	
- Equity Share	
- Shared Ownership	
- Intermediate Rent	
- Affordable Rent	£1,150,000
- Social Rent	
Grant	
Capital Contribution	
Commercial Elements	

LAND FINANCE	
Total land finance	-£2,000

AFFORDABLE UNITS	Low Cost	Equity Share	Shared	Intermediate	Affordable	Social Rent	Total
Units					10		10
Units %					5%		5%
Hab rooms					5%		5%
Bedrooms					5%		5%
Persons					5%		5%
Floorspace					5%		5%

SCHEME COSTS	£49,475,000
Contribution to costs from:	
Market housing	£44,360,000
Affordable Housing	£1,852,000
- Low Cost Sale	
- Equity Share	
- Shared Ownership	
- Intermediate Rent	
- Affordable Rent	£1,852,000
- Social Rent	
Planning Obligations	£2,263,000
Community Infrastructure Levy	
Exceptional Development Costs	£1,000,000
Commercial Elements	

PUBLIC SUBSIDY (GRANT)	
Whole scheme	£ -
Per Social Rent dwelling	£ -
Per Shared Ownership dwelling	£ -
Per Intermediate Rent dwellings	£ -
Per Affordable Rent dwelling	£ -

Alternative Site Values	Against residual
Existing Use Value	£ -
Acquisition Cost	£ -
Value for offices	£ -
Value for industrial	£ -
Value as hotel site	£ -
Value as other alternative use	£ -

Save Results

View Results

Discounting Function

Floor Space Analysis

Costs Analysis

Child Occupancy & Bedrooms

4.24 The developer has assessed abnormal costs at around £1 million.

Land at Acorn Way

4.25 This site is for 600 dwellings. The infrastructure requirement is an education contribution of £3,454,860. There is a requirement for bus services, as yet not agreed. Provision of £100,000 has been made for this.

Table 4.10 Infrastructure requirements

Item	Item details	Policy	Site/ policy	Estimated total cost
Financial contribution toward bus services	To increase frequency of services along Morley Road	1.3	Acorn Way	Awaiting response from developer
Financial contribution to off site education provision	Toward provision of additional pupil capacity at schools in Oakwood and Chaddesden	1.3	Acorn Way	Assumed no capacity scenario - £3,454,860

4.26 The site is shown below:



4.27 At a density of 30 dwellings per hectare site (and 600 dwellings) the developable area is around 20 hectares. It is assumed that this will be family housing, including two, three and four bed dwellings.

4.28 The tested development mix is shown in Table 4.11, along with the anticipated selling prices for new build dwellings.

Table 4.11 Anticipated development mix for the Acorn Way development

Dwelling Type	30 DpH	Total	Homes	Prices	GDV
2 Bed Terraces	15	600	90	£225,000	£20,250,000
3 Bed Semis	50	600	300	£275,000	£82,500,000
4 Bed Detached	25	600	150	£435,000	£65,250,000
5 Bed detached	10	600	60	£500,000	£30,000,000
	100		600		£198,000,000

4.29 The results of the assessment are shown in Table 4.12 below:

Table 4.12 Viability assessment for land at Acorn Way: Results

% Affordable Housing	Residual Value
0	£38,849,000
10	£30,788,000
20	£22,726,000
30	£14,655,000
40	£6,602,000

4.30 The screenshot below shows the results for the scheme at 20% Affordable Housing:

Results

Site

Land at Acom Way

Address

Scheme

30 DPH

Description

Site Reference Number

Application Number

NLUD Ref. Number

UPRN or Grid Ref.

Save Results

View Results

Discounting Function

Floor Space Analysis

Costs Analysis

Child Occupancy & Bedrooms

RESIDUAL before land finance

£25,251,000

RESIDUAL after land finance

£22,726,000

Per hectare

£1,136,000

Per dwelling

£38,000

Per market dwelling

£47,000

Per habitable room

£10,000

Per bedspace

£11,000

SCHEME REVENUE

£172,200,000

Contribution to revenue from:

Market housing

£158,400,000

Affordable Housing

£13,800,000

- Low Cost Sale

- Equity Share

- Shared Ownership

- Intermediate Rent

- Affordable Rent

£13,800,000

- Social Rent

Grant

Capital Contribution

Commercial Elements

SCHEME COSTS

£146,949,000

Contribution to costs from:

Market housing

£120,431,000

Affordable Housing

£22,223,000

- Low Cost Sale

- Equity Share

- Shared Ownership

- Intermediate Rent

- Affordable Rent

£22,223,000

- Social Rent

Planning Obligations

£4,295,000

Community Infrastructure Levy

Exceptional Development Costs

Commercial Elements

SCHEME UNITS

per ha.

No. of Dwellings

600

30

No. of Habitable rooms

2370

119

No. of Bedrooms

1980

99

Total floorspace (m2)

53,220

2661

% Wheelchair Units

LAND FINANCE

Total land finance

£2,525,000

AFFORDABLE UNITS

Low Cost

Equity

Shared

Intermediate

Affordable

Social Rent

Total

Units

120

120

Units %

20%

20%

Hab rooms

20%

20%

Bedrooms

20%

20%

Persons

20%

20%

Floorspace

20%

20%

PUBLIC SUBSIDY (GRANT)

Whole scheme

£

-

Per Social Rent dwelling

£

-

Per Shared Ownership dwelling

£

-

Per Intermediate Rent dwellings

£

-

Per Affordable Rent dwelling

£

-

Alternative Site Values

Existing Use Value

£

-

Against residual

Acquisition Cost

£

-

Value for offices

£

-

Value for industrial

£

-

Value as hotel site

£

-

Value as other alternative

£

-

Land at South Stanton

4.31 This site is for 1,000 dwellings. There are two main infrastructure requirements; first, for a roundabout – cost estimated at £3,000,000; and second, for a primary school – costs estimated at £4,540,126. There is also a pavement cost at Littlewell Lane – at £456,000. This site is in a higher value area although the site presents a particular challenge in the level of clean-up costs, as it is a former steel works. Previous analyses have shown the site to be viable to deliver the Council’s infrastructure requirements.

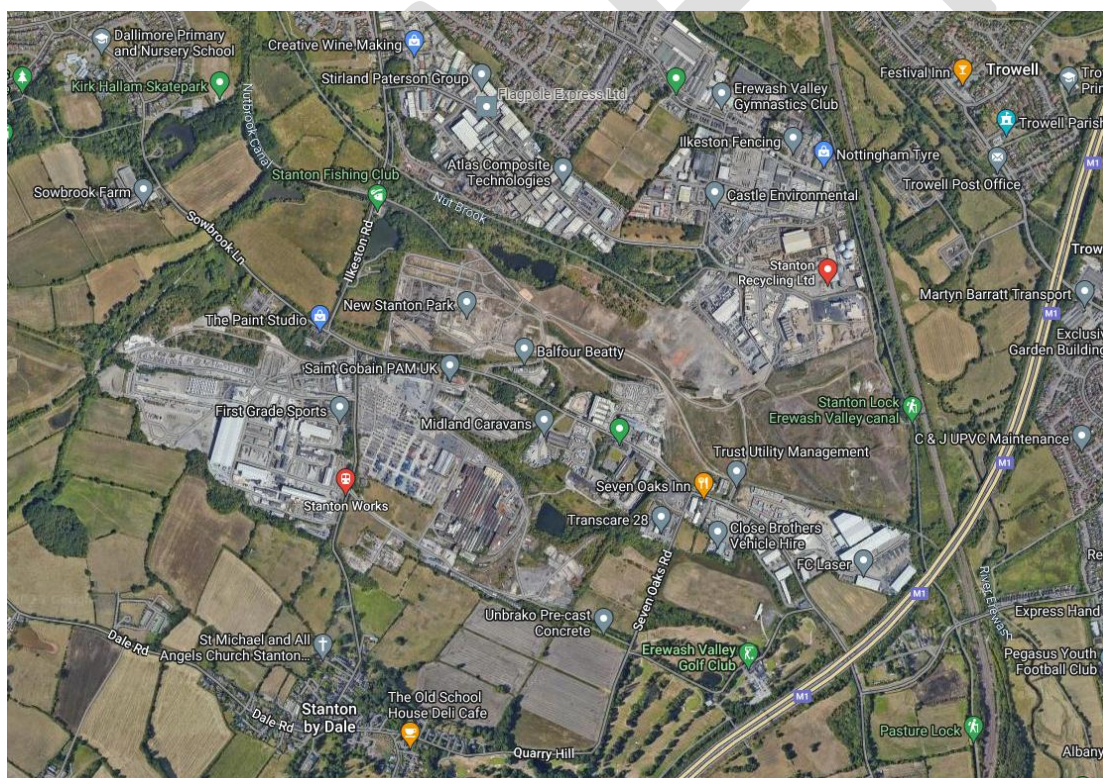
Table 4.13 Infrastructure requirements

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Item	Item details	Policy	Site/ policy	Estimated total cost
Financial contribution toward new roundabout	To replace Lows Lane/ Sowbrook Lane/ Ilkeston Road junction	1.2	South Stanton	£3,000,000
Pavement	Along east side of Littlewell Lane	1.2	South Stanton	£456,000 - Based on £500 per m including kerbing and 912m of length, which is the entire length of non-pathed east side Littlewell Lane between junction with Sowbrook Lane and Stanton by Dale. There is a section of Littlewell Lane with adequate pavement on the west side - potential for less requirement therefore if it were considered acceptable to split sides.
Primary school (on site)	To serve new population	1.2	South Stanton	£4,540,126 (1.5 form entry); based on 139 nett new places required

4.32 The site is shown below:



4.33 At a density of 30 dwellings per hectare site (and 1,000 dwellings) the developable area is around 33 hectares. It is assumed that this will be family housing, including two, three and four bed dwellings.

4.34 The tested development mix is shown in Table 4.14, along with the anticipated selling prices for new build dwellings.

Table 4.14 Anticipated development mix for the South Stanton development

Dwelling Type	30 DpH	Total	Homes	Prices	GDV
2 Bed Terraces	15	1000	150	£200,000	£30,000,000
3 Bed Semis	50	1000	500	£250,000	£125,000,000
4 Bed Detached	25	1000	250	£385,000	£96,250,000
5 Bed detached	10	1000	100	£450,000	£45,000,000
	100		1000		£296,250,000

4.35 The results of the assessment are shown in Table 4.15 below:

Table 4.15 Viability assessment for land at South Stanton: Results

% Affordable Housing	Residual Value
0	£25,937,000
10	£14,840,000
20	£3,742,000
30	-£7,356,000

4.36 The screenshot below shows the results for the scheme at 20% Affordable Housing:

Results

Site	Land at South Stanton	Site Reference Number	
Address		Application Number	
Scheme	Family Housing; Brown Field site	NLUD Ref. Number	
Description		UPRN or Grid Ref.	

