

West of Harrogate Strategic Sites: Additional Appraisal Scenarios - Profit & Affordable Housing

02 December 2024

AspinallVerdi were appointed in October 2022 to assist Harrogate Borough Council (now North Yorkshire Council (NYC)) with the Delivery Strategy for the West of Harrogate Strategic Sites which was being produced by Hyas. Our role has been to undertake viability testing to ensure that the cumulative costs associated with infrastructure and Council planning policies are both viable and deliverable for the sites allocated in the West of Harrogate Parameters Plan (2022).

Viability Assessment of West of Harrogate Parameter Plan Document (WHPP) and Infrastructure Delivery Schedule and Strategy (WHIDS), May 2024

In May 2024, AspinallVerdi produced a viability assessment of the Strategic Sites¹. We produced a baseline appraisal, reflecting current-day costs and values and taking into account the Council's adopted position on Affordable Housing Transfer Values (i.e. all affordable housing transfers at £1,100 psm for affordable houses or £1,050 psm for affordable flats).

Table 1 – AspinallVerdi Strategic Sites Baseline Appraisal (May 2024)

Site	H45 (Homes England)	H49 (Anwyl)	H49 (Thomas Alexander)	H51 (Banks)	H51 (Gladman)	All Allocations
RLV (Appraisal Output)	£9,206,982	£23,225,183	£1,325,503	£5,966,453	£6,885,358	£46,609,480
Gross Area (acres)	68.10	103.70	9.44	31.33	66.00	278.57
Net Area (acres)	33.06	56.24	Unknown	21.60	31.68	142.58
RLV (per gross acre)	£135,198	£223,965	£140,419	£190,417	£104,324	£167,315
RLV (per net acre)	£278,493	£412,974	n/a	£276,258	£217,341	£326,909
EUV (per ha)	£37,067	£37,067	£37,067	£37,067	£37,067	£37,067
EUV (per acre)	£15,000	£15,000	£15,000	£15,000	£15,000	£15,000
EUV	£1,023,049	£1,555,521	£141,596	£470,010	£990,013	£4,249,940
Premium (x multiplier on gross acre)	9	15	9	13	7	11
Premium (x multiplier on net acre)	19	28	n/a	18	14	22

The above table was Table 8.1 of our May 2024 report and included above for ease of reference.

¹ AspinallVerdi – May 2024: 240523 West Harrogate Strat Sites Appraisal report_v3.0

Transfer Value Additional Scenarios, September 2024

Subsequently, the Council asked us to consider three additional scenarios². These were appraised with a *blended* profit of 15% on GDV and were based on:

1. Transfer values of £1,600 psm (applied to all affordable housing)
2. Transfer values of £1,800 psm (applied to all affordable housing)
3. The transfer values suggested by the site promoters:
 - Affordable Rented – 45% OMV
 - Intermediate – 55% OMV
 - First Homes – 70% OMV

We produced appraisals based on the above scenarios, using the May 2024 adopted costs and values. The two scenarios based on the promoter's favoured transfer values and the industry benchmarked values were the most viable. The £1,600 psm scenario generated a position which could be challenged on viability grounds. Whilst the £1,800 psm scenario was viable for most allocation sites, it did generate a position on H51 which may be open to some challenge from the promoters.

Affordable Housing % Scenarios, November 2024

Following this earlier work, we have now been asked us to consider three additional scenarios to determine the headline level of Affordable Housing % for given Affordable Housing transfer values and profit. We have tested all affordable housing transfer values (including First Homes) at £1,800 psm and a *blended* profit of 17% on GDV (previously 15%). The scenarios tested are:

- 40% Affordable Housing
- 35% Affordable Housing
- 30% Affordable Housing

We have now produced Argus Developer appraisals to assess the viability of these scenarios.

Table 2 sets out the appraisal outputs based on 40% affordable housing, 17% blended profit on GDV and a transfer value of £1,800 psm.

² AspinalVerdi – October 2024: "240919 WOH Transfer Values Additional Scenarios_v0.1"

Table 2 – 40% Affordable Housing and 17% Blended Profit

Site	H45 (Homes England)	H49 (Anwyl)	H49 (Edington Hall)	H51 (Banks)	H51 (Gladman)	All Allocations
Residual Land Value (Appraisal Output)	£9,784,632	£14,820,237	£1,380,578	£6,386,262	£7,435,089	£39,806,798
Gross Area (acres)	68.10	103.70	9.44	31.33	66.00	278.57
Net Area (acres)	33.06	56.24	Unknown	21.60	31.68	142.58
RLV (per gross acre)	£143,680	£142,915	£146,254	£203,815	£112,653	£142,895
RLV (per net acre)	£295,966	£263,523	n/a	£295,696	£234,693	£279,196
EUV (per ha)	£37,067	£37,067	£37,067	£37,067	£37,067	£37,067
EUV (per acre)	£15,000	£15,000	£15,000	£15,000	£15,000	£15,000
EUV	£1,023,049	£1,555,521	£141,596	£470,010	£990,013	£4,249,940
Premium (x multiplier on gross acre)	10	10	10	14	8	9
Premium (x multiplier on net acre)	20	18	n/a	20	16	19

Table 2 shows that based on this affordable housing and profit levels, all of the individual allocation sites except H51 (Gladman) generate multipliers of between 10 to 14 times EUVs (gross) and 16 to 25 times EUVs (net). The H51 (Gladman) only generates multipliers of 8 times EUV (gross) and 16 times EUV (net). When considered comprehensively (i.e. all allocations considered together), these sites generate a multiplier of 9x EUV (gross) and 19x EUV (net). Often, promoters will suggest that a minimum multiplier of 10 times EUV (gross) or 20 times EUV (net) would be required to incentivise landowners to release their land for development. This suggests that most sites may be considered as viable, although the promoters may challenge viability on the H51 (Gladman) site and or the allocations collectively.

