# Affordable Housing Development [Viability] Appraisal Refresh Study, March 2024	Rotherham Metropolitan Borough Council
This report presents the findings of a Refresh Study on Development Viability Appraisal conducted to support RMBC's current affordable housing and other planning policy requirements arising from new residential development as set out in its adopted Local Plan.	Professor Stephen Walker

EXECUTIVE SUMMARY

Purpose

- This is a refresh study appraising development viability in Rotherham Metropolitan Borough Council planning authority in September 2023 focusing on the impact of delivering the Council's extant affordable housing policy requirements and other mitigation measures and costs arising from new housing development secured through planning obligations.

- It presents the findings of appraising 32 sites, which were selected to represent the pool of sites located across Rotherham's six housing market areas that the planning authority has identified and allocated in its recently adopted Local Plan [see Tables 2.3 to 2.8]. 20 of these sites are green field sites and 12 are previously developed or "brown field" sites [see Table 2.1].

- All development appraisals are site-based which implicitly take into account site-specific factors that influence their development potential, the local market context, the sites' conditions, and the planning authority's extant planning and housing policy requirement, all of which is in accordance with current national viability guidance.

- The study has made a critical examination of the principal variable inputs and assumptions applied in carrying out the development appraisals in order to evaluate and then confirm their suitability as being deliverable and thus viable [see Tables 3.1 to 3.4].

- As with other housing markets, the two most influential variable inputs affecting the residual land value estimates, namely house prices and build costs, have undergone a cycle of change over the last five or so years since the last viability studies in 2018/19. The balance of these changes, in today's terms, has determined the capacity of study sites to deliver all the necessary planning policy requirements without rendering them unviable [see Tables 3.5 and 3.8].

- The development appraisal methodology adopted is reasonably simple and straightforward – so long as one respects certain conventions. In that, the appraisal methodology is not a science, and is based on a number of assumptions set at a point in time [i.e., now]. Conditions can change and no two sites will be the same. So, a pragmatic approach to viability testing has been adopted based on sensible assumptions regarding inputs and a good appreciation of current market conditions locally.

- Viability is tested by comparing the generated land value estimate against a site's Benchmark Land Value [BMLV], which is a function of a site's existing use value inclusive of a premium. The latter is necessary to incentivise the present landowner to sell. However, neither the current land owner nor a prospective owner [e.g., a developer] should set an agreed sum [called a "price"] which ignores the market context, the site's conditions and crucially the known and declared planning and housing policy requirements that are set out in a planning authority's up-to-date adopted Local Plan.

What has been found?

Residual Land Value Estimates

- The generated residual land value estimates [RLVE] outputs for each site are presented in Tables 4.2 and 4.3. The appraisals cover an all-market scheme through to delivering

100% affordable housing provision. Figure 7 shows the RLVE position for full policy compliant schemes which includes 25% affordable housing provision, other planning mitigation requirements, chargeable CIL fees and any additional development costs in relation to a site's known site condition.

- 15 of the 32 sites record RLVEs of at least £500,000 per hectare while delivering full policy compliant schemes, inclusive of affordable housing; six of these sites are brownfield sites.

- The highest RLVE figure recorded is for the greenfield site H99 which is located in South East HMA at just under £1.27m/hectare; the equivalent for brownfield sites is H66 located in the South East HMA with a RLVE of just under £0.911m/hectare.

- The lowest RLVE figure recorded is for the greenfield site H19 which is located in the Dearne HMA at just under £0.29m/hectare; the equivalent for brownfield sites is a Windfall site located in the Town Centre HMA with a RLVE of just under £0.144m/hectare.

- Despite the fact that all of the brownfield sites are viable, their ability to enter their development pipeline is relatively weak, given the strong competitive edge of the greenfield sites. Many of these brownfield sites have been derelict or vacant and have remained undeveloped for a good number of years. One of the key risks associated with this site category is the additional costs[1] needed to get them to a point of being serviced sites. The externalities arising from their location reinforces their "trapped" position. The fact that RMBC has been able to promote new development on a number of other brownfield sites with the support Homes England funding is prescient.

Benchmark Land Value: Existing Use Values plus a Premium versus Residual Land Value Estimates

- The setting of a "premium" over and above the EUV is not unusual but it is not without some controversy and disagreement. Base values are only tenable so long as there is in place a measurable stream of rental income from an operational business and legitimate use based on a site's planning status [see Tables 4.4 and 4.5].

- **All of 20 greenfield sites** pass the viability test with ease; **with 15 sites being able to deliver at least 40% of their development as affordable dwellings** [see Table 4.6]**.** Crucially, this is substantially higher than RMBC's extant affordable housing policy position.

- **All 12 brownfield sites are viable** [see Table 4.7]; **with 7 sites being able to deliver at least 40% of their development as affordable dwellings.** Crucially, their relatively lower BMLVs are a reflection of the absence or limited guaranteed future rental flows and hence much lower EUVs; these lower BMLVs result in improving the viability status of these brownfield sites

What do the findings mean?

- Not only are **all of the 20 green field sites viable, many have the potential to deliver a substantially higher proportion of affordable housing than current policy demands**.

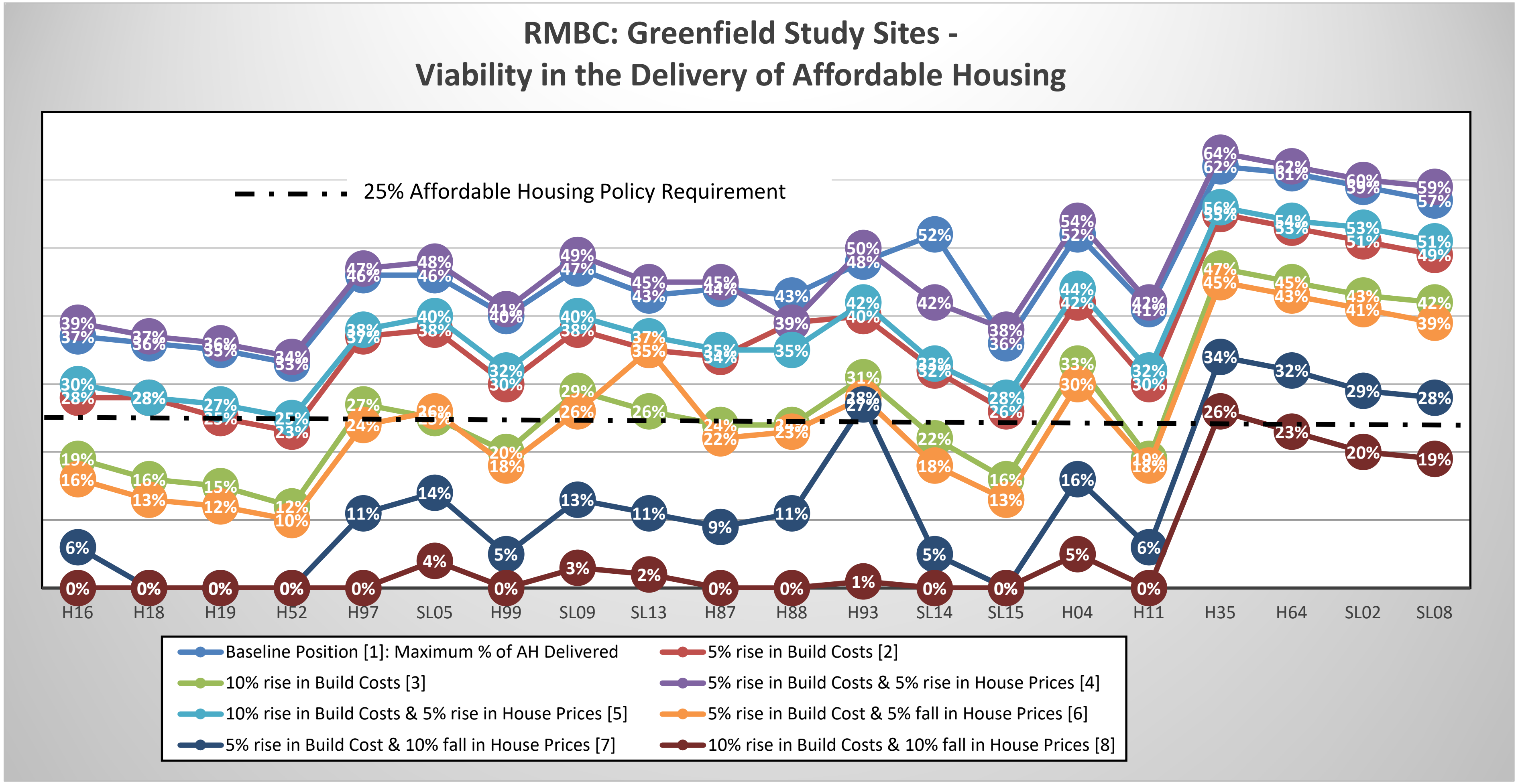
[1] The issue of abnormal costs is relevant here; see Appendix 3.

- Indeed, the **more buoyant sub-HMAs of South East, South West and Urban South** have the capacity to **deliver at least 35% of a site's capacity as affordable housing**.

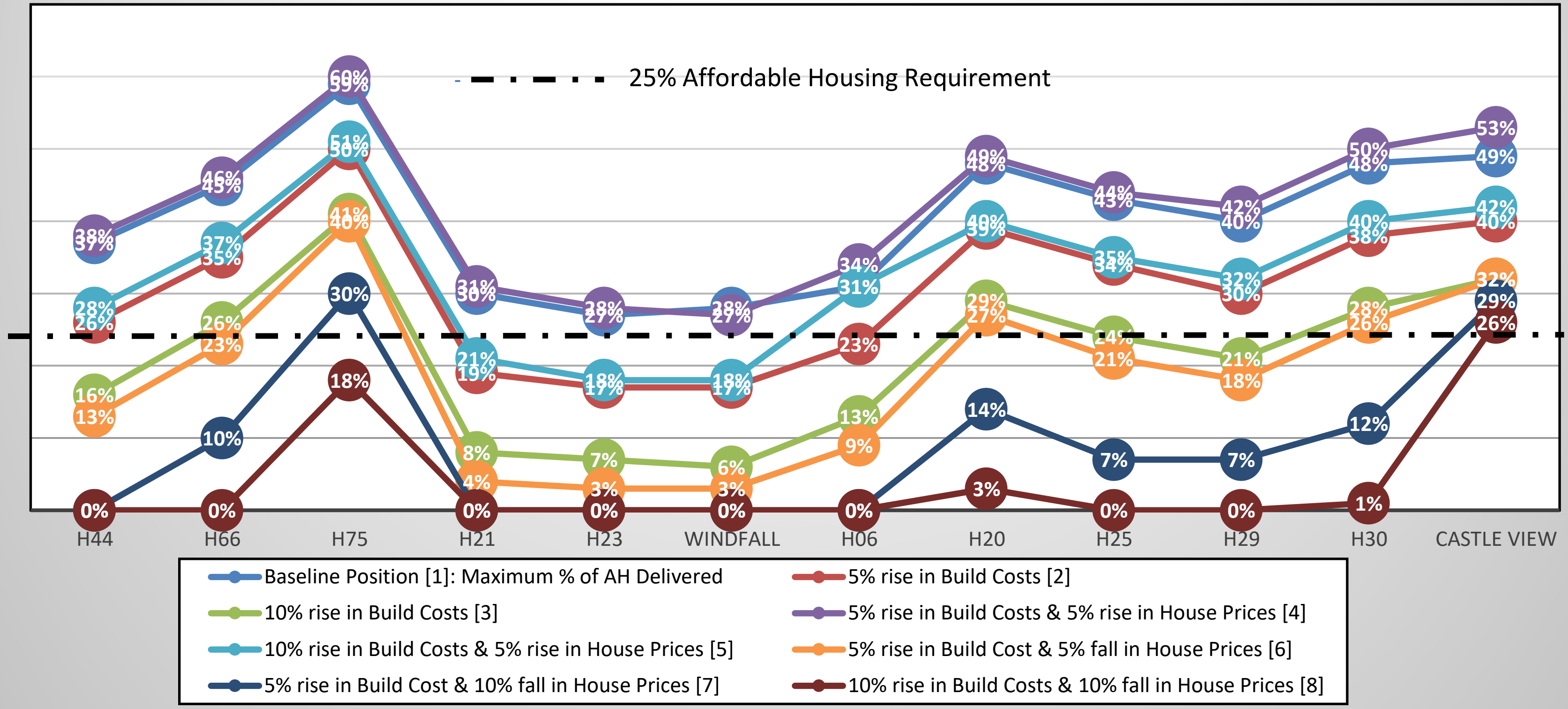
- The **weaker HMAs of Urban North and the Town Centre,** also contain the **majority of brownfield sites.** To promote new development in these locations and on this category of sites, adopting an alternative affordable housing policy requirement maybe be warranted, particularly to change the competitive terms of trade regarding the promotion of new development. The fact these sites in these locations have failed to enter the development pipeline is evidence that a new strategic approach is needed.

- **The continuing inclusion of these brownfield sites** in the adopted Sites and Policies Local Plan in meeting the planning authority's future housing land supply and delivery targets **shall need to be kept under close review**. For such brown field sites, the **policy position for RMBC will need to be much more tailored to their specific circumstances**; **the planning authority will need to be receptive to not only market conditions but how other complementary actions** might help deliver new development on these kinds of sites in the near future.

- Finally, it is essential that **any study of viability explicitly includes sensitivity analysis**. This is to enable understanding of the effects of primary market changes on the effective delivery of full policy compliant new development schemes. As such, results of **extensive sensitivity analysis are presented for all of the 32 study sites in the two tables displayed below** [see pp5-6]**.** As expected, many of the sites are vulnerable, especially to large changes in market conditions. It is vital that the RMBC, as the local planning authority, continue to monitor, on a regular basis, its local market and the actions of both landowners and developers, and any threats and opportunities arising from both endogenous and exogenous sources.


RMBC: Greenfield Study Sites -
Viability in the Delivery of Affordable Housing
25% Affordable Housing Policy Requirement
H16
H18
H19
H52
H97
SL05
H99
SL09
SL13
H87
H88
H93
SL14
SL15
H04
H11
H35
H64
SL02
SL08
Baseline Position [1]: Maximum % of AH Delivered
5% rise in Build Costs [2]
10% rise in Build Costs [3]
5% rise in Build Costs & 5% rise in House Prices [4]
10% rise in Build Costs & 5% rise in House Prices [5]
5% rise in Build Cost & 5% fall in House Prices [6]
5% rise in Build Cost & 10% fall in House Prices [7]
10% rise in Build Costs & 10% fall in House Prices [8]

RMBC: Previously Developed [Brownfield] Study Sites - Viability in the Delivery of Affordable Housing



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Section 1: Study Introduction

Preamble

This report presents the findings from a study involving the appraisal of development viability for Rotherham Metropolitan Borough Council [RMBC] planning authority which focuses on the impact of delivering the Council's affordable housing policy requirements and other mitigation costs arising from new housing development secured through developer contributions.

RMBC commissioned Professor Stephen Walker to carry out site-based development viability appraisals on **thirty-two sites** that have been drawn from the planning authority's adopted *Sites and Policies Local Plan* [RMBC 2018]. These sites were selected to represent the pool of new housing sites that the local planning authority [LPA] has allocated for new housing development. Importantly, these sites all have the potential to contribute directly to the delivery of the Local Plan's housing requirements as set out in the adopted *Core Strategy* [RMBC, 2014] and any subsequent updates.

Site-based development viability appraisals involve taking into account site-specific factors that influence their development potential and explicitly take account of the local market context; site conditions; and the LPA's extant planning and housing policy requirements [see DLUHC, 2023b].

General Context

The last study of development viability appraisals was conducted in 2018 and 2019 covering 27 sites; after public scrutiny the report was published in May 2020. This evidence has not only underpinned the efficacy of its planning policies in its adopted Local Plan, but has informed the generation of a number of published Supplementary Planning Documents in 2023, [see www.Rotherham.gov.uk/supplementaryplanningguidance].

It is clear, however, that current market conditions are now materially different from those in 2018/19 and this refresh study has an aim of reviewing and updating evidence so that the results of development viability appraisals can be relied upon to continue to inform and support the LPA's affordable housing policy and other planning policy requirements in the context of these different policy and local market conditions.

In liaison with RMBC officers, sites that have been subject to site-based development appraisal were selected from the pool of sites included in the *Sites and Policies Local Plan* [RMBC, 2018] but with a keen eye on the sites that had been appraised in the earlier studies. In particular, a number of so-called brownfield sites have been re-appraised. The final selection of sites necessarily includes a good mix of both greenfield and brownfield sites with a range of site capacities; in this study it was also decided to include seven safeguarded sites that may become available in the latter years of the extant Local Plan. This choice was made to ensure that the current Local Plan has a satisfactory and secure housing land supply[2] that is in accordance with current NPPF guidelines [DLUHC, 2023a].

This study involves a critical examination of the principal variable inputs and assumptions applied that had been used in the earlier studies. Vitally, the two most influential variable inputs affecting the land value estimates [i.e., the residual land valuations], house prices and build costs, have undergone a cycle of changes over the last 10 years or so. The balance of these

[2] Based on current position the Local Plan has over 10.63 years of housing land supply. The figures also show the increasing importance of the green field land sites in the second half of the current quinquennial [2017/18 to 2022/23] when over 65% of new dwellings is expected to be delivered on green field sites.

changes, in today's terms, will determine whether the selected study sites can deliver all the necessary policy requirements without rendering them unviable.

Importantly, the basis of the appraisals will draw on recently completed developments in Rotherham as well as on up-to-date data sourced from ONS New House Price Index, Hometrack and from the authoritative Royal Institution of Chartered Surveyors' Build Cost Information Services [BCIS, 2023] data sets.

Since the last study, the policy definition of affordable housing has undergone several changes and mutations, especially the introduction of new affordable housing products [i.e., First Homes]. The refresh study will also interpret how these changes affect, in particular, the transfer values[3] as well as the tenure types/mix that will be expected to be delivered on-site. The current version of NPPF [DLUHC, 2023a] reaffirms the policy position that small sites of less than 10 units are not required to deliver affordable housing. Thus, this refresh study only focuses on sites that are expected to deliver affordable housing in accordance with the LPA's extant planning, housing and other policies in its adopted Local Plan.

The current version of NPPF [DLUHC, 2023a], and its accompanying Planning Practice Guidance for Viability [DLUHC, 2023b], has clarified matters relating to land value and land price and how these not only differ but how they are interpreted in terms of contesting viability. As a result, the focus of this refresh study will be to verify whether the uplift multipliers [i.e., in the land value estimates] presented in the 2018/19 study are at least maintained in 2023 and to ensure that the generated LVEs can satisfy the current viability test threshold in relation to the sites' Benchmark Land Values that *"reflects a minimum return to incentivise a reasonable landowner to sell"*.

Developer Contributions, in the form of S106 legal agreements and Community Infrastructure Levy [CIL], were allocated two separate lines of costs in the appraisals. The council introduced its zonal CIL fee regime in April 2017, which for new residential development were initially set at £15/m^2 for Zones 3 and 4; £30/m2 for Zone 2; and £55/m^2 for Zone 1. Since then, the CIL rates have been uprated and in January 2023 the CIL rates were set at £18.12/m^2 in Zones 3 and 4; £37.63/m^2 in Zone 2; and £68.99/m^2 in Zone 1. In the previous study [2018/19] a sum of £8,890 per new dwelling had been allotted to these policy requirements. In today's prices, adjusted by the BCIS CIL Index, this is now set at £11,151.77 per new dwelling.

These two lines of cost have been explicitly cited in the overall costs of building out new development on the sites in this study. As there are three zonal CIL fee rates, their specific costs have been subtracted from the £11,151.77 per new dwelling, with the remaining sums allotted to mitigating the impacts of any needs directly arising from new development that are sought and secured through S106 legal agreements. Thus, the overall position is no different in real terms from the previous study, so that the combined CIL and S106 costs is now equivalent to £11,151.77 per new dwelling at today's prices [i.e., January 2023].

Importantly, there have been three other additional costs that these appraisals have included for the first time. Specifically, this cover costs in relation to:

a) Improving energy efficiency as part of Building Regulations Part L;

[3] The LPA has adopted a policy where First Homes shall represent 5%points of the Affordable Homes for Sale split, which shall be transferred at 70% of market prices [up to a specified maximum]; the residual being 6% points to be met as Affordable Homes for Sale [shared ownership], which shall be transferred at 80% of market prices. The other 14% points of affordable housing shall be for affordable/social rent.

b) The requirement that all new development deliver Biodiversity Net Gain Plus 10%, as expressed in the Environment Act 2021, which is expected to be mandatory from January 2024; and
c) Achieving zero-carbon homes as aspired in the Future Home Standard by 2025.

The costs of these measures are equivalent to an uplift in build costs of £8,000 per unit. This means that, at an average density of 37 units per hectare, nearly £0.3m/hectare has been explicitly allotted to these new policy demands.

The appraisal methodology applied is reasonably simple and straightforward – so long as one respects certain conventions. In that, the appraisal methodology is not a science, and is based on a number of key assumptions set at a point in time [i.e., now]. Conditions can change and no two sites are the same. So, a pragmatic approach to viability testing based on sensible assumptions, inputs and a good appreciation of what is currently happening in the local markets has been adopted. This means that the assumptions used in site-based development viability appraisals are dependent upon specific site scenarios, including site conditions, housing and planning policy requirements and local market context [i.e., especially prices and costs]. In this respect the appraisal methodology uses current costs and values, and this refresh study has sought to utilise the best and most up-to-date datasets available.

Finally, the logic of the appraisal methodology requires a developer's target rate of profit is set as an input. The previous study set this at a rate of 20% of gross development value [GDV] [or 25% on All Costs] for the market homes and a rate of 5.66% of GDV [or 6% on All Costs] for the affordable homes – the latter being a proxy of a contractor's rate of profit. Case Law as well as NPPF & Planning Practice Guidance [DLUHC, 2023a and 2023b] supports the application of differential profit rates, as they reflect different risk profiles of these tenures. It must also be recognized that as markets are subject to cyclical fluctuations – whether in terms of house prices or land values – so it shall not be too surprising to affirm that booked profits of the house-builders has recorded a similar cyclical pattern [see FAME (Financial Analysis Made Easy), 2024]. In the last three financial years, the major house-builders in the UK have been able to achieve super-normal profits – meaning that these are significantly higher than the assumed rates typically used in development appraisals! Evidence from FAME [2024] reveals the extent to which the booked profits of the major housebuilders have exceeded the assumed rate of profit applied in the appraisals presented in this refresh study. The major house-builders [in particular] are also able to benefit from significant economies of scale relative to the cost inputs based on average prices drawn from BCIS, which helps to further raise their booked profits. This position of super-normal profits must then be placed against situations where these same house-builders are contesting viability by seeking a reduction from a local planning authority's affordable housing policy requirement.

Given the current context, it is vital that the assumptions and the data inputs are carefully reviewed and selected so that the development appraisals can be relied upon and that the current policy position of the planning authority can be protected as far as practicable. There will always be certain site and market conditions where this will be absent; in these circumstances a flexible approach will need to be adopted by all parties in respect of these individual cases.

The rest of the report is structured as follows:

> **Section 2**: Summarises the site details for the **thirty-two sites** that were selected for the development viability appraisals.

Section 3: Sets out the approach taken in conducting site-based residential development viability appraisals and summarises the assumptions and inputs used to inform these appraisals. It also considers the changes in market conditions over the last 5 years or so [i.e., from 2019 to mid-2023] in terms of new house prices, build costs, housing delivery, provision of affordable housing and the impact of extant and new planning policy requirements, and possible site conditions on a site's worth or value.

Section 4: Sets out the study's main findings, including an in-depth consideration of viability testing and the setting of the Benchmark Land Values [BMLV] based on the study sites' existing use values and premiums.

Section 5: Makes recommendations to RMBC.

Section 2: Study Sites

This report contains viability appraisals of **32** residential development sites within Rotherham Metropolitan Borough Council (RMBC) area. These sites were selected to represent the pool of sites located across Rotherham's six housing market areas [HMA] that the planning authority has identified and allocated in the Council's adopted *Site and Policies Local Plan* [RMBC, 2018]. These sites all have the potential to contribute directly to the delivery of the Local Plan's housing delivery requirements.

Specifically, Table 2.1 summarises the size and capacity details of the sites selected for appraisal.

Table 2.1: Summary of Study Sites

Refresh Affordable Housing Viability Appraisal Study 2023/24

Site Capacity [units]	No. Sites	Greenfield [GF]	Brownfield [BF]
More than 10 but fewer than 20	4	2	2
20 to 29	6	2	4
30 to 49	4	2	2
50 to 99	4	2	2
100 to 174	3	2	1
175 to 249	6	6	0
250 and more	5	4	1
Total Number of Sites	**32**	**20**	**12**
Total Hectares	**159.35**	**139.43**	**19.92**
Total Number of Dwellings	**4,542**	**3,763**	**779**
Net Density/Hectare [NPH]	**28.50**	**26.99**	**39.11**

As with the 2018/19 study, the current sample of study of 32 sites reflects the greater number of greenfield sites that had previous green belt designation, with 20 greenfield sites compared to 12 previously developed sites [i.e., colloquially termed brownfield sites]. This bias is further accentuated by the inclusion of seven safeguarded housing sites. These same green field sites represent over 87% of the land area [i.e., of 159 hectares] and over four fifths of the number of dwellings [i.e., of 3,763] covered by the 2023 study. The other sites are classified as brown field sites [which is in accordance with the current definition contained in the NPPF [DLUHC, 2023a], in that these have been in a previous use and may require remediation or decontamination prior to being developed for new housing.