[Save Results](#)
[View Results](#)
[Discounting Function](#)
[Floor Space Analysis](#)
[Costs Analysis](#)
[Child Occupancy & Bedrooms](#)

RESIDUAL before land finance	£4,158,000
RESIDUAL after land finance	£3,742,000
Per hectare	£113,000
Per dwelling	£4,000
Per market dwelling	£5,000
Per habitable room	£1,000
Per bedspace	£1,000

SCHEME UNITS	per ha.
No. of Dwellings	1000 30
No. of Habitable rooms	3950 120
No. of Bedrooms	3300 100
Total floorspace (m2)	88,700 2688
% Wheelchair Units	

SCHEME REVENUE	£260,000,000
Contribution to revenue from:	
Market housing	£237,000,000
Affordable Housing	£23,000,000
- Low Cost Sale	
- Equity Share	
- Shared Ownership	
- Intermediate Rent	
- Affordable Rent	£23,000,000
- Social Rent	
Grant	
Capital Contribution	
Commercial Elements	

LAND FINANCE	
Total land finance	£416,000

AFFORDABLE UNITS	Low Cost	Equity	Shared	Intermediate	Affordable	Social Rent	Total
Units					200		200
Units %					20%		20%
Hab rooms					20%		20%
Bedrooms							
Persons					20%		20%
Floorspace					20%		20%

SCHEME COSTS	£255,842,000
Contribution to costs from:	
Market housing	£194,508,000
Affordable Housing	£37,038,000
- Low Cost Sale	
- Equity Share	
- Shared Ownership	
- Intermediate Rent	
- Affordable Rent	£37,038,000
- Social Rent	
Planning Obligations	£7,796,000
Community Infrastructure Levy	
Exceptional Development Costs	£16,500,000
Commercial Elements	

PUBLIC SUBSIDY (GRANT)	
Whole scheme	£ -
Per Social Rent dwelling	£ -
Per Shared Ownership dwelling	£ -
Per Intermediate Rent dwellings	£ -
Per Affordable Rent dwelling	£ -

Alternative Site Values	Against residual
Existing Use Value	£ -
Acquisition Cost	£ -
Value for offices	£ -
Value for industrial	£ -
Value as hotel site	£ -
Value as other alternative	£ -

4.37 I have assumed a cost of £16.5 million (£500,000 per developable hectare) for land remediation; in line with:

[HCA Remediation Cost Guidance 2015.pdf](#)

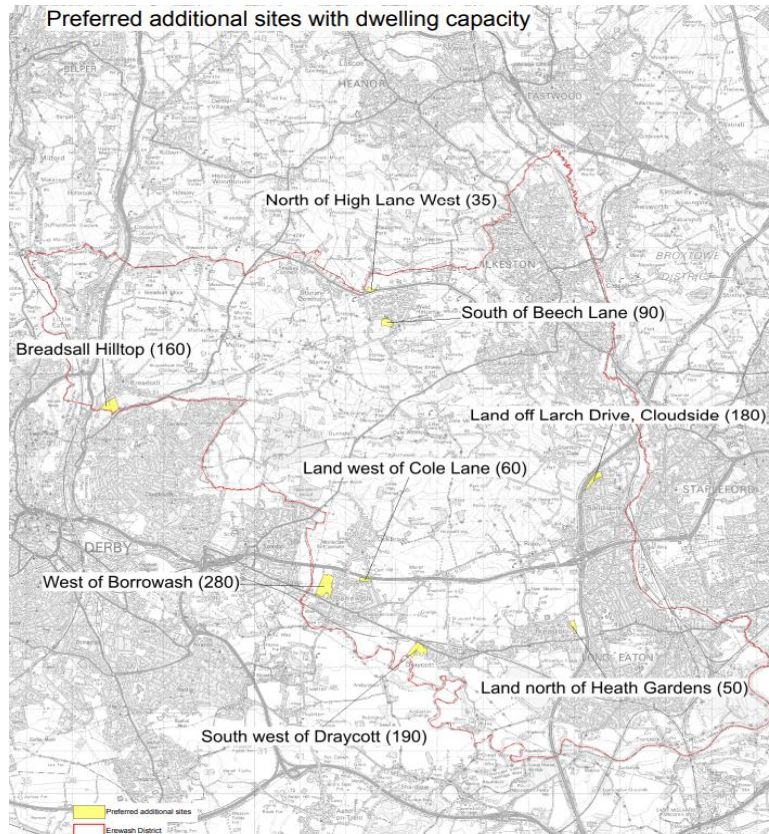
Sites currently under consideration

4.38 The following sites are currently under consideration for development by the Council:

- A site at Sandiacre Cloudside for 180 dwellings;
- A site at Breadsall Hill Top for 160 dwellings;
- A site at Beech Lane, West Hallam for 90 dwellings;
- A site north of High Lane, West Hallam for 35 dwellings;
- A site at Heath Gardens, Breaston for 50 dwellings;
- A site south west of Draycott for 190 dwellings;
- A site west of Cole Lane, Borrowwash for 60 dwellings;
- A site west of Borrowwash for 280 dwellings.

4.39 The location of the sites is shown below:

Erewash BC Viability Study 2025



4.40 There are no bespoke assessments for infrastructure requirements. I have therefore assessed the requirements by reference to the larger sites for which the loadings are known. These are set out in Table 4.16:

Table 4.16 Infrastructure requirements

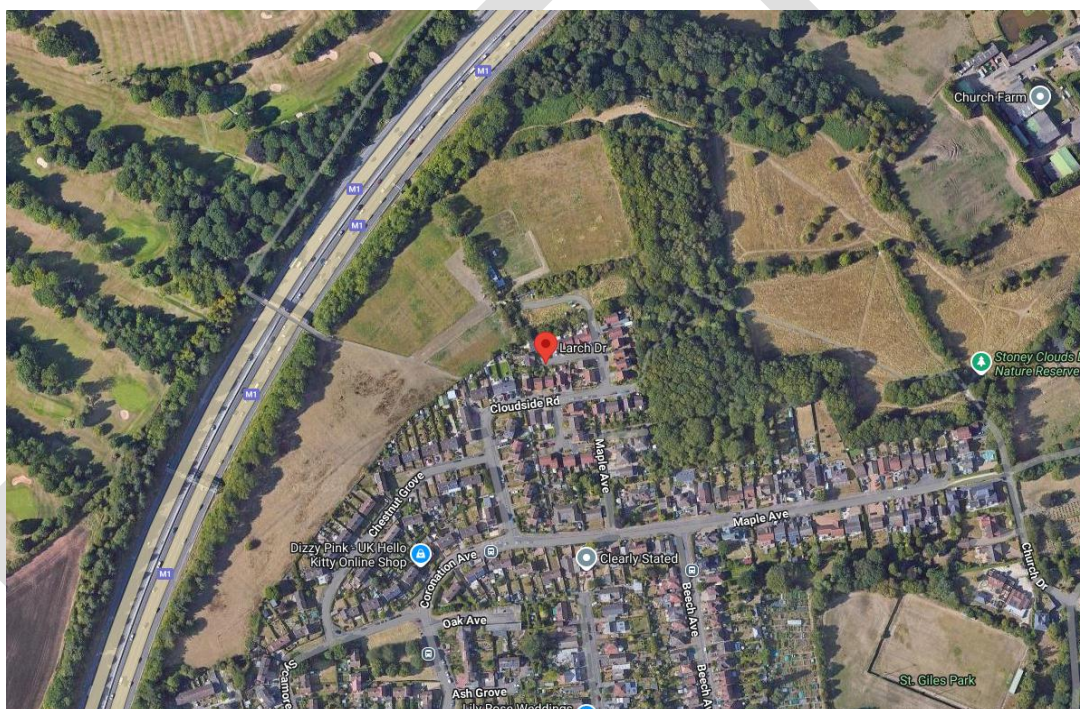
Site	Total IS requirement	Dwellings	IS per Dwelling
Kirk Hallam	£16,645,000	1300	£12,804
North of Spondon	£1,397,840	200	£6,989
Land North of Cotmanhay	£2,015,805	200	£10,079
Acorn Way	£3,554,860	600	£5,925
Land at South Stanton	£7,796,126	1000	£7,796

Average			£8,719
---------	--	--	--------

- 4.41 This (above) suggests an average loading of £8,719. Given the Borough wide loading (£1,234 per unit) I have taken an overall loading of £10,000 per unit.

Land at Sandiacre, Cloudside

- 4.42 This is a site located to the north west of Stapleford. The land sits immediately to the east of the M1 and the site is bounded to the south and east by residential development in Cloudside Road and Chestnut Grove. The site is shown in the map below:



- 4.43 The site is essentially green field although the south west section appears to have had some type of former use. The site falls within the Long Eaton, Sandiacre and Sawley sub market. This is a mid market location within Erewash BC area.
- 4.44 There are 180 new family homes anticipated with a mix as set out in Table 4.17 below:

Table 4.17 Anticipated development mix for Cloudside development

Dwelling Type	30 DpH	Total	Homes	Prices	GDV
2 Bed Terraces	15	180	27	£210,000	£5,670,000
3 Bed Semis	50	180	90	£270,000	£24,300,000
4 Bed Detached	25	180	45	£425,000	£19,125,000
5 Bed detached	10	180	18	£480,000	£8,640,000
	100		180		£57,735,000

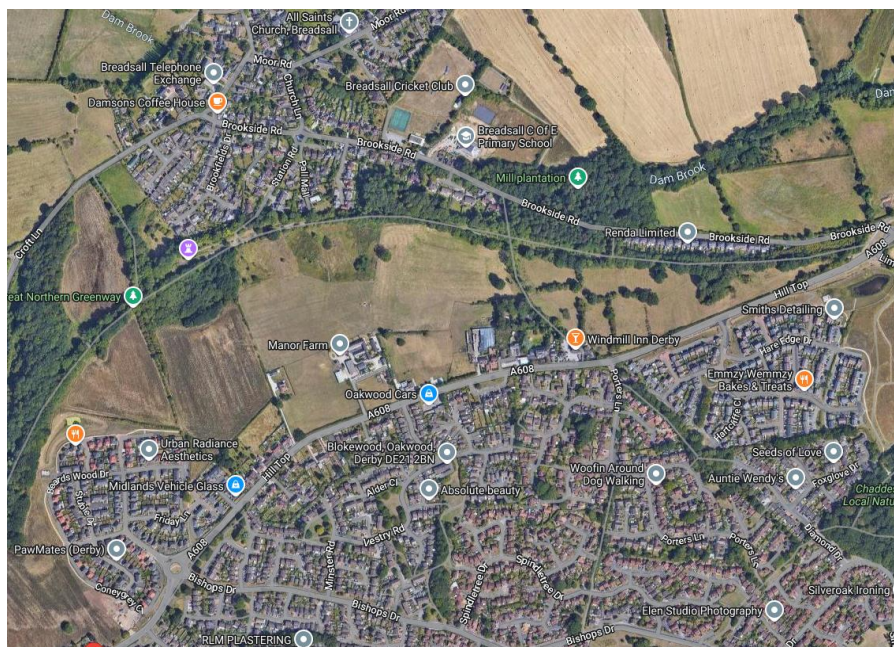
4.45 The results of the assessment are shown in Table 4.18 below:

% Affordable Housing	Residual Value
0	£10,040,000
10	£7,738,000
20	£5,434,000
30	£3,132,000
40	£828,000

4.46 The results sheet is shown below for a 20% Affordable Housing target:

Breadsall Hill Top

Erewash BC Viability Study 2025



4.48 The site is essentially green field and appears to be arable farming land. The site falls within the Rural West and Central housing sub market. This is a high value area within Erewash BC area.

