

**North Yorkshire Council**

**Community Development Services**

**Strategic Planning Committee**

**11 MARCH 2024**

**This report relates to the affordable housing provision on 3 planning applications in the West Harrogate project area which have been reported to Strategic Planning Committee in recent months.**

**REFERENCE - Description of development at Address on behalf of Applicant**

**20/01706/EIAMAJ - OUTLINE APPLICATION, WITH ACCESS OFF WHINNEY LANE, FOR THE ERECTION OF UP TO 224 RESIDENTIAL DWELLINGS AND A NEW SCHOOL WITH ASSOCIATED ROADS, PARKING, LANDSCAPING, DRAINAGE AND OPEN SPACE (ALL MATTERS RESERVED)  
ON BEHALF OF  
BANKS PROPERTY LTD**

**18/05202/EIAMAJ - OUTLINE PLANNING APPLICATION FOR THE DEMOLITION OF A REDUNDANT AGRICULTURAL STRUCTURE AND MIXED-USE DEVELOPMENT FOR UP TO 480 RESIDENTIAL DWELLINGS, LAND FOR EMPLOYMENT PURPOSES, A LOCAL RETAIL CENTRE AND ASSOCIATED INFRASTRUCTURE, PUBLIC OPEN SPACE, LANDSCAPING AND A SUSTAINABLE URBAN DRAINAGE SYSTEM (SUDS). VEHICULAR ACCESS WILL BE TAKEN FROM LADY LANE & WHINNEY LANE. ALL MATTERS RESERVED (EXCEPT FOR MEANS OF ACCESS INTO THE SITE).  
ON BEHALF OF  
GLADMAN DEVELOPMENTS LIMITED, MR ABEL, MS MARSH, MR EDINGTON, MS HALL, MR TOWERS & MR ARMITAGE (AS TRUSTEES TO THE TOWERS FAMILY), MS D & G ADDYMAN AND MS BURROW.**

**22/01558/EIAMAJ - OUTLINE PLANNING APPLICATION FOR THE ERECTION OF UP TO 480 DWELLINGS, PROVISION OF FOOTBALL PITCHES AND ANCILLARY BUILDING, PROVISION OF CRICKET PITCH AND PAVILION, WITH ASSOCIATED ACCESS ROADS, CAR PARKING, LANDSCAPING, OPEN SPACE AND INFRASTRUCTURE INCLUDING WORKS TO THE ADOPTED HIGHWAY TO CREATE SITE ACCESSSES. ALL OUTLINE MATTERS RESERVED EXCEPT FOR POINTS OF ACCESS.  
ON LAND BETWEEN BECKWITH HEAD ROAD, OTLEY ROAD, HOWHILL ROAD AND HOWHILL QUARRY ROAD, HARROGATE, NORTH YORKSHIRE.  
ON BEHALF OF  
HOMES ENGLAND**

## Report of the Head of Development Management – Community Development Services

### 1.0 Purpose of the Report

- 1.1. To determine an amendment to the previously reported affordable housing condition on application 20/01706/EIAMAJ at land off Whinney lane, Harrogate; application 18/05202/EIAMAJ at land off Lady Lane and Whinney Lane, Harrogate; and application 22/01558/EIAMAJ on land between Beckwith Head Road, Otley Road, Howhill Road and Howhill Quarry Road, Harrogate.
- 1.2. To determine a clarification and amendment to the previously reported planning self and custom build planning condition on application 20/01706/EIAMAJ on land at Whinney Lane; and application 18/05202/EIAMAJ on land off Lady Lane and Whinney Lane, Harrogate, North Yorkshire.
- 1.3. The report is brought before planning committee because they relate to material changes in strategic applications that form part of a wider 'urban extension' to the West of Harrogate which is included within the West of Harrogate Parameters Plan (WHPP). The purpose of bringing these matters under one report is to continue the aligned, holistic approach for the West Harrogate Project set out in the Harrogate District Local Plan and the WHPP.