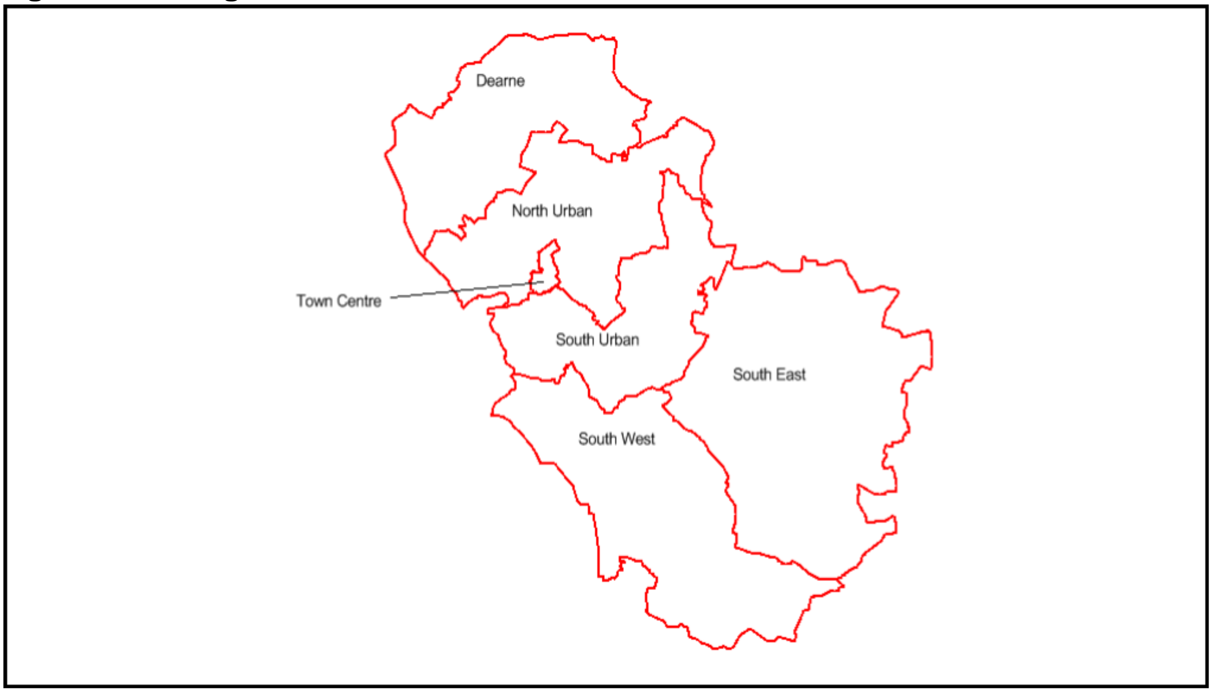
Housing Market Areas in Rotherham
Evidence from the recently conducted Sheffield and Rotherham Strategic Housing Market Assessment by Centre for Regional Economic and Social Research [CRESR, 2019], reveals a continuing and significant difference between Rotherham's sub-housing market areas {HMAs].

The smallest of the HMAs is the **Town Centre HMA** covering just 1.5 square kilometres. The Town Centre HMA comprises around 1240 dwellings, with fewer than 20% of this stock being owner-occupied, with nearly 46% in the private rented sector. The HMA is the location of significant retail and commercial space as well as undergoing significant redevelopment activity as part of The Forge Island urban renaissance as well as infill new housing development on sites at Westgate and Wellgate. As well as the core of the Town Centre, the HMA also includes some dense residential areas, particularly adjacent to Clifton Park.

The largest of the HMAs is the **South East HMA** covering over 88 square kilometres comprising of Dinnington, North Anston and popular villages with classic rural attributes, many with excellent access to the trunk road network. Nearly 70% of its housing stock is owner-occupied [i.e.,15,115 of 21,820].

The **South West HMA** covers 64 square kilometres and comprises a mix of smaller settlements, some with rural attributes but most with housing associated with former industrial and mining activities. Nearly 72% of its housing stock is owner-occupied [i.e., 11,512 of 16.047]. Significant housing growth is being delivered at the Waverley development, while some of the more popular villages [e.g., Aston and Swallownest] can take advantage of good transport links and their rural positions.

Figure 1: Housing Market Areas in Rotherham



The **Urban North HMA** covers nearly 47 square kilometres and is dominated by densely urbanized settlements within a de-industrialised employment and physical landscape. Over 50% of its housing stock is owner-occupied [i.e., 16,750 of 33,329], which is low relative to the Borough average [61.5%]. Survey evidence reveals that this HMA is characterized by lower land values and relatively low popularity rating by home searchers. This HMA includes the strategic allocation at Bassingthorpe Farm, which envisages over the local plan period to provide around 2,500 homes; though none have yet been started [as of June 2024].

The **Dearne HMA** covers an area of nearly 47 square kilometres [being very similar in size as the Urban North HMA]. Over 62% of its housing stock is owner-occupied [i.e., 14,806 of 23,772]. This HMA is characterized by a mix of small and semi-rural settlements, most notably Wentworth and Harley, and small towns such as Wath and Swinton formerly associated with heavy industries in the Dearne Valley. The Dearne Valley has been the focus of significant new housing supply in recent years and the local plan contains a good number of additional green field sites for new housing.

The **Urban South HMA** covers an area of around 38 square kilometres and contains a range of popular neighbourhoods that are geographically central to Rotherham, to the north and east of the M1 and M18 motorways. Nearly 65% of its housing stock is owner-occupied [i.e., 14,159 of 21,820]. The most popular of these is thought to be Wickersley, while the HMA also contains several significant social housing areas [e.g., at Canklow] [4].

There is a plethora of evidence from SHMA [CRESR, 2019] report that provide vital insights which helps to explains the existence of differences within Rotherham's housing market. Evidence on affordability and income distribution reaffirms the relative position of the six HMAs, with Urban South, Dearne and South West HMAs requiring the highest income [least affordable in relative terms] to enter the housing market and the remaining HMAs as being the most affordable [see Table 4.11, p52 and 4.13, p.63 of the Sheffield and Rotherham Strategic Housing Market Assessment 2018 prepared by Centre for Regional Economic and Social Research (SHU, 2019)].

However, the Town Centre HMA has the highest proportion of households with less than £20,000 gross household income [i.e., 80%]; while this proportion is 57% of households in the Urban North HMA. The position of households in the Urban South HMA and Dearne HMA is significantly better showing that just 25% of households have gross incomes of less than £25,000[5]. This profile is mirrored by tenure with owner-occupation being the predominant tenure in the same least affordable HMAs. Importantly, the above evidence accords with the distribution and variations in the new house price data presented in Section 3, especially Table 3.5 of this report.

These differences in and between the HMAs shall clearly influence the outcomes of the site-based development viability appraisals.

Study Site Details

Information of the site details and their capacities are displayed in Table 2.2 according to the sites' location in Rotherham's six housing market areas [HMA].

Table 2.2: Site Details by Housing Market Areas [HMA]

HMA	Number of Sample Sites	Site Area [Hectares]	Site Capacity [number of dwellings]	Total Floorspace [m2]	Implied Net Density per Hectare [NDH]	Average Unit Size [m2]
Dearne	7	39.34	1062	105,669.50	27.00	99.50

[4] See Table 4.26 [p.64] of Sheffield and Rotherham SHMA, CRESR, 2019
[5] See Table 4.10 and Figure 4.56 [p.48] of Sheffield and Rotherham SHMA, CRESR, 2019

Urban North	7	11.89	413	35,526.0	34.74	93.00
Urban South	5	38.31	926	109872.60	24.17	118.65
South East	5	41.74	1286	163,322.0	30.81	127.00
South West	5	25.59	693	85,829.90	27.08	123.85
Town Centre	3	3.08	193	16,501.50	62.64	85.50
All HMAs	**32**	**159.35**	**4542**	**516721.50**	**28.50**	**113.77**

Specific site details are set out in the next series of tables, which are categorized according to Rotherham's **six housing market areas** [HMA], as follows:

• **Dearne HMA** Table 2.3 [on pp.13-15]	• **Town Centre HMA** Table 2.6 [on pp.17-18]
• **South East** HMA Table 2.4 [on p..15-16]	• **Urban North HMA** Table 2.7 [on pp.19-21]
• **South West HMA** Table 2.5 [on pp.16-17]	• **Urban South HMA Table** 2.8 [on pp.21-22]

Sites located in Dearne Housing Market Area

The seven sites numbered 1 to 7 are located in the Dearne HMA. The total housing capacity of the seven sites is estimated to be 1,062 new dwellings on sites with a total site area of 39.34 hectares, equating to 27.00 net density per hectare [NDH].

Table 2.3: Dearne HMA - Site Details

Site Number	Site Code & Name	Site Area [ha]	Site Capacity [units]	Total Floorspace [m²]]	Site Details
1	H44: Land off Orchard Place, Wath	0.6	14	1,393	Formerly a Housing Improvement Area which was subject to slum clearance in the 1980s. Formerly a housing site with a row of terraced houses. Physically it now appears as a grass area. The site is currently an elevated strip of land, about a metre higher than the back lane that provides a single-width vehicular access running along the rear of housing whose fronts face onto Melton High Street. Currently, cars park over the edge of the site; it appears that this land has been eroded so that cars can be more easily accommodated. As a result, any new development on the site is likely to generate additional issues/objections etc., There is a vehicular access from the main road [Barnsley Road]. Contiguous to the site are located allotments and an unmade road which offers vehicular access to homes and temporary buildings on and by the allotments' sites. The configuration of the site imposes constraints on the type of housing that might be accommodated, the site slopes from west to south. Given the constraints of both site and situation, a small block of apartments might be a good option. Buses operate along Melton High Street; and a bus stop is situated conveniently close-by. This site is RMBC owned.
2	H18: Land off Symonds Avenue, Upper Haugh	0.53	13	1,294	Strong hedgerow boundary. Listed monument can be seen in the distance to the north west of the site from Symonds Avenue. This site is adjacent to site H19, separated by a ramp access providing a cycling and pedestrian access to the southern edge of the site via Symonds Avenue. A public house [Marquis of Granby] and a gym complex with parking are located adjacent to the site on its northern edge. There is an access point to the site, which is shared by the gym. Is this a permissive access? The site is flat, and is lower than the roadside western edge, which has a distinctive stone wall, which shall need to be carefully protected as well as being contiguous with a green belt boundary. A bus stop is located in

					Symonds Avenue which provides good connections. This site is RMBC owned.
3	H19: Land off Stubbin Road, Upper Haugh	0.62	20	1,990	Adjacent site to H18. This is a green field site. This comprises two adjoining sites. Predominantly flat sites that can access the main road route to Greaseborough [and Rotherham] and to Barnsley, including M1. Though GF, it fills a gap between established council housing and some older units that front onto the Greaseborough road [west side of site]; also close to the new housing at The Wickets. Site bounded by established hedgerows. Both sites (H18, H19) look reasonably well-serviced sites; their value is likely to draw on the recent development at The Wickets. An application by Ben Bailey Homes [part of Conroy Brook Group] was submitted for 23 dwellings [RB2021/1740] was approved on 15/09/2021 on this site. Site Development Guidelines SDG of the Sites and Policies Local Plan states that the site is at high risk of surface water and flooding [see SDG, p.213]. It has been subject of a FVA review [now carried out by Aspinall Verdi for RMBC]. The contested position has been refuted by the AV evaluation of the FVA.
4	H52: Land off Lawrence Drive, Piccadilly, Swinton	1.09	32	3,184	This is a green field site. The site is very overgrown with woods/trees. A local green infrastructure corridor connects to the site. There are some important constraints: access issues; sloping site which is precipitous! Possible access via Wentworth Gardens. Infill houses located in Kew Court [3-storey houses] and at the SE corner of the site: these houses are likely to have been built in the last 10/15 years. These constraints limit the site's capacity and potential value. This site is RMBC owned.
5	H97: Land off Far Field Lane, Wath-Upon-Dearne	9.94	242	24,079	Planning application submitted for H97 by Barratts; but challenging viability of the site. Site retained for study on advice from RMBC Officers, for this 2023 study to carry out a viability appraisal. There is a drainage issue to rear of properties' access off Doncaster Road. Some allotments to be lost! planning application number: RB/2021/1686; Decision on planning permission is due in July 2024. The front portion of the site is owned by the Council and was previously used as allotments [having been part of a deal to swap equivalent land with the Fitzwilliam Estate [FWE]]. Though this part of the site has been cleared of any glass houses, though it is still a registered allotment site. The rest of the site running away from the northern edge is owned by Fitzwilliam Wentworth Estate and is currently being farmed for wheat. There is an OHP line that runs in a south eastern direction across the corner of the Council-owned land. Relatively recently, new housing has been completed on land contiguous with the site on the western edge. This block of housing has been subject to flooding recently; any new development shall be required to resolve this issue through some attenuation measures on the current site [i.e., H97]. There is a lane that tracks along the outer eastern edge of the site; it provides access to a farm located further south of this site; the ownership of the lane [presently unmade] is not known, but it is explicitly excluded from the site's boundary configuration. The site has a slope which runs from the south to the northern edge of the site. The Council owned land is considerably lower relative to the unmade lane, which is a likely location for an acceptable access onto and through the site [from Doncaster Road]. The site is well-located to access and benefit from local schools and the local College nearby.
6	H16: Land to The East of Harding	10.49	291	28,954.5	This is a green field site. The site is owned by the FWE. This site is opposite The Wickets, which has been built out by Taylor Wimpey. The site is adjacent to Haugh Green, another

	Avenue, Upper Haugh				recent development of primarily detached 3/4 bed houses [around 10 to 12 years ago]. Site is a steeply sloping green field. The site rises to a ridge on the site's north side; a stream runs along the site's southern boundary; and a balancing pond [for The Wickets] located in the south west corner of the site. There will be a need to conform to SDG which include matters relating to heritage/archaeology; recognising established boundaries and hedgerows; and the need to produce a masterplan
7	SL05: Land off Far Field Lane, Wath, S63 7AD. [LDF0298]	16.0689	450	44,775	This site abuts the housing allocated site [H97], where a planning application has been submitted. This SL site is undulating and is contiguous with an old race course, which provides public rights of way [claimed and permissive] across the wider locale. The site falls away to the Dearne Valley, with restricted access; so, access is likely to be from the housing allocated site H97 - if this is not created, then its development potential shall be greatly limited. Other access options are only likely to provide pedestrian/cycle paths [e.g., Oaks Close]. The site is bounded by strong hedgerows; the site. like other sites in the Local Plan, shall need to deliver BNG+10% benefits. The site is located in a quiet location; though views to the north take in large industrial sheds, which dominate the Dearne Valley landscape.

Sites located in South East Housing Market Area

Sites numbered 8 to 12 are located in the South East HMA. The total housing capacity of these **five sites** is an estimated to be 1,286 new dwellings on sites covering a total area for housing of 41.74 hectares, equating to 30.81 net density per hectare [NDH].

Table 2.4: South East HMA – Site Details

Site Number	Site Name & Coding	Site Area [ha]	Site Capacity [dwellings]	Total Floorspace [m²]	Site Details
8	H75: Former Timber Yard off Outgang Lane, Dinnington	7.96	271	34,417	Site was subject to a viability appraisal in 2010 as part of a previous VA study back in 2012. The site contains a large water pond - which will need to be drained and land remediated. Part of the site remains occupied by factory buildings – Jewson's timber and building supplies. The site has been partially cleared, with large piles of heavy concrete evident across the site and clearly framing the site. To the north west of the site is housing. Opposite the site are modern industrial units [built over the last 13 years]. If the site is to come forward, there are substantial locational constraints given the road and the "feel" of employment/ industrial sector. Evidence shows that the current landowner may have overpaid for the site.
9	H66: Parkhill Lodge, Larch Road, Maltby	0.80	26	**3,302**	This site is owned by the local Council. The Lodge, which comprises of 2 linked buildings of 1 and 2 storeys, offered Assisted Living Facility, is now closed. The site is located on Larch Road in a cul-de-sac. The site is located at the edge of the urban boundary, beyond [i.e., to the west and north] which lies open agricultural/corn fields. The Lodge is situated close to the front of the site; to its rear the garden area rises quite steeply; at the boundary is a thick hedge [of trees and shrubs] framing this part of the site. In close proximity to a primary and secondary school is located beyond a small estate of housing located on both sides of Hill Top Close,

					which is an in-fill of 1980s housing. Opposite the Lodge lie primarily post-war semi-detached housing. Road noise from the M18 is discernible from the site. This site is RMBC owned.
10	H99: Land off Rotherham Road, Maltby	1.01	77	9,779	This is a green field site. The site is located on the edge of Maltby on the southern side of Rotherham Road. The site is mainly flat, though it falls away from the road in a southerly direction towards a shallow brook and Newhall Dike. The site offers good views across the open landscape towards Carr and Hooton Levitt. Rotherham Road is a busy thoroughfare offering direct access to Maltby to the east of the site and to the junction for M18 and onwards to either M1 or A1[M].
11	SL09 Land at St Albans Way, Wickersley	4.87	153	19,431	This is a greenfield site owned by the local Diocese. The site falls away from the north east to the south and to the north west. The adjacent playing field is very flat and in a good quality condition. Remainder of the site is currently a ploughed field. The site is accessed from St Albans Way. The site is contiguous with a local wildlife site, located to the south and west of SL09. A public footpath runs along the NE corner of the site.
12	SL13: Land off Oldcoates Road [East], Dinnington S25 2QA [LDF0799]	27.1009	759	96,393	This site abuts housing allocated site H65, which is currently being built out by Harron Homes. It will extend the urban boundary to Dinnington. The site is in close proximity to sports and playing fields, as well as local schools, social amenities and its retail centre. It is presently under grass, with no obvious issues regarding site conditions being a greenfield site.

Sites located in South West House Market Area [HMA]
Site numbered 13 to 17 are located in the South West HMA. The total housing capacity of the five sites is an estimated to be 693 dwellings on sites with a total site area of 25.59 hectares, equating to 27.08 net dwellings per hectare [NDH].

Table 2.5: South West HMA – Site Details

Site Number	Site Name & Coding	Site Area [ha]	Site Capacity [dwellings]	Total Floorspace [m²]	Site Details
13	H87: Land to East of Lodge Lane, Aston	0.59	19	2,346.3	A green field site. The site is very overgrown with light trees and shrubs. Access to the site is possible from Roberts Grove which is a recently developed housing site, largely comprising 2/3 storey detached and semi-detached units. Water course evident. The site steps down by around 2 to 3 metres. Evidence of local fly tipping. The site is effectively an enclave of open land being surrounded by housing and a nearby school. The site is situated in a quiet location.
14	H93: Land off Keeton Hall Road, Kiveton Park, S26	3.16	100	10,131.8	This green field site lies to the east of existing village boundary of Kiveton Park. The site falls away to the south west, towards a line of tall OH Power lines. The site has two obvious access points from Keeton Hall Road, where a line of bungalows forming the north-eastern boundary to the village. The site is currently grassland and small hedgerows frame some of the fields. Kiveton Hall is located on the top of the rise to the north of the site. This site is RMBC owned.
15	H88: Land off Aston Common,	6.44	175	22,443.8	A green field site. This is an elevated site, which is steeply sloping: this restricts its development potential - need to set back the development [i.e., away from

	East of Wetherby Drive				the valley]. The site looks over an attractive green/wooded valley [though there is a major link road running along its floor]. There is established housing to the North of the site; employment/ industrial buildings frame the south of the site - some of these are empty/derelict- in their present state/status, these reduce the site's development potential and value.
16	SL14: Land off Stockwell Avenue, Kiveton Park, S26 7VJ [LDF0476]	7.8531	188 [assumes a gross density of 34 dwellings per hectare to reflect flooding potential]	24,111	This site is contiguous with allocated housing site [H91], which has recently received planning permission and shall be built-out by Strata Homes, once a Section 111 agreement has been signed with RMBC. This SL site is irregular in shape and lies to west of a recently completed housing development by Redmile and Strata Homes Current access to the north eastern edge of the site is through Stockwell Avenue, where a public right of way links with other pedestrian and cycleways that run on the edge of the local cemetery. The site is bounded by strong hedgerows and the southern part of the site falls away into the valley where a stream flows towards a large area of connected ponds and woodland. Parts of the site in the south west are formed from an ancient strip field system which is visibly evident. The site is adversely affected by noise stemming from the M1 motorway, which can be seen from the site. The site's location benefits from being able to access local schools, a small, yet vibrant retail centre, local library as well as rail and motorway links to Sheffield and the wider sub-region.
17	SL15: Land north of Aston Bypass, Aston	7.55	211	26,797	This is a green field site. The site is located off the A57 and giving access to Junction 31 of the M1 – as a result it is adversely affected by road noise. The site is framed by strong hedgerows and trees providing natural boundaries as well as corridors through the site. The site has a steep slope [from North to South], and a pedestrian footbridge provides access to open countryside to the south east of A57. There is a public bridleway running along the top edge of the site; and conveniently is adjacent to a local School. The site presents BNG+10% issues, which may require the site's overall capacity to be lowered. Equally, with developer Redmile having an option on the site, site capacity might be reduced through the delivery of bungalows for the AH element on a 1:2 basis [rather than normal housing units] – meaning the AH % is halved [subject to negotiation].

Sites located in the Town Centre Housing Market Area

Sites numbered 18 to 20 are located in the Town Centre HMA. The total housing capacity of the **three sites** is estimated to be 193 dwellings on sites with a total site area of 3.08hectares, equating to 62.64 net dwellings per hectare [NDH].

Table 2.6: Town Centre HMA – Site Details

Site Number	Site Name & Coding	Site Area [ha]	Site Capacity [dwellings]	Total Floorspace [m²]	Site Details
18	Windfall Site: Former Primark site,	0.4	24	2,052	A "brownfield" site. This is a windfall site situated on the High Street, within Rotherham Town Centre retail area. The site has been cleared but is land-locked. There is a narrow road access from Snail Hill south of

	High Street, Rotherham				site, running along the west side of the site. The site is generally flat, but at the rear, the land is c.3metres higher. The site might be attractive for a mixed-use development with retail on the ground floor and upper floors of residential accommodation [as apartments]. The High Street is a restricted to vehicles (access only) single lane road [one-way] with a number of outside seating areas to serve restaurants, cafes and public houses. In the interim, there are plans to turn this site into a pocket park until the whole of the redevelopment of the High Street is completed. This site is RMBC owned.
19	H23: Land off Godstone Road, Rotherham	0.43	26	2,223	A “brownfield” site. This site has been derelict for at least 10 years. Until recently, there had been a historic facade of a building on this site. This facade had subsequently collapsed and the stones that formed it have been removed from the site. Previously the site had gained planning permission for 60 dwellings. However, this permission has since lapsed. The site is located in a conservation area and there are TPOs on trees on site. The site is situated at a busy cross-roads and junction [Hollow Gate, S60], which offers convenient access to the town centre [pedestrian], as well as road access to the A631 and onto the MI and M18. The site [which is cited as 0.405hectares] is presently being marketed by Fernie Greaves [www.ferniegreaves.co.uk] The site is contiguous with a site that is presently registered as a car park [the combined area for the two plots of land is around 1 hectare]. The chestnut trees that frame the site on Hollowgate look under distress so these shall need to be carefully accommodated in any proposed housing scheme. The site falls away along Hollowgate; the stone wall on Hollowgate shall need to be carefully remediated and integrated to any proposal. This site and the adjoining car park site, which lies to the rear of site H23, would offer a much better prospect to create a larger development with on-site parking to serve apartment blocks. Interestingly, a similar development has been completed across the road on the other corner of Hollowgate.
20	H21: Land to West of Westgate	2.251	143	12,226.5	A “brownfield” site. Currently occupied as a Royal Mail sorting/collecting office; its building is in poor condition and upper floors are presently vacant. Other buildings on the site are presently used as an MOT test centre and for motor repairs. The rest of the site is cleared and is being used as a licensed, fee-paying car park. The site is generally flat though site investigations are likely to reveal footings and possible need for remediation measures. The site occupies a key location which is contiguous to the town centre. Though there are signs of inward investment opposite at Westgate Chambers, this site could perform a strategic platform for this part of the town centre’s future. The Council has allocated the site as a housing site in its adopted Local Plan however there are particular constraints regarding the height of new development [no more than 3 storeys] and its river location offering critical constraints as well as opportunities. This site is part owned by RMBC.

Sites located in Urban North Housing Market Area
The nine sites numbered 21 to 27 are located in the Urban North HMA. The total housing capacity on the **seven sites** is estimated to be 413 new dwellings on sites with a total site area of 11.89 hectares, equating to 34.74 net density per hectare [NDH].