4.49 There are 160 new family homes anticipated with a mix as set out in Table 4.19 below:

Table 4.19 Anticipated development mix for Breadsall Hill Top

Dwelling Type	30 DpH	Total	Homes	Prices	GDV
2 Bed Terraces	15	160	24	£280,000	£6,720,000
3 Bed Semis	50	160	80	£340,000	£27,200,000
4 Bed Detached	25	160	40	£535,000	£21,400,000
5 Bed detached	10	160	16	£610,000	£9,760,000
	100		160		£65,080,000

4.50 The results of the assessment are shown in Table 4.20 below:

Erewash BC Viability Study 2025

% Affordable Housing	Residual Value
0	£18,461,000
10	£15,460,000
20	£12,460,000
30	£9,458,000
40	£6,457,000

4.51 The results sheet is shown below for a 20% Affordable Housing target:

← Results

Site	Cloudside, Sandiacre	Site Reference Number	
Address		Application Number	
Scheme	Family Housing - 160 dwellings on green field site	NLUD Ref. Number	
Description		UPRN or Grid Ref.	

Save Results
View Results
Discounting Function
Floor Space Analysis
Costs Analysis
Child Occupancy & Bedrooms

RESIDUAL before land finance	£13,844,000	SCHEME UNITS	per ha.
RESIDUAL after land finance	£12,460,000	No. of Dwellings	160
Per hectare	£1,780,000	No. of Habitable rooms	632
Per dwelling	£78,000	No. of Bedrooms	528
Per market dwelling	£97,000	Total floorspace (m2)	14,192
Per habitable room	£20,000	% Wheelchair Units	2027
Per bedspace	£24,000		

SCHEME REVENUE	£55,744,000	LAND FINANCE	
Contribution to revenue from:		Total land finance	£1,384,000
Market housing	£52,064,000		
Affordable Housing	£3,680,000		
- Low Cost Sale			
- Equity Share			
- Shared Ownership			
- Intermediate Rent			
- Affordable Rent	£3,680,000		
- Social Rent			
Grant			
Capital Contribution			
Commercial Elements			

SCHEME COSTS	£41,900,000	PUBLIC SUBSIDY (GRANT)	
Contribution to costs from:		Whole scheme	£ -
Market housing	£34,374,000	Per Social Rent dwelling	£ -
Affordable Housing	£5,926,000	Per Shared Ownership dwelling	£ -
- Low Cost Sale		Per Intermediate Rent dwellings	£ -
- Equity Share		Per Affordable Rent dwelling	£ -
- Shared Ownership			
- Intermediate Rent			
- Affordable Rent	£5,926,000		
- Social Rent			
Planning Obligations	£1,600,000		
Community Infrastructure Levy			
Exceptional Development Costs			
Commercial Elements			

Alternative Site Values		Against residual	
Existing Use Value	£ -		
Acquisition Cost	£ -		
Value for offices	£ -		
Value for industrial	£ -		
Value as hotel site	£ -		
Value as other alternative	£ -		

	Low Cost	Equity	Shared	Intermediate	Affordable	Social Rent	Total
Units					32		32
Units %					20%		20%
Hab rooms					20%		20%
Bedrooms							
Persons					20%		20%
Floorspace					20%		20%

Beech Lane, West Hallam

4.52 This is a site located to the south of the settlement of West Hallam. The site is bordered to the north by Beech Lane. To the west is agricultural land. To the southern border is the West Hallam White Rose Cricket Club and to the east is housing at Orchard Close.

The site is shown in the map below:



4.53 The site is green field and appears to be pasture land. The site falls within the Rural West and Central housing sub market. This is a high value area within Erewash BC area.

4.54 There are 90 new family homes anticipated with a mix as set out in Table 4.21 below:

Table 4.21 Anticipated development mix for Beech Lane, West Hallam

Dwelling Type	30 DpH	Total	Homes	Prices	GDV
2 Bed Terraces	15	90	13	£280,000	£3,640,000
3 Bed Semis	50	90	45	£340,000	£15,300,000
4 Bed Detached	25	90	23	£535,000	£12,305,000
5 Bed detached	10	90	9	£610,000	£5,490,000
	100		90		£36,735,000

4.55 The results of the assessment are shown in Table 4.22 below:

% Affordable Housing	Residual Value
0	£10,441,000
10	£8,744,000
20	£7,047,000
30	£5,350,000
40	£3,653,000

4.56 The results sheet is shown below for a 20% Affordable Housing target:

Results

Site	Beech Lane, West Hallam	Site Reference Number		<input type="button" value="Save Results"/> <input type="button" value="View Results"/> <input type="button" value="Discounting Function"/> <input type="button" value="Floor Space Analysis"/> <input type="button" value="Costs Analysis"/> <input type="button" value="Child Occupancy & Bedrooms"/>
Address		Application Number		
Scheme	Family Housing - 90 dwellings on green field site	NLUD Ref. Number		
Description		UPRN or Grid Ref.		

RESIDUAL before land finance	£7,830,000	SCHEME UNITS	per ha.
RESIDUAL after land finance	£7,047,000	No. of Dwellings	90 23
Per hectare	£1,762,000	No. of Habitable rooms	357 89
Per dwelling	£78,000	No. of Bedrooms	298 75
Per market dwelling	£98,000	Total floorspace (m2)	8,001 2000
Per habitable room	£20,000	% Wheelchair Units	
Per bedspace	£24,000		

SCHEME REVENUE	£31,458,000	LAND FINANCE	
Contribution to revenue from:		Total land finance	£783,000
Market housing	£29,388,000		
Affordable Housing	£2,070,000		
- Low Cost Sale			
- Equity Share			
- Shared Ownership			
- Intermediate Rent			
- Affordable Rent	£2,070,000		
- Social Rent			
Grant			
Capital Contribution			
Commercial Elements			

SCHEME COSTS	£23,628,000	PUBLIC SUBSIDY (GRANT)	
Contribution to costs from:		Whole scheme	£ -
Market housing	£19,387,000	Per Social Rent dwelling	£ -
Affordable Housing	£3,341,000	Per Shared Ownership dwelling	£ -
- Low Cost Sale		Per Intermediate Rent dwellings	£ -
- Equity Share		Per Affordable Rent dwelling	£ -
- Shared Ownership			
- Intermediate Rent			
- Affordable Rent	£3,341,000		
- Social Rent			
Planning Obligations	£900,000		
Community Infrastructure Levy			
Exceptional Development Costs			
Commercial Elements			

Alternative Site Values	Against residual
Existing Use Value	£ -
Acquisition Cost	£ -
Value for offices	£ -
Value for industrial	£ -
Value as hotel site	£ -
Value as other alternative	£ -

AFFORDABLE UNITS	
	Low Cost Equity Shared Intermediate Affordable Social Rent Total
Units	18 18
Units %	20% 20%
Hab rooms	20% 20%
Bedrooms	
Persons	20% 20%
Floorspace	20% 20%

High Lane, West Hallam

4.57 This is a site located to the north west of the settlement of West Hallam. The site is bordered to the south by High Lane West. To the west is Park Hall Lane agricultural land. To the northern border is agricultural land.

The site is shown in the map below:



4.58 The site is green field and appears to be pasture land. The site falls within the Rural West and Central housing sub market. This is a high value area within Erewash BC area.

4.59 There are 35 new family homes anticipated with a mix as set out in Table 4.23 below:

Table 4.23 Anticipated development mix for High Lane, West Hallam

Dwelling Type	30 DpH	Total	Homes	Prices	GDV
2 Bed Terraces	15	35	5	£280,000	£1,400,000
3 Bed Semis	50	35	17	£340,000	£5,780,000
4 Bed Detached	25	35	9	£535,000	£4,815,000
5 Bed detached	10	35	4	£610,000	£2,440,000
	100		35		£14,435,000

4.60 The results of the assessment are shown in Table 4.24 below:

% Affordable Housing	Residual Value
0	£3,888,000
10	£3,243,000
20	£2,596,000
30	£1,950,000
40	£1,303,000

4.61 The results sheet is shown below for a 20% Affordable Housing target:

← Results

Site	High Lane, West Hallam	Site Reference Number	
Address		Application Number	
Scheme	Family Housing - 35 dwellings on green field site	NLUD Ref. Number	
Description		UPRN or Grid Ref.	

Save Results
View Results
Discounting Function
Floor Space Analysis
Costs Analysis
Child Occupancy & Bedrooms

RESIDUAL before land finance	£1,221,000	SCHEME UNITS	per ha
RESIDUAL after land finance	£1,099,000	No. of Dwellings	35
Per hectare	£733,000	No. of Habitable rooms	137
Per dwelling	£31,000	No. of Bedrooms	117
Per market dwelling	£39,000	Total floorspace (m2)	3,130
Per habitable room	£8,000	% Wheelchair Units	2087
Per bedspace	£9,000		

SCHEME REVENUE	£9,913,000
Contribution to revenue from:	
Market housing	£9,108,000
Affordable Housing	£805,000
- Low Cost Sale	
- Equity Share	
- Shared Ownership	
- Intermediate Rent	
- Affordable Rent	£805,000
- Social Rent	
Grant	
Capital Contribution	
Commercial Elements	

LAND FINANCE	
Total land finance	£122,000

AFFORDABLE UNITS							
	Low Cost	Equity	Shared	Intermediate	Affordable	Social Rent	Total
Units					7		7
Units %					20%		20%
Hab rooms					20%		20%
Bedrooms							
Persons					20%		20%
Floorspace					20%		20%

SCHEME COSTS	£8,692,000
Contribution to costs from:	
Market housing	£7,035,000
Affordable Housing	£1,307,000
- Low Cost Sale	
- Equity Share	
- Shared Ownership	
- Intermediate Rent	
- Affordable Rent	£1,307,000
- Social Rent	
Planning Obligations	£350,000
Community Infrastructure Levy	
Exceptional Development Costs	
Commercial Elements	

PUBLIC SUBSIDY (GRANT)	
Whole scheme	£
Per Social Rent dwelling	£
Per Shared Ownership dwelling	£
Per Intermediate Rent dwellings	£
Per Affordable Rent dwelling	£

Alternative Site Values	Against residual
Existing Use Value	£ -
Acquisition Cost	£ -
Value for offices	£ -
Value for industrial	£ -
Value as hotel site	£ -
Value as other alternative	£ -

Heath Gardens, Breaston

4.62 This is a site located to the east of the settlement of Breaston. There is green field to the east (including a livery yard). To the south is modern housing. To the west of further residential development including housing with larger gardens. To the north is green field and vacant previously used land. The site is shown in the map below:



4.63 The site is green field and appears to be paddock land. The site falls within the Rural West and Central housing sub market. This is a high value area within Erewash BC area.