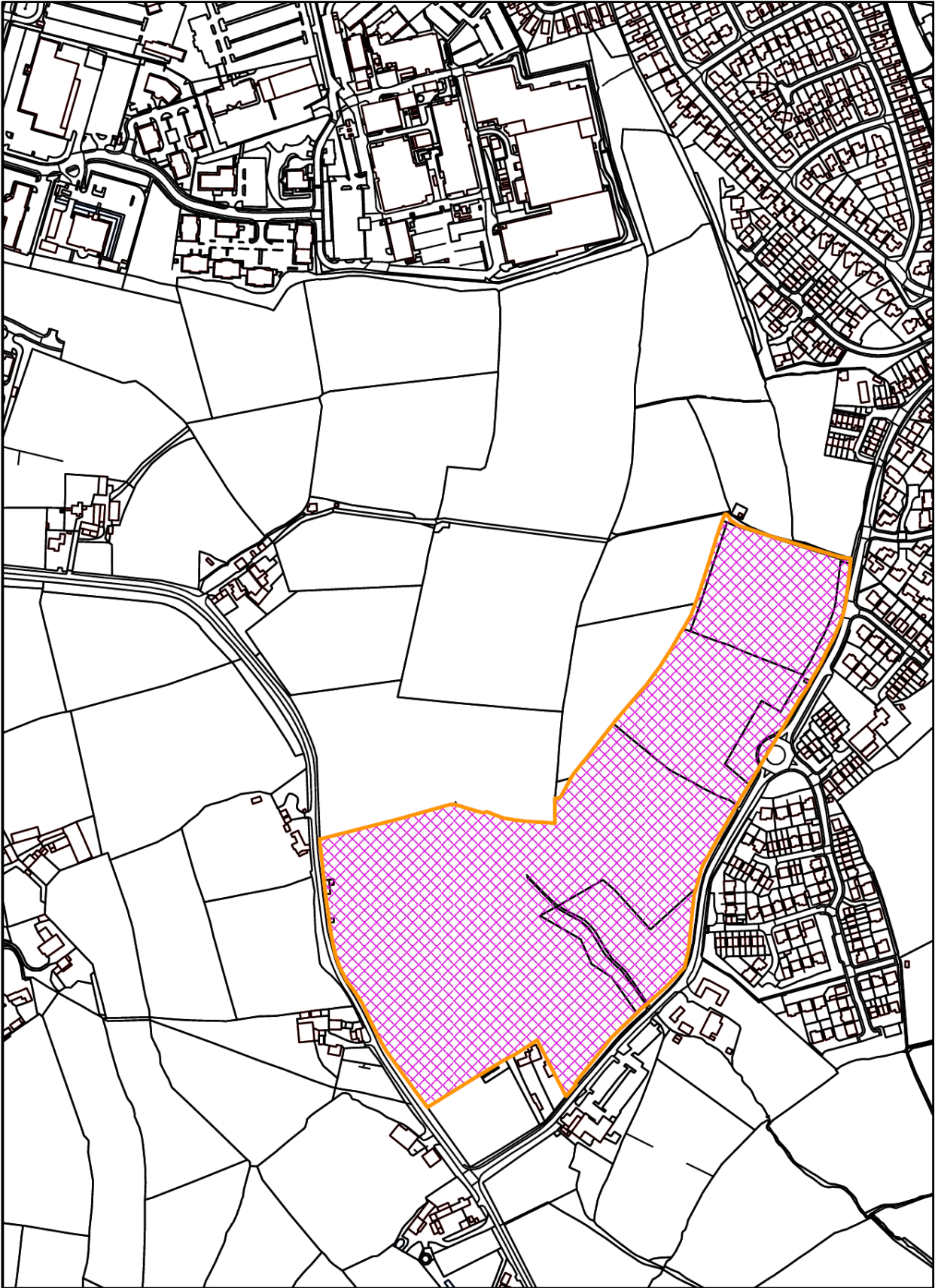
### 2.0 SUMMARY

**RECOMMENDATION: That the affordable housing condition attached to each of the planning applications be amended to require 35% of dwellings on the site to be affordable homes.**

**That the self build/custom build plots condition attached to applications on Local Plan allocation H51 requires 5% of the market housing on the relevant site to be provided for self/custom build housing.**

- 2.1. These planning applications were brought to Strategic Planning Committee on the following dates:
  - 13-08-2024 application 20/01706/EIAMAJ
  - 08-10-2024 application 18/05202/EIAMAJ
  - 10-12-2024 application 22/01558/EIAMAJ
- 2.2. The committee, on each occasion, resolved to grant planning permission subject to the conditions listed in the committee reports and the completion of a S106 agreement with terms detailed in table 1 of each application's committee report.
- 2.3. Since the committee decisions, officers have been working on the s106 drafts and these are at an advanced stage. None of the s106 agreements have been signed and completed and therefore no decision notices have yet been issued in relation to the 3 applications. If members are minded to approve the planning condition changes in this report, they will be incorporated and issued on the relevant decision notices following completion of the s106 agreements.

- 2.4. Officers have been mindful of the significant infrastructure costs associated with bringing forward these strategic sites at West Harrogate. The Council commissioned a viability exercise to test the deliverability of the sites set against agreed infrastructure costs, changes in economic cost factors and national planning guidance. This evidence has been assessed by offices from across the Council (Planning, Delivery and Housing) and a reduction in the affordable housing requirements for the West Harrogate applications is deemed reasonable, appropriate and necessary to assist housing delivery. Officers are recommending a reduction in affordable housing on site from 40% of dwellings to 35% of dwellings.
- 2.5. Officers have assessed the proposed condition changes against the policies in the local plan and national planning policy and have found the submitted details to be acceptable. The proposed development will make a valuable contribution to meeting housing need, the Government's requirements of which have increased significantly for North Yorkshire since the publication of the revised NPPF in December 2024.
- 2.6. The post committee work on the details of the self and custom build provision at West Harrogate identified that 5% of the market dwellings should be identified for this use, not 5% of the whole site as previously reported. It was considered prudent to seek this change at the same time as seeking the affordable condition amendments.
- 2.7. The following are maps of the 3 planning applications, to help identify location and extent of the sites.