Table 2.7: Urban North HMA - Site Details

Site Number	Site Code & Name	Site Area [ha]	Site Capacity [units]	Total Floorspace [m²]]	Site Details
21	H06: Land between Grayson Road & Church Street, Greasbrough	0.58	18	1,674	The site is part of a wider area of open fields framed by Fenton Road, Coach Road and Grayson Road; it is a depot for the RMBC Grounds Maintenance team. A short row of detached houses is located on the site's northern edge being situated on Church Street. Access is likely to be found from Grayson Road, which forms the site's western boundary. There is an area of overgrown hedges/shrubs in the north west part of the site and on its southern part a hard-standing area exists where a number of storage bins and cabins are located. This use, will need to be relocated and/or removed as part of new development proposals. This site is RMBC owned.
22	H25: Parkhurst, Land North West of Doncaster Road, Dalton	0.63	38	3,534	This site is situated on the main road to Doncaster [A630]; it is a busy road but well served by local buses. It is opposite a South Yorkshire HA housing development; this development has been stepped back to create a green buffer zone between the housing and Doncaster Road. The site is presently occupied by a redundant/derelict training centre [previously owned by RMBC]; more recently it has been subject to a fire [an arson attack]. The site shall need to provide improved vehicle and pedestrian access. Though overgrown, there are signs that trees and other large shrubs have been cut down recently. It is next door to a recently developed block of apartments. Thus, the site is likely to be suitable for a similar building with perhaps two blocks comprising of 2 and 3 bed apartments, with on-site parking, landscaping and other structural planting; the latter shall need to offer a good amount of noise and pollution abatement.
23	H20: Land off York Road, St. Ann's Rotherham	0.47	30	2,790	The site is owned by RMBC. It is located on the busy A630 Doncaster Road as being conveniently across from Rotherham's town centre and shopping centre. This site is also located in Rotherham's AQMA. It is currently being used as a builder's depot/construction compound with access from Rawson Road. A number of garages are located on the site. Two buildings contiguous to the site are used as a doctors' surgery and a pharmacy [located in the north-eastern corner of site]. Adjacent to the site, there are a number of Victorian houses and buildings that are largely in poor repair. There are some infill flats - York Road Flats - that have allocated parking spaces that forms part of the site. Buildings fronting St Ann's roundabout are also in poor repair and the road is enclosed here, being used for parking. The local neighbourhood comprises predominantly low quality and low valued small, terraced housing. New housing will bring long needed and added vitality to this locality. This site is RMBC owned.
24	H30: Site of Former Herringthorpe Leisure Centre	3.04	97	9,021	The site is owned by RMBC. The site was cleared some time ago; it is overgrown with uneven ground levels. Part of the site is being used as a car park, which supports the nearby sports ground and large public park. The site is well-located and its development would bring some additional vitality to the neighbourhood. The local housing in the neighbourhood

					and along Wickersley Road are substantial, detached and semi-detached housing, with some bungalows, all of which seem to be in good order. The site is at a lower level than Wickersley Road, and there may be a need to set back any development from the main road to reduce noise and air pollution from heavy traffic movements. The plan's site development guidelines [SDG] are likely to constrain the site's capacity. This site is RMBC owned.
25	H29: Boswell Street/ Arundel Road, Herringthorpe	1.90	61	5,673	This site abuts site H30. There is an existing property located at the site's entrance, which is accessible from Boswell Street. Another possible access point could be secured from Arundel Road. The ground is mainly flat, but its northern boundary is framed by a deep drop/ high wall that provides a physical boundary to the sports field, which is currently active - football, cricket and cycling running track facilities. Both H29 and H30 are conveniently located to access town centre facilities and retail choices. This site is RMBC owned.
26	H11: Land off Occupation Road, Rawmarsh	1.50	48	4,464	The site is laid down largely to grass with a few derelict barns and wooden sheds that are in disrepair. There is no evidence of a business operating on or from the site; and there is no evidence that the site is being actively marketed to attract users to its most recent use as a former chicken farm. The access road into this site is very limited. The site is scrubland with substantial trees and hedgerows. There may be significant issues with biodiversity net gain in bringing this site forward for development.
27	H04: Land between Fenton Road and Henley Lane	2.96	90	8,370	This is a green field site. It is also a site that is now part of the Masterplan for Bassingthorpe Farm Strategic Allocation. This site was in joint ownership between RMBC and the Watson Estate, but RMBC are the sole owners. Access will have to be sought via Fenton Road, which will require a new major road junction. The site is framed by housing on its southern side by innovative housing located on Henley Way. Critically, OH Power lines traverse the site in a N/S direction. The site's south side of the site abuts cliffs that formed a defunct quarry. The site is likely to require remediation arising from past earthworks and extraction activity. There is a public footpath/track, termed Henley Lane, running along the site's north-eastern boundary in a NW/SE direction. The site was subject of a separate viability appraisal in October 2018. OHP lines traverse the site [see Site Development Guidelines, Sites and Policies Local Plan, 2018, p.200]. This site is RMBC owned.

Sites located in the Urban South Housing Market Area

Sites numbered 28 to 32 are located in the Urban South HMA. The total housing capacity of these **five sites** is an estimated to be 926 new dwellings on a total site area for housing of 38.31hectares, equating to 24.17 net density per hectare [NDH].

Table 2.8: Urban South HMA - Site Details

Site No.	Site Name & Coding	Site Area [ha]	Site Capacity [dwellings]	Total Floorspace [m²]	Site Details
28	Castle View Canklow [Windfall site]	0.87	31	3,681.25	This site is the product of previous slum clearance in the 1970s and Market Renewal programme in the early 2000s.The site is currently owned by the Council. The site comprises two parcels of cleared land – one parcel accessed from either Castle View of Warden Street, the other parcel from Warden Street only – both are cul-de-sacs. The site sits below Rother View, with the latter being around 3 metres higher than the site's level. Both parcels are currently rough grass/lawn areas, but there is likely to hidden footings being the remains of the foundations to the cleared terraced housing. There are two lines of terraced housing that were built in the last 7 to 10 years; these are social-rented homes for families. Across from the site, are located a doctors' surgery, pharmacy, children's play facilities and flat, open space grassed areas. Further to the north west lies Centenary Way and the River Rother. This site is RMBC owned.
29	H64: Land off Allott Close, Bramley	0.91	22	2,612.5	This is a green field site, though a former nursery. It is currently being marketed for sale by the owner. Access is only possible from an existing road link from Allott Close. An alternative access point via the Parish Council Hall site is most unlikely on technical as well as landownership matters [Parish Council]. The site is very overgrown, clearly unmanaged, but it appears reasonably level, with a strong natural boundary framed by hedgerows and small trees. The site is contiguous to a development of largely detached houses that were probably built in the last 10 years. Ravenfield Common is a high value village, which is attractive, and it offers a reasonably short journey time to access Jct.1 of M18.
30	H35: Land off Shrogswood Road, Whiston	10.22	217	25,678.8	The site can be accessed from Shrogswood Road, adjacent a private, gated road to Sitwell Park Golf Course. The site lies to the east of an established estate of semi-detached housing, offering a quiet location. Sheep Cote Road is a narrow thoroughfare which runs parallel and in front of houses that back onto the allocated site. The site is currently in agricultural use [as a cornfield] and lies north of another site [H34-off Lathe Road/Worry Goose Lane] which is being promoted for housing. An outline planning application is being promoted by JVH Town Planning Consultants, who are also promoting the neighbouring site of H34. The neighbourhood is of high quality with easy access to local schools and academies, as well as the retail centre at Wickersley. The A631 offers easy and convenient access to both the M1 and M18. It is likely that the site shall be required to contribute towards mitigation measures regarding the relief of traffic congestion on the A631 and especially at the Worry Goose Roundabout, as

					well as providing both on-site and off-site developer contributions, given the cumulative impacts arising from this and the contiguous site H34.
31	SL02: Land off East Bawtry Road, Whiston, S60 4EU. [LDF020]	10.7113	219	26,006.3	This greenfield e site is framed by the busy A630 Bawtry Road and Long Lane; the southern edge of the site is bounded by Whiston Brook. The site slopes steeply from Bawtry Road. An OH Power line traverses the site -east to west, which may compromise development opportunities. There a local wildlife site known as Whiston Meadows which are situated along Whiston Brook.; a TPT Link footpath is also signposted to run alongside and through Whiston Brook. The site is adversely affected by noise from the M1/M18 – much like a passing train.
32	SL08: Land East of Moor Lane South, formerly part of LDF0452, North of Lidget Lane, Rotherham. [LDF0798]	15.6004	437	51,893.75	This Safeguarded Land site is situated contiguous with allocated housing site H65, which is being developed by Redrow. The site rises from east to west; and site falls away to the north. On the south side of the site [Moor Lane South] are situated classic, ex-Council, semi-detached housing. There has been some infilling development along Moor Lane next to these dwellings. Access can be secured at the point of the hedgerow where the road reaches its apex, abutting the H65 site being built-out presently by Redrow. Existing hedgerows shall need to be retained and perhaps enhanced. The land is laid to grassland which has been left to overgrow; so, it is not being actively farmed presently.

A brief summary
It is clear from the site-specific details that there are many differences or constraints that shall impact on the actual pace and progress towards development of some of these sites. Also, some sites shall be in direct competition with each other and therefore the probability of any one of them proceeding to enter the development pipeline shall depend upon developers'/house-builders' market sentiment. However, the approach adopted in carrying out the development appraisals shall be in terms of today's market conditions in terms of prices and costs. Of course, a certain amount of sensitivity analysis can illustrate potential market circumstances [i.e., their relative strengths and threats]. The latter shall be important in confirming or not the efficacy of maintaining the adopted Local Plan's affordable housing policy requirement.

The next section [Section 3] sets out in greater detail the inputs, parameters and assumptions used in carrying out the development appraisals.

Section 3: Development Appraisal Inputs, Parameters and Assumptions

This section of the report sets out:

- The research approach to conducting the development appraisals.
- The assumptions used to inform the development appraisals.
- The outputs and results from development appraisal iterations.

Development viability appraisal methodology
The appraisal methodology uses current market values and building and other development costs relating to site-specific new housing development schemes as prescribed in Rotherham MBC's adopted local plan. However, as all "our" knowledge is in the past and decision-making is required now for development to commence in the future, it is necessary to ensure that the variable inputs [and any assumptions] reflect markets and policy positions now [i.e., in present value terms].

In essence, conducting a development appraisal is relatively simple and straightforward; the basic framework for development appraisal involves conducting a residual land valuation estimate [RLVE]. This can be expressed in the form of a generic formula:

GDV - (BC + CP) = RLVE

Where:
GDV = Gross Development Value.
BC = Building Costs, including provision for external costs, preliminaries, developer contributions, fees, finance, stamp duty land tax, contingencies.
CP = Developer's Target Rate of Capital Profits.
RLVE = Residual Land Value Estimate.

For our purposes, this basic equation can be presented in three different ways, as follows:

[EQUATION 1] **GDV - (BC + CP) = RLVE**
Here the Land Value is a residual. This is the maximum amount that can be offered to buy the land by a developer assuming a prescribed target rate of capital profit.

[EQUATION 2] **GDV - (BC + LP) = CP**
Here the Land Value is known and, hence, becomes a land price [LP]. The Capital Profit is the residual in this equation.

[EQUATION 3] **GDV = (BC + CP + LP)**
Here the GDV is made up of the three main "cost" elements which explicitly include the developer's capital profit. This is useful in determining the efficacy or the need for "public" subsidy.

From these different equations we can identify critical values for:
- Those who are seeking to **sell or buy land** [EQUATION 1];
- The amount of **profit** that might be achieved by the developer having **already purchased the land** [EQUATION 2]; and
- Revealing the three **basic "costs"** that comprises the GDV; **this is useful if public subsidy is being sought** [EQUATION 3].

For this refresh study **EQUATION 1** is the crucial reference point.

To appraise viability, the resultant RLVE [i.e., future use land value budget] must be compared with known land values [existing or current use values] that reflect current market conditions, site conditions and, crucially, the planning and housing policy environment in which development is to occur. Viability is compromised when the RLVE [the developer's land bid budget] falls below the Benchmark Land Value [BMLV] that incentivises a reasonable landowner to agree to sell. However, current guidance makes clear that if these attributes are ignored, contesting viability cannot be supported if the land price agreed between the two parties is not in line with a site's worth and value [MHCLG, 2019a], i.e., the developer has overpaid for the land or the landowner has set a too optimistic land price threshold.

The development appraisals were carried out using a cash flow-based appraisal methodology which Professor Stephen Walker has specifically prepared in Microsoft Excel©. This spreadsheet environment provides the flexibility to input a wide range of policy variables and parameters across a number of development scenarios.

Assumptions used to inform the development viability appraisals
The assumptions are informed by a review of economic theory and policy guidance on the practice of conducting site-based development appraisal, especially relating to contesting viability, namely Ratcliffe et al [2021]; The NPPF [MHCLG, 2019a]; NPPG for Viability [MHCLG, 2019b]; The Planning Inspectorate [PI, 2022] and any updates to the guidance. In short it is contended that the approach adopted in this Refresh Study is rigorous and up-to-date.

The principal assumptions and inputs used to inform the 32 site-based development appraisals are summarised in the following Tables namely:

- Tables 3.1: Revenue assumptions,
- Tables 3.2: Cost assumptions,
- Tables 3.3: Unit size, pace of development and density, and
- Tables 3.4: Policy mix and affordable housing requirements.

Table 3.1: Revenue Assumptions

Assumption	Source	Details of data used in the study
New Build House Prices of Completed Schemes in Rotherham	Hometrack [2023] & ONS New House Price Index [2023]	New build house prices for the years 2018-End of 2022, rebased to January 2023 applying ONS New House Price Index [ONS, March 2023]. These vary across RMBC's six HMAs: please see **Table 3.5** [below] for these inputs.
Affordable Housing Transfer Values [i.e., Shared-ownership]	Applied NPPF [2023] guidance & in liaison with RMBC officers	**Intermediate/Shared Ownership:** 80% of new build market values. **First Home:** 70% of new build market values [up to a maximum of £250,000].
Affordable Housing Transfer Values [Affordable and Social Rent]	Analysis of new build housing schemes within RMBC & information supplied by RMBC officers	Capitalised rent levels equivalent to **c. 40-45% of market values**

Table 3.2: Cost Assumptions		
Assumption	**Source**	**Details of data used in the study**
Build Costs of Completed Schemes	BCIS Average Build Prices, May 2023	BCIS is updated on a quarterly basis. BCIS offers a range of building prices[6] dependent on the final building specification. The lower quartile rate for **Mixed Estate Housing of £1,167/m²** [May 2023] is applied to schemes of **more than 50** dwellings; the median rate of **£1,276/m²** is applied to schemes with **fewer than 50 dwellings.**
External Costs	As a proportion of BCIS Average Build Prices	Four rates have been applied according to site capacity[7]: ▪ Up to 35 units: **7.5%** ▪ 35 to 74 units: **10%** ▪ 75 to 149 units: **12.5%** ▪ 150 plus units: **15%**
Preliminaries	BCIS Preliminaries, May 2023	These are included in Building prices. These are assumed to be **8%.**
Additional Site Development Costs	Estimated or drawn from Consultants' reports	These are only applied to the brown field sites and other sites where intelligence is available.
Contractors' Rate of Profit	Nominal rate	This is extracted from the Building Prices sourced from BCIS at a rate of **5% on costs.**
Contingencies	Industry Standards	Contingencies are based upon the risk associated with each site and has been attributed as a percentage of build costs: greenfield sites at **3%** and "brownfield" sites at **5%.**
Professional Fees	Industry Standards	Professional fees are based upon accepted industry standards and have been calculated as a percentage of build costs at **10%**.
Sale Costs	Industry Standards	These are based on industry norms/scales as follows: Land Acquisition: **0.5%** Legal Fees: **1%** of value Estate Agents' Fees: **1%** of private new build sale prices Marketing Costs: **£1500**/unit.
Finance Costs	Industry Standards	Based upon the likely cost of development finance at current market rates of interest of **6.75%pa**. [inclusive of bank fees]
Stamp Duty Land Tax on Land Purchase	HMRC	Standard rates apply at the time of appraisal
Professional Fees on Land Purchase	Industry Standards	Fees associated with the land purchase are based on the industry standard: Legal Fees: **0.75%**
Planning Fees	DLUHC	These are based on the current national rates for a **full** planning application.
NHBC Fees	NHBC	These are set at **£1,200/unit**
Developer's Target Rate of Profit	Industry Norm and informed by Financial Analysis Made Easy [FAME] database	Gross development profit [including overheads] taken as a % of gross development value [GDV] or % on costs. <table><tr><td></td><td>% of GDV</td><td>% on Costs</td></tr><tr><td>**Market Homes**</td><td>**20.00%**</td><td>**25%**</td></tr><tr><td>**Affordable/Social Homes**</td><td>**5.66%**</td><td>**6%**</td></tr></table>

[6] These build prices include an allowance for preliminaries and a contractor's rate of profit, Thus, it is the price of a contract given to the client.
[7] These rates are informed by Valuation Office Agency [VOA] guidance.

		Together these generate a "blended" rate of profit according to the market/affordable housing tenure mix.
Housing Grant/ Subsidy	Homes England	**Nil**

Table 3.3: Unit size, pace of development, density

Assumption	Source	Details of data used in the study
Time scales, build rates, units/per annum	Market analysis of comparable sites and build out rates and informed by RMBC *Sites and Policies Local Plan* [2018]	These have been based upon current demand and build out rates in Rotherham's housing markets.
Gross/Net Densities	RMBC *Sites and Policies Local Plan* [2018]	These are informed by local evidence supplied by RMBC. SP32 prescribes that on-site open space provision is required on sites with a capacity greater than 36 dwellings. This will raise the net density levels for these sites.
Dwelling Sizes [m²]	In liaison with RMBC officers & examination of completed new build schemes in the last 4 years.	
Dwelling Mix [% Type by Housing Market Area]	In liaison with RMBC officers & examination of recently completed new build schemes since September 2018 to March 2023	

Site Capacity	**Number of Months**	**Pre-build**
Sites from 11 to 29 units	**3**	**9**
Sites from 30 to 74 units	**3**	**9**
Sites from 75 to 124 units	**3**	**12**
Sites from 125 to 249units	**3**	**12**
Sites of 250 units and more	**3**	**12**

Floorspace [m²]	**Type 1**	**Type 2**	**Type 3**	**Type 4**
All Tenures	$70m^2$	$90m^2$	$120m^2$	145m²

HMA	**Type 1 [%]**	**Type 2 [%]**	**Type 3 [%]**	**Type 4 [%]**
Dearne	0	30	55	15
South East	5	10	35	50
South West	5	10	30	55
Town Centre	30	55	15	0
Urban North	15	35	30	20
Urban South	5	25	35	35

Table 3.4: Policy mix and affordability

Assumption	Source	Details of data used in the study
Affordable Housing	RMBC *Adopted Local Plan* [2018]	Proportion of Affordable Housing: **25% points**
Affordable Tenure Mix	RMBC *Adopted Local Plan* [2018], adjusted by new Affordable Housing Products	<u>Affordable/Social Homes for Rent</u>: **14% points** <u>Affordable Homes for Sale</u>: **11% points; split 5% points for First Homes & 6% points for other Intermediate/Shared Ownership Homes.**
Developer Contributions: S106 Policy Requirements & Community Infrastructure Levy	RMBC *Adopted Local Plan* [2018] & RMBC *CIL Study* and RMBC CIL Fee Regime [at January 2023 prices]	**Developer Contributions Overall Fees**: **£11,152 per unit** [<u>excluding</u> any AH policy requirement]. S106 costs are set with reference to the above £/unit fee once CIL rate has been applied, which depends on a site's zonal CIL [£/m²] rate, which can vary from between **£18.82/m² in Zones 3 and 4; £37.63/m² in Zone 2; and £68.99/m² in Zone 1.**

Observations

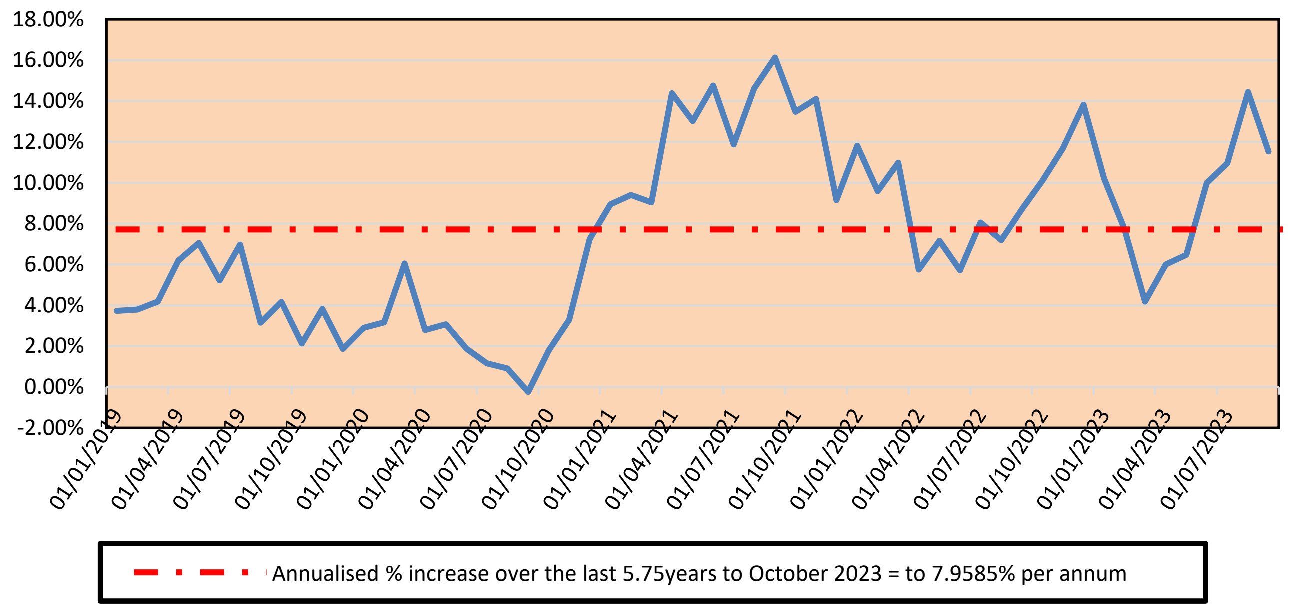
Prior to focusing on the main findings from the site-based development viability appraisals [see Section 4], a number of observations are made with regard to the above parameters and assumptions. These cover:

- Local New Build House Prices
- What is Land Worth?
- Land Values and Policy Requirements
- Housing Delivery in Rotherham Local Planning Authority Area
- Other Variations in or differences from the last affordable housing viability studies in 2019.

Local New Build House Prices

Drawing on the New House Price Index, prepared by the Office for National Statistics [ONS], reveals a strong period of cyclical growth since the last Refresh Study. As Figure 1 shows, the annual percentage change in [average] new build house prices for Rotherham have shown a very uneven, albeit growth pattern over the 4 years since the completion of the last study. It started from a 7% peak in new house prices, before it finally fell to a 0% change in new house prices two years later in October 2020. From then onwards, new house prices rose rapidly to peak at 16% in September 2021, then they fell to a low of 6% increase by April 2021, largely helped by the Stamp Duty Land Tax holiday. From that month onwards, new house prices increased to peak at an annual rate of 14% by end of 2021 before falling to another low of 4% rise by March 2023 from that period prices sharply rose to peak at just over 14% increase. It is against this erratic and rapidly changing background that house builders have to purchase land, build-out and sell dwellings, exit their sites, hopefully, with their desired rate of profit.

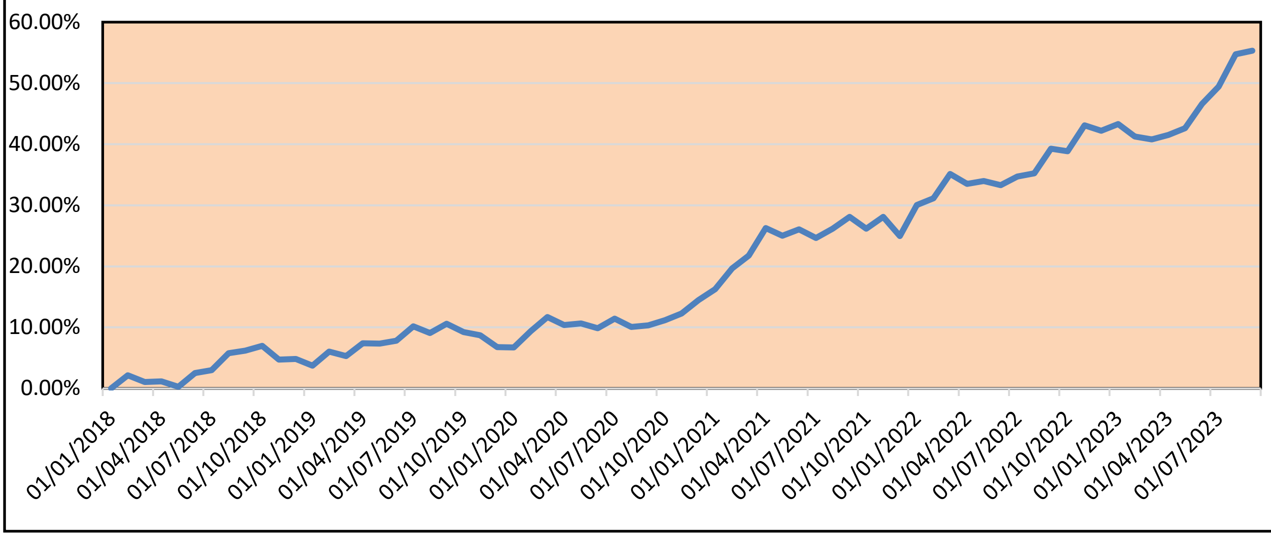
Figure 1: Annual % change in Average New House Prices in Rotherham from 1st Jan 2018 to 1st October 2023



Source: ONS, New House Price Index, January 2024

The path of new build house prices in Rotherham can be more clearly discerned from Figure 2. In 2018, new house prices being achieved in Rotherham were over 55% below the prices achieved in October 2023. Indeed, from 2021, new house prices started to rise quite rapidly, but these are still 24% below the start of October 2023. It was in 2022 that house prices showed rapid growth, supported by the Stamp Duty Land Tax (SDLT) furlough, being around 20% below the October 2023 prices. In summary, over this five or so years, new house prices had recorded a **compound annualised growth rate of just under 8%,** over the 5.75years to the start of October 2023.