4.64 There are 50 new family homes anticipated with a mix as set out in Table 4.25 below:

Table 4.25 Anticipated development mix for Heath Gardens, Breaston

Dwelling Type	30 DpH	Total	Homes	Prices	GDV
2 Bed Terraces	15	50	8	£280,000	£2,240,000
3 Bed Semis	50	50	25	£340,000	£8,500,000
4 Bed Detached	25	50	12	£535,000	£6,420,000
5 Bed detached	10	50	5	£610,000	£3,050,000
	100		50		£20,210,000

4.65 The results of the assessment are shown in Table 4.26 below:

% Affordable Housing	Residual Value
0	£5,712,000
10	£4,783,000
20	£3,855,000
30	£2,927,000
40	£1,998,000

4.66 The results sheet is shown below for a 20% Affordable Housing target:

← Results

Site	Heath Gardens, Breaston	Site Reference Number	
Address		Application Number	
Scheme	Family Housing - 50 dwellings on green field site	NLUD Ref. Number	
Description		UPRN or Grid Ref.	

Save Results
View Results
Discounting Function
Floor Space Analysis
Costs Analysis
Child Occupancy & Bedrooms

RESIDUAL before land finance	£4,283,000
RESIDUAL after land finance	£3,855,000
Per hectare	£1,928,000
Per dwelling	£77,000
Per market dwelling	£96,000
Per habitable room	£20,000
Per bedspace	£24,000

SCHEME UNITS		per ha.
No. of Dwellings	50	25
No. of Habitable rooms	196	98
No. of Bedrooms	164	82
Total floorspace (m2)	4,417	2209
% Wheelchair Units		

SCHEME REVENUE		£17,318,000
Contribution to revenue from:		
Market housing		£16,168,000
Affordable Housing		£1,150,000
- Low Cost Sale		
- Equity Share		
- Shared Ownership		
- Intermediate Rent		
- Affordable Rent		£1,150,000
- Social Rent		
Grant		
Capital Contribution		
Commercial Elements		

LAND FINANCE	
Total land finance	£428,000

AFFORDABLE UNITS							
	Low Cost	Equity	Shared	Intermediate	Affordable	Social Rent	Total
Units					10		10
Units %					20%		20%
Hab rooms					20%		20%
Bedrooms							
Persons					20%		20%
Floorspace					20%		20%

SCHEME COSTS		£13,035,000
Contribution to costs from:		
Market housing		£10,690,000
Affordable Housing		£1,844,000
- Low Cost Sale		
- Equity Share		
- Shared Ownership		
- Intermediate Rent		
- Affordable Rent		£1,844,000
- Social Rent		
Planning Obligations		£500,000
Community Infrastructure Levy		
Exceptional Development Costs		
Commercial Elements		

PUBLIC SUBSIDY (GRANT)	
Whole scheme	£ -
Per Social Rent dwelling	£ -
Per Shared Ownership dwelling	£ -
Per Intermediate Rent dwellings	£ -
Per Affordable Rent dwelling	£ -

Alternative Site Values		Against residual
Existing Use Value	£ -	
Acquisition Cost	£ -	
Value for offices	£ -	
Value for industrial	£ -	
Value as hotel site	£ -	
Value as other alternative	£ -	

South West of Draycott

- 4.67 This is a site located to the west of the settlement of Draycott. The north end of site is bordered by the Sawley Road. To the east is housing, and to the west is green field. To the south is further agricultural land. The site is shown in the map below:



- 4.68 The site is green field and appears to be arable land. The site falls within the Rural West and Central housing sub market. This is a high value area within Erewash BC area.
- 4.69 There are 190 new family homes anticipated with a mix as set out in Table 4.27 below:

Table 4.27 Anticipated development mix for the site SW of Draycott

Dwelling Type	30 DpH	Total	Homes	Prices	GDV
2 Bed Terraces	15	190	29	£280,000	£8,120,000
3 Bed Semis	50	190	95	£340,000	£32,300,000

4 Bed Detached	25	190	47	£535,000	£25,145,000
5 Bed detached	10	190	19	£610,000	£11,590,000
			190		£77,155,000

4.70 The results of the assessment are shown in Table 4.28 below:

% Affordable Housing	Residual Value
0	£21,865,000
10	£18,311,000
20	£14,757,000
30	£11,203,000
40	£7,648,000

4.71 The results sheet is shown below for a 20% Affordable Housing target:

Results

Site: South West of Draycott
Address:
Scheme: Family Housing - 190 dwellings on green field site
Description:
Site Reference Number:
Application Number:
NLUD Ref. Number:
UPRN or Grid Ref.:

Save Results
View Results
Discounting Function
Floor Space Analysis
Costs Analysis
Child Occupancy & Bedrooms

RESIDUAL before land finance	£16,397,000	SCHEME UNITS	per ha.
RESIDUAL after land finance	£14,757,000	No. of Dwellings	190
Per hectare	£1,845,000	No. of Habitable rooms	749
Per dwelling	£78,000	No. of Bedrooms	626
Per market dwelling	£97,000	Total floorspace (m2)	16,835
Per habitable room	£20,000	% Wheelchair Units	2104
Per bedspace	£24,000		

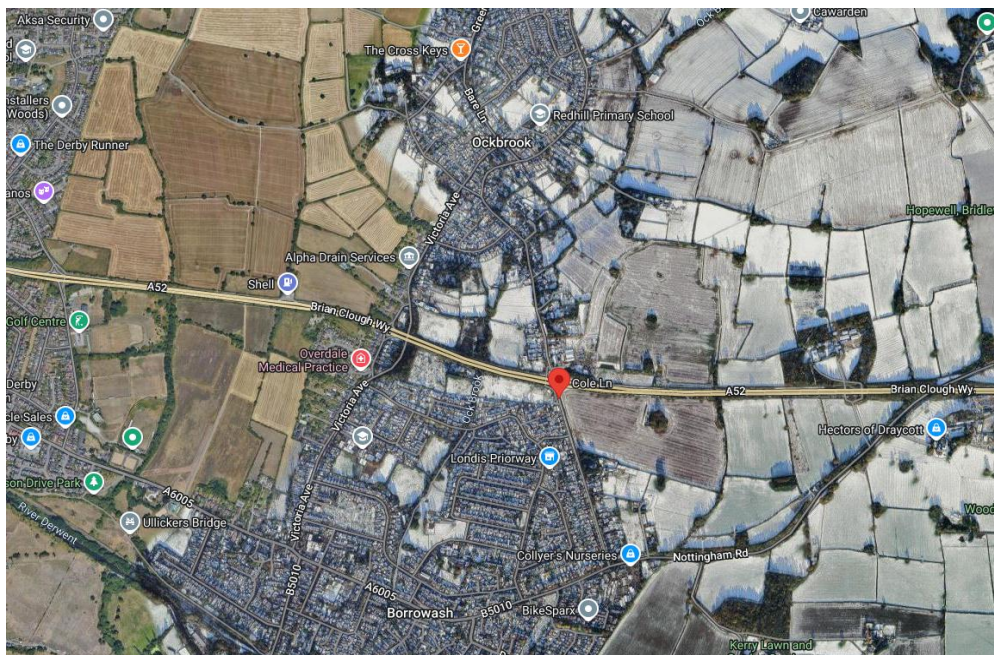
SCHEME REVENUE	£66,094,000	LAND FINANCE	
Contribution to revenue from:		Total land finance	£1,640,000
Market housing	£61,724,000		
Affordable Housing	£4,370,000		
- Low Cost Sale			
- Equity Share			
- Shared Ownership			
- Intermediate Rent			
- Affordable Rent	£4,370,000		
- Social Rent			
Grant			
Capital Contribution			
Commercial Elements			

SCHEME COSTS	£49,697,000	AFFORDABLE UNITS							
Contribution to costs from:			Low Cost	Equity	Shared	Intermediate	Affordable	Social Rent	Total
Market housing	£40,768,000	Units					38		38
Affordable Housing	£7,030,000	Units %					20%		20%
- Low Cost Sale		Hab rooms					20%		20%
- Equity Share		Bedrooms					20%		20%
- Shared Ownership		Persons					20%		20%
- Intermediate Rent		Floorspace					20%		20%
- Affordable Rent	£7,030,000								
- Social Rent									
Planning Obligations	£1,900,000								
Community Infrastructure Levy									
Exceptional Development Costs									
Commercial Elements									

PUBLIC SUBSIDY (GRANT)	
Whole scheme	£ -
Per Social Rent dwelling	£ -
Per Shared Ownership dwelling	£ -
Per Intermediate Rent dwellings	£ -
Per Affordable Rent dwelling	£ -

Alternative Site Values	Against residual
Existing Use Value	£ -
Acquisition Cost	£ -
Value for offices	£ -
Value for industrial	£ -
Value as hotel site	£ -
Value as other alternative	£ -

- 4.72 This site is located to the north of the settlement of Borrowash. The northern borders runs up against Brian Clough Way. The west end of the site is bordered by Victoria Avenue and the east end of the site by Cole Avenue. There is housing to the south of the site.



- 4.73 The site is green field and appears to be arable land. The site falls within the Rural West and Central housing sub market. This is a high value area within Erewash BC area.
- 4.74 There are 60 new family homes anticipated with a mix as set out in Table 4.29 below:

Table 4.29 Anticipated development mix for the site West of Cole Lane

Dwelling Type	30 DpH	Total	Homes	Prices	GDV
2 Bed Terraces	15	60	9	£280,000	£2,520,000
3 Bed Semis	50	60	30	£340,000	£10,200,000
4 Bed Detached	25	60	15	£535,000	£8,025,000

5 Bed detached	10	60	6	£610,000	£3,660,000
			60		£24,405,000

4.75 The results of the assessment are shown in Table 4.30 below:

% Affordable Housing	Residual Value
0	£6,923,000
10	£5,798,000
20	£4,672,000
30	£3,547,000
40	£2,422,000

4.76 The results sheet is shown below for a 20% Affordable Housing target:

← Results →

Site	South West of Draycott	Site Reference Number	
Address		Application Number	
Scheme	Family Housing - 60 dwellings on green field site	NLUD Ref. Number	
Description		UPRN or Grid Ref.	