# Location Plan

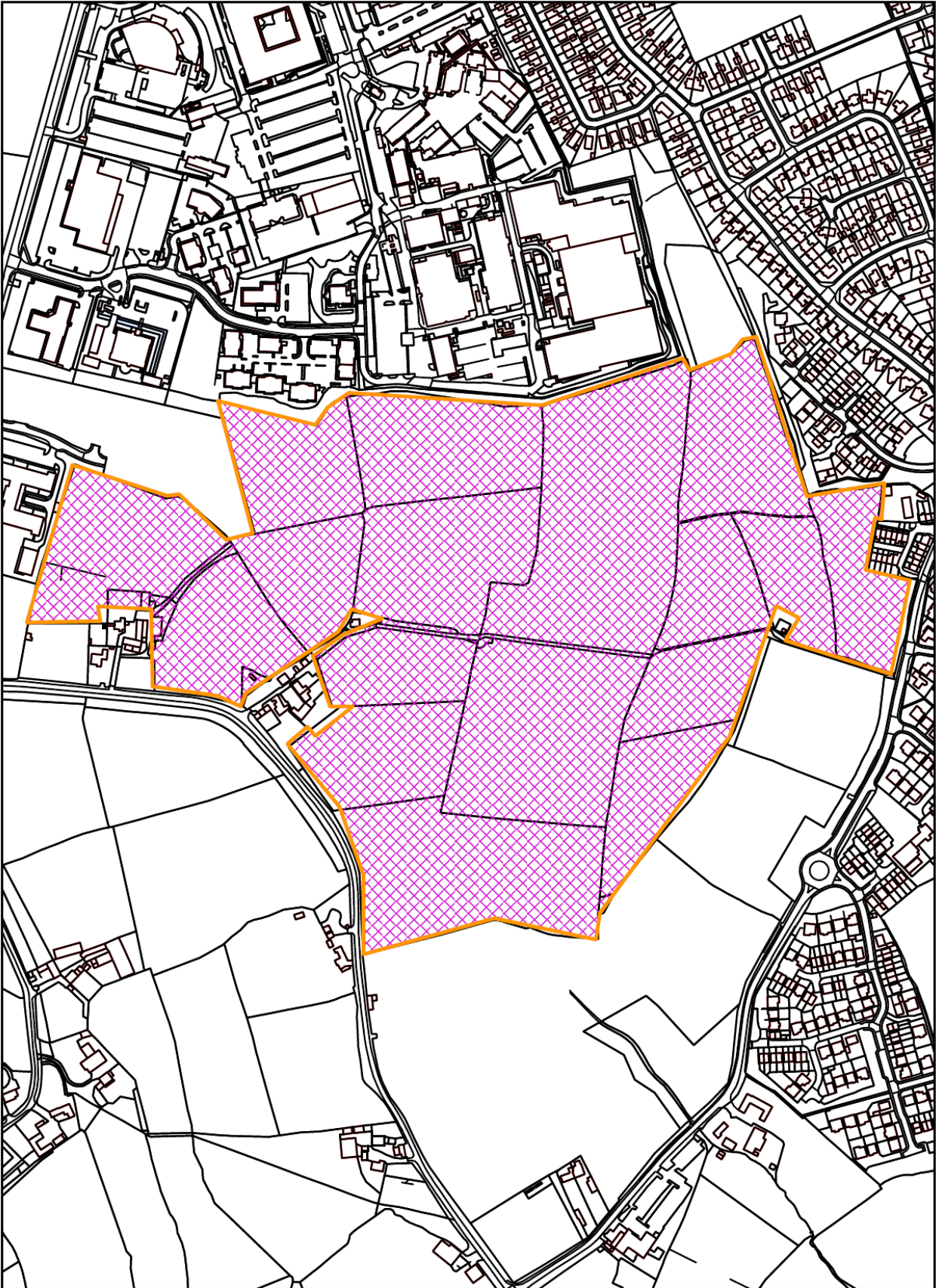
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02/08/2024