Figure 2: Rotherham MBC: Average New House Price Index [0% = at 1st January 2018]



Source: ONS, New House Price Index, January 2024

The acceleration and the growth in the prices of new build housing underpins the buoyancy in land values being achieved in Rotherham, since the new house price is the most powerful of the factors explaining land values [see Ratcliffe et al, 2021, p.422].

As an integral aspect of carrying out the appraisals, adjustments have also been made to take account of any differences in the transacted new house prices recorded in Rotherham's six HMAs. [See map on page 11 of this report]. Such differences are displayed in Table 3.5 below. In particular, it shows that new house prices in the South East HMA are nearly 44% higher compared to the authority's median, while new prices in the Urban North and Town Centre HMAs are substantially lower the borough's median by over 30%. Specifically, the Town Centre HMA is also characterised by recording the fewest number of transactions for new build housing; this simply reinforces its relative sub-optimal position regarding new housing opportunities and the fact that it contains a large number of empty, derelict and problematic sites. Presently, such conditions make many of these types of sites [especially those close to or in the town centre] an unattractive proposition given their absence of competitive advantage and in the presence of locational negative externalities.

Table 3.5: New Build House Prices by Housing Market Area [HMA], rebased to January 2023 prices

HMA	Median Equivalent [£/unit] [at January 2023 prices]	% Difference from the Borough Median [£/unit]	Max [£/unit]	Min [£/unit]	Number of Transactions
Dearne	£278,000	**4.91%**	£535,000	£77,888	173
South East	£380,000	**43.40%**	£833,585	£87,123	192
South West	£320,000	**20.75%**	£687,000	£169,661	317

Town Centre	£180,000	**-32.08%**	£190,000	£143,000	36
Urban North	£183,000	**-30.94%**	£726,952	£56,833	192
Urban South	£288,000	**8.68%**	£1,201,000	£112,000	189
ALL HMA	£265,000	**0.00%**			1,042
Source: Hometrack, 2018 to 2023 & ONS HPI, May 2023.					

The data presented in Table 3.5 also shows that there are some large differences in new house prices being achieved between each of the HMAs; while data in Table 3.6 demonstrates that developers have been focusing on building larger homes than in the previous 5-year period, this being especially the case in the South West, South East and Urban South HMAs.

Table 3.6: Total Number of New House Transactions in Rotherham by Housing Market Areas & Unit Sizes [m2] [September 2018 to December 2022]

Size of Units [m^2]	Dearne HMA	Urban North HMA	South East HMA	Urban South HMA	South West HMA	Town Centre HMA	Rotherham Total	% of Total by Size of Units
less than 60	11	20	1	1	0	0	33	**3.17%**
60 to 69	1	8	2	3	5	10	29	**2.78%**
70 to 89	83	70	7	40	34	22	256	**24.57%**
90 to 119	33	54	59	29	97	4	276	**26.49%**
120 plus	45	40	120	62	181	0	448	**42.99%**
Total Number of Transactions	**173**	**192**	**189**	**135**	**317**	**36**	**1042**	**100.00%**
Source: Hometrack, 2023								

These attributes in terms of new house prices and the differential growth in unit sizes in each of the six HMAs have been reflected in the development appraisals for both the market housing as well as the affordable housing being delivered.

What is land worth?

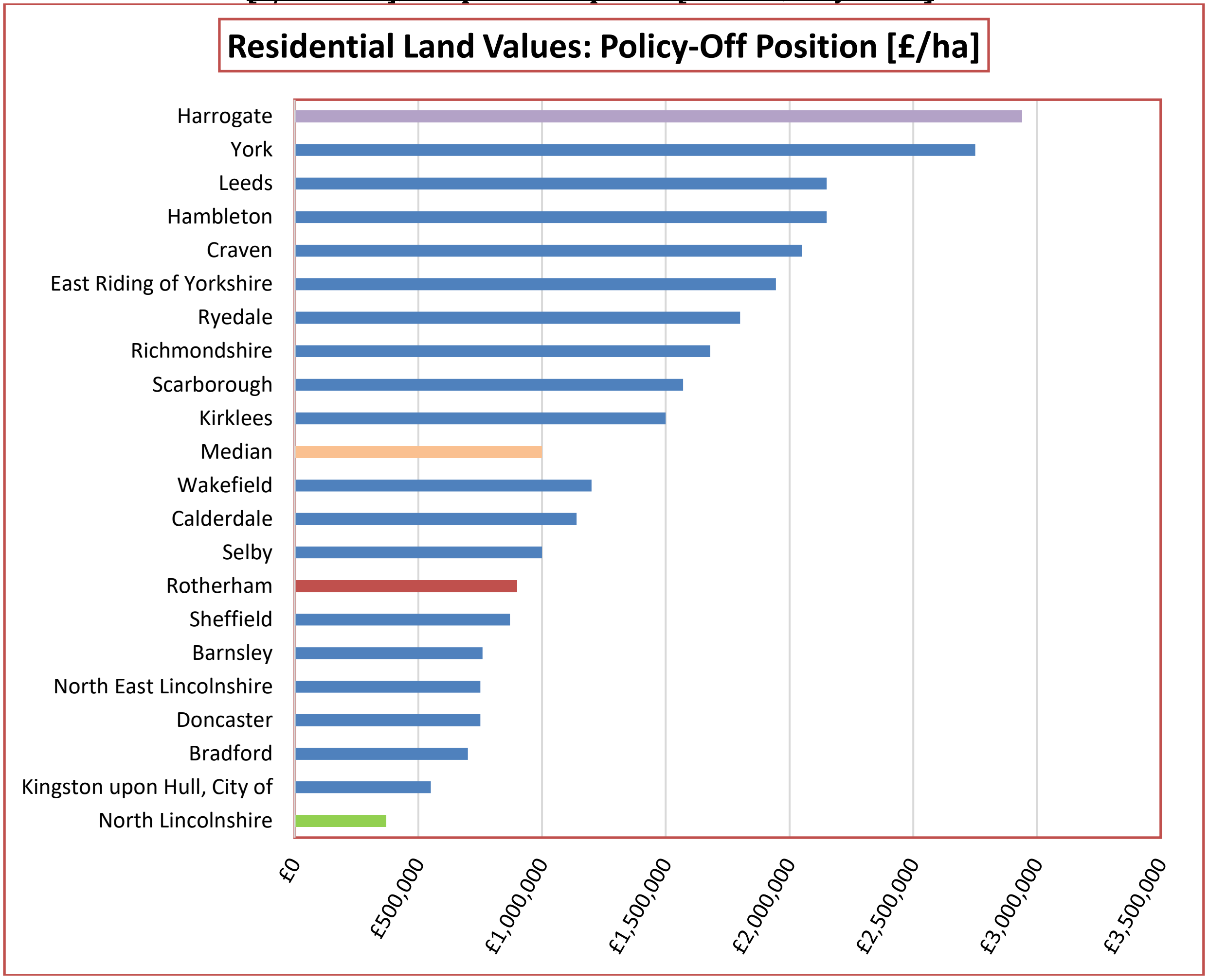
It is always intriguing to know what land is worth. Economic theory informs us that use determines value. As land has to mediate the planning system, the specific policy parameters of each planning authority shall therefore have a big and direct impact on the use of land and hence its value. Indeed, the NPPF [DLUHC, 2023] reinforces this point by stressing that developers and landowners cannot contest viability if they, in setting land price levels, ignore not only the particular market conditions, the site's specific attributes, but the extant planning and housing policy requirements of an up-to-date local plan.

As a starting point we can draw on a relatively new set of data published under the title of "*Land Value Estimates for Policy Appraisal*" by MHCLG, which is a "green book" valuation of land value[8] generated by the Valuation Office Agency [VOA]. In essence, the land value estimates reflect a "policy off" estimate, where no government exists and the market is a hypothetical "perfect market"! As such, it allows analysts to measure the impact of central and local government intervention and assess whether such intervention is economically/socially justifiable and beneficial.

[8] It is vital to consult Annex A of the MHCLG 2020 report, as it sets out in very clear terms the assumptions applied in generating the land value estimates [see Appendix 1 of this report which contains an extract].

Figure 3 [overleaf] presents the most up-to-date data of residential land values for all the local authorities in Yorkshire and Humber region [MHCLG, May 2020], showing significant differences between the highest [i.e., Harrogate at £2.94/hectare and the lowest [i.e., North Lincolnshire at £0.37m/hectare]. **Rotherham** is recorded at **£0.9m/hectare** which is just below the median value for Yorkshire and Humber region at **£1.00m/hectare**.

Figure 3: Land Value Estimates for Residential Sites in Yorkshire & Humber Region [£/hectare], at April 2019 prices [MHCLG, May 2020]



The figures on Table 3.7 [overleaf] reveal the residual land value estimates [LVE] for four neighbouring planning authorities in South Yorkshire. Since the last Refresh Study, the figure for Rotherham has recorded a substantial fall of 25% to £0.9m/hectare. This 25% fall in residual land value can be largely explained by the high number of large greenfield sites allocated in Rotherham's then recently adopted Site and Policies, Local Plan [2018]; as these get built out, land values shall be pulled up as the balance in the land market moves from excess supply to a much tighter land supply regime. Of course, the LPA is duty bound to review its policies to ensure it has an up-to-date adopted Local Plan as well as satisfying the Department for Levelling-Up, Housing & Communities [DLUHC] land supply requirements.

Remember, these estimates are based on a greenbook valuation appraisal methodology[9], which is adopted by HM Treasury to understand the cost of government [as well as local government] policy interventions on markets and to provide an assessment on value for money principles. So, this appraisal methodology reveals the impact of policy on local land values, given local market conditions [further details can be found in Annexes B & C – which focuses on "*Land Value uplift for residential development*", while Annex G covers "*Externalities arising from new residential development*" in DLUHC[10] Appraisal Guide [2nd Edition], updated 31st March 2023].

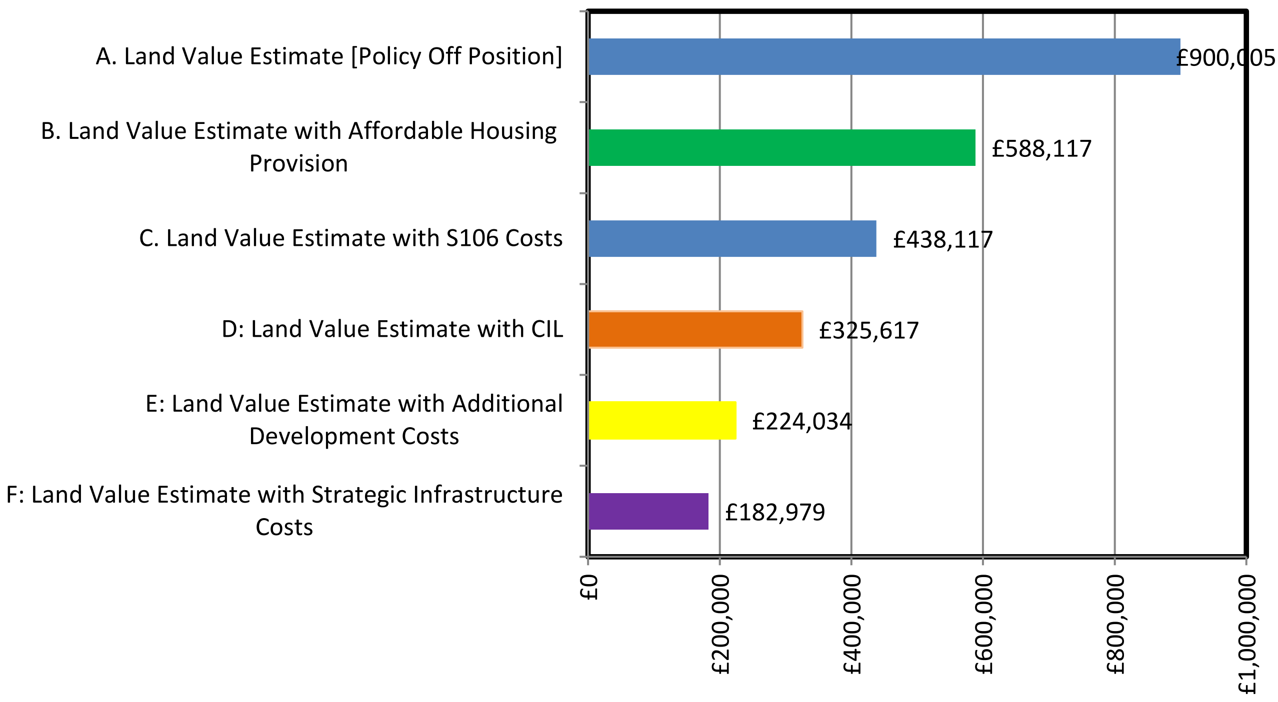
Table 3.7: Residential Land Value Estimates: "Policy-Off" Position, South Yorkshire Councils				
£/hectare	**At 2014 prices**	**At 2015 prices**	**At 2017 prices**	**At 2019 prices**
Rotherham	**£823,000**	**£970,000**	**£1,200,000**	**£900,000**
Sheffield	£1,718,000	£1,515,000	£1,430,000	£870,000
Barnsley	£1,053,000	£840,000	£665,000	£760,000
Doncaster	£1,537,000	£1,280,000	£1,315,000	£750,000
Sources: *Land Value Estimates for Policy Appraisal* (at 2014 prices), February 2015, CLG; *Land Value Estimates for Policy Appraisal* (at 2015 prices), December 2015, CLG; *Land Value Estimates for Policy Appraisal* [at 2017 prices), May 2018, MHCLG; & *Land Value Estimates for Policy Appraisal* [at 2019 prices), May 2020, MHCLG.				

Vitally, these residual land value estimates explicitly **exclude** all usual local planning policy requirements that are typically required if planning permission is to be granted for new development. It is possible to illustrate the impact of delivering such policy requirements [i.e., affordable housing, on-site and off-site planning requirements [via S106 agreements]] as well as accounting for any site-specific attributes or constraints [e.g., remediation of contamination, additional development costs].

[9] See for example, HM Treasury [2022] *The Green Book: Central Government Guidance on Appraisal and Evaluation*, HMSO. The Green Book and accompanying guidance and documents - GOV.UK (www.gov.uk) DLUHC [2023] *DLUHC Appraisal Guidance*, [2nd Edition], 31st March. Homes England [2023] *Homes England Guidance*. [This draws on HMT Green Book methodologies.]

[10] Department for Levelling Up, Housing & Communities – the name now replacing Ministry of Housing, Communities and Local Government.

Figure 4: Rotherham MBC: Cumulative Impact of Policy & Other Site Costs on a Hypothetical 1 Hectare site- LVE [£/ha]



For a hypothetical one-hectare site, Figure 4 shows the extent to which the cumulative impact of planning policy and site costs reduces the "policy off" residual LVE. Thus, by generating "policy-on" residual LVEs for individual sites, this reveals the "true" worth of these sites taking into account specific local planning policies, market and site conditions that are a true reflection of the extant situation in Rotherham.

One thing that should be expected from conducting development appraisals is that differences in site issues, notwithstanding meeting a planning authority's policy requirements, shall be reflected in differences between the sites' residual LVEs. Finally, the core reasons and purpose for conducting development appraisals of this kind is to ensure that such sites are deliverable and hence viable, as required by national guidance and the underlying principles of the LPAs adopted local plan.

Land values and policy requirements

The main policy requirement for developer contributions [in financial terms] has been to provide affordable housing, and this was supported by the previous Refresh Study [RMBC, 2019]. The effect of these planning policy requirements has filtered through in land value negotiations, which over the last 5 or so years [since that last report] have coincided with new house prices increasing in real terms while the supply of attractive allocated housing sites has markedly increased as a result of the newly adopted Sites and Policies Adopted Local Plan in 2018.

It is difficult to predict land values for non-serviced sites that do not have the benefit of planning consent, as these shall all have different servicing issues with varying costs. A contaminated site with unknown additional development costs may cost the owner/promoter of the site more to fully service, but once the contamination has been removed by the landowner, the site can be sold for the same amount as one with no contamination. In this case the costs of remediation, etc., is amortised in a lower land value/price position for the current landowner; if the site is sold on without undertaking remediation, then the additional costs incurred by the new landowner [e.g., the developer] should result in a lower price being struck, everything else remaining equal.

Indeed, it is typical for developers to agree to pay something close to the existing use value for a site [e.g., agriculture or employment] which will ultimately depend on a site's credible current use, in planning terms, and there will be an agreement in place with the landowner to share any profits after costs [including an appropriate developers' return] have been deducted. Thus, there is scope, once the planning policy requirements and site investigations have been undertaken to assess the worth of the land more specifically to the site. This will necessarily factor in the actual planning policy requirements for such items as local infrastructure, affordable housing, flood mitigation, energy efficiency and other resilient measures, and come to a more realistic view [i.e., typically lower value] on the actual price to be paid for the land.

As such, the price at which land is exchanged and transacted is a function of two opposing [and not necessarily equal or well-informed] forces:

- Landowners will generally seek to secure an aspirational land value based on the planning consent that can be achieved for the land; and
- The price offered for land [by prospective developers] will need to reflect extant policy requirements, known site constraints and conditions, and market sentiment at the time.

This means that land values should be set to provide a reasonable and sufficient incentive to encourage delivery of sites but at the same time look towards meeting all known planning policy requirements of an adopted and up-to-date Local Plan.

So, setting a single/common land value threshold or benchmark for site-based development appraisals is misplaced and inappropriate. The actual price paid for land to a landowner comprises a function of many factors, including the landowner's financial circumstances, market demand and site-specific residual valuations which may find a site is cheaper to develop than estimated, or requires less in the way of infrastructure and opening-up costs. Therefore, it is unwise in principle and in practice to believe that by setting a single/common definitive threshold or benchmark land value this shall bring forward land for development. This is confirmed by reference to the evidence presented on existing use values [plus a premium] in the setting of the benchmark land value in Section 4.

Housing Delivery in Rotherham Local Planning Authority Area

The actual delivery of affordable housing delivered using S106 legal agreements is entirely dependent upon the pace and scale of new private housing development. The figures in Tables 3.8 and 3.9 reveal a large backlog of new AH dwellings yet to be delivered, largely on the back of new private housing, whose pace and rhythm of delivery is a function of national as well as local market pressures.

The figures in Table 3.8 [overleaf] shows the volume of permanent starts and completions over the last 6 years to 2022/23[11]. The peak in starts occurred in financial year [2021-22] reaching 790, while the peak in completions, which reached 960, occurred in the last financial year [2022-2023]. These levels of house-building activity were last achieved in the year before the financial crash in 2008/09, when it peaked at 820 dwellings.

[11] Most up-to-date data, November 2023.

Table 3.8: Housing Delivery: Starts and Completions over the last 6 years in Rotherham							
Starts on Site	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**Totals [over 6 years]**
Total Permanent Starts	310	310	560	600	790	750	**3320**
Private Starts	132	119	407	133	597	650	**2038**
Total Non-Private Starts	178	191	153	467	193	100	**1282**
Number Delivered via S106	0	90	131	235	193	220	**869**
% of all Starts Delivered via S106	**0%**	**29%**	**23%**	**39%**	**24%**	**29%**	**26%**
Completions	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**Totals [over 6 years]**
Total Permanent Completions	510	400	570	590	720	960	**3750**
Total Private Completions	444	287	468	350	556	890	**2995**
Total Non-Private Completions	66	113	102	240	164	70	**755**
Number Delivered via S106	12	16	41	72	48	123	**312**
% of all Completions Delivered via S106	**2%**	**4%**	**7%**	**12%**	**7%**	**13%**	**8%**

Source: ONS [2023] Live Tables, House Building Starts and Completions: permanent dwellings, by local authority area, United Kingdom, financial year.

There is a clear lag in terms of when the starts are actually delivered. The data covering completions reveals the delivery of a large backlog of starts from the previous years, signifying that sites are being built out in phases, and that the delivery of the new affordable dwellings secured from S106 legal agreements tend to be delayed until a trigger point is reached or in some cases only completed in the final stages of a phased development.

Table 3.9: Delivery of Affordable Dwellings: Starts & Completions, 2017/18 to 2022/23 Financial Years								
Rotherham	**2017-18**		**2018-19**		**2019-20**		**2020-21**	
Types of Affordable Housing: New Build	**Starts**	**Completions**	**Starts**	**Completions**	**Starts**	**Completions**	**Starts**	**Completions**
Social Rent	10	22	26	27	26	14	25	8
S106 (nil grant)	0	12	17	16	12	0	23	0
Affordable Rent	117	44	103	86	68	32	281	157
S106 (nil grant)	0	0	52	0	60	12	96	30
Intermediate Rent	0	0	0	0	0	0	0	0
S106 (nil grant)	0	0	0	0	0	0	0	0
Shared Ownership	51	0	62	0	41	43	89	54
S106 (nil grant)	0	0	21	0	41	16	44	21
Affordable Home Ownership	0	0	0	0	18	13	72	21
S106 (nil grant)	0	0	0	0	18	13	72	21
OVERALL TOTAL	**178**	**66**	**191**	**113**	**153**	**102**	**467**	**240**
S106 (nil grant)	**0**	**12**	**90**	**16**	**131**	**41**	**235**	**72**
S106 Dwellings as a % of Total	**0%**	**18%**	**47%**	**14%**	**86%**	**40%**	**50%**	**30%**

Table 3.9 [continued]: Delivery of Affordable Dwellings: Starts & Completions, 2017/18 to 2022/23							
Rotherham	**2021-22**		**2022-23**		**Six-year Totals**		**Future**
Types of Affordable Housing: New Build	**Starts**	**Completions**	**Starts**	**Completions**	**Starts**	**Completions**	**In the pipeline?**
Social Rent	41	9	158	36	**286**	**116**	**170**
S106 (nil grant)	41	9	158	31	**251**	**68**	**183**
Affordable Rent	64	85	0	239	**633**	**643**	**-10**
S106 (nil grant)	64	12	0	27	**272**	**81**	**191**
Intermediate Rent	0	0	2	0	**0**	**0**	**0**
S106 (nil grant)	0	0	2	0	**0**	**0**	**0**
Shared Ownership	33	43	0	8	**276**	**148**	**128**
S106 (nil grant)	33	0	0	8	**139**	**45**	**94**
Affordable Home Ownership	55	27	0	46	**145**	**105**	**40**
S106 (nil grant)	55	27	0	46	**145**	**105**	**40**
First Homes	0	0	60	11	**60**	**11**	**49**
S106 (nil grant)	0	0	60	11	**60**	**11**	**49**
Unknown	96	0	13	0	**109**	**0**	**109**
S106 (nil grant)	**0**	0	0	0	**0**	**0**	**0**
OVERALL TOTAL	**289**	**164**	**233**	**340**	**1509**	**1023**	**486**
S106 (nil grant)	**193**	**48**	**220**	**123**	**867**	**310**	**557**
S106 Dwellings as a % of Total	**65.2%**	**29%**	**94.4%**	**36.18%**	**54.9%**	**30.03%**	**104.61%**
Source: DLUHC [2023], Live Tables 1011S [Affordable Dwellings Starts] and 1110C [Affordable Dwellings Completions] in England by Local Authority, Affordable Housing Supply Statistics, November.							

Needless to say, some of these sites involve large schemes which are being built out over phases taking at least five years or more to complete; for example, the site at Waverley, where development began following the grant of planning permission in 2012, is expected to take a further five years or so to complete.

So, the mix of dwellings that are non-private starts/completions reveals that in this period, though S106 delivery remains important, there has been a determined commitment by the Rotherham, as a Local Housing Authority, to build-out sites being supported from Homes England funding as well as through its own capital programme funding tied to its Housing Revenue Account and recycled Right to Buy receipts.

In terms of the delivery of a mix of affordable housing [AH] types, figures in Table 3.9 [see previous page] for a six-year period [2017/18 to 2022/23] show a mixed record. Only one of the AH types [i.e., Intermediate Rent], fails to be delivered, while four other AH types are delivered using S106 legal agreements or directly through capital programme funding. Affordable Rent schemes predominate, delivering more than half of all AH dwellings over the six-year period, with AH Shared Ownership and AH Home Ownership are the next most important AH tenures being delivered. The latter is wholly delivered secured by S106 legal agreements which are triggered by pace and volume of new private housing developments.