Save Results
View Results
Discounting Function
Floor Space Analysis
Costs Analysis
Child Occupancy & Bedrooms

RESIDUAL before land finance	£5,191,000	SCHEME UNITS	per ha.
RESIDUAL after land finance	£4,672,000	No. of Dwellings	60
Per hectare	£1,797,000	No. of Habitable rooms	237
Per dwelling	£78,000	No. of Bedrooms	198
Per market dwelling	£97,000	Total floorspace (m ²)	5,322
Per habitable room	£20,000	% Wheelchair Units	2047
Per bedspace	£24,000		

SCHEME REVENUE	£20,904,000	LAND FINANCE	£519,000
Contribution to revenue from:		Total land finance	
Market housing	£19,524,000		
Affordable Housing	£1,380,000		
- Low Cost Sale			
- Equity Share			
- Shared Ownership			
- Intermediate Rent			
- Affordable Rent	£1,380,000		
- Social Rent			
Grant			
Capital Contribution			
Commercial Elements			

SCHEME COSTS	£15,713,000	PUBLIC SUBSIDY (GRANT)	£
Contribution to costs from:		Whole scheme	-
Market housing	£12,890,000	Per Social Rent dwelling	-
Affordable Housing	£2,222,000	Per Shared Ownership dwelling	-
- Low Cost Sale		Per Intermediate Rent dwellings	-
- Equity Share		Per Affordable Rent dwelling	-
- Shared Ownership			
- Intermediate Rent			
- Affordable Rent	£2,222,000		
- Social Rent			
Planning Obligations	£600,000		
Community Infrastructure Levy			
Exceptional Development Costs			
Commercial Elements			

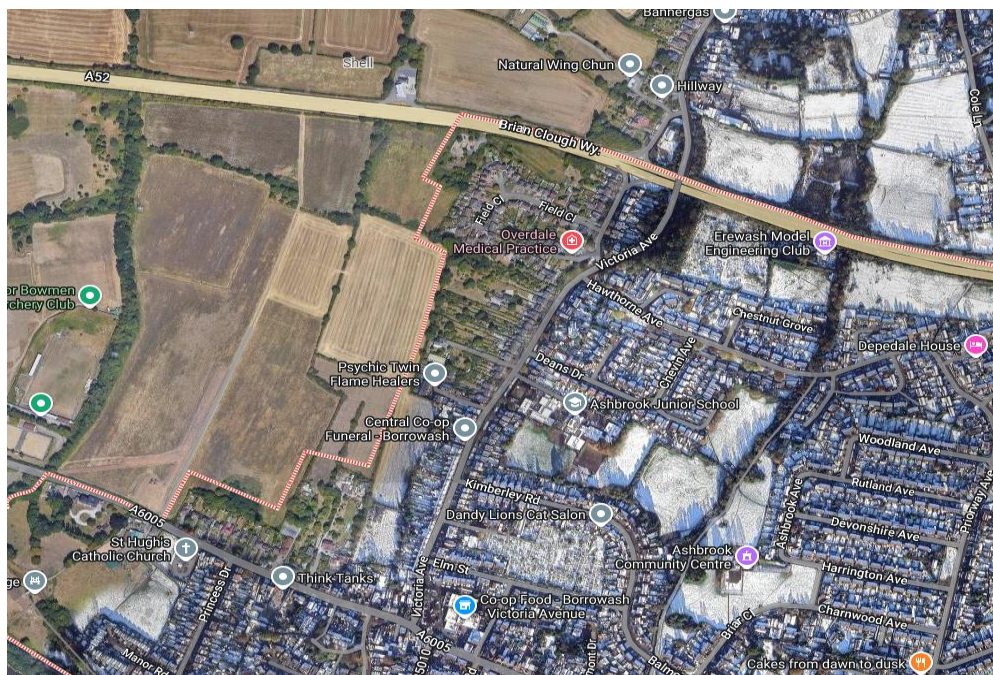
Alternative Site Values	Against residual
Existing Use Value	£ -
Acquisition Cost	£ -
Value for offices	£ -
Value for industrial	£ -
Value as hotel site	£ -
Value as other alternative	£ -

	Low Cost	Equity	Shared	Intermediate	Affordable	Social Rent	Total
Units					12		12
Units %					20%		20%
Hab rooms					20%		20%
Bedrooms							
Persons					20%		20%
Floorspace					20%		20%

West of Borrowash

Erewash BC Viability Study 2025

4.77 This site is located to the west of the settlement of Borrowash. The northern border is agricultural land which in turn runs up against Brian Clough Way. The south edge of the site is bordered by larger residential development. The west boundary of the site is agricultural. The site is shown below:



4.78 The site is green field and appears to be arable land. The site falls within the Rural West and Central housing sub market. This is a high value area within Erewash BC area.

4.79 There are 280 new family homes anticipated with a mix as set out in Table 4.31 below:

Table 4.31 Anticipated development mix for the site West of Borrowash

Dwelling Type	30 DpH	Total	Homes	Prices	GDV
2 Bed Terraces	15	280	42	£280,000	£11,760,000
3 Bed Semis	50	280	140	£340,000	£47,600,000

4 Bed Detached	25	280	70	£535,000	£37,450,000
5 Bed detached	10	280	28	£610,000	£17,080,000
			280		£113,890,000

4.80 The results of the assessment are shown in Table 4.32 below:

% Affordable Housing	Residual Value
0	£113,890,000
10	£27,055,000
20	£21,803,000
30	£16,552,000
40	£11,300,000

4.81 The results sheet is shown below for a 20% Affordable Housing target:

Results

Site Address	West of Borrowash	Site Reference Number		<input type="button" value="Save Results"/> <input type="button" value="View Results"/> <input type="button" value="Discounting Function"/> <input type="button" value="Floor Space Analysis"/> <input type="button" value="Costs Analysis"/> <input type="button" value="Child Occupancy & Bedrooms"/>
Scheme Description	Family Housing - 280 dwellings on green field site	Application Number		
		NLUD Ref. Number		
		UPRN or Grid Ref		

RESIDUAL before land finance	£24,226,000	SCHEME UNITS	per ha
RESIDUAL after land finance	£21,803,000	No. of Dwellings	280
Per hectare	£1,817,000	No. of Habitable rooms	1106
Per dwelling	£78,000	No. of Bedrooms	924
Per market dwelling	£97,000	Total floorspace (m2)	24,836
Per habitable room	£20,000	% Wheelchair Units	2070
Per bedspace	£24,000		

SCHEME REVENUE	£97,552,000	LAND FINANCE	
Contribution to revenue from:		Total land finance	£2,423,000
Market housing	£91,112,000		
Affordable Housing	£6,440,000		
- Low Cost Sale			
- Equity Share			
- Shared Ownership			
- Intermediate Rent			
- Affordable Rent	£6,440,000		
- Social Rent			
Grant			
Capital Contribution			
Commercial Elements			

SCHEME COSTS	£73,326,000	PUBLIC SUBSIDY (GRANT)	
Contribution to costs from:		Whole scheme	£ -
Market housing	£60,155,000	Per Social Rent dwelling	£ -
Affordable Housing	£10,371,000	Per Shared Ownership dwelling	£ -
- Low Cost Sale		Per Intermediate Rent dwellings	£ -
- Equity Share		Per Affordable Rent dwelling	£ -
- Shared Ownership			
- Intermediate Rent			
- Affordable Rent	£10,371,000		
- Social Rent			
Planning Obligations	£2,800,000		
Community Infrastructure Levy			
Exceptional Development Costs			
Commercial Elements			

Alternative Site Values	Against residual
Existing Use Value	£ -
Acquisition Cost	£ -
Value for offices	£ -
Value for industrial	£ -
Value as hotel site	£ -
Value as other alternative	£ -

Conclusions on the viability of the key sites

- 4.82 The analysis of larger sites is significant for several reasons. First, if these sites are viable to deliver then a significant proportion of new development in the Plan period will be viable. Second, this set of testing should bolster the findings of the High Level Testing and finally the results set a template for any further new sites that might come forward.
- 4.83 The analysis shows a generally buoyant picture of viability across the large sites. That being stated, residual value varies and in some instances the delivery of Affordable Housing will be challenging. This is most evident in the case of the site North of Cotmanhay (mainly a location issue) and in the case of South Stanton (an issue of site clearance costs).
- 4.84 Clearly, the best way to maximise the delivery of Affordable Housing and other community benefits is by allocating development in the areas which have the strongest viability; the emerging sites look as though they will deliver Affordable Housing up to around 50%.
- 4.85 It should be recognised that any site specific appraisal reflects information available at the time, and during site specific negotiations further data will be likely to emerge which may change the circumstances of viability. It is also recommended that when these sites are negotiated, a cash-flow appraisal is undertaken, using projections of best estimate revenues and costs.

5 SMALL SITES AND THE AFFORDABLE HOUSING THRESHOLD

- 5.1 To analyse small sites was not a remit of this work. It is understood that the Council do not at this stage wish to reduce the trigger or threshold for Affordable Housing. However small sites do provide a strong opportunity to deliver community benefits either through local Affordable Housing and/or through commuted sums and it is hence important to comment generally.
- 5.2 In this respect, the case for a very low threshold can easily be made on viability grounds. This is because the viability of development has very little to do with scale of scheme and everything to do with location. Nationally schemes of one unit deliver Section 106 contributions in London and the

South East, whilst in the Midlands and the North very large schemes are not delivered because they do not stack up.

- 5.3 Decanting this point to Erewash, it is certain that smaller sites in rural areas would prove viable as the gap between GDV and development costs is high; furthermore, because existing use values are often very low. This is in contrast to large urban sites where high levels of Section 106 are sought, and, which prove a challenge anyway as they are in lower value areas.
- 5.4 Shifting the burden of delivery, albeit in a relatively modest way, might help to significantly alleviate the task of delivering Affordable Housing and other Section 106 items across the Borough. Indeed, where the current large sites do not deliver, then a different approach to site allocation, focused more on the higher value areas, might overcome the challenges facing the Borough. Despite the fact that the large sites should be delivered, this report is a desk top exercise, and cannot take the place of decision making in the minds of the site promoters.
- 5.5 Small sites however do present specific viability issues. This is particularly evident with schemes involving demolition and schemes involving conversion. In some instances these schemes are exempted from a Section 106 policy on small sites. To decide how and where this happens is a matter for detailed analysis and it is recommended that the Council undertake this work if Section 106 delivery is to be maximized.

CHAPTER 6 – BENCHMARKING AND VIABILITY

Background

- 6.1 There is no detailed guidance for England and Wales setting out how affordable targets should be assessed, based on an analysis of viability. The (now quite historic) Harman guidance provides a helpful framework for developing policy, but this is not ‘step-by-step’ and does not provide specific information in relation to land owner return.
- 6.2 The (Harman) guidance does support the approach set out in Chapter 2 of this report; i.e. an EUV ‘Plus’ approach and sets out reservations about the ‘market value’ approach adopted at one time in the RICS Planning and

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Viability paper. The Harman guidance is helpful in identifying situations where alternative use values (AUVs) might be adopted in lieu of EUVs. It places emphasis on setting land value benchmarks in the local context.

- 6.3 All guidance available is clear that residual value for a scheme must be higher than the LVB (Land Value Benchmark). Where the LVB is higher than the residual value (RV), then schemes are in principle, unviable.

National Planning Policy Guidance

- 6.4 The Revised NPPG sets out the framework for defining land value benchmark. The guidance asks:

‘What factors should be considered to establish benchmark land value?’

Benchmark land value should:

be based upon existing use value

allow for a premium to landowners (including equity resulting from those building their own homes)

reflect the implications of abnormal costs; site-specific infrastructure costs; and professional site fees

Viability assessments should be undertaken using benchmark land values derived in accordance with this guidance. Existing use value should be informed by market evidence of current uses, costs and values. Market evidence can also be used as a cross-check of benchmark land value but should not be used in place of benchmark land value. There may be a divergence between benchmark land values and market evidence; and plan makers should be aware that this could be due to different assumptions and methodologies used by individual developers, site promoters and landowners.’

- 6.5 It asks further:

‘What is meant by existing use value in viability assessment?’

Existing use value (EUV) is the first component of calculating benchmark land value. EUV is the value of the land in its existing use. Existing use value is

not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types. EUV can be established in collaboration between plan makers, developers and landowners by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield (excluding any hope value for development).

Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agent websites; property auction results; valuation office agency data; public sector estate/property teams' locally held evidence.

How should the premium to the landowner be defined for viability assessment?

The premium (or the 'plus' in EUV+) is the second component of benchmark land value. It is the amount above existing use value (EUV) that goes to the landowner. The premium should provide a reasonable incentive for a land owner to bring forward land for development while allowing a sufficient contribution to fully comply with policy requirements.

Plan makers should establish a reasonable premium to the landowner for the purpose of assessing the viability of their plan. This will be an iterative process informed by professional judgement and must be based upon the best available evidence informed by cross sector collaboration. Market evidence can include benchmark land values from other viability assessments. Land transactions can be used but only as a cross check to the other evidence. Any data used should reasonably identify any adjustments necessary to reflect the cost of policy compliance (including for affordable housing), or differences in the quality of land, site scale, market performance of different building use types and reasonable expectations of local landowners. Policy compliance means that the development complies fully with up to date plan policies including any policy requirements for contributions towards affordable housing requirements at the relevant levels set out in the plan. A decision maker can give appropriate weight to emerging

policies. Local authorities can request data on the price paid for land (or the price expected to be paid through an option or promotion agreement).'

Wider Benchmarks

- 6.6 There are a number of land value benchmarks which can be drawn on, to help set the figure for any given local authority area. In this wider context, the DCLG's study on The Cumulative Impact of Policy Requirements (2011), although older now, suggested that a figure of £100,000 to £150,000 per gross acre (£247,000 to £370,500 per gross hectare) was a reasonable benchmark for green field land.

6.7 Further benchmarks were set out in the government's 'Land value estimates for policy appraisal 2019'

Source: <https://www.gov.uk/government/publications/land-value-estimates-for-policy-appraisal-2019>

Table 6.1 sets out the values for the East Midlands and Erewash BC in particular:

Table 6.1 Land Value Benchmarks

Residential Land		
April 2019		
Region	Local Authority	£/ha
East Midlands	Amber Valley	£550,000
East Midlands	Ashfield	£400,000
East Midlands	Bassetlaw	£680,000
East Midlands	Blaby	£2,150,000
East Midlands	Bolsover	£370,000
East Midlands	Boston	£500,000
East Midlands	Broxtowe	£1,200,000
East Midlands	Charnwood	£1,370,000
East Midlands	Chesterfield	£970,000
East Midlands	Corby	£620,000
East Midlands	Daventry	£1,880,000
East Midlands	Derby	£1,000,000
East Midlands	Derbyshire Dales	£2,100,000
East Midlands	East Northamptonshire	£1,100,000
East Midlands	Erewash	£370,000
East Midlands	Gedling	£550,000
East Midlands	Harborough	£2,650,000
East Midlands	High Peak	£1,100,000
East Midlands	Hinckley and Bosworth	£1,530,000
East Midlands	Kettering	£1,350,000
East Midlands	Leicester	£1,460,000
East Midlands	Lincoln	£1,200,000

East Midlands	Mansfield	£1,100,000
East Midlands	Melton	£950,000
East Midlands	Newark and Sherwood	£1,130,000
East Midlands	North East Derbyshire	£670,000
East Midlands	North West Leicestershire	£1,230,000
East Midlands	Northampton	£2,040,000
East Midlands	Nottingham	£1,200,000
East Midlands	Oadby and Wigston	£1,710,000
East Midlands	Rushcliffe	£1,700,000
East Midlands	Rutland	£2,000,000
East Midlands	South Derbyshire	£1,000,000
East Midlands	South Holland	£450,000
East Midlands	South Kesteven	£920,000
East Midlands	South Northamptonshire	£2,850,000

- 6.8 It is important to state that the values in the table are not discounted for Affordable Housing. At around 30% Affordable Housing in a local authority area like Erewash, this could (see the High Level Testing) reduce residual values by half. A reasonable benchmark would then seem to be around £200,000 per hectare.
- 6.9 Further, the interviews suggested a figure of £300,000 per acre as a benchmark. This equates to circa £750,000 per hectare.
- 6.10 Given that this may reflect an element of hope value, it is assumed that, all considered, a LVB of circa £500,000 is appropriate for the Borough as a whole.
- 6.11 It is then helpful to adjust this figure by reference to differences in sub markets. This is done in the table below:

Table 6.2 Adjusted land value benchmarks

30 DPH			
Sub Markets	20% AH	LVB Adjusted	Say
Rural West and Central	£2.68		
	216	£1,080,645	£1,000,000
Derby Fringe	£1.39		
	112	£560,484	£600,000
Long Eaton, Sandiacre & Sawley	£1.24		
	100	£500,000	£500,000
Kirk Hallam and Stanton	£0.82		
	66	£330,645	£350,000
Ilkeston, Little Hallam & Cotmanhay	£0.19		
	15	£76,613	£75,000

Application of LVBs to results

High Level Testing

6.12 Shown below is the viable position with respect to the High Level Testing (Table 6.3):

Table 6.3 High Level Testing – What is viable and what is not

30 DPH	Affordable Housing Percentages					
Sub Markets	0%	10%	20%	30%	40%	50%
Rural West and Central	£3.61	£3.03	£2.46	£1.89	£1.32	£0.75
Derby Fringe	£1.99	£1.58	£1.18	£0.76	£0.35	-£0.06
Long Eaton, Sandiacre & Sawley	£1.80	£1.41	£1.02	£0.63	£0.24	-£0.15
Kirk Hallam and Stanton	£1.29	£0.95	£0.61	£0.27	£0.27	-£0.41
Ilkeston, Little Hallam & Cotmanhay	£0.40	£0.15	-£0.10	-£0.35	-£0.60	-£0.85
40 DPH	Affordable Housing Percentages					
Sub Markets	0%	10%	20%	30%	40%	50%
Rural West and Central	£3.95	£3.31	£2.67	£2.03	£1.40	£0.76
Derby Fringe	£2.03	£1.58	£1.14	£0.69	£0.25	-£0.20
Long Eaton, Sandiacre & Sawley	£1.81	£1.39	£0.96	£0.54	£0.12	-£0.31
Kirk Hallam and Stanton	£1.19	£0.83	£0.47	£0.10	-£0.26	-£0.62
Ilkeston, Little Hallam & Cotmanhay	£0.31	£0.04	-£0.24	-£0.51	-£0.79	-£1.06
50 DPH	Affordable Housing Percentages					
Sub Markets	0%	10%	20%	30%	40%	50%
Rural West and Central	£4.54	£3.80	£3.07	£2.33	£1.60	£0.87
Derby Fringe	£2.25	£1.74	£1.24	£0.73	£0.23	-£0.28
Long Eaton, Sandiacre & Sawley	£1.98	£1.51	£1.03	£0.55	£0.07	-£0.41
Kirk Hallam and Stanton	£1.26	£0.86	£0.45	£0.04	-£0.36	-£0.77
Ilkeston, Little Hallam & Cotmanhay	£0.05	-£0.23	-£0.52	-£0.80	-£1.21	-£1.37
80 DPH	Affordable Housing Percentages					
Sub Markets	0%	10%	20%	30%	40%	50%
Rural West and Central	£3.02	£2.49	£1.96	£1.43	£0.89	£0.36
Derby Fringe	£0.59	£0.30	£0.02	-£0.27	-£0.56	-£0.85
Long Eaton, Sandiacre & Sawley	£0.20	-£0.05	-£0.20	-£0.54	-£0.79	-£1.04
Kirk Hallam and Stanton	-£0.39	-£0.58	-£0.77	-£0.96	-£1.15	-£1.34
Ilkeston, Little Hallam & Cotmanhay	-£1.58	-£1.65	-£1.73	-£1.79	-£1.87	-£1.94

- 6.13 Table 6.3 shows that at lower densities – 30 and 40 dph most scenarios are viable. Apart from the weakest sub market, Affordable Housing should be delivered at between 20% and 30% Affordable Housing. This analysis makes provision for £5,000 per unit of other Section 106.
- 6.14 Erewash is not a location where higher density is likely to work very well. The market is largely sub urban and rural which means that flat development does not generate significant premiums. That being said, in higher value areas, higher density does work, and is viable, and will deliver Section 106 including Affordable Housing.

Large site analysis

- 6.15 Table 6.4 sets out the results of large site analysis.

Table 6.4 Large site analysis and results

South West of Kirk Hallam								
% Affordable Housing	Residual Value	Dwellings	Ha	EUV per Ha	EUV for Site	Multiple RV to EUV	LVB	RV per Ha
0	£17,616,000	1000	33	£20,000	£660,000	27	£350,000	£533,818
10	£11,374,000	1000	33	£20,000	£660,000	17	£350,000	£344,667
20	£5,134,000	1000	33	£20,000	£660,000	8	£350,000	£155,576
30	-£1,106,000	1000	33	£20,000	£660,000	-2	£350,000	-£33,515
40	-£7,347,000	1000	33	£20,000	£660,000	-11	£350,000	-£222,636
North of Spondon								
% Affordable Housing	Residual Value	Dwellings	Ha	EUV per Ha	EUV for Site	Multiple RV to EUV	LVB	RV per Ha
0	£15,066,000	237	7	£20,000	£140,000	108	£600,000	£2,152,286
10	£11,905,000	237	7	£20,000	£140,000	85	£600,000	£1,700,714
20	£8,743,000	237	7	£20,000	£140,000	62	£600,000	£1,249,000
30	£5,582,000	237	7	£20,000	£140,000	40	£600,000	£797,429
40	£2,420,000	237	7	£20,000	£140,000	17	£600,000	£345,714
North of Cotmanhay								
% Affordable Housing	Residual Value	Dwellings	Ha	EUV per Ha	EUV for Site	Multiple RV to EUV	LVB	RV per Ha
0	£803,000	200	7	£20,000	£140,000	6	£75,000	£114,714
5	-£15,000	200	7	£20,000	£140,000	-0	£75,000	-£2,143
10	-£834,000	200	7	£20,000	£140,000	-6	£75,000	-£119,143
15	-£1,652,000	200	7	£20,000	£140,000	-12	£75,000	-£236,000
Acorn Way								
% Affordable Housing	Residual Value	Dwellings	Ha	EUV per Ha	EUV for Site	Multiple RV to EUV	LVB	RV per Ha
0	£38,849,000	600	20	£20,000	£400,000	97	£600,000	£1,942,450
10	£30,788,000	600	20	£20,000	£400,000	77	£600,000	£1,539,400
20	£22,726,000	600	20	£20,000	£400,000	57	£600,000	£1,136,300
30	£14,655,000	600	20	£20,000	£400,000	37	£600,000	£732,750
40	£6,602,000	600	20	£20,000	£400,000	17	£600,000	£330,100

