

# Longcar Lane Appendix 1



**BARNSELEY**  
Metropolitan Borough Council

**VIABILITY REPORT  
FOR THE DEVELOPMENT  
OF 32 DWELLINGS WITH ASSOCIATED  
PARKING / GARAGES & ASSOCIATED  
ROADS AND SERVICES**

**Longcar Lane**

**Barnsley**

**S70 6BB**

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## **1. INTRODUCTION**

- 1.1 The purpose of this report is to inform the business case and assess scheme viability for the redevelopment of the former Longcar Professional Development Centre (Longcar PDC), Longcar Lane, with a mix tenure housing scheme. The report will also be issued as the evidence base in support of a cabinet report to seek approval for the scheme and the allocation of funds
- 1.2 Outline planning permission has been granted for the site (planning ref: 2015/1277). This secures the development in principle for 32 units, access arrangements, scale and layout with all other matters being reserved. The proposed mix of 30 no. semi - detached units and 2 no. detached units is as follows:
  - 6no. 2 storey, 2 bedroom houses
  - 16no. 2 storey, 3 bedroom houses
  - 10no. 3 storey, 4 bedroom houses
- 1.3 The proposed tenure mix includes for the provision of 4no. houses being made available for use as affordable homes in line with the councils Core Strategy Policy 15 (CSP 15).
- 1.5 The viability report has used the HCA's Development Appraisal Toolkit (Version 4.02) for calculating the residual land value for the scheme.

## **2. SUBJECT SITE**

### **2.1 Location**

2.1.1 The Longcar Lane site is situated just off Racecommon Road, a main feeder road into Barnsley Town Centre which is a short walk away. Properties within the immediate locality are predominantly residential varying in age; from the recently built Strata development to the north of the site on the opposite side of Longcar Lane; stone built terrace units from the turn of the 19<sup>th</sup> century are present to the east of the site along Longcar lane; and brick and render 1930's semi-detached units to the rear and west of the site along Racecommon Road.

The Strata development to the north of the site incorporates a large area of public open space which acts as a buffer between Longcar lane and the development, and provides for a pleasant vista to those units which will form the frontage to the proposed development along Longcar Lane.

### **3. Description**

3.1.1 The site was previously occupied by former school buildings that, until recently, were used as a training centre known as Longcar Professional Development Centre. The site extends to approximately 2.18 acres (0.87 ha).

3.1.2 Following the training centre closure the property became surplus to requirements and was earmarked for disposal by BMBC Asset's. The property was marketed for potential development opportunity, but limited interested was shown from prospective developers and as a result it was agreed that the councils Housing Growth Service take the site forward for re-development on a mix tenure basis.

3.1.3 All buildings on the site were demolished in November/December 2015 following approval of planning application 2015/1014. The site currently lies vacant and secure with areas of hardstanding and grassland. Levels of areas affected by the demolition process have been regulated utilising material following the demolition of existing buildings.

3.1.3 The site gently slopes from south west to north east with retaining walls of varying condition supporting adjoining gardens along the southern boundary of the site. There are small clusters of vegetation to the boundaries with one tree along the boundary with Longcar Lane being identified as having visual amenity merit requiring retention. The site has good access off Longcar Lane.

3.1.4 The Viability Report has used the following information as a basis:

1. A site layout plan and house type plan submitted and approved as part of planning ref: 2015/1277
2. Actual incurred demolition costs.
3. Build cost and risk pricing information from recent information received from the District Valuation Office.

Other information relating to the proposal has been obtained from NPS and BMBC Asset Management.

### 3. DEVELOPMENT APPRAISAL

3.1 Gross Development Value		£
Open Market		
3.1.1	2no. 2 Bed semi – detached	240,000
3.1.2	16no. 3 Bed semi – detached	2,480,000
3.1.3	10no. 4 Bed semi – detached	1,850,000
		<hr/>
		<b>4,570,000</b>
Affordable Housing		
3.1.5	4no. 2 Bed semi – detached	240,000
		<hr/>
<b>Total Sales</b>		<b>4,810,000</b>
3.2 Development Costs		
3.2.1	Construction costs	
	30,500 sqft @ £84 per sq ft	2,550,199
3.2.2	Contingency (4%)	102,008
3.2.3	Demolition & site clearance (inc. slab/cellar removal)	77,000
3.2.4	External works (Roads/sewers including alterations) (PC sum)	373,344
3.2.5	Utilities/Service connections	80,000
3.2.6	Plot Externals – Boundaries / Landscaping	128,000
3.2.7	Professional Fees (Architect/QS/Employesr Agent inc. planning fess)	204,016
3.2.8	Abnormals (retaining walls)	128,000
3.2.10	Planning gain (P.O.S. & Education)	109,770
3.2.11	NHBC Fees	32,000
3.2.12	Legals on sales @ £500 a dwelling	14,000
3.2.7	Sales/marketing costs @ 1% of revenues + £20K show home fit out	65,700
		<hr/>
<b>TOTAL DIRECT COSTS</b>		<b>£3,864,037</b>