Table 3.10: Rotherham MBC: Delivery of Affordable Housing [AH], 2018 to mid-2023							
Delivery of AH via S106 legal agreements [i.e., through the Adopted Local Plan]	**2018**	**2019**	**2020**	**2021**	**2022**	**Mid-2023**	**2018 to Mid-2023**
Number of Schemes	6	5	8	6	16	2	**43**
Total Scheme Volume	489	786	605	1184	1106	767	**4937**
Market Housing Volume	390	614	374	904	887	560	**3729**
Affordable Housing Volume	99	172	231	280	219	207	**1208**
Affordable Housing %	**20.25%**	**21.88%**	**38.18%**	**23.65%**	**19.80%**	**26.99%**	**24.47%**
Off-site Financial Contributions in Lieu	**£0.00**	**£0.00**	**£266,150**	**£0.00**	**£1,227,503**	**£0.00**	**£1,493,653**
Notes			3 off-site financial contributions		3 off-site financial contributions		
Schemes subject to Vacant Building Credit	**2018**	**2019**	**2020**	**2021**	**2022**	**Mid-2023**	**2018 to Mid-2023**
Number of Schemes	0	3	1	4	0	0	**8**
Total Scheme Volume	0	147	13	251	0	0	**411**
Market Housing Volume	0	147	13	241	0	0	**401**
Affordable Housing Volume	0	0	0	10	0	0	**10**
Affordable Housing %	**0%**	**0%**	**0%**	**4%**	**0%**	**0%**	**2.43%**
Off-site Financial Contributions in Lieu	**£0.00**	**£119,280**	**£0.00**	**£40,000**	**£28,676**	**£40,094**	**£228,050**
Schemes delivered with Homes England Support	**2018**	**2019**	**2020**	**2021**	**2022**	**Mid-2023**	**2018 to Mid-2023**
Number of Schemes	2	2	2	4	1	1	**12**
Total Scheme Volume	73	132	73	174	10	46	**508**
Market Housing Volume	0	34	14	0	0	0	**48**
Affordable Housing Volume	73	98	59	174	10	46	**460**
Affordable Housing %	**100%**	**74%**	**81%**	**100%**	**100%**	**100%**	**90.55%**
Off-site Financial Contributions in Lieu	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**	**£0.00**

Table 3.10 [continued]: Rotherham MBC: Delivery of Affordable Housing [AH], 2018 to mid-2023							
AH Delivery Across All Routes	2018	2019	2020	2021	2022	Mid-2023	2018 to Mid-2023
Number of Schemes	8	10	11	14	17	3	63
Total Scheme Volume	562	1065	691	1609	1116	813	5856
Market Housing Volume	390	795	401	1145	887	560	4178
Affordable Housing Volume	172	270	290	464	229	253	1678
Affordable Housing %	31%	25%	42%	29%	21%	31%	28.65%
Off-site Financial Contributions in Lieu	£0.00	£119,280	£266,150	£40,000	£1,256,179	£40,094	£1,721,703
Unviable Schemes [after Viability Appraisal]	2018	2019	2020	2021	2022	Mid-2023	2018 to Mid-2023
Number of Schemes	3	0	3	1	0	0	7
Total Scheme Volume	113	0	66	22	0	0	201
Affordable Housing Volume	0	0	0	0	0	0	0
Affordable Housing %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Off-site Financial Contributions in Lieu	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Notes	Unviable after Viability Appraisal Process						

Figures in the first part of Table 3.10 demonstrate the degree to which RMBC's affordable housing policy is being met. The figures in Table 3.10 covering the last 5.5years [2018 to mid-2023] reveals that 63 separate new developments shall deliver 1,678 affordable housing units, representing 28.65% of the total number of delivered units. Importantly, 43 schemes shall deliver full policy compliant schemes, including over £1.72m of off-site financial contributions in lieu of on-site provision.

Importantly, a further 8 development schemes have been subject to Vacant Building Credit, which gave relief from the need to deliver affordable housing, which has meant that of the 411 units of housing delivered, only 10 of these units were affordable units.

In addition to the delivery of affordable housing on the back of market housing development, the Council has been able to draw on alternative funding sources [especially via Homes England] to promote 10 development schemes, involving 508 housing units, of which over 90% of these are affordable housing, with just 48 units being market units.

Records also reveal that 7 potential schemes, involving 201 housing units, failed to proceed because the schemes were shown to be unviable.

Overall, the evidence above confirms that the local planning authority in Rotherham is successfully **delivering its affordable housing policy requirement.** Any deviations from the policy requirement are due to specific site matters, whether this related to a lack of viability or where the planning authority had to negotiate a different housing mix or an off-site financial commuted sum that were judged to be equivalent in planning and housing policy terms**. It also reveals that the planning authority has been flexible** and respectful of market conditions and site-specific matters that can affect both viability and the ability of a site to deliver its quotient of affordable housing in accordance with it adopted Local Plan policies.

Other variations in or differences from the last viability studies
There are a number of other variations or differences in the parameters or assumptions applied in this refresh study compared to the last studies that merit a brief mention, namely:

- **Housing tenure mix**: a compliant affordable policy requirement of 25% has been applied, where this proportion is split into Affordable/Social Rented Homes [14%] and for Affordable Homes for Sale [5%], while the other 6% points is allotted to a new category of Affordable Homes called First Homes[12].
- **Housing density**: these comply with the net density figures drawn from RMBC *Sites and Policies Local Plan* [June, 2018], so there is no change from the last study.
- **On-site open space**: provision of 15% of a site whose site capacity is greater than 36 dwellings [see in particular SP37, which specifies the provision of on-site open space].
- **Building costs**: these have recorded an increase since the last study, caused by inflation as well as a result of shortages in skilled labour and additional costs associated with changes to Building Regulations [especially energy efficiency measures][13]. BCIS figures for Rotherham reveal that since 4th Quarter 2018, private housing construction cost index has risen by more than 20% as the figures in Table 3.11 reveal.

Table 3.11: Average Build Prices – Mixed Estate Housing [£/m²]: Rotherham

Average Build Prices	December 2018	May 2023	% change over the period
Lower Quartile [LQ]	£949	£1,147	20.86%
Median	£1,068	£1,276	19.48%
% difference between LQ & Median	12.54%	11.25%	
Source: BCIS, May 2023			

- **Cash flow-based appraisal methodology**: This study is based on development appraisals involving a cash flow-based methodology. This appraisal methodology explicitly takes into account timing and the phasing of values [i.e., prices, rents and yield] accrued and costs incurred in building out a housing scheme and exiting from the site. The cash flow methodology calculates the actual interest charges incurred rather than applying standard weighting factors which attempt to do the same in the context of a static and less rigorous appraisal methodology.

- **Developer Contributions:**

A. <u>Community Infrastructure Levy [CIL] payments</u>: Rotherham's CIL fee regime has been annually updated by the BCIS CIL indexation. The development appraisals have applied the current Zonal CIL rates as follows: Zone 1: £68.99/m²; Zone 2: £37.63/m²; Zone 3: £18.82/m²; and Zone 4: £18.82/m². These rates are applied to all qualifying new market housing in the zones, while all affordable housing is CIL exempt. CIL is designed to make a financial contribution to a range of off-site local infrastructure. Thus, the above CIL fee rates are applied according to a site's location.

B. <u>S106 policy requirements</u>**:** Most planning authorities seek or require that new housing [and other] developments mitigate impacts on the local infrastructure and its service capacities. With the exception of affordable housing, the basis of these planning requirements is triggered by the needs arising from proposed development and whether there is adequate

[12] First Homes shall be available to purchase at 70% of market value up to a maximum value of £250,000. A number of qualifying criteria must be met to access First Homes.
[13] See the Building Cost Information dataset sourced from the RICS.

provision and capacity in the local area regarding physical, social and community services. The sort of mitigation requirements can include:

- Highways and related road and street improvements [e.g., junctions, pelican crossings, pedestrian crossings];
- Transport covering for example parking, cycle-ways and footpaths, bus services; active travel incentives;
- School places in nursery, primary and secondary schools;
- Libraries and other cultural and leisure provision [including sporting facilities –new, enhancements, longer term management];
- Open space and children's play areas and equipment; landscape, woodlands, greenways;
- Health and social personal services, especially doctors' surgeries, health centres, community and village halls;
- Public realm improvements and maintenance and Public Art provision.

It was not feasible to estimate the contributions arising from the new development on each of the study sites. However, as an integral part of the appraisal a standard charge has been included to cover a mix of policy requirements that might be paid by housing developers, which is the same approach as adopted in the previous Refresh studies.

Developer Contributions, in the form of S106 legal agreements and Community Infrastructure Levy [CIL] fees, have been allocated two separate lines of costs in the appraisals. In the previous study [2018/19] a sum of £8,890 per new dwelling had been allotted to these policy requirements. In today's prices, adjusted by the BCIS CIL Index, this is now set at £11,151.77 per new dwelling.

Crucially, these two lines of developer contributions' costs have been explicitly cited in the overall costs of building out new development on the sites in this study. As there are three different zonal CIL fee rates for new build housing, their specific costs have been subtracted from the £11,151.77 per new dwelling, with the remaining sums allotted to mitigating the impacts of any needs directly arising from new development that are sought and secured through S106 legal agreements. Thus, the overall position is no different in real terms from the previous study, so that the combined CIL and S106 costs is now equivalent to £11,151.77 per new dwelling at current prices [i.e., January 2023].

The figures in Table 3.12 displays the total sums allowed in the appraisals for CIL and S106 legal agreements; these are also expressed in terms of sums per hectare of land as well as per dwelling unit. For the Allocated sites, the average per hectare sum allowed is over £338,000, while the largest sum is triggered by Site H16 [at £3.245m], and the lowest sum is trigger by Site H18 [at just under £115,000]. For the Safeguarded Land Sites, as these have a higher site capacity, the average sum per hectare is lower being close to £296,000 per hectare, while SL05 triggers the highest sum at over £486,500 per hectare with the lowest sum being over £156,500 for site SL02.

Overall, the scale of new housing development included in this appraisal study shall generate over £48m across the 32 study sites, covering over 159 hectares of land and a site capacity of 4,542 dwelling units, which as stated earlier is equivalent to £11,151,77 per dwelling unit for both CIL and S106 legal agreements.

Table 3.12: Total Value of Developer Contributions [CIL & S106] triggered by New Housing Development on the 32 Study Sites					
Study Sites	Site Are [hectares]	Site Capacity [units]	Total CIL+ S106	Total CIL only	Total S106 only
Allocated Sites [25]	70.39	2,125	£25,147,234	£8,514,484	£16,632,750
Safeguarded Land Sites [7]	88.75	2,417	£22,872,274	£9,172,073	£13,700,201
Totals for 32 sites	**159.15**	**4,542**	**£48,019,508**	**£17,686,557**	**£30,332,951**

Table 3.13: Value of Developer Contributions [CIL & S106] by Allocated and Safeguarded Land Sites [per Hectare and per Unit]						
Study Sites	CIL+ S106/Ha	CIL only/Ha	S106 only/Ha	CIL only/Unit	S106 only/Unit	CIL+ S106/Unit
Allocated Sites [25]	£338,455.37	£114,596.02	£223,859.35	£3,775.82	£7,375.94	£11,151.77
Safeguarded Land Sites [7]	£295,711.43	£118,584.05	£177,127.39	£4,472.00	£6,679.77	£11,151.77
Totals over 32 sites	**£316,654.04**	**£116,630.09**	**£200,023.94**	**£4,107.42**	**£7,044.35**	**£11,151.77**

By allowing for the above sums specifically for developer contributions, this approach is not opportunistic but is simply being risk averse as these additional costs are reflected in lower outturn residual land value estimates. Importantly, such costs do not affect or crowd-out the target rate of profit sought by the private housing developer as the latter is a fixed percentage input to the development viability appraisal.

And, clearly, in recognizing that there may be a need to make such developer contributions we are ensuring that the “true” or “full” cost of new development is being covered; such costs shall be amortised in local residual land values in the same way that development costs and fees tied to, say, remediation impact on land values [i.e., to drive them lower].

Miscellaneous items: for some sites special designations or site conditions generate additional constraints and costs; sometimes however these higher specifications can lead to higher outturn prices. Where such costs are incurred or required these have been applied to specific sites.

Though these differences and variations affect both the “value” and the “costs” side [excluding land], on balance it is contended that the overall impact is **unlikely to adversely affect development viability** [i.e., the ability to deliver RMBCs extant affordable housing and other policy requirements].

The next section presents the findings of the generated development appraisals [i.e., residual land value estimate].

Section 4: Study Findings

Introduction

This section of the report sets out the study's findings.

Development [viability] appraisal outputs

A number of 'iterations' have been conducted to reflect different planning policy requirements in the development viability appraisals. The aim of these appraisals is to provide up-to-date and reliable evidence in support of RMBC's extant affordable housing planning and other policy requirements contained in its *Adopted Sites and Policies Local Plan* [RMBC, 2018].

An explanation of how to interpret the development viability appraisal output tables

For all new housing development scenarios, the appraisals have:

- Calculated the gross development value of completed schemes.
- From this, we deducted all the development cost to build the scheme and the developer's profit margin.
- All fees and finance costs were included in the costs and these are an integral element of the costs.
- All site-specific planning and other planning and housing policy requirements are included in the costs and hence subtracted from the overall gross development value.
- The result of subtracting all costs from a site's gross development value is to generate a residual land value per hectare [£/ha], which is available to pay for the land after all finance, fees, planning and other policy requirements have been taken into account.
- A large number of iterations have been prepared to illustrate how different proportions of affordable housing affects the residual land value estimate; the focus, of course, is on RMBC's extant affordable housing policy requirement of 25% of all of a site's housing capacity on qualifying sites.

Benchmark Land Values [BMLV]

Testing for viability is conducted by comparing a site's residual land value estimate RLVE against a site's Benchmark Land Value [BMLV]. So long as the RLVE sum is equal to or higher than the BMLV, the proposed full policy compliant new development on a site is viable.

Since September 2019[14], the definition used in assessing if a scheme is viable materially changed. The principles on which a site's benchmark land value [BMLV] is set has been changed from being a "**value which delivers a competitive return to a landowner**" to being a "**value that is sufficient to incentivise a reasonable landowner to sell**". So, the premiums that are applied to compensate a landowner to forego future benefits have fallen resulting in lowering BMLV thresholds and, therefore, improving the overall viability status of sites in an adopted Local Plan.

The key reason for central Government making such a key change reaffirms their policy position that new [housing] development shall need to pay their "true" and "full" costs of new development, where all such costs directly arising including legitimate planning policy requirements[15] and importantly the provision of affordable housing, shall be fully reflected in a site's worth. These costs sit alongside the applicant's target rate of capital profit, which means that a developer's profit is not being "crowded-out", but that all such relevant costs are appropriately amortised in a site's lower worth or value.

[14] After the publication of the previous AH Refresh Study, 2018/19.
[15] Normally secured through developer contributions [i.e. S106 legal agreements].

A site's BMLV is a function of two key variables:
- Existing Use Value [EUV], and a
- Premium Multiplier.

In short, the BMLV is equivalent to **EUV plus (EUV * Premium Multiplier).**

Factors Affecting a Site's Existing Use Value
The following points are relevant to the setting of a site's EUV. There are a number of factors to be taken into consideration in coming to a view on a site's EUV. These are they:

- Site Location:
    - Is the site within the urban boundary – central; edge-of-centre; beyond the boundary [i.e., sites now released for development by a recently adopted Local Plan]?
- Site Size:
    - Is the site within the urban boundary and smaller than 3hectares[16]; can such sites benefit from existing off-site infrastructure?
    - Is the site at the edge-of-centre and at least 3hectares or more; is there a need to provide new off-site infrastructure?
- Its Existing Use:
    - In planning terms, this is the use as permitted as determined by the adopted Local Plan.
    - Is there an observable business operating on or from the site?
- Site Condition:
    - Is the site greenfield or has it had a previous use [so-called a "brownfield" site]?
    - Does the site contain buildings that are of an operational standard, or are they judged to be derelict or unstable, or has the site been cleared of all structures?
    - Will the site trigger development costs in terms of demolition, remediation, reinforcing, attenuation costs and other "not known"[17] costs?

Applying the above factors and answering the above questions posed for each of the sites included in this 2023/24 Refresh Study, and on the basis of available evidence and site visits made to each of the 32 sites, their Existing Use Values can be determined.

These baseline input values stem from Valuation Office Agency [VOA] valuations that are prepared to generate *Land Value Estimates for Policy Appraisals [*MHCLG, 2020]. The valuation methodologies used are explained in their published report in May 2020 [see Appendix 1 for an extract of the methodology]. The residual land values, generated by VOA and published in the above cited report, represent a **"policy off"** position[18] and where "not known"[19] development costs and planning and housing policy costs are absent. As such the different uses to which land can be developed reflect a presumption in favour of development and that it can proceed to be built out in the presence of known and effective demand for the space that is created. As such, these are obviously unrealistic/optimistic/aspirational conditions and so long as these are known and fully understood it is not too difficult to understand how these are derived.

[16] Smaller sites attract a higher premium given their location, while larger [largely greenfield sites], requiring more local infrastructure are worth less and so their lower premium status reflects these attributes.
[17] It is important to differentiate what is termed abnormal costs from known costs!
[18] This means in the absence of any government intervention in the real estate market.
[19] These are defined as abnormal development costs. A further explanation is located in Appendix 3.

In practice, of course, most sites present a variety of unique conditions and situations, as well as having to take account of both market positions [i.e., prices and costs] and the range of planning and housing policy requirements that are legitimately sought to ensure that sustainable and environmentally sound new development is delivered while recognising the need to directly mitigate their on-site and off-site impacts.

Table 4.1: Benchmark Land Value, Baseline Inputs of Existing Use Values and Premium Multipliers [£/hectare]

Rotherham Metropolitan Borough Council	Column1	Column 2	Column 3
Land Uses	Premium Multipliers	Existing Use Value [EUV] [£/ha]	Benchmark Land Value = EUV Land Value Plus Premium [£/ha]
Agricultural Land	Base input	£22,750	Not applicable
Premium on EUV Agricultural Land for Large Greenfield Housing Sites [>3hectares]	7	=EUV+(EUV*7)	£182,000
Premium on EUV Agricultural Land for Small Greenfield Housing Sites [<3hectares]	10	=EUV+(EUV*10)	£250,250
Industrial/Warehousing Land	Base input	£550,000	Not applicable
Premium on EUV Industrial/Warehousing Land for Housing Sites	15.00%	=EUV+(EUV*0.15)	£632,250
Office Land [Out of town]	Base input	£550,000	Not applicable
Premium on EUV Office [out of town] Land for Housing Sites	15.00%	=EUV+[EUV*0.15)	£632,250

These base values are only tenable so long as there is in place a measurable stream of rental income from an operational business [i.e., in the form of a lease with known rental payments]. If these conditions are not present, then the EUV for the land must be heavily discounted, perhaps to a level at or close to a nominal, exigent value. This point is critical for a number of the sites that have undergone appraisal in this study; this will be discussed later in this report [see pp. 45-48].

Setting the Premium Multipliers: The setting of a "premium" over and above the EUV is not unusual but it is not without some controversy and disagreement. The premium multipliers applied on this 2023 study are set out in Table 4.1 together with the baseline existing use values of three land use classes namely, agricultural land; land in industrial/warehousing and office [out- of-town] uses.

As stated earlier, such a premium shall now be the "*minimum required to incentivise a reasonable landowner to sell*". Thus, when a site is being offered for sale, the current owner requires a sum of money to incentivise them to sell. Therefore, the premium represents the forgone value of the stream of future benefits for landowners giving up their right to collect future rental income as well as reflecting the worth of foregoing possible future rights associated with gaining planning permission to change the site's use.

It is not surprising, therefore, that this premium is a large multiple if agricultural land is allocated in a local plan for housing or for other uses. The figures in Table 4.1 reveals the premium attached to agricultural land that has gained planning permission for housing is, typically around 10 for smaller sites [up to 3 hectares] being equivalent to £250.250 per hectare and 7 for larger sites [of greater than 3 hectares], being equivalent to £182,00 per hectare. If the land is currently in industrial or office use, the premium attached to land for housing is usually expressed as a percentage-uplift on its EUV, typically at 15%. This value reflects a serviced site with known development costs. Again, if such a site requires remediation prior to development its worth is reduced, on some occasions this can be substantial. Table 4.1 shows that the EUV value for industrial/warehousing land in RMBC is around £550,00/hectare; with a premium such a site will be worth £632,500/hectare. Similarly, office land has the same EUV of £550,000/hectare and with the same premium uplift it will be worth around £632,500/hectare.

However, if these same sites are adversely affected by challenging site conditions, then their worth will be lower, and in some cases substantially so. Internally generated data from site investigations sourced from RMBC show that such remediation-type site development service costs can vary greatly, with average costs amounting to around £19,000/dwelling unit or around £25.12/m^2.

The sites that have been in a previous use [i.e., the so-called "brownfield" sites], shall incur remediation costs in order for them to be ready for development. To take account of their site conditions, their baseline benchmark land values have been subject to a discount to reflect their current site conditions, particularly as a large number of these sites [i.e., **21 of the 32 study sites]**, are characterized as having very limited or no operational business activity, meaning that their current landowners are not in receipt of a full stream of rental income and therefore their EUVs shall be substantially lower than the baseline values being cited by the VOA and presented in Table 4.1 [above].