South Stanton								
% Affordable Housing	Residual Value	Dwellings	Ha	EUV per Ha	EUV for Site	Multiple RV to EUV	LVB	RV per Ha
0	£25,937,000	1000	33	£20,000	£660,000	39	£350,000	£785,970
10	£14,840,000	1000	33	£20,000	£660,000	22	£350,000	£449,697
20	£3,742,000	1000	33	£20,000	£660,000	6	£350,000	£113,394
30	-£7,356,000	1000	33	£20,000	£660,000	-11	£350,000	-£222,909
Cloudside, Stapleford								
% Affordable Housing	Residual Value	Dwellings	Ha	EUV per Ha	EUV for Site	Multiple RV to EUV	LVB	RV per Ha
0	£10,040,000	180	6	£20,000	£120,000	84	£500,000	£1,673,333
10	£7,738,000	180	6	£20,000	£120,000	64	£500,000	£1,289,667
20	£5,434,000	180	6	£20,000	£120,000	45	£500,000	£905,667
30	£3,132,000	180	6	£20,000	£120,000	26	£500,000	£522,000
40	£828,000	180	6	£20,000	£120,000	7	£500,000	£138,000
Breadsall Hill Top								
% Affordable Housing	Residual Value	Dwellings	Ha	EUV per Ha	EUV for Site	Multiple RV to EUV	LVB	RV per Ha
0	£18,461,000	160	5.333	£20,000	£106,667	173	£1,000,000	£3,461,438
10	£15,460,000	160	5.333	£20,000	£106,667	145	£1,000,000	£2,898,750
20	£12,460,000	160	5.333	£20,000	£106,667	117	£1,000,000	£2,336,250
30	£9,458,000	160	5.333	£20,000	£106,667	89	£1,000,000	£1,773,375
40	£6,457,000	160	5.333	£20,000	£106,667	61	£1,000,000	£1,210,688
Beech Lane								
% Affordable Housing	Residual Value	Dwellings	Ha	EUV per Ha	EUV for Site	Multiple RV to EUV	LVB	RV per Ha
0	£10,441,000	90	3	£20,000	£60,000	174	£1,000,000	£3,480,333
10	£8,744,000	90	3	£20,000	£60,000	146	£1,000,000	£2,914,667
20	£7,047,000	90	3	£20,000	£60,000	117	£1,000,000	£2,349,000
30	£5,350,000	90	3	£20,000	£60,000	89	£1,000,000	£1,783,333
40	£3,653,000	90	3	£20,000	£60,000	61	£1,000,000	£1,217,667

High Lane, West Hallam								
% Affordable Housing	Residual Value	Dwellings	Ha	EUV per Ha	EUV for Site	Multiple RV to EUV	LVB	RV per Ha
0	£3,888,000	35	1.167	£20,000	£23,333	167	£1,000,000	£3,332,571
10	£3,243,000	35	1.167	£20,000	£23,333	139	£1,000,000	£2,779,714
20	£2,596,000	35	1.167	£20,000	£23,333	111	£1,000,000	£2,225,143
30	£1,950,000	35	1.167	£20,000	£23,333	84	£1,000,000	£1,671,429
40	£1,303,000	35	1.167	£20,000	£23,333	56	£1,000,000	£1,116,857
Heath Gardens, Breaston								
% Affordable Housing	Residual Value	Dwellings	Ha	EUV per Ha	EUV for Site	Multiple RV to EUV	LVB	RV per Ha
0	£5,712,000	50	1.667	£20,000	£33,333	171	£1,000,000	£3,427,200
10	£4,783,000	50	1.667	£20,000	£33,333	143	£1,000,000	£2,869,800
20	£3,855,000	50	1.667	£20,000	£33,333	116	£1,000,000	£2,313,000
30	£2,927,000	50	1.667	£20,000	£33,333	88	£1,000,000	£1,756,200
40	£1,998,000	50	1.667	£20,000	£33,333	60	£1,000,000	£1,198,800
South West of Draycott								
% Affordable Housing	Residual Value	Dwellings	Ha	EUV per Ha	EUV for Site	Multiple RV to EUV	LVB	RV per Ha
0	£21,865,000	190	6.333	£20,000	£126,667	173	£1,000,000	£3,452,368
10	£18,311,000	190	6.333	£20,000	£126,667	145	£1,000,000	£2,891,211
20	£14,757,000	190	6.333	£20,000	£126,667	117	£1,000,000	£2,330,053
30	£11,203,000	190	6.333	£20,000	£126,667	88	£1,000,000	£1,768,895
40	£7,648,000	190	6.333	£20,000	£126,667	60	£1,000,000	£1,207,579
West of Cole Lane								
% Affordable Housing	Residual Value	Dwellings	Ha	EUV per Ha	EUV for Site	Multiple RV to EUV	LVB	RV per Ha
0	£6,923,000	60	2	£20,000	£40,000	173	£1,000,000	£3,461,500
10	£5,798,000	60	2	£20,000	£40,000	145	£1,000,000	£2,899,000
20	£4,672,000	60	2	£20,000	£40,000	117	£1,000,000	£2,336,000
30	£3,547,000	60	2	£20,000	£40,000	89	£1,000,000	£1,773,500
40	£2,422,000	60	2	£20,000	£40,000	61	£1,000,000	£1,211,000
West of Borrowwash								
% Affordable Housing	Residual Value	Dwellings	Ha	EUV per Ha	EUV for Site	Multiple RV to EUV	LVB	RV per Ha
0	£113,890,000	280	9.333	£20,000	£186,667	610	£1,000,000	£12,202,500
10	£27,055,000	280	9.333	£20,000	£186,667	145	£1,000,000	£2,898,750
20	£21,803,000	280	9.333	£20,000	£186,667	117	£1,000,000	£2,336,036
30	£16,552,000	280	9.333	£20,000	£186,667	89	£1,000,000	£1,773,429
40	£11,300,000	280	9.333	£20,000	£186,667	61	£1,000,000	£1,210,714

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- 6.16 The table shows a robust viability for all the sites without exception of Cotmanhay here finely balanced and to a lesser extent, Stanton.
- 6.17 In the mid sub markets a 30% Affordable Housing targets is not unreasonable. For the emerging sites, falling within the Rural West and Central an Affordable Housing target of 50% is not unreasonable.

7 MAIN FINDINGS AND CONCLUSIONS

Main objectives

- 7.1 The principal objectives of this study have been to test the most significant aspects of viability which will provide a basis for the Council's policies over the Plan period. The Council require an up-to-date evidence base that will provide a justification for those policies.
- 7.2 The analysis carried out here is comprehensive and covers high level testing for residential development as well as larger residential development schemes.

Analysis – residential High Level Testing

- 7.3 High Level Testing is very important to the study as it provides a starting point for understanding what might be viable from any site being brought forward through planning. It provides a wider context for understanding the results from the analysis of large sites as well as for smaller and windfall sites.
- 7.4 The key factor driving residual value is location. Location is the key to understanding why Affordable Housing targets (all other things equal) should be varied across different settlements and rural areas.
- 7.5 The housing market across the Borough area is split broadly four ways between:
- Rural West and Central;
 - Derby Fringe and Long Eaton;
 - Kirk Hallam and Stanton;
 - Ilkeston
- 7.6 In terms of viability, RVs exceed green field existing use values by a very significant margin in most scenarios. As examples (10% Affordable Housing):
- Rural West and Central x 115;
- Derby Fringe x 110;
- Long Eaton x 108;

Kirk Hallam and Stanton x 104;

These multiples are based on agricultural value at circa £20,000 per hectare and 10% Affordable Housing contributions.

Key sites

- 7.7 Five key sites were assessed for viability.
- 7.8 These sites have significant infrastructure loadings; and this is particularly the case for SW Kirk Hallam and N of Cotmanhay. Despite these loadings the sites should prove viable to deliver. In the cases of South Stanton and N of Cotmanhay there are significant exceptional costs.
- 7.9 There is flexibility built in through the Affordable Housing negotiation process. The analysis suggests the following Affordable Housing targets are viable:

SW Kirk Hallam	20%;
N of Spondon	30%
N of Cotmanhay market)	5% (this would depend on an improving market)
Acorn Way	30%
South Stanton	10%
Cloudside, Stapleford	30%
Breadsall Hill Top	50%
Beech Lane	50%
High Lane, West Hallam	50%
Heath Gardens	50%
South West of Draycott	50%
West of Cole Lane	50%

West of Borrowash 50%

- 7.10 It should be recognised that any site specific appraisal reflects information available at the time, and during site specific negotiations further data will be likely to emerge which may change the circumstances of viability.

Small sites and the Affordable Housing threshold

- 7.11 Chapter 5 sets out the key issues around small sites, viability and Affordable Housing. Viability is not determined by scheme size, but by location, and if the Council are looking to maximize Section 106 contributions then it should consider further evidence in support of reducing Affordable Housing thresholds.

Appendix A Results – High Level Testing

30 DPH	Affordable Housing Percentages					
Sub Markets	0%	10%	20%	30%	40%	50%
Rural West and Central	£3.61	£3.03	£2.46	£1.89	£1.32	£0.75
Derby Fringe	£1.99	£1.58	£1.18	£0.76	£0.35	-£0.06
Long Eaton, Sandiacre & Sawley	£1.80	£1.41	£1.02	£0.63	£0.24	-£0.15
Kirk Hallam and Stanton	£1.29	£0.95	£0.61	£0.27	£0.27	-£0.41
Ilkeston, Little Hallam & Cotmanhay	£0.40	£0.15	-£0.10	-£0.35	-£0.60	-£0.85
40 DPH	Affordable Housing Percentages					
Sub Markets	0%	10%	20%	30%	40%	50%
Rural West and Central	£3.95	£3.31	£2.67	£2.03	£1.40	£0.76
Derby Fringe	£2.03	£1.58	£1.14	£0.69	£0.25	-£0.20
Long Eaton, Sandiacre & Sawley	£1.81	£1.39	£0.96	£0.54	£0.12	-£0.31
Kirk Hallam and Stanton	£1.19	£0.83	£0.47	£0.10	-£0.26	-£0.62
Ilkeston, Little Hallam & Cotmanhay	£0.31	£0.04	-£0.24	-£0.51	-£0.79	-£1.06
50 DPH	Affordable Housing Percentages					
Sub Markets	0%	10%	20%	30%	40%	50%
Rural West and Central	£4.54	£3.80	£3.07	£2.33	£1.60	£0.87
Derby Fringe	£2.25	£1.74	£1.24	£0.73	£0.23	-£0.28
Long Eaton, Sandiacre & Sawley	£1.98	£1.51	£1.03	£0.55	£0.07	-£0.41
Kirk Hallam and Stanton	£1.26	£0.86	£0.45	£0.04	-£0.36	-£0.77
Ilkeston, Little Hallam & Cotmanhay	£0.05	-£0.23	-£0.52	-£0.80	-£1.21	-£1.37
80 DPH	Affordable Housing Percentages					
Sub Markets	0%	10%	20%	30%	40%	50%
Rural West and Central	£3.02	£2.49	£1.96	£1.43	£0.89	£0.36
Derby Fringe	£0.59	£0.30	£0.02	-£0.27	-£0.56	-£0.85
Long Eaton, Sandiacre & Sawley	£0.20	-£0.05	-£0.20	-£0.54	-£0.79	-£1.04
Kirk Hallam and Stanton	-£0.39	-£0.58	-£0.77	-£0.96	-£1.15	-£1.34
Ilkeston, Little Hallam & Cotmanhay	-£1.58	-£1.65	-£1.73	-£1.79	-£1.87	-£1.94

Appendix B Development Appraisal Toolkit (DAT)

The Development Appraisal Toolkit (DAT) provides the user with an assessment of the economics of residential development. It allows the user to test the economic implications of different types and amounts of planning obligation and, in particular, the amount and mix of affordable housing. It uses a residual development appraisal approach which is the industry accepted approach in valuation practice.