### 3.3 Finance & Acquisition Costs

3.3.1	Land Payment (trigger for payment TBC)	424,273
3.3.3	Finance interest @ 3.0% (2 year)	110,916
		<hr/>
	<b>TOTAL FINANCE &amp; ACQUISITION COSTS</b>	<b>£535,189</b>

### 3.4 Development Profit

3.4.1	@ 8.5% GDV for Market Housing Units	410,774
		<hr/>
	<b>TOTAL OPERATING PROFIT</b>	<b>£410,774</b>
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	<b>TOTAL COST</b>	<b>£4,810,000</b>

### 3.5 Super Profit

3.5.1	Difference between total development cost and total sales	£0
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## 4. Viability Appraisal Inputs

4.1 This section of the report provides a detailed overview of each of the appraisal assumptions.

### 4.2 Gross Development Value

The estimated sale prices have been calculated based on sales values currently being achieved on comparable new build developments in the South Barnsley and Worsborough housing submarket. Appendix 4 provides detail of the developments which were utilised to inform the market housing sales valuations.

The market housing prices have been calculated as follows:

2 Bed semi-detached :	800 sq ft @ £146 psf :	£120,000
3 Bed semi-detached :	950 sq ft @ £163 psf :	£155,000
4 Bed semi-detached :	1,050 sq ft @ £176 psf :	£185,000

The affordable housing prices have been calculated having regard to 2015 Affordable Housing Transfer Prices for the borough and are as follows:

2 Bed semi-detached :	800 sq ft @ £75 psf :	£60,000
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#### 4.3 Development Costs

The development costs have been calculated utilising the BCIS data and knowledge of recent tender prices in Barnsley as well as District Valuation Office figures

#### 4.4 Contingency

An allowance of 4% of the construction costs as a contingency which is typical allowance for a project of this type.

#### 4.5 Professional Fees

This has been included at 8% of standard build costs and includes Quantity Surveyor, Architect, Employers Agent and planning fees..

#### 4.6 Selling Legal Fees

A charge of £500 per unit has been applied for legal fees associated with the disposal of the open market sale units, which is considered a realistic allowance for the conveyancing.

#### 4.7 Sales/marketing Costs

An allowance of 1% of GDV for sales and marketing, with an additional sum of £20,000 being allowed for the decoration and furnishing of the marketing suite.

#### 4.8 Development Profit

Allowance for a developer's profit of 8.54% of the gross development value for market homes has been applied which is deemed an acceptable return for risk.

#### 4.9 Finance

A finance charge of 3% of the development costs other than the selling fees. This assumes a development period of 2 years and a sales rate of 1.16 open market units per month.

#### 4.10 Land Value

The development can be delivered with a land value payment assumed to be paid upfront of £424,273 which is £13,259 per open market home. Deferring the land payment would improve cash flow and viability.