Table 4.2: Existing Uses, Site Conditions & Current Activity Status of Sites in RMBC

Site Code	Site Comments and Current Activity Status	Existing Use Class	Discount [%] from EUV
H04	Though classified as a greenfield site, it has a number brownfield attributes, unmade ground and topographical challenges. The site is part of the Bassingthorpe Strategic Housing Allocation, where significant on-site and off-site costs shall be required to mitigate on-site and off-site development impacts. There is some evidence that the site has been marketed in the past, but not so recently. The Council has purchased this site. The site is not actively operating any business on or from it, so a discount shall be applied to its EUV.	Agriculture	80
H06	This site is in the ownership of RMBC and has operated as a Council depot. Presently, the site is not actively operating as a depot site. Thus, there is no evidence that the site is presently being marketed to attract another user within the constraints of its existing use status.	Industrial	50
H11	The site is laid down largely to grass with derelict barns and wooden sheds that are in disrepair. There is no evidence of a business operating on or from the site; and there is no evidence that the site is being actively marketed to attract users to its current use. A discount to EUV shall be applied.	Agriculture	80

Table 4.2 [continued]: Existing Uses, Site Conditions & Current Activity Status of Sites in RMBC			
Site Code	**Site Comments and Current Activity Status**	**Existing Use Class**	**Discount [%] from EUV**
H16	This is a green field site. The site is owned by the Fitzwilliam Wentworth Estates. Site is a steeply sloping green field. The site rises to a ridge on the site's north side; a stream runs along the site's southern boundary; and a balancing pond [for The Wickets] located in the south west corner of the site. No discount applied.	Agriculture	0
H18	The current site's use is laid to grass. There is no observable business operating on or from the site. Though this is seen as a greenfield site, evidence from site investigations associated with a proposal to develop a contiguous site [H19] means that there is a high probability that costs shall be incurred in preparing the site for housing. Additionally, there is no evidence that the current landowner (the Council) has engaged in marketing the site in its existing use. Because of these factors, the site's EUV shall be subject to a discount.	Agriculture	75
H19	The same reasoning shall be applied to this site as H18. At the start of this refresh study planning permission for development of this site had not been granted. However, permission for residential development has now been granted and development has commenced. At the start of the Study the site use was as grassland. There was no observable business operating on or from the site. Though this is seen as a greenfield site, evidence from site investigations associated with the current proposals to develop the site for housing shows past mine workings requiring the site to be carefully remediated. Because of these factors, the site's EUV shall be subject to a discount.	Agriculture	75
H20	This site is currently in use as a construction compound. Limited income; absence of marketing. RMBC [General Fund] are the owners seeking to sell. This site was in the 2018/19 Study.	C3 – Housing [washed over]	70
H21	Currently occupied as a Royal Mail sorting/collecting office; part cleared. In use. Building in poor condition. Other buildings on site currently in use as exhaust/tyre-centre]. The rest of the cleared site being used as a fee-paying car park.	Mixed uses	40
Castle View	The site though laid to grass is a brownfield site, where the previous use was terraced housing which had been cleared as part of slum clearance programme that occurred in the 1970/80s, and subsequently as part of the Housing Market Renewal Programme. Footings to the houses are still evident. There is no observable, active use operating on or from the site.	Washed over housing land	25
Windfall Site on High Street	This site has been cleared. Given its status, no business can operate on or from the site. This results in its EUV being discounted by 90%.	Commercial	90

Table 4.2 [continued]: Existing Uses, Site Conditions & Current Activity Status of Sites in RMBC			
Site Code	**Site Comments and Current Activity Status**	**Existing Use Class**	**Discount [%] from EUV**
H23	It is clearly evident that there is no possibility of a business can operate on or from it; it is a derelict site. Its EUV shall therefore be heavily discounted by 90%.	Commercial	90
H25	Derelict building; building subject to arson; no income; owners wanting to redevelop for housing; it had been previously used as a training centre by RMBC. It was subsequently sold on by RMBC to a private owner. A discount of 75% is applied.	Community Use	75
H29	This is a cleared site. There is a footprint of its previous use There is no evidence of rental income, while there is an absence of marketing. As owners, the Council is seeking to sell but no evidence that this is being actively pursued. A discount of 80% is applied. The site is overgrown with unmanaged trees and hedgerows. A discount of 80% is applied.	Community Use	80
H30	The site is a former sport complex that comprised of netball/basket-ball and tennis courts. Currently, there is no functioning activities operating on or from the site. The site is overgrown with unmanaged trees and undulating. There is no evidence of marketing. A discount of 80% is applied.	Community Use	80
H35	The site is currently in agricultural use [as a cornfield]. No discount applied.	Agriculture	0
H44	The current site is laid to grass. There is no observable business operating on or from the site. Footings to previous buildings evident, as is unmade ground. As a brownfield site, there is likely to be additional costs getting the site to a state that it is serviceable for housing development. A discount of 75% is applied.	Washed over Housing	75
H52	This is a greenfield open space site with informal footpaths running across this site, with woodland and a stream to the north of the site, there is no observable business operating on or from the site. Nor is there any evidence demonstrating that it is being actively marketed to attract future users to the site. These factors give reasons to apply a discount of at least 50% to the EUV.	Agriculture	50
H64	This is a green field site, though a former nursery. As it is overgrown, there is no observable business operating on or from the site. Given this situation, a discount of at least 50% to the EUV is applied.	Agriculture	50

Table 4.2 [continued]: Existing Uses, Site Conditions & Current Activity Status of Sites in RMBC			
Site Code	**Site Comments and Current Activity Status**	**Existing Use Class**	**Discount [%] from EUV**
H66	The existing building on this site probably stems from the 1950/60s, though it has undergone upgrading on the interim - for example, with double glazing. The building was used for Assisted Living accommodation operated by the Borough Council. It was closed in 2020. Its worth in its current use is not being maintained and is being considered for redevelopment into a [social] housing scheme. There is no obvious rental scheme being collected by the Council and it is not being marketed in its current use. The site's EUV is discounted by 50%.	Community	50
H75	The south western frontage of the site is occupied by Jewson's Building Products; this is an active use and is in a good state of repair. The remainder of the site is predominantly derelict, with significant pooling of water within the derelict site. The site contains a large amount of demolished building materials; and is not presently in any use. There is an absence of marketing; and no income arising from the demolished site. Jewson's is in active business use. Its EUV status in planning terms is industrial use. As with the 2018 study, a discount of 80% shall be applied to the site's EUV.	Industrial	80
H87	This minor/small site is laid to grassland; it is not actively farmed with a crop. There is no business operating on or from the site within its current planning status. There is no evidence that the site is being actively marketed to attract an acceptable operator. Based on these factors a discount of 75% is applied to its EUV.	Agriculture	75
H88	A green field site. It is actively in use for the grazing of cows. This is an elevated site with a steep slope. No discount applied.	Agriculture	0
H93	A green field site. It is currently in active agricultural use. No discount applied.	Agriculture	0
H97	The site is a green field site. However, the northern part of the site previously housed glasshouses which have been removed. The rest of the site, though laid to grass, it currently is not actively used for crops. Currently, there is not an observable business operating on or from the site; though presumably this could be activated by the current landowners - that part of the site that had been formerly occupied by glasshouses is owned by the Council; whilst the rest of the site is owned by the Fitzwilliam Wentworth Estate. Based on these facts, the site's EUV is discounted by 50%.	Agriculture	50
H99	This is a green field site. The site is located on the edge of Maltby. The site is flat, with established hedgerows that form a strong boundary to the site. No discount applied.	Agriculture	0
SL02	The site is a green field site. This safeguarded land [SL] site is actively in agricultural use. No discount applied.	Agriculture	0
SL05	The site is a green field site. This safeguarded land [SL] site is undulating and is contiguous with an old race course, which provides public rights of way [claimed and permissive?] across the wider locale. No discount applied.	Agriculture	0

SL08	The site is a green field site. This safeguarded land [SL] site is actively in agricultural use. No discount applied.	Agriculture	0
SL09	The site is a green field site. This safeguarded land [SL] site is actively in agricultural use is actively in agricultural use. No discount applied.	Agriculture	0
SL13	The site is a green field site. This safeguarded land [SL] site is actively in agricultural use. No discount applied.	Agriculture	0
SL14	The site is a green field site. This safeguarded land [SL] site is actively in agricultural use. No discount applied.	Agriculture	0
SL15	The site is a green field site. This safeguarded land [SL] site is actively in agricultural use. No discount applied.	Agriculture	0

Specifically, as a result of site conditions, observable evidence on current uses and activity status of twenty of these thirty-two sites have had a discount percentage applied to their Existing Use Value (EUV], the following summarise their situations:

- Sites H25; H66 and H75 comprise derelict buildings and are not in any operational activity.
- Sites H20 and H21 are partially occupied by operating businesses.
- Sites H04; H18; H19 and H44 are laid to grass, but these are not actively operating as farmland.
- Sites H04; H23; H29; Castleview; High Street and H30 have had their buildings cleared and their appearance today is largely rough grassed sites with no obvious operational activity [except H20].
- Sites H06; H11; H21; H75 and H97 currently register some, though very limited, operational activities and hence substantially reduced rental income.

The operational status of these sites materially and adversely affects their current worth and thus their EUV. Accordingly, the final column [to the right] in Table 4.2 presents the scale of discount that has been applied to their EUV and hence their comparator BMLV when testing for viability. These figures have been agreed in close liaison with RMBC plan-making officers.

Results of Generated Residual Land Values

The generated residual land value estimate [RLVE] outputs for each site can be found in Tables 4.4 and 4.5 and in Figure 7. The **appraisals include eleven iterations** regarding variations in the proportion of affordable housing i.e., from zero through to 100% affordable housing. The reference point is obviously the **extant and current policy requirement for the provision of 25% affordable housing** and the tables and charts focus on this position. Figure 7 shows the LVE position for full policy compliant schemes which includes 25% affordable housing provision and other planning obligation requirements and chargeable CIL fee payments.

Table: 4.3: Generated Land Value Estimates for Study Sites - Full Policy Compliant Schemes LVE [£/ha]			
Land Value Estimates [£/ha]	Greenfield Sites	Brownfield Sites	All Sites
£1m/ha and higher	2	0	2
£0.75m to £0.99m/ha	1	4	5
£0.5m to £0.7499m/ha	6	2	8
£0.25m to £0.499m/ha	10	3	13
£0 to £0.249m/ha	1	3	4
Less than £0/ha	0	0	0
All Study Sites	**20**	**12**	**32**
Median [£/ha]	£419,951	£509,866	£457,221

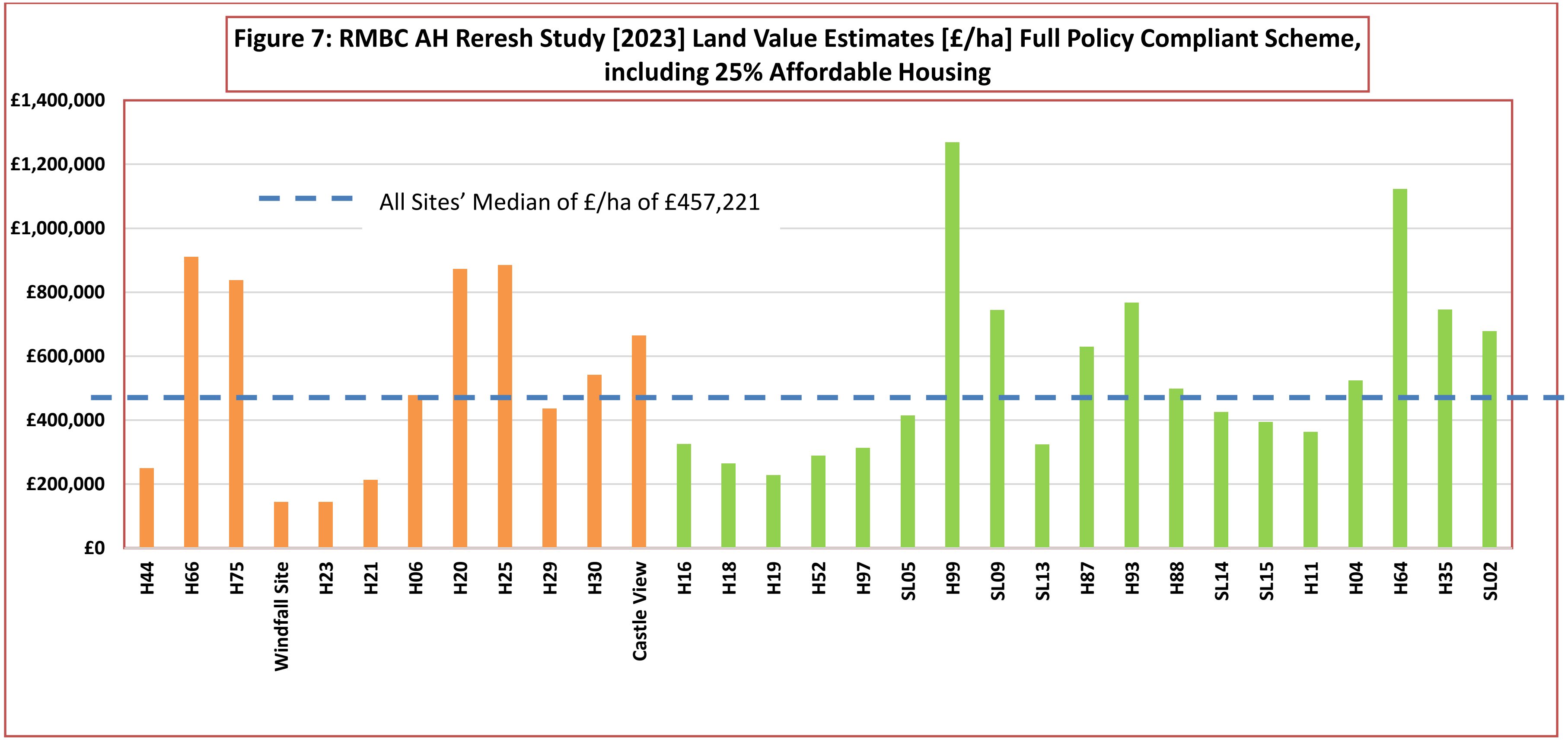
Average [£/ha]	**£532,054**	**£531,353**	**£513,791**
Standard Deviation [£/ha]	**£285,049**	**£300,012**	**£285,899**

The figures in Table 4.3 summarises the range of RLVEs [£/hectare] for the study's 32 sites. The overall median RLVE is just over £0.45m/hectare, though the median figure for the 20 greenfield sites is around £0.42m/hectare and for the 12 smaller brownfield sites the median value is just under £0.51m/hectare.

Figure 7 [overleaf] displays the range of generated land value estimates for full policy compliant schemes on all of the 32 study sites, and within and between both site types, the scale of the differences in these generates land value estimates [£/ha].

All the 32 study sites were subject to rigorous **sensitivity testing**, which involved:

- generating residual land values based on **11 different levels [%] of AH** [between 0% and 50%; and 100%] – the results for the 20 greenfield sites are displayed in Table 4.4 and for the 12 brownfield sites in Table 4.5; and
- in addition to the baseline iteration, a further seven different iterations have been conducted to reflect different market condition scenarios.



Legend:
Brownfield Sites Greenfield Sites:

Table 4.4: Residual Land Value Estimates for Greenfield Sites [£/ha] Full Policy Compliant Scheme [FPC] with Affordable Housing Policy Iterations

Site Type	GF	GF	GF	GF	GF	GF
Site Code	H99	SL13	SL09	H19	H18	H52
Site Location	Land off Rotherham Road, Maltby	Land off Oldcoates Road [East], Dinnington S25 2QA [LDF0799]	Land off St. Albans Way, Wickersley	Land off Stubbin Road, Upper Haugh	Land off Symonds Avenue, Upper Haugh	Land off Lawrence Drive, Piccadilly, Swinton
HMA Name	South East	South East	South East	Dearne	Dearne	Dearne
Site Size [Hectares]	1.01	27.1	4.87	0.89	0.53	1.09
Implied Site Capacity	77	759	153	20	13	32
Net Density/Hectare	76.24	28.01	31.42	22.47	24.53	29.36
APPRAISAL ITERATION	LVE [£/ha]	LVE [£/ha]	LVE [£/ha]	LVE [£/ha]	LVE [£/ha]	LVE [£/ha]
ALL MARKET SCHEME	£2,798,406	£499,328	£1,298,223	£598,807	£674,020	£760,641
10% AH SCHEME	£2,194,237	£430,296	£1,080,550	£451,773	£512,701	£572,690
15% AH SCHEME	£1,887,068	£395,474	£970,312	£378,256	£430,909	£478,715
20% AH SCHEME	£1,579,905	£360,183	£858,581	£304,615	£347,945	£384,581
25% AH POLICY COMPLIANT SCHEME	**£1,268,989**	**£324,243**	**£741,061**	**£228,431**	**£263,619**	**£289,059**
30% AH SCHEME	£951,928	£288,303	£620,447	£151,569	£178,191	£192,513
35% AH SCHEME	£621,166	£251,787	£499,832	£73,430.7	£92,224	£93,865.3
40% AH SCHEME	£288,743	£212,466	£378,912	-£5,460	£6,257	-£7,133
45% AH SCHEME	-£68,138	£173,144	£255,391	-£92,358	-£87,285	-£120,659
50% AH SCHEME	-£496,797	£133,822	£127,866	-£179,256	-£181,423	-£234,183
100% AH POLICY SCHEME	-£5,064,032	-£1,270,382	-£1,746,423	-£950,952	-£275,560	-£1,369,417
Benchmark Land Value [BMLV] £/hectare	**£250,250**	**£182,000**	**£182,000**	**£62,563**	**£62,563**	**£125,125**
Is FPC Scheme Viable?	**TRUE**	**TRUE**	**TRUE**	**TRUE**	**TRUE**	**TRUE**

Table 4.4 (continued): Residual Land Value Estimates for Greenfield Sites [£/ha] Full Policy Compliant Scheme [FPC] with Affordable Housing Policy Iterations						
Site Type	**GF**	**GF**	**GF**	**GF**	**GF**	**GF**
Site Code	**H97**	**H16**	**SL05**	**H11**	**H04**	**SL08**
Site Location	**Land off Far Field Lane, Wath-Upon-Dearne**	**Land to The East of Harding Avenue, Upper Haugh**	**Land off Farfield Lane, Wath, S63 7AD [LDF0298]**	**Land off Occupation Road, Rawmarsh**	**Land between Fenton Road and Henley Lane**	**Land East of Moor Lane South, formerly part of LDF0452, north of Lidget Lane, Rotherham [LDF0798]**
HMA Name	**Dearne**	**Dearne**	**Dearne**	**Urban North**	**Urban North**	**Urban South**
Site Size [Hectares]	9.94	10.49	16.07	1.5	2.91	15.6
Implied Site Capacity	242	291	450	48	90	437
Net Density/Hectare	24.35	27.74	28.00	32.00	30.93	28.01
APPRAISAL ITERATION	**LVE [£/ha]**	**LVE [£/ha]**	**LVE [£/ha]**	**LVE [£/ha]**	**LVE [£/ha]**	**LVE [£/ha]**
ALL MARKET SCHEME	£577,247	£601,202	£657,873	£839,173	£921,030	£947,363
10% AH SCHEME	£471,382	£490,837	£562,070	£654,520	£765,319	£822,486
15% AH SCHEME	£418,449	£435,655	£513,232	£558,441	£685,887	£759,789
20% AH SCHEME	£365,517	£380,473	£464,133	£460,618	£604,796	£696,635
25% AH POLICY COMPLIANT SCHEME	**£312,584**	**£325,291**	**£414,887**	**£362,387**	**£523,713**	**£632,560**
30% AH SCHEME	£259,652	£270,109	£364,040	£262,972	£441,502	£567,199
35% AH SCHEME	£206,720	£214,927	£310,354	£163,479	£359,000	£501,804
40% AH SCHEME	£152,945	£158,869	£255,802	£60,818	£274,108	£435,762
45% AH SCHEME	£98,225	£102,066	£200,862	-£50,626	£186,386	£364,248
50% AH SCHEME	£41,173	£42,984	£145,685	-£172,201	£98,676	£292,731
100% AH POLICY SCHEME	-£926,658	-£1,055,581	-£1,127,640	-£1,619,696	-£1,255,578	-£1,154,500
Benchmark Land Value [BMLV] £/hectare	**£91,000**	**£182,000**	**£182,000**	**£50,050**	**£50,050**	**£182,000**
Is FPC Scheme Viable?	**TRUE**	**TRUE**	**TRUE**	**TRUE**	**TRUE**	**TRUE**

Table 4.4 (continued): Residual Land Value Estimates for Greenfield Sites [£/ha] Full Policy Compliant Scheme [FPC] with Affordable Housing Policy Iterations

Site Type	GF	GF	GF	GF	GF	GF
Site Code	SL02	H64	H35	H88	H87	SL15
Site Location	Land off East Bawtry Road, Whiston, S60 4EU [LDF020]	Land off Allott Close, Bramley	Land off Shrogswood Road, Whiston	Land off Aston Common, East of Wetherby Drive, Aston	Land to East of Lodge Lane, Aston	Land north of Aston Bypass, Aston
HMA Name	Urban South	Urban South	Urban South	South West	South West	South West
Site Size [Hectares]	10.71	0.91	10.22	6.44	0.59	7.55
Site Capacity	219	22	217	175	19	211
Net Density/Hectare	20.45	24.18	21.23	27.17	32.20	27.95
APPRAISAL ITERATION	LVE [£/ha]	LVE [£/ha]	LVE [£/ha]	LVE [£/ha]	LVE [£/ha]	LVE [£/ha]
ALL MARKET SCHEME	£1,016,131	£1,696,077	£1,094,938	£928,545	£1,335,079	£822,070
10% AH SCHEME	£881,523	£1,467,621	£955,213	£757,544	£1,052,833	£657,645
15% AH SCHEME	£814,134	£1,352,754	£885,356	£672,004	£911,727	£571,978
20% AH SCHEME	£746,355	£1,237,896	£815,403	£585,640	£770,632	£483,335
25% AH POLICY COMPLIANT SCHEME	**£677,423**	**£1,123,048**	**£745,025**	**£498,240**	**£629,551**	**£394,690**
30% AH SCHEME	£607,020	£1,007,828	£673,744	£410,180	£487,070	£305,882
35% AH SCHEME	£536,599	£887,686	£601,462	£321,956	£341,408	£215,775
40% AH SCHEME	£464,909	£767,559	£529,114	£232,449	£193,606	£124,374
45% AH SCHEME	£393,232	£647,446	£455,430	£141,268	£43,308	£28,378
50% AH SCHEME	£321,568	£527,349	£379,680	£45,981	-£118,420	-£112,930
100% AH POLICY SCHEME	-£730,070	-£873,605	-£722,585	-£1,410,298	-£1,808,689	-£1,691,194
Benchmark Land Value [BMLV] £/hectare	**£182,000**	**£250,250**	**£182,000**	**£182,000**	**£62,562.5**	**£182,000**
Is FPC Scheme Viable?	**TRUE**	**TRUE**	**TRUE**	**TRUE**	**TRUE**	**TRUE**

Table 4.4 (continued): Residual Land Value Estimates for Greenfield Sites [£/ha] Full Policy Compliant Scheme [FPC]with Affordable Housing Policy Iterations

Site Type	GF	GF	ALL 20 GF Sites
Site Code	H93	SL14	
Site Location	Land off Keeton Hall Road, Kiveton Park.	Land off Stockwell Avenue, Kiveton Park, S26 7VJ [LDF0476]	Median LVE [£/ha]
HMA Name	South West	South West	Totals
Site Size [Hectares]	3.16	7.85	139.43
Site Capacity	100	188	3763
Net Density/Hectare	31.65	23.95	26.99
APPRAISAL ITERATION	LVE [£/ha]	LVE [£/ha]	LVE [£/ha]
ALL MARKET SCHEME	£1,338,134	£1,040,811	£880,101
10% AH SCHEME	£1,111,117	£878,067	£707,594
15% AH SCHEME	£996,979	£796,021	£621,991
20% AH SCHEME	£882,848	£713,216	£534,487
25% AH POLICY COMPLIANT SCHEME	£767,567	£628,637	£419,951
30% AH SCHEME	£650,484	£542,429	£387,110
35% AH SCHEME	£532,991	£456,230	£316,155
40% AH SCHEME	£414,007	£370,041	£222,458
45% AH SCHEME	£292,470	£283,835	£133,529
50% AH SCHEME	£165,327	£195,160	£60,657
100% AH POLICY SCHEME	-£1,506,419	-£1,371,527	-£1,262,980
Benchmark Land Value [BMLV] £/hectare	£182,000	£182,000	Not Applicable
Is FPC Scheme Viable?	TRUE	TRUE	

Table 4.5: Residual Land Value Estimates for Brownfield Sites [£/ha] Full Policy Compliant Scheme [FPC] with Affordable Housing Policy Iterations					
Site Type	**BF**	**BF**	**BF**	**BF**	**BF**
Site Code	**H06**	**H20**	**H25**	**H29**	**H30**
Site Location	**Land between Grayson Road & Church Street, Greasbrough**	**Land off York Road, St. Ann's Rotherham**	**Parkhurst, Land North West of Doncaster Road, Dalton**	**Boswell Street/ Arundel Road, Herringthorpe**	**Site of Former Herringthorpe Leisure Centre**
HMA Name	**Urban North**	**Urban North**	**Urban North**	**Urban North**	**Urban North**
Site Size [Hectares]	0.57	0.47	0.63	1.9	3.04
Site Capacity	18	30	38	61	97
Net Density/Hectare	31.58	63.83	60.32	32.11	31.91
APPRAISAL ITERATION	**LVE [£/ha]**	**LVE [£/ha]**	**LVE [£/ha]**	**LVE [£/ha]**	**LVE [£/ha]**
ALL MARKET SCHEME	£1,067,294	£1,564,065	£1,800,328	£895,144	£953,042
10% AH SCHEME	£861,115	£1,287,242	£1,445,946	£715,711	£791,704
15% AH SCHEME	£758,026	£1,148,831	£1,258,882	£623,250	£709,403
20% AH SCHEME	£654,937	£1,010,420	£1,071,811	£530,786	£625,379
25% AH POLICY COMPLIANT SCHEME	**£551,848**	**£872,010**	**£884,731**	**£436,073**	**£541,363**
30% AH SCHEME	£448,760	£733,599	£696,818	£338,668	£456,717
35% AH SCHEME	£341,856	£595,189	£506,639	£240,322	£371,231
40% AH SCHEME	£234,077	£448,309	£300,512	£141,972	£284,141
45% AH SCHEME	£122,419	£294,630	£88,088	£36,232	£193,247
50% AH SCHEME	£8,764	£138,479	-£144,841	-£92,017	£102,364
100% AH POLICY SCHEME	-£1,286,428	-£1,588,397	-£2,610,560	-£1,451,084	-£1,317,271
Benchmark Land Value [BMLV] £/hectare	**£316,250**	**£189,750**	**£158,125**	**£126,500**	**£126,500**
Is FPC Scheme Viable?	**TRUE**	**TRUE**	**TRUE**	**TRUE**	**TRUE**

Table 4.5 (continued): Residual Land Value Estimates for Brownfield Sites [£/ha] Full Policy Compliant Scheme [FPC] with Affordable Housing Policy Iterations					
Site Type	**BF**	**BF**	**BF**	**BF**	**BF**
Site Code	**Castle View**	**H66**	**H75**	**H44**	**Windfall Site**
Site Location	**Land off Castle Avenue, Canklow**	**Parkhill Lodge, Maltby**	**Former Timber Yard off Outgang Lane, Dinnington**	**Orchard Place, Wath, Rotherham**	**Former Primark site, High Street, Rotherham**
HMA Name	**Urban South**	**South East**	**South East**	**Dearne**	**Town Centre**
Site Size [Hectares]	0.87	0.8	7.96	0.6	0.4
Site Capacity	31	26	271	14	24
Net Density/Hectare	35.63	32.50	34.05	23.33	60.00
APPRAISAL ITERATION	**LVE [£/ha]**	**LVE [£/ha]**	**LVE [£/ha]**	**LVE [£/ha]**	**LVE [£/ha]**
ALL MARKET SCHEME	£1,484,321	£1,614,622	£1,322,631	£638,864	£975,698
10% AH SCHEME	£1,159,709	£1,337,466	£1,130,371	£485,682	£651,986
15% AH SCHEME	£996,555	£1,198,903	£1,033,267	£408,875	£484,048
20% AH SCHEME	£831,497.28	£1,055,911	£936,167	£330,097	£315,348
25% AH POLICY COMPLIANT SCHEME	£664,846	**£910,957**	**£837,869**	**£250,024**	**£143,438**
30% AH SCHEME	£489,664	£766,017	£738,470	£169,203	-£31,854
35% AH SCHEME	£314,459	£621,092	£637,141	£87,572	-£223,932
40% AH SCHEME	£139,227	£474,757	£534,259	£5,942	-£415,995
45% AH SCHEME	-£41,309	£327,479	£431,380	-£83,033	-£608,042
50% AH SCHEME	-£229,508	£176,442	£328,252	-£172,584	-£800,070
100% AH POLICY SCHEME	-£2,335,340	-£1,573,241	-£1,480,261	-£1,068,092	-£2,718,969
Benchmark Land Value [BMLV] £/hectare	**£187,688**	**£316,250**	**£126,500**	**£62,562.5**	**£63,250**
Is FPC Scheme Viable?	**TRUE**	**TRUE**	**TRUE**	**TRUE**	**TRUE**