The Toolkit compares the potential revenue from a site with the potential costs of development before a payment for land is made. In estimating the potential revenue, the income from selling dwellings in the market and the income from producing specific forms of affordable housing are considered. The estimates involve (1) assumptions about how the development process and the subsidy system operate and (2) assumptions about the values for specific inputs such as house prices and building costs. These assumptions are made explicit in the guidance notes. If the user has reason to believe that reality in specific cases differs from the assumptions used, the user may either take account of this in interpreting the results or may use different assumptions.

The main output of the Toolkit is the residual value. In practice, as shown in the diagram below, there is a 'gross' residual value and a 'net' residual value. The gross residual value is the total revenue that a scheme generates before Section 106 is required. Once Section 106 contributions have been taken into account, the scheme then has a net residual value, which is effectively the land owner's interest.

Appendix C Indicative new build house prices

Sub Markets	Settlements		Detached			Semis		Terraced		Flats	
		PCS	5 Bed	4 Bed	3 Bed	3 Bed	2 Bed	3 Bed	2 Bed	2 Bed	1 Bed
Rural West and Central	Little Eaton	DE21 5	£610,000	£535,000	£425,000	£340,000	£290,000	£320,000	£280,000	£210,000	£150,000
	Ockbrook; Borrowwash; Draycott; Breaston	DE72 3									
	West Hallam; Breadsall; Morley; Stanley	DE7 6									
Derby Fringe	North of Spondon	DE21 7	£500,000	£435,000	£350,000	£275,000	£230,000	£270,000	£225,000	£175,000	£120,000
Long Eaton, Sandiacre & Sawley	Long Eaton	NG10 4	£480,000	£425,000	£335,000	£270,000	£225,000	£245,000	£210,000	£170,000	£115,000
	New Sawley	NG10 3									
	Long Eaton	NG10 2									
	Long Eaton	NG10 1									
	Sandiacre; Long Eaton North	NG10 5									
Kirk Hallam and Stanton	Kirk Hallam and Stanton-by-Dale	DE7 4	£450,000	£385,000	£310,000	£250,000	£215,000	£230,000	£200,000	£160,000	£110,000
Ilkeston, Little Hallam & Cotmanhay	Ilkeston & Little Hallam	DE7 5	£380,000	£330,000	£270,000	£215,000	£180,000	£210,000	£175,000	£140,000	£100,000
	Cotmanhay and North Ilkeston	DE7 9									
	Cotmanhay and North Ilkeston	DE7 8									

Appendix D Density and development mix (percentages)

Dwelling Type	30 DpH
	%
2 Bed Terraces	15
3 Bed Semis	50
4 Bed Detached	25
5 Bed detached	10
	100

Appendix E Construction and development costs

Jul-23																
Results																
Add Rebase																
E/m2 study																
Description: Rate per m2 gross internal floor area for the building Cost including prelims.										Externals				Working Cost		Jan-25
Maximum age of results:																
Building function	£/m² gross internal floor area						Sample									
(Maximum age of projects)	Mean	Lowest	Lower quartiles	Median	Upper quartiles	Highest										
New build																
810.1 Estate housing																
Generally (15)	£1,475	£710	£1,258	£1,416	£1,614	£5,117	1,417									
Single storey (15)	£1,674	£989	£1,420	£1,622	£1,855	£5,117	235									
2-storey (15)	£1,420	£710	£1,229	£1,379	£1,552	£3,098	1,096		1.15		£1,585.85	£1,633	213	223	£1,710	
3-storey (15)	£1,545	£921	£1,294	£1,465	£1,755	£3,026	81									
4-storey or above (15)	£3,096	£1,509	£2,470	£2,758	£4,150	£4,595	5									
810.11 Estate housing detached (15)	£1,929	£1,075	£1,501	£1,664	£2,066	£5,117	21									
810.12 Estate housing semi detached																
Generally (15)	£1,483	£866	£1,268	£1,449	£1,616	£2,724	347									
Single storey (15)	£1,647	£1,064	£1,441	£1,630	£1,817	£2,724	79									
2-storey (15)	£1,434	£866	£1,259	£1,395	£1,569	£2,545	257									
3-storey (15)	£1,428	£1,084	£1,152	£1,415	£1,613	£2,087	11									
810.13 Estate housing terraced																
Generally (15)	£1,514	£893	£1,230	£1,416	£1,660	£4,595	242									
Single storey (15)	£1,734	£1,112	£1,439	£1,787	£1,999	£2,423	20									
2-storey (15)	£1,447	£893	£1,218	£1,383	£1,591	£3,098	183									
3-storey (15)	£1,570	£921	£1,269	£1,441	£1,788	£3,026	37									
816. Flats (apartments)																
Generally (15)	£1,732	£861	£1,438	£1,635	£1,950	£5,971	859									
1-2 storey (15)	£1,651	£1,024	£1,387	£1,560	£1,843	£3,399	185		1.15		£1,794	£1,848	213	223	£1,935	
3-5 storey (15)	£1,704	£861	£1,433	£1,628	£1,931	£3,640	575									
6 storey or above (15)	£2,056	£1,264	£1,683	£1,925	£2,203	£5,971	96									

Appendix F Affordable Housing revenue

Social Rent	£80,000													
Affordable Rent														
https://lha-direct.voa.gov.uk/Secure/SearchResults.aspx?LocalAuthorityId=205&LHACategory=999&Month=9&Year=2023&SearchPageParameters=true														
Rent per Week	£125													
Rent per Year	£6,500													
M and M (at 15%)	£5,525													
Yield	5													
YP	20													
Cap Value	£110,500													
Shared Ownership (At 70% of 3 Bed Semi at Long Eaton)	£154,000													
Average per Affordable Unit	£114,833													
Say	£115,000													

GLOSSARY OF TERMS

A

Abnormal Development Costs: Costs associated with difficult ground conditions e.g. contamination.

Affordable Housing: As defined in PPS3 as housing that includes Social Rented and Intermediate Affordable housing.

Affordable Rented Housing: Housing let at above Social Rented levels and up to 80% of Open Market Rent

Appraisal: development calculation taking into account scheme revenue and scheme cost and accounting for key variables such as house prices, development costs and developer profit.

B

Base Build Costs: including costs of construction: preliminaries, sub and superstructure; plus an allowance for external works.

C

Commuted Sum: a sum of money paid by the applicant in lieu of providing affordable housing on site.

Community Infrastructure Levy: A levy raised by local authorities from developers and land owners in order to cover the costs of providing infrastructure, where the form of provision can include physical, social and environmental infrastructure. The levy is charged on a per square metre basis across a range of development uses.

D

Developer's Profit or margin: a sum of money required by a developer to undertake the scheme in question. Profit or margin can be based on cost, development value; and be expressed in terms of net or gross level.

Developer Cost: all encompassing term including base build costs (see above) plus any additional costs incurred such as fees, finance and developer margin.

Development Economics: The assessment of key variables included within a development appraisal; principally items such as house prices, build costs and affordable housing revenue.

E

Existing Use Value (EUV): The value of a site in its current use; for example, farmland, industrial or commercial land.

F

Finance (developer): usually considered in two ways. Finance on the building process; and finance on the land. Relates to current market circumstances

G

Gross Development Value (GDV): the total revenue from the scheme. This may include housing as well as commercial revenue (in a mixed use scheme). It should include revenue from the sale of open market housing as well as the value of affordable units reflected in any payment by a housing association(s) to the developer.

I

Intermediate Affordable Housing: PPS3 Housing defines intermediate affordable housing as housing at prices and rents above those of social rent, but below market price or rents, and which meet the criteria set out above. These can include shared equity products (e.g. HomeBuy), other low cost homes for sale and intermediate rent.

L

Land Value: the actual amount paid for land taking into account the competition for sites. It should be distinguished from Residual Value (RV) which is the figure that indicates how much should be paid for a site.

Local Development Framework (LDF): a folder of planning documents encompassing DPDs (Development Plan Documents) and SPDs (Supplementary Planning Documents)

M

Market Housing: residential units sold into the open market at full market price to owner occupiers, and in some instances, property investors. Usually financed through a mortgage or through cash purchase in less frequent cases.

P

Planning Obligation: a contribution, either in kind or in financial terms which is necessary to mitigate the impacts of the proposed development. Affordable housing is a planning obligation as are, for example, education and open space contributions. (See Section 106)

Proportion or percentage of Affordable Housing: the proportion of the scheme given over to affordable housing. This can be expressed in terms of units, habitable rooms or floorspace

R

Residual Valuation: a key valuation approach to assessing how much should be paid for a site. The process relies on the deduction of development costs from development value. The difference is the resulting 'residue'

Residual Value (RV): the difference between Gross Development Value (GDV) and total scheme costs. Residual value provides an indication to the developer and/or land owner of what should be paid for a site. Should not be confused with land value (see above)

Registered Provider (RP): a housing association or a not for profit company registered with the Homes and Communities Agency and which provides affordable housing

S

Scheme: development proposed to be built. Can include a range of uses – housing, commercial or community, etc

Section 106 (of the Town and Country Planning Act 1990): This is a legally binding agreement between the parties to a development; typically the developer, housing association, local authority and/or land owner. The agreement runs with the land and binds subsequent purchasers. (See Planning Obligation)

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Shared Ownership (SO): Also known as a product as 'New Build HomeBuy'. From a developer or land owner's perspective SO provides two revenue streams: to the housing association as a fixed purchase sum on part of the value of the unit; and on the rental stream. Rent charged on the rental element is normally lower than the prevailing interest rate, making this product more affordable than home ownership.

Social Rented Housing (SR): Rented housing owned and managed by local authorities and registered social landlords, for which guideline target rents are SET through the national rent regime.

Sub Markets: Areas defined in the Viability Study by reference to house price differentials. Areas defined by reference to postcode sectors, or amalgams thereof.

Supplementary Planning Document (SPD): planning documents that provide specific policy guidance on e.g. affordable housing, open space, planning obligations generally. These documents expand policies typically set out in Local Plans and LDFs.

T

Target: Affordable housing target. Sets the requirement for the affordable housing contribution. If say 30% on a scheme of 100 units, 30 must be affordable (if viable).

Tenure Mix: development schemes usually comprise a range of housing tenures. These are described above including market and affordable housing.

Threshold: the trigger point which activates an affordable housing contribution. If a threshold is set at say 15 units, then no contribution is payable with a scheme of 14, but is payable with a scheme of 15. The appropriate affordable housing target is then applied at the 15 units, e.g. 20%, or 30%.

V

Viability: financial variable that determines whether a scheme progresses or not. For a scheme to be viable, there must be a reasonable developer and

land owner return. Scale of land owner return depends on the planning process itself.

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