Table 3 sets out the appraisal outputs based on 35% affordable housing, 17% blended profit on GDV and a transfer value of £1,800 psm.

Table 3 – 35% Affordable Housing and 17% Blended Profit

Site	H45 (Homes England)	H49 (Anwyl)	H49 (Edington Hall)	H51 (Banks)	H51 (Gladman)	All Allocations
Residual Land Value (Appraisal Output)	£11,999,043	£17,969,689	£1,717,889	£7,609,069	£9,900,516	£49,196,206
Gross Area (acres)	68.10	103.70	9.44	31.33	66.00	278.57
Net Area (acres)	33.06	56.24	Unknown	21.60	31.68	142.58
RLV (per gross acre)	£176,197	£173,285	£181,987	£242,841	£150,008	£176,601
RLV (per net acre)	£362,947	£319,524	n/a	£352,314	£312,516	£345,052
EUV (per ha)	£37,067	£37,067	£37,067	£37,067	£37,067	£37,067
EUV (per acre)	£15,000	£15,000	£15,000	£15,000	£15,000	£15,000
EUV	£1,023,049	£1,555,521	£141,596	£470,010	£990,013	£4,249,940
Premium (x multiplier on gross acre)	12	12	12	16	10	12
Premium (x multiplier on net acre)	24	21	n/a	23	21	23

Table 3 shows that based on this affordable housing and profit level, all of the allocation sites generate multipliers of between 10 to 16 times EUVs (gross) and 21 to 24 times EUV (net). Based on this scenario, all of the landowner phases may be considered to be viable.

Table 4 sets out the appraisal outputs based on 30% affordable housing, 17% blended profit on GDV and a transfer value of £1,800 psm.

Table 4 – 30% Affordable Housing and 17% Blended Profit

Site	H45 (Homes England)	H49 (Anwyl)	H49 (Edington Hall)	H51 (Banks)	H51 (Gladman)	All Allocations
Residual Land Value (Appraisal Output)	£14,133,682	£21,028,775	£2,055,199	£8,703,267	£12,365,515	£58,286,440
Gross Area (acres)	68.10	103.70	9.44	31.33	66.00	278.57
Net Area (acres)	33.06	56.24	Unknown	21.60	31.68	142.58
RLV (per gross acre)	£207,543	£202,785	£217,721	£277,762	£187,356	£209,232
RLV (per net acre)	£427,516	£373,919	n/a	£402,977	£390,326	£408,809
EUV (per ha)	£37,067	£37,067	£37,067	£37,067	£37,067	£37,067
EUV (per acre)	£15,000	£15,000	£15,000	£15,000	£15,000	£15,000
EUV	£1,023,049	£1,555,521	£141,596	£470,010	£990,013	£4,249,940
Premium (x multiplier on gross acre)	14	14	15	19	12	14
Premium (x multiplier on net acre)	29	25	n/a	27	26	27

This appraisal demonstrates that, based on these transfer values, the schemes generate multipliers of between 12 to 19 times the EUVs (gross) and 25 to 29 times the EUVs (net) of the land. At this level of multiplier, the schemes would widely be considered to be viable.

Summary and Conclusion

These scenarios show that the viability varies for the range of scenarios considered. Most of the sites in the 40% affordable housing scenario generate multipliers above 10x EUV (gross) and or 20x EUV (net). Based on 40% affordable housing, only the H51 (Gladman) site did not generate a multiplier greater than 10x EUV (gross) and 20x EUV (net). When the allocations are considered collectively, they only generate a multiplier of 9x EUV (gross) or 19x EUV (net). This may not be considered a minimum incentive for a landowner to release their land for development.

However, based on 35% and 30% affordable housing, all allocations generate multipliers above 10x EUV (gross) and or 20x EUV (net). This demonstrates that adjusting the affordable housing requirements can improve viability significantly, even with a higher profit level. Although the 30% scenario is the most viable scenario with the greatest multipliers, we consider the 35% scenario as being able to generate premiums that represent a sufficient minimum incentive for landowners to release their land for development.

Under the 35% scenario, the H51 (Gladman) site generates a multiplier of 10x EUV (gross) and 21x EUV (net), with other sites having greater multipliers. The West of Harrogate Strategic Sites are therefore viable at 35% affordable housing.

We trust that this note is clear on the impacts of the various scenarios on viability. However, we would be happy to discuss these findings should you wish us to explain anything further.