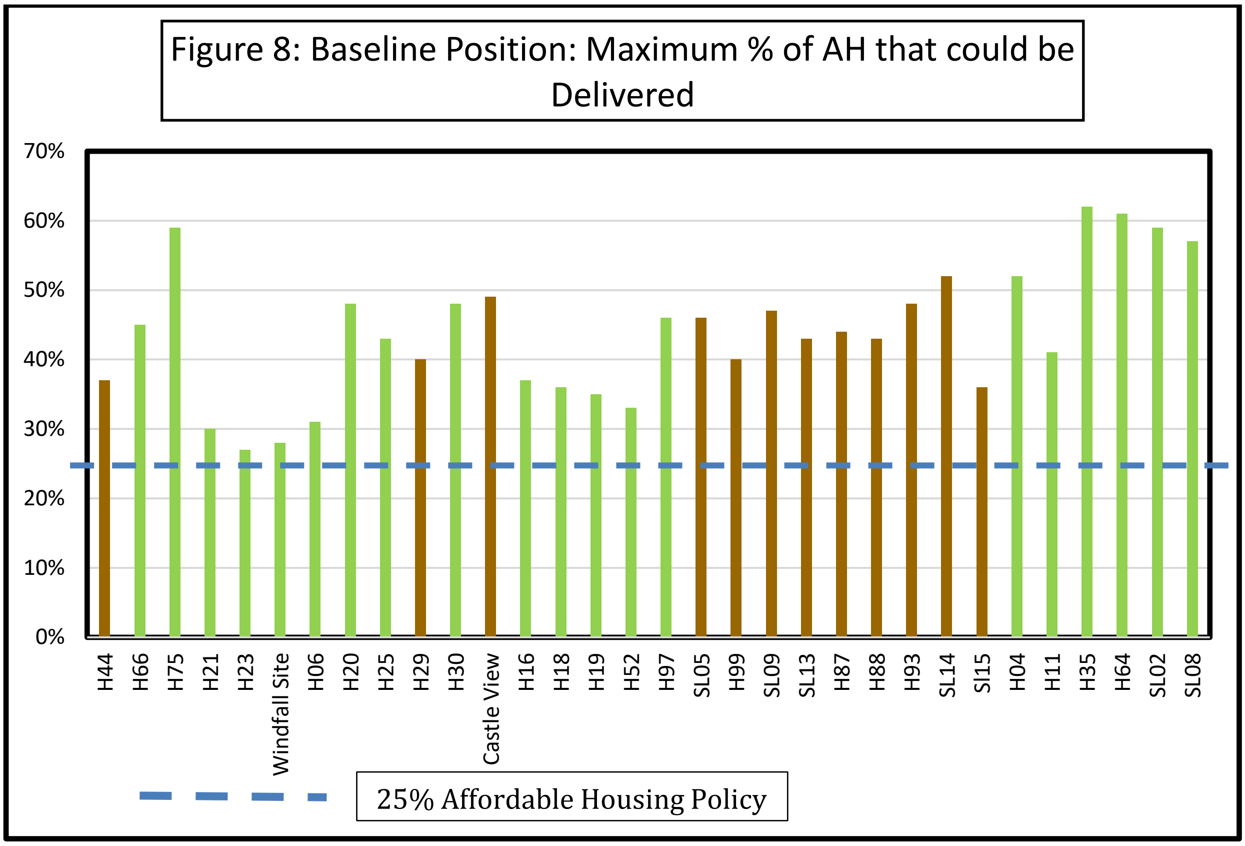
Table 4.5 (continued): Residual Land Value Estimates for Brownfield Sites [£/ha] Full Policy Compliant Scheme [FPC] with Affordable Housing Policy Iterations

Site Type	BF	BF		SUMMARY OF RESULTS		
Site Code	H23	H21		ALL GF SITES	ALL BF SITES	ALL STUDY SITES
Site Location	Land off Godstone Road, Rotherham	Land to West of Westgate		Median LVE [£/ha]		
HMA Name	Town Centre	Town Centre		20	12	32
Site Size [Hectares]	0.43	2.251		139.43	19.92	159.35
Site Capacity	26	143		3773	779	4542
Net Density/Hectare	60.47	63.53		26.99	39.11	28.50
APPRAISAL ITERATION	LVE [£/ha]	LVE [£/ha]		LVE [£/ha]	LVE [£/ha]	LVE [£/ha
ALL MARKET SCHEME	£977,990	£893,022		£880,101	£1,022,418	
10% AH SCHEME	£652,951	£629,750		£707,594	£819,941	
15% AH SCHEME	£485,593	£494,329		£621,991	£724,082	
20% AH SCHEME	£316,201	£355,345		£534,487	£627,362	
25% AH POLICY COMPLIANT SCHEME	£144,027	£212,524		£419,951	£509,866	£457,221
30% AH SCHEME	-£32,101	£68,551.01		£387,110	£429,317	
35% AH SCHEME	-£225,668	-£112,141		£316,155	£320,256	
40% AH SCHEME	-£419,220	-£319,621		£222,458	£209,330	
45% AH SCHEME	-£612,755	-£527,051		£133,529	£74,885	
50% AH SCHEME	-£806,272	-£734,427		£60,657	-£92,017	
100% AH POLICY SCHEME	-£2,740,046	-£3,187,723		-£1,262,980	-£1,526,751	
Benchmark Land Value [BMLV] £/hectare	£63,250	£63,250		Not Applicable		
Is the Scheme Viable?	TRUE	TRUE				

When is a Site Viable?
This is the key question and reason for carrying out development viability appraisals. Now that the appraisals have generated LVEs [as displayed in Tables 4.4 and 4.5], there is a need to compare each of the site's LVE against each of the site's specific Benchmark Land Value.

<u>Greenfield Sites [20 sites]</u>: All of these sites are judged to be greenfield even though three sites [i.e., H04; H11; and H44] have been in a previous use prior to their reclamation. For greenfield sites that are judged to be in agricultural use data [see MHCLG, 2019A] indicates that such land in RMBC is being traded at around £22,750 per hectare. Given that these sites are now allocated as housing sites in the adopted *Sites and Policies Local Plan* [RMBC, 2018] a premium equivalent to 7 or 10 times their EUV is typically applied. The figures in column 1 of Table 4.6 are set according to the base inputs displayed in Table 4.4. The larger sites [>3 hectares] are allotted a BMLV of £182,000 per hectare, while given the scarcity value associated with smaller sites [<3 hectares], the premium attached to these sites is equivalent to 10 times their EUV, meaning that their BMLV shall be £250,250 per hectare. Where appropriate, discounts have been applied to 9 of the 20 greenfield sites given their challenging site condition and status in terms of their "inactive" use status - see Table 4.5 for the discounts applied to their EUV for these sites.

Margin of Viability
All of the 32 study sites are assessed as being viable in delivering full policy compliant schemes, including the delivery of the Council's affordable housing policy requirement.



Indeed, Figure 8 displays the extent the % rate of AH that could be delivered while retaining their viability status. As expected, the data reveals that the greenfield sites possess the capability of delivering a significantly higher proportion of AH units, especially those sites located in the three most buoyant of Rotherham's sub-housing market areas: South East, South West and Urban South.

Though all 12 "brownfield" sites are also viable, the majority of these sites are, however, located in the less buoyant sub-housing market areas of the Town Centre and Urban North; inference being that their viability status is much more vulnerable if or when market conditions deteriorate, and that the greenfield sites possess an innate competitive advantage over them.

Table 4.6: Greenfield Sites – Viability Test and Status

Greenfield Site Code	Sub-Housing Market Area In Rotherham	[1] Benchmark Land Value [BMLV] [£/ha]	[2] LVE at 25% AH [£/ha]	[3] Balance [between 2-1] [£/ha]	[4] Is the Site Viable? [YES/NO]
H16	Dearne	£182,000	£325,291	£143,291	YES
H18	Dearne	£62,563	£263,619	£201,056	YES
H19	Dearne	£62,563	£228,431	£165,868	YES
H52	Dearne	£125,125	£289,059	£163,934	YES
H97	Dearne	£91,000	£312,584	£221,584	YES
SL05	Dearne	£182,000	£414,887	£232,887	YES
H99	South East	£250,250	£1,268,989	£1,018,739	YES
SL09	South East	£182,000	£741,061	£559,061	YES
SL13	South East	£182,000	£324,243	£142,243	YES
H87	South West	£62,563	£629,551	£566,988	YES
H88	South West	£182,000	£498,240	£316,240	YES
H93	South West	£182,000	£767,567	£585,567	YES
SL14	South West	£182,000	£628,637	£446,637	YES
SL15	South West	£182,000	£394,690	£212,690	YES
H04	Urban North	£50,050	£523,713	£473,663	YES
H11	Urban North	£50,050	£362,387	£312,337	YES
H35	Urban South	£182,000	£745,025	£563,025	YES
H64	Urban South	£250,250	£1,123,048	£872,798	YES
SL02	Urban South	£182,000	£677,423	£495,423	YES
SL08	Urban South	£182,000	£632,560	£350,560	YES

On the basis of the figures in Table 4.6, **RMBC's current planning and affordable housing policy requirements remain viable for all 20 of the greenfield sites, and many by a substantial margin.**

A number of sites[20] in RMBC ownership have been vacant sites now for several decades. Some sites [e.g., H20, Castle View] shall require remediation and incur additional and possibly other "not known" development costs to get them to a point as serviceable sites. In these circumstances, the appraisals must include all known costs and if viability is being compromised the planning authority shall need to be flexible in its policy demands regarding the provision of affordable housing.

[20] These sites are washed over housing sites in the Local Plan. Though clearly they have been previously in use, under current national guidance they are categorised as being "green field" sites, and shall require substantial remediation and attenuation costs to get them to a point of becoming ready for development.

It is clear from the results presented in Table 4.6 that **all of 20 greenfield sites** pass the viability test with ease; **with 15 sites being able to deliver at least 40% of their development as affordable dwellings.** Crucially, this is substantially higher than RMBC's extant affordable housing policy position.

Previously Developed [Brownfield] [12] Sites: The setting of the Benchmark Land Value for these "brownfield" sites is more problematical than for the greenfield sites. Setting EUV for these sites is much more uncertain as it depends on their present operational status i.e., are they currently attracting a full rental income or are they in a practical position to operate in accordance with their planning use class? It is important to understand how the presence or absence of these attributes determine a specific EUV for each of the brownfield study sites.

It is important to stress that the EUV methodology is based on the income approach to valuation, where the stream of future rents is capitalised at an all-risk yield. In effect, this means that there is a lease in place [now] and that business occupiers are responsible for the future stream of rental income.[21] Of course, in the absence of such business activities, a site's EUV shall be subject of a discount to reflect this fact as well as its current and known site conditions.

Convention informs us that in Rotherham sites that have been largely in industrial, storage, or warehousing uses have EUVs of around £550,000 per hectare [see Table 4.1 above & MHCLG, 2020]. If a premium of 15% of EUV is added, then a typical site's EUV becomes £632,500 per hectare. However, this land value is based on known/actual demand, where a lease is in place and a rent is being paid and collected, and that there is an absence of "not known[22]" costs.

Table 4.7: Previously Developed [Brownfield] Sites – Viability Test and Status

Previously Developed Site Code	Sub-Housing Market Area In Rotherham	[1] Benchmark Land Value [BMLV] [£/ha]	[2] LVE at 25% AH [£/ha]	[3] Balance [between 2-1] [£/ha]	[4] Is the Site Viable? [YES/NO]
H44	Dearne	£62,563	£250,024	£187,461	YES
H66	South East	£316,250	£910,957	£594,707	YES
H75	South East	£126,500	£837,869	£711,369	YES
Windfall Site, High Street	Town Centre	£63,250	£143,438	£80,188	YES
H23	Town Centre	£63,250	£144,027	£80,777	YES
H21	Town Centre	£63,250	£212,525	£149,275	YES
H06	Urban North	£316,250	£478,369	£162,119	YES
H20	Urban North	£189,750	£872,010	£682,260	YES
H25	Urban North	£158,125	£884,731	£726,606	YES
H29	Urban North	£126,500	£436,073	£309,573	YES
H30	Urban North	£126,500	£541,363	£414,863	YES
Castle View	Urban South	£187,688	£660,444	£472,756	YES

[21] It is important to note that a very different valuation methodology is applied to an estimate of worth for housing, where it is valued on the basis of vacant possession.

[22] These are defined as abnormal development costs. A further explanation is located in Appendix 3.

The figures in Table 4.7 reveals that all 12 **brownfield sites are viable**. Even though many of these sites **do not have guaranteed future rental flows and hence lower EUVs, the resulting lower BMLVs have perversely improved the viability status of these sites.** It must be noted, that the EUV worth [whatever the sum] represents the price an investor would have to pay for the right [and risk] to collect future rental flows. Where a rental income is being paid and collected then the EUV is higher than on a site where there is no or a lower rental income being paid and where there is no evidence of marketing the site in its present use. Currently, a good majority of these sites do not have a known or a certain future rental flow. Additionally, given that these sites have been re-designated as washed-over housing sites, it is very unlikely that their landowners would want to seek to retain them in their current state.

Results of Sensitivity Testing

It is important to understand how a site's viability status is affected by potential changes in market conditions. Indeed, it is prudent to understand how such [future] changes impact on the position of viability over the property market cycle and whether such changes shall lead to recommending changes to RMBC's extant affordable housing policy requirements as set out in its adopted Local Plan.

Table 4.8: Viability & Sensitivity Analysis: Summary of the Delivery of Affordable Housing in Rotherham

Sensitivity Analysis: Iterations	1	2	3	4	5	6	7	8
Delivery of Affordable Housing [% rate]	Baseline Position: Maximum % of AH Delivered	5% rise in BC	10% rise in BC	5% rise in BC & 5% rise in HP	10% rise in BC & 5% rise in House Prices	5% rise in Build Cost & 5% fall in HP	5% rise in BC & 10% fall in HP	10% rise in BC & 10% fall in HP
Median [%]	43.50%	34.50%	24.00%	44.50%	35.00%	22.50%	9.50%	0.00%
Highest [H35 site]	62%	55%	47%	64%	56%	45%	34%	26%
Lowest [H23 site]	27%	17%	6%	27%	18%	3%	0%	0%
Standard Deviation	10.0%	10.9%	11.7%	10.2%	10.7%	12.4%	11.7%	8.9%
Number of Viable Sites	**32**	**27**	**16**	**32**	**29**	**13**	**7**	**2**
Number of Unviable Sites	0	5	18	0	3	19	25	30
Number of Dwellings on the Viable Sites	4,542	4,320	3,134	4,542	4,370	1,728	1,297	248
% of the Total Dwellings on the Viable Sites	**100.00%**	**95.11%**	**69.00%**	**100.00%**	**96.21%**	**38.04%**	**28.56%**	**5.46%**
Total Number of Dwellings in the 32 Study Sites	**4,542**							
Total Hectares of the 32 Study Sites	**159.35**							

HP=New House Prices; BC=Build Costs; AH=Affordable Housing.

The figures presented in Table 4.8 reveals the degree to which all 32 sites in the study are vulnerable to changes in market conditions; in this respect changes in build costs, house prices or both. It is clear that if house prices decline, the viability status of the sites are vulnerable. If such falls in house prices are associated with rises in build costs [specifically see the figures under iterations 6, 7 and 8], then the majority of the study sites quickly become unviable i.e., being unable to deliver the Council's 25% AH policy requirement as an integral element of full policy compliant schemes.

Data shows that though build costs have risen over the last 12 months, local house prices have not declined, though their rate of growth has been falling and housebuilders, in the short term, have reduced output and new starts in order to maintain outturn prices[23].

The figures in Table 4.9 display the results of **sensitivity testing** for each of the 32 study sites, which involved **eight separate iterations** representing different futures, including the baseline position. The results of this sensitivity analysis are summarized below.

Table 4.9: Viability and Sensitivity Analysis - Delivery of Affordable Housing in Rotherham under different market futures

Sensitivity Analysis: Iterations			1	2	3	4	5	6	7	8
Site Code	Housing Market Area [HMA]	Site Type [BF/GF]	Baseline Position: Maximum % of AH Delivered	5% rise in BC	10% rise in BC	5% rise in BC & 5% rise in HP	10% rise in BC & 5% rise in HP	5% rise in BC & 5% fall in HP	5% rise in BC & 10% fall in HP	10% rise in BC & 10% fall in HP
H44	Dearne	BF	37%	26%	16%	38%	28%	13%	0%	0%
H52	Dearne	GF	33%	23%	12%	34%	25%	10%	0%	0%
H19	Dearne	GF	35%	25%	15%	36%	27%	12%	0%	0%
H18	Dearne	GF	36%	28%	16%	37%	28%	13%	0%	0%
H16	Dearne	GF	37%	28%	19%	39%	30%	16%	6%	0%
H97	Dearne	GF	46%	37%	27%	47%	38%	24%	11%	0%
SL05	Dearne	GF	46%	38%	25%	48%	40%	26%	14%	4%
H66	South East	BF	45%	35%	26%	46%	37%	23%	10%	0%
H75	South East	BF	59%	50%	41%	60%	51%	40%	30%	18%
H99	South East	GF	40%	30%	20%	41%	32%	18%	5%	0%
SL13	South East	GF	43%	35%	26%	45%	37%	35%	11%	2%
SL09	South East	GF	47%	38%	29%	49%	40%	26%	13%	3%
Sl15	South West	GF	36%	26%	16%	38%	28%	13%	0%	0%
H88	South West	GF	43%	39%	24%	39%	35%	23%	11%	0%
H87	South West	GF	44%	34%	24%	45%	35%	22%	9%	0%
H93	South West	GF	48%	40%	31%	50%	42%	28%	27%	1%
SL14	South West	GF	52%	32%	22%	42%	33%	18%	5%	0%
H23	Town Centre	BF	27%	17%	7%	28%	18%	3%	0%	0%
Windfall Site High Street	Town Centre	BF	28%	17%	6%	27%	18%	3%	0%	0%
H21	Town Centre	BF	30%	19%	8%	31%	21%	4%	0%	0%
H06	Urban North	BF	31%	23%	13%	34%	31%	9%	0%	0%
H29	Urban North	BF	40%	30%	21%	42%	32%	18%	7%	0%
H25	Urban North	BF	43%	34%	24%	44%	35%	21%	7%	0%
H20	Urban North	BF	48%	39%	29%	49%	40%	27%	14%	3%
H30	Urban North	BF	48%	38%	28%	50%	40%	26%	12%	1%
H11	Urban North	GF	41%	30%	19%	42%	32%	18%	6%	0%
H04	Urban North	GF	52%	42%	33%	54%	44%	30%	16%	5%
SL02	Urban South	GF	59%	51%	43%	60%	53%	41%	29%	20%
H64	Urban South	GF	61%	53%	45%	62%	54%	43%	32%	23%
H35	Urban South	GF	62%	55%	47%	64%	56%	45%	34%	26%
Castle View	Urban South	BF	59%	53%	45%	61%	55%	43%	32%	26%
Sl08	Urban South	GF	57%	49%	42%	59%	51%	39%	28%	19%

BF=Brownfield; GF=Greenfield; SL=Safeguarded Land for Housing; HP=New House Prices; BC=Build Costs.

[23] See for example Persimmon's recent commentary [who is one of UK's largest house-builders] on 2023 market conditions, flagged an average increase in selling prices of 5% and a 4.4% rise in new builds in 2023 [to 9,922], Reuters, January 4th, 2024.

<u>**Iteration 1 - Baseline**</u> The key outcomes are:
- **All** of **32 study sites** are able to **deliver at least 27% affordable housing**
- **15 sites** are able **to sustain a significantly higher proportion of at least 45% affordable housing**.
- **9 sites** are able to sustain **at least 50% affordable housing**.
- **Although the 3 sites located in the** Town Centre Housing Market Area [HMA] **are viable**, these record the lowest rates of affordable housing that can viably be delivered of all of the 32 study sites.
- **Greenfield sites** are able to deliver a **materially higher proportion of affordable housing than brownfield sites**. This is not surprising given the brownfield sites' specific site conditions, but also their location in the **lower valued Urban North** and **Town Centre HMAs**.

<u>**Iteration 2 - Baseline plus 5% rise in Build Costs**</u> The key outcomes are:
- Under conditions of rising build costs [of 5%], viability is being challenged, resulting in **5 of 32 sites becoming unviable**, reinforcing the relative weakness and vulnerability of these sites located in the lower valued HMAs of the Town Centre and Urban North. However, the 5% rise in Build Costs has reduced the viability threshold across the other 27 sites by around 10%points down to a rate of 34% affordable housing.

<u>**Iteration 3 - Baseline plus 10% rise in Build Costs**</u> The key outcomes are:
- Under a **more challenging inflationary build cost** conditions [of 10%], this has **exposed the vulnerability of 18 of the 32 study sites that have now become unviable.** A good cross-section of greenfield and brownfields are included as being unviable; this captures 75% of the brownfield sites and 50% of the green field study sites. However, even under this harsher market condition, **the 5 sites in the Urban South HMA** are found to be the **most resilient** of the 32 sites, being able to deliver **at least 40% affordable housing**.

<u>**Iteration 4 - Baseline plus a 5% rise in Build Costs and 5% rise in House Prices**</u> The key outcomes are:
- Under these market conditions, where the relative power of a change in house prices more than compensates for a similar change in build costs, the **viability status returns** [and thus the sites' capability to deliver at least 25% affordable housing] **to all of the 32 study sites.**

<u>**Iteration 5 - Baseline plus a 10% rise in Build Costs and 5% rise in House Prices**</u>
- Under these market conditions, where the relative power of the change in Build Costs is commensurately greater than the change in House Prices, **viability is retained by 29 of the 32 sites**. As noted earlier, the most vulnerable sites to adverse market conditions are located in the **Town Centre HMA** and to a lesser extent **Dearne HMA.**

The next three iterations appraise the more challenging market conditions, especially if build cost rises are accompanied with new house price falls. As expected, the brownfield sites are more adversely affected than the greenfield sites to these adverse market conditions.

Iteration 6 - Baseline plus <u>a 5% rise in Build Costs and 5% fall in House Prices</u> The key outcomes are:

- Of the 12 brownfield sites, only 4 retained their viability status[24].
- Of the 20 greenfield sites, only 9 retained their viability status.

Iteration 7 - Baseline plus <u>a 10% rise in Build Costs and 5% fall in House Prices</u> The key outcomes are:
- Under this market condition, 25 of the 32 sites lose their viability status.
- 9 sites are **unable to delivery any affordable housing**, affecting 5 brownfield sites and 4 greenfield sites; 8 out of 9 of these sites are either **located in the Town Centre HMA or the Dearne HMA.**

Iteration 8 – Baseline plus <u>a 10% rise in Build Costs and 10% fall in House Prices</u> The key outcomes are:
- Under this market condition, 30 of the 32 sites lose their viability status.
- Crucially, **19 sites are unable to deliver any affordable housing**.
- **There is a single greenfield site [H35],** which is located in the **Urban South HMA, and a small brownfield site [Castle View] that have retained their viability status**, being able to deliver **26%** of a scheme's dwelling units **as affordable housing.**

Summary of Viability Appraisals and Sensitivity Testing
Housing markets are subject to property cycles, where changes in build costs and selling prices are driven by both endogenous and exogenous sources of change. The appraisals have explicitly taken account how such market changes have impacted on a site's viability status, alongside powerful policy constraints and objectives in the form of intensification, energy efficient goals, climate change and natural environment improvements. These market conditions and policy requirements are explicitly factored into the appraisals and are directly amortised in a site's residual land value estimates.

The outcome of appraising the 32 study sites reveals that they are all able to deliver full policy compliant schemes, inclusive of the Council's extant affordable housing policy requirements. The 20 greenfield sites are able to deliver a materially higher % rate of affordable housing than the brownfield sites [see Table 4.9].

The most buoyant housing market areas [HMAs] are able to deliver a much higher proportion of housing than the Council's extant affordable housing policy requirement – these are the study sites located in Urban South, South East and South West HMAs. The least buoyant part of Rotherham's housing market contains the allocated sites located in Town Centre HMA.

Of the <u>greenfield sites</u>: site H52 [in Dearne HMA] delivers the lowest viable % of affordable housing at 33%, while site H35 [in Urban South HMA] delivers the highest viable % of affordable housing at 62%.

Of the <u>brownfield sites</u>: site H23 [in Town Centre HMA] delivers the lowest viable % of affordable housing at 27%, while site H75 [in South East HMA] delivers the highest viable % of affordable housing at 59%.