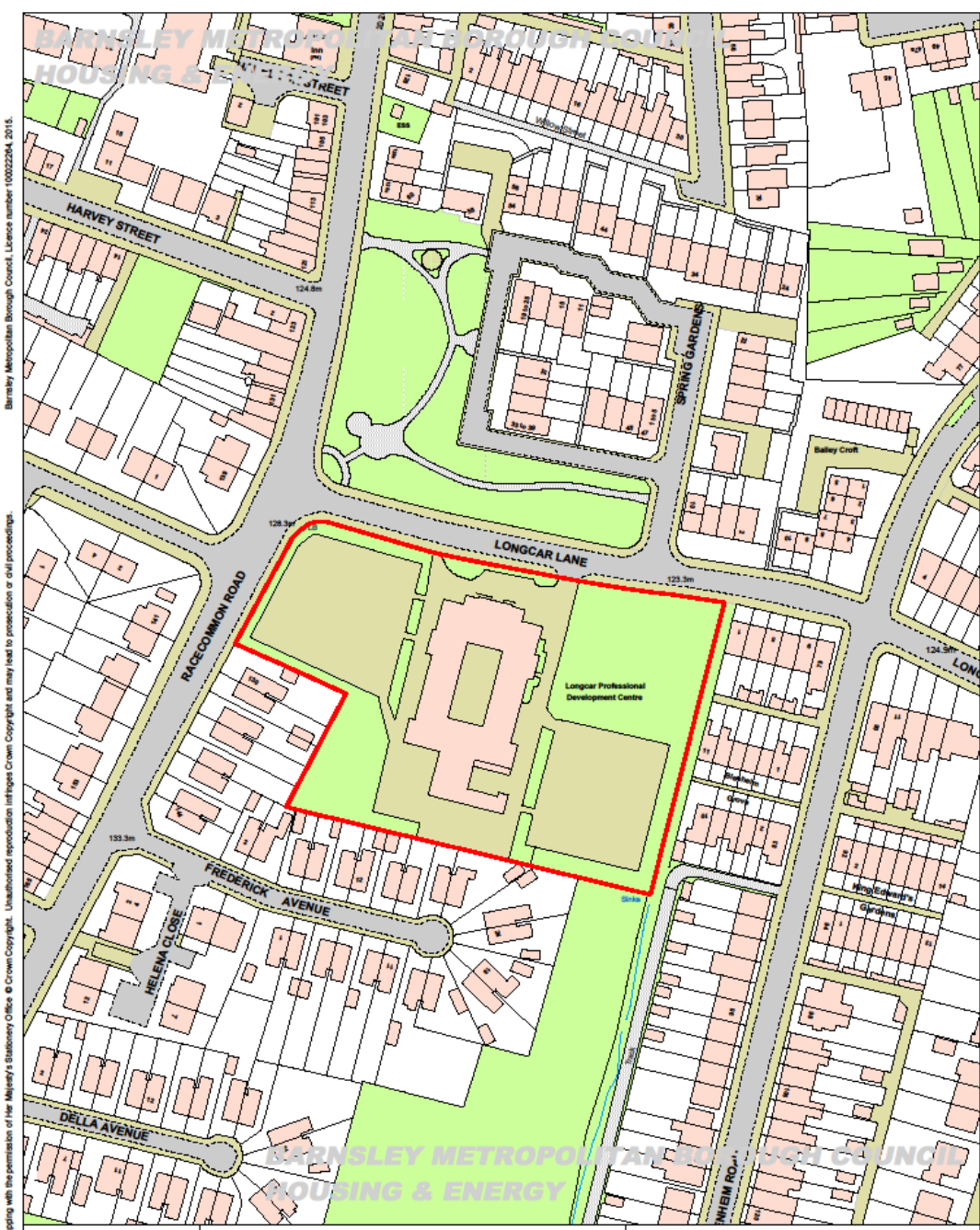
### 5. SENSITIVITY TESTING

In order to fully understand the extent to which variations in costs and revenues which may be encountered throughout the development process, it is essential to recognise the impact these variations will have up on the overall scheme viability. It has therefore been necessary to complete two additional viability impact assessment's; one which captures the impact of an in an increase by 5% in construction costs and one which assesses the impact of a reduction in sales values by 5% from those anticipated In both scenarios the scheme still generates a positive land value of c. £425,000. However, in order to maintain this level of land value it has been necessary to reduce the developer profit from 8.54% to 4-5.2% (£183,260 - £247,715). This level of developer profit for risk associated with spec built open market housing is significantly below industry accepted standards.



## **6. CONCLUSION**

- 6.1 The Longcar Lane development site is situated in a popular, sustainable, residential area of Barnsley and close to Town Centre amenities
- 6.2 The viability report confirmed that the scheme is viable with a mix of house types and tenures including 15% affordable units.
- 6.3 Sensitivity tests show that the scheme is viable (albeit at a reduced profit margin which may be perceived as unacceptable) if construction costs increase by 5% or revenue/sales values decrease by 5%. However, if both the negative impact of increased build costs were combined with reduced revenues/sales values the scheme would generate no profit margin and a reduce land value is also likely to be incurred rendering the scheme un-viable.
- 6.4 A land value payment of £424,273 has been accessed by estates as acceptable considering the type, scale and quality of the housing development which is to be delivered.
- 6.5 At the point of preparing this viability appraisal review a number of costs associated with the development have yet to be fully established and a number of assumptions have been made.
- 6.6 If BMBC were to develop the site then further commissions should be considered in order to fully establish all cost and revenue implications and these are summarised as follows:
  - Phase 2 site investigation – ascertain ground condition constraints, drainage considerations, level/retaining structure requirements
  - Cost consultant/ Employers Agent – advise with regards cost effective design proposals and provide accurate build cost projections.
  - Sales and Rental Valuation Report – advise in respect of sales and revenue assumptions which can be attributed to the development





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Scale 1: 1,000 	Project: Affordable Housing	 <b>BARNLSLEY</b> Metropolitan Borough Council
Drawn by: ES Dwg No: 001 Date: 30/04/2015	Drawing: Longcar Lane Site, Barnsley	<b>PLACE</b> Executive Director: Matt Gladstone Barnsley MBC, PO Box 634, Barnsley S70 9GG Tel: (01226) 787537



- A 138/15 CS Terraces removed. Mix revised.
- B 145/15 CS Redesigned to avoid three storey properties to rear of site. Road changed to shared surface.
- C 9/0/15 CS Mix revised.
- D 6/1/16 CS Dimensions added.
- E 7/1/16 CS Parking to plots 2 and 3 revised.



Schedule of accommodation

Reference accommodation	number
A	5
A1	1
A2	0
B	16
C	0
D	10
	32

project  
**Longcar Lane**  
 drawing title  
**Site layout**  
 drawing number  
**3382(1)002 E**  
 scale drawn/Checked date  
 CS / CS 27/07/2015  
**West + Machell**  
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Scale: 1:250