Under challenging market conditions, the viability status of all sites is adversely affected, with the brownfield sites being the most vulnerable.

Only when new house prices fall, do all the sites' viability status come under severe pressure. Fortunately, data reveals that although the rise in new house prices over the last 18 months has fallen at an increasing rate; house prices have not fallen in absolute terms. In reviewing the

[24] Their ability to deliver the extant affordable housing policy requirement of 25% of a site's content.

Council's extant affordable housing policy, it is important that the results presented in this Report, and especially in this Section of the Report, are taken explicitly into account.

It is evident that brownfield sites are the most challenging sites that are currently allocated in the Council's adopted Local Plan. A key concern for its Local Plan is their continuing inclusion of such sites in meeting future housing supply and delivery targets. This is down to their particular site-specific constraints as well as being at a material competitive disadvantage relative to the better located greenfield sites. The latter are currently proving to be very attractive to the major house-builders; given this situation, the brownfield sites are likely to remain unattractive unless it is possible to alter their terms of trade, which might include modifying affordable housing policy requirements and adopt additional and/or complementary actions, if they are to become much more attractive to the risk-averse larger private housebuilders.

Of course, where sites are in the ownership of the Council [e.g., H04; H06, H18; H20; H21 (part only);H29; H30; H44; H52; H66; H93; H97 (part only) and windfall sites at Castle View and High Street], their development futures could be delivered differently from those motivated and delivered by the private housebuilders. Some of the above sites have challenging site conditions, having had buildings cleared and this situation has not changed for a decade or more. Indeed, though current market conditions have improved over the last 5 years or so, this has not materially changed their sites' relative uncompetitive position.

The fact that most brownfield sites remain undeveloped is testament to their relative weak predicament, namely that they are:

- Adversely affected by specific, yet major site constraints;
- Located in relatively low value areas;
- Adversely affected by local area negative externalities and market failure; and
- Disadvantaged relative to the good supply of greenfield sites allocated in the adopted Local Plan.

Indeed, their cleared, yet undeveloped, status demonstrates that, compared to green field sites, these sites remain at a distinct disadvantage, even if the sites were to be sold at very low or zero land prices. For the RMBC owned sites, as landowner, taking a different position regarding profit expectations as well as not seeking any capital receipt from the land itself, might be sufficient incentive to enable the site to be brought forward for development. Evidence from other development appraisals relating to similar kinds of brownfield sites located in the Town Centre HMA, reinforces the case for a more mutual, concerted and coordinated strategic approach, in order to establish an improved stable, conducive and supportive environment for these kinds of sites to be built-out in the future.[25]

[25] These last points draw on internal reports held by the Local Planning Authority.

Section 5: Study Recommendations

Preamble

The current National Planning Policy Framework [NPPF] (DLUHC, 2023a) underpins the fact that both developers and landowners must take into account the extant policy position as well as current market and site-specific conditions in agreeing a land price. In this respect land value is not the same as land price, though of course a developer can offer any price to secure that land transaction is successfully secured.

Up-to-date development viability appraisals serve as a vital support in the deliverability of the housing targets in Rotherham MBC's adopted Local Plan. However, it must also be recognized that there has been an improvement in the stability and thus position of the general policy framework, especially since changes to the NPPF were made in September 2019. Since then, the threshold against which viability is judged has been lowered, and with continued net improvement in new house prices, overall market and policy conditions has been largely propitious with regard to the actual delivery of affordable housing on the back of new housing development across Rotherham. It is only in the last 9 months or so, that the growth in new house prices and the volume of new house transactions have slowed. In respect of the former, new house prices are found to be rising but at a decreasing rate; yet new house prices have not fallen back to previous levels. We can observe that a key feature of the new housing market in Rotherham has been the significant change on the size and mix of the new housing that has been built out.

It shall be important that tracking the trajectory of new house prices is made a key priority, alongside tracking housing mix, their floorspace [in m^2] and ensuring that when affordable housing is being delivered on site, these represents the adopted Local Plan's extant policy requirement of 25% affordable housing measured in terms of numbers as well as floorspace [m^2] provision.

Over the last five years, new housing has successfully been delivered on a number of sites across Rotherham, particularly on sites with limited infrastructure costs and stronger market demand, especially on the greenfield sites in the most buoyant HMAs, [i.e., Urban South, South East and South West]. All the assumptions and inputs used in the appraisals have been selected to reflect current market and policy circumstances for sites that effectively rarely require major critical infrastructure to bring them forward, especially in the authority's five-year land supply.

The development viability appraisals are based on current market values and prices and "hypothetical" yet realistic development scenarios for the kind of housing development that is "planned" to come forward in the near term [i.e., the next five years]. In an uncertain policy and economic market, this approach avoids potentially misplaced assumptions about future economic changes that might render the viability judgements unrealistic.

One of the main policy successes for RMBC has been to secure policy compliant affordable housing and appropriate developer contributions towards other mitigating needs arising from new housing development. The results of the development viability appraisals demonstrate that RMBC's current policies are deliverable without rendering the sites in its adopted Local Plan as being unviable.

Recommendations

Recommendation One: RMBC to consider replacing its authority-wide policy in favour of adopting a zonal and discriminatory affordable housing requirements
The appraisal findings confirm that viability is a function of geography, site size and condition, and local policy and market conditions. Extant planning and affordable housing policy requirements shall need to be deliverable over the property cycle and consequently allocated housing sites shall need to retain their viability status.

It is clear that brownfield sites are much more vulnerable to market changes than the greenfield sites; crucially both site types are all allocated as housing sites in the Council's adopted Local Plan.

On the basis of the evidence presented, the appraisals support the adoption of a three area-zone % AH rates, reflecting the revealed relative market differences between and within the sub-Housing Market Areas [HMA] making up Rotherham's overall housing market. It is specifically recommended that:

- A 10% AH rate is adopted for sites in the Town Centre HMA;
- A 25% AH rate is adopted for sites in the Urban North and Dearne HMAs; and
- A 35% AH rate is adopted for sites in the Urban South, South West and South East HMAs.

Recommendation Two: RMBC shall need to make important choices about policy requirements and affordable housing requirements for previously developed [or brownfield] sites
The results of the development viability appraisals confirm that green field sites are viable and that given the increase in the number of such sites in its adopted *Sites and Policies Local Plan* [RMBC, 2018], the planning authority should be confident that these will come forward and deliver the requisite affordable housing as well as mitigating the needs arising from such new development on-site and off-site nearby.

Though these appraisals have demonstrated that the brownfield sites are also viable, there remains doubt whether any of these shall enter the development pipeline without additional incentives. For example, to incentivise the development of the brownfield sites, it is suggested that the Council adopt a lower tariff of 10% AH requirement be applied to new developments across the borough. The benefits of adopting this option stance are:

- Given the known problems, especially regarding their site conditions and lack of competitive advantage [vis-à-vis the availability of larger green field sites] previously developed sites need to be made more financially attractive per se, but especially to the more niche and locally-based developers.
- Developing previously developed sites generates a string or a flow of additional benefits locally as well as beyond their immediate location. Their development sends a demonstrable and strong signal that undermines market failure and brings a sense of positivity and normality so long absent for such sites in current their locations.

Recommendation Three: Policy reviews based on market monitoring of key indicators
Good practice shows the importance of including a flexible approach to policy to account for changes in economic cycles and also to meet longer term policy targets. The further away we move from the current timescales the harder it is to estimate the direction of future markets.

To reflect these sentiments and to recognise the general economic uncertainty, the policies promulgated in the *Core Strategy* [RMBC, 2014], the adopted *Sites and Policies Local Plan* [RMBC, 2018] and in its current phase of Policy Review [2023-4], shall benefit from allowing for a degree of flexibility [i.e., improvements and deterioration] in local housing market circumstances. In doing so, it shall continue to allow:

- Developers to negotiate current delivery based on site-specific circumstances and, where relevant, adopt the Council's viability review mechanism where it is accepted that uncertainty and viability threatens new housing delivery on the affected sites.
- Based on regular monitoring, RMBC to adjust affordable housing policy requirements to reflect changes (particularly improvements) in the market in the future.

Evidence shows that developers are seeking a higher degree of certainty at least for the short term as to what will be required by way of developer contributions. So, policy requirements for the next five years should be based on the current market conditions. For instance, in the short term there may be an improvement in the level of affordable housing so there may be less available to fund other planning policy requirements. If this is the case, then the viability appraisal status of sites in the adopted Local Plan should then be kept under review to reflect changes in the market and to move closer towards target-based policy requirement for the medium to longer term. In this regard, two Supplementary Planning Documents on *Contesting Viability* and on *Developer Contributions* have recently been adopted and serve to clarify the approach to be adopted by the Rotherham MBC as the planning authority.

Though there are no prescribed review periods in legislation, RMBC has commissioned this Refresh Study as part of reviewing its policies in its adopted Local Plan, including its strategic approach to securing its extant affordable housing policy requirements as expressed in Policy CS 7 Housing Mix and Affordability[26].

As revealed and confirmed in this Refresh Study development outcomes shall largely depend on market conditions and their impacts on development viability, as well as lessons learned from the implementation of the S106, affordable housing and other policy requirements. Housing development viability is most sensitive to changes in development value so typically a 10% change in the value of development can increase or decrease land values by around 30%. Similarly, a 10% change in build costs can affect land values by around 16%. Other factors which have a significant impact on viability include landowner value expectations, the density of development and policy requirements. So, it is vital that assumptions and the variable inputs in conducting viability appraisals shall be kept under regular review and used as triggers for reviewing policy linked to viability on an ongoing basis.

To support its policy development and monitoring, it is recommended that RMBC implements a programme of structured and focused monitoring, involving for example:

- New build house price transactions - annually/bi-annually – at least from Hometrack and ONS, but it shall include locally completed scheme details too;
- Building prices and costs – annually/bi-annually - at least from BCIS, but it shall include locally completed scheme details too, if available;
- Affordable housing delivery records for all delivery routes - annually/bi-annually;
- Collating results from independent viability appraisal reports - as they arise;
- House types, mix and sizes - annually - from Energy Performance Certificates.
- Regular follow-up surveys on recently completed new development schemes focusing on new occupier surveys.

Such monitoring should complement other annual monitoring activities.

[26] See Rotherham Local Plan, Core Strategy 2013-2-28, Adopted September 2014, pp.76-79.

Recommendation Four: Implications for housing delivery for the next five years
Housing delivery objectives underpinning the adopted *Sites and Policies Local Plan* [RMBC, 2018] shall continue to depend on having sufficient sites in lower risk locations, which have low servicing costs and where developers can generate sufficient value, to offer a better price for the land and be confident that the properties they build shall sell [i.e., there is effective demand].

There is new development taking place within Rotherham indicating that schemes are viable based on current policy requirements and effective negotiations with development partners. In the coming five years, it will be vital that sites shall come forward in locations where developers can build-out their sites under continuing conditions of viability. Based on current evidence, the vast majority shall continue to be on green field sites, especially in HMA locations that are currently achieving higher than borough median housing prices [i.e., in South East, South West and Urban South HMAs]. Further, despite appraisals showing that "brownfield" sites are viable, a lot of these brownfield sites are unlikely to enter the development pipeline and thus make an important contribution towards the Local Plan's delivery targets without changing their terms of trade, especially regarding AH policy requirements and to consider other policy interventions regarding other funding sources or mechanisms [e.g., from Homes England].

Recommendation Five: Innovative approaches to local infrastructure funding and securing income for local infrastructure
Looking towards the future, developers, infrastructure providers, landowners and RMBC shall need to work together to deliver growth, local infrastructure and other policy requirements in as cost-efficient way as possible.

In the future:
- There is a need to have flexibility to allow for staged developer contribution payments, especially for sites experiencing site-specific challenges, including suspected viability concerns.
- Assessments should be undertaken to investigate mechanisms to help forward fund critical local infrastructure using various local authority powers and policy trade-offs [e.g., PWLB funding sources; RMBC and other public sector agencies, such as the Health Authority; pooling of CIL fee receipts].
- There should be some consideration of new and innovative mechanisms to help deliver the much-needed affordable housing requirements off-site [e.g., with modern methods of construction [MMC]].
- The Council has an opportunity to review its current approach to securing on-site and off-site benefits that explicitly mitigate new development impacts, especially through a review of setting reasonable developer contributions' tariffs for a range of local infrastructure requirements funded by both Community Infrastructure Levy [CIL] fee income and planning obligations' mechanism [in the form of S106 legal agreements].
- Specifically, the current zonal CIL fee regime was established in 2017, which reflected the much more challenging market circumstances back then. There is a strong case for reviewing the zonal CIL fee regime to reflect and thus update to current market conditions, but this can only be achieved if a whole plan Financial Viability Assessment is conducted.

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Appendix 1

Extract from "Land Value Estimates for Policy Appraisal" [at April 2019 prices], MHCLG, May 2020

General Assumptions regarding the valuation methodologies used in generating land value estimates.

Guidelines for use

The land values presented here have been provided specifically for the purpose of policy appraisal and are based on the assumptions set out in this document. It is strongly recommended that they are not used for any other purpose and it is important to emphasise that they have been produced adopting different assumptions from the Property Market Report previously published by the Valuation Office Agency. Whilst the model adopted by the Valuation Office Agency is designed to provide a consistent approach to valuations across England's local authorities, it should be noted that residual valuations are highly sensitive to small changes in the inputs. As a result, the values of a particular site may vary significantly from the 'typical residential site' value for the local authority that is provided in this document; where land values for a specific site under appraisal are known these should therefore be used over the 'typical values' presented in this document. Further detailed assumptions associated with all these values are provided in Annex A.

Residential land values

The valuations have been undertaken using a truncated residual valuation model. This involves valuing the proposed development and deducting the development costs, including allowances for base build cost, developer's profit, marketing costs, fees, and finance to leave a "residual" for the site value.

The purpose of these values is to use in appraising land projects from a social perspective, in line with Green Book principles1. The values here assume nil Affordable Housing provision in order to give pure residential use value, rather than market value. In reality we expect the market value of land to reflect the cost of affordable housing provision.

Values provided for England and the LEPs are weighted averages. They are weighted by net additions to the housing stock by local authority.

Industrial land values

The value estimates for industrial land can be used to proxy alternative use value for developments on brownfield land. These are provided for hypothetical sites in England assuming:

- A typical urban, brownfield location, with nearby uses likely to include later, modern residential developments;
- All services are assumed available to the edge of the site;
- Use is restricted to industrial/warehouse and full planning consent is in place;
- There are no abnormal site constraints or contamination and/or remediation issues.

Commercial land values

Outside of London, two values for commercial land are provided, on the following basis;

- City-centre offices assumed to be of 4,106 square metres net;
- Out of town offices, assumed to be in business park type locations, 10,187 square metres net.

In London values are provided for grade A office space which are:

- 9,662 square metres net in Inner London
- 10,266 square metres net in Outer London

Agricultural land values

Agricultural land values are provided for hypothetical sites which are typical for the region. These values exclude any uplift from 'pony paddock' markets or hope value, therefore representative values appropriate for a commercial agriculture user. These values are also appropriate for use in valuing greenfield land.

Annex A

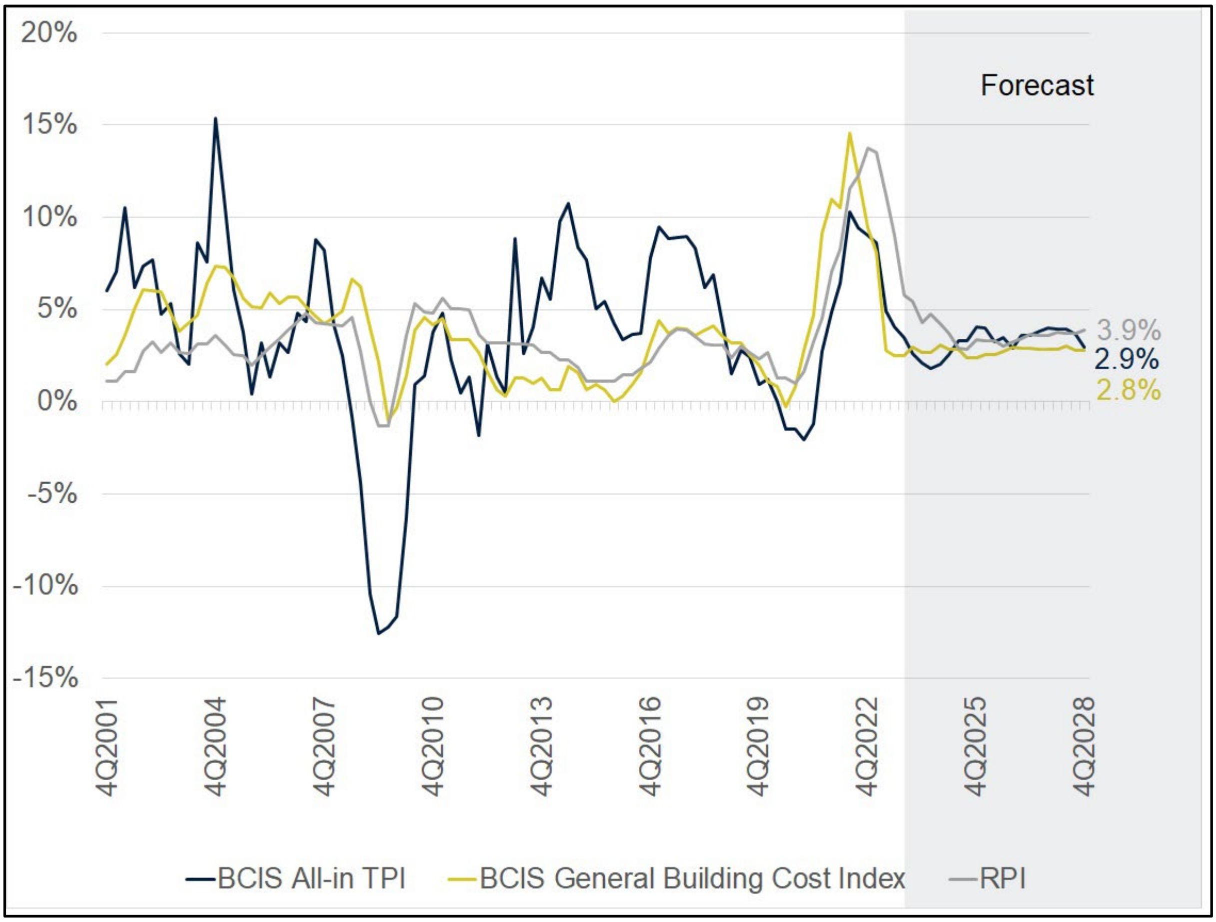
Assumptions applying to all valuations

1. The valuations are desk based without inspections of the locality.
2. All sites are assumed to be freehold with vacant possession.
3. It is assumed that the land and its value are unaffected by any statutory notice or proposal or by any matters that would be revealed by a local search and replies to the usual enquiries, and that neither the proposed construction of the new property will be unlawful or in breach of any covenant.
4. Any liability for the Community Infrastructure Levy, even where it was chargeable as at 1 March 2015, has been excluded.

Assumptions applying to residential land values only

1. The figures provided assuming nil Affordable Housing provision are hypothetical and in the majority of local authorities, it is likely that such a scheme would not obtain planning consent. The figures on this basis, therefore, may be significantly higher than could reasonably be obtained for land in the actual market.
2. It has been assumed that full planning consent is already in place; that no grants are available and that no major allowances need to be made for other s106/s278 costs.
3. Valuation Office Agency's local valuers have identified sites considered to be 'typical' for the local authority area based on their own knowledge and experience of that area.
4. The figures provided are appropriate to a single, hypothetical site and should not be taken as appropriate for all sites in the locality.
5. In a number of cases schemes that do not produce a positive land value in the model. Based on VOA market knowledge a 'reserve value' (£2,470,000 for London and £370,000 elsewhere) has been adopted to represent a figure at less than which it is unlikely (although possible in some cases) that one hectare of land would be released for residential development. This has been taken on a national basis and clearly there will be instances where the figure in a particular locality will differ based on supply and demand, values in the area, potential alternative uses etc. and other factors in that area.
6. The Valuation Office Agency assumed that each site is 1 hectare in area, of regular shape, with services provided up to the boundary, without contamination or abnormal development costs, not in an underground mining area, with road frontage, without risk of flooding, with planning permission granted and that no grant funding is available; the site will have a net developable area equal to 80 per cent of the gross area.
7. For those local authorities outside London, the hypothetical scheme is for a development of 35 two storey, 2/3/4 bed dwellings with a total floor area of 3,150 square metres.
8. Different assumptions are used for inner and outer London:
    - For outer London the hypothetical site consists of 97 units comprising 1 to 4 bed flats with a gross building area of 8,672 square metres and a net sales area of 7,371 square metres.
    - For inner London the hypothetical site consists of 215 units comprising 1 to 4 bed flats with a gross building area of 19,457 square metres and a net sales area of 16,538 square metres.
9. These densities are taken as reasonable in the context of this exercise and with a view to a consistent national assumption. However, individual schemes in many localities are likely to differ from this and different densities will impact on values produced.
10. Where recent, local data is available, lower quartile build costs are taken from the RICS Building Cost Information Service. Where this is absent, recent cost figures from neighbouring locations are applied.
11. Basic build costs are increased by 15 per cent to cover any external works, service connections, gardens, fencing and roads.
12. Profit is taken at 17 per cent of gross development value (GDV) for market housing (17.5 per cent in London)
13. Fees are taken at 8 per cent of build costs.
14. Marketing costs are assumed at 3per cent of the sale price.
15. Finance cost is calculated using a cash flow with a 6 per cent debit rate and a 2 per cent credit rate.

<u>Appendix 2</u>: Building Costs and Tender Price Indices [4Q,2001- 4Q,2028], Actual and Forecasts.



<u>Source:</u> *Building Costs and Tender Price Indices* [4Q,2001- 4Q,2028], RICS: Building Costs Information Services, Actual and Forecast**,** accessed January 2024.

Appendix 3

ABNORMAL DEVELOPMENT COST STATEMENT

This guidance note sets out what shall, and shall not be considered as “abnormal development costs” by Rotherham Metropolitan Borough Council.

The following guidance is based upon the assumption that a developer has carried out “due diligence” in the acquisition of the proposed development site and has satisfied themselves of matters associated with the site history and previous uses. This is usually done by means of an “environmental audit” and limited site investigation to identify any liabilities and development constraints before purchase of the site.

The local planning authority’s adopted Local Plan includes a large number of newly allocated green field sites, but there remain a high number of “brownfield sites” suitable for development. Whichever type of site is being considered for development, their specific attributes shall be reflected in the valuation and ultimate purchase price of the site in accordance with current national guidance and its subsequent updates [NPPF, DLUHC, 2023a and NPPG on Viability, DLUHC, 2023b].

The following development costs will not normally be considered as “abnormal”:

- Demolition of existing buildings and clearance of the site.
- Removal or treatment of underground obstructions, cellars, basements and storage tanks.
- The location and treatment of abandoned mineshafts identified on Coal Authority search enquiries.
- Diversion of existing services, sewers, culverted watercourses and overhead power lines.
- Extinguishment of highway rights and grubbing out of any existing highway infrastructure that may affect the development.
- Re-profiling of a sloping site.
- Provision of retaining walls and retaining structures on a sloping site.
- The provision of land drainage unless associated with leachate control measures from a former landfill or encapsulation location.
- Additional foundation and drain protection measures to safeguard buildings from the presence of trees.
- The eradication /treatment of Japanese knotweed or other invasive plant species.
- Any anticipated costs for on-site or off-site mitigation measures sought and secured through Section 106 legal agreements [typically called planning obligations], including the delivery of affordable housing.

The following may be considered as “abnormal” development costs:

- Probe drilling and pressure grouting of cavities and voids associated with former mine workings and geological faulting beneath the footprints of buildings within 50metres of the ground surface.
- The removal of, or on-site treatment of combustible/carbonaceous fills from beneath the footprints of proposed buildings.
- The on-site treatment of highly contaminated materials by specialist techniques such as, encapsulation/entombment or bio-remediation.
- The provision of a capillary break layer to prevent recontamination of near surface soils as a result of re-charging of potentially contaminated ground water.
- The provision of an engineered cap layer to protect end users/ building fabric from contaminants.
- Protection measures to foundations/drainage systems to safeguard against very aggressive ground conditions, i.e., sacrificial materials, protective coatings and treatments.
- Provision of active gas protection measures and certain aspects of passive gas protection measures to safeguard occupants of proposed buildings from elevated levels of ground gas, i.e., gas proof membranes, sub-floor ventilation blankets and ventilation provisions.

It should be noted that the above is not meant to be an exhaustive list and the Developer should recognise and accept that each site will have its own constraints and the Council shall look at the merits of each site carefully.

In the event that a developer considers that abnormal development costs will be incurred, it will be the responsibility of the applicant to demonstrate how the costs have been derived. A site investigation report, remediation statement, detailed foundation drawings and calculations of how the abnormal costs have been derived must be submitted with the application.

The costings should take account of extra-over costs only. The Council shall expect that applicants provide a comparison breakdown of costs for the same development with normally anticipated “brownfield” specification to compare with the costings for the “abnormal” specification that is proposed.

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