Application 20/01706/EIAMAJ



# Location Plan

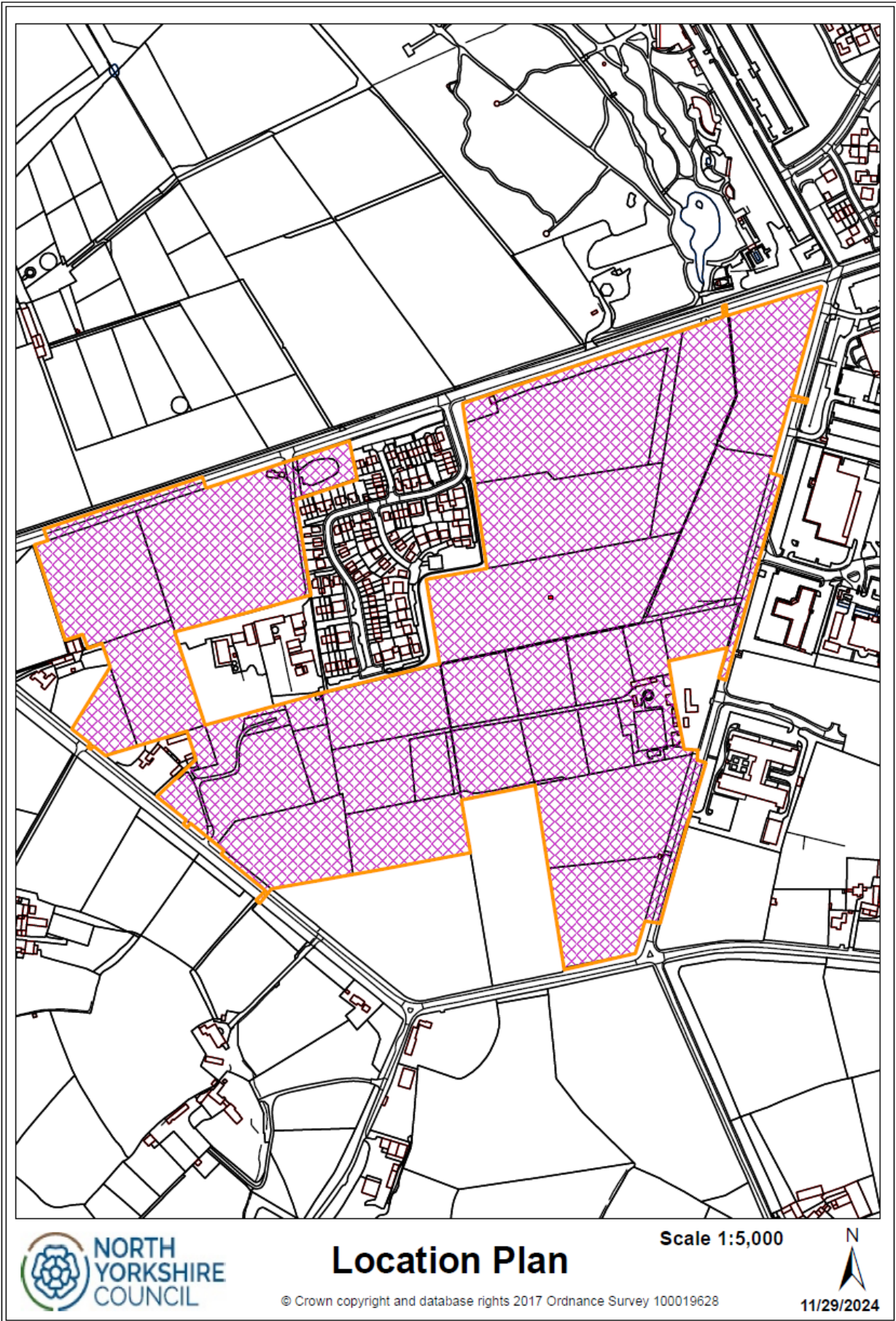
Scale 1:5,000



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27/09/2024

Application 18/05202/EIAMAJ



Application 22/01558/EIAMAJ

### **3.0 Preliminary Matters**

- 3.1. Access to the case file for application 20/01706/EIAMAJ on Public Access can be found [here](#) and link to the previous Committee report can be found here [13 Aug 2024 Agenda](#)
- 3.2. Access to the case file for application 18/05202/EIAMAJ on Public Access can be found [here](#) and a link to the previous Committee report can be found here [8 Oct 2024 Agenda](#)
- 3.3. Access to the case file for application 22/01558/EIAMAJ on Public Access can be found [here](#) and link to the previous Committee report can be found here [10 Dec 2024 Agenda](#)
- 3.4. There is a live planning application on Local Plan allocation H49 (also within the West Harrogate project area) which is still under consideration and has not yet been reported to Strategic Planning Committee. Following consultation with Legal officers, consideration of the affordable housing will be reported as part of that application at the time it is reported to committee.
- 3.5. Since the applications were submitted the West of Harrogate Parameters Plan (WHPP) has been approved by the former Harrogate Borough Council Cabinet Member for Planning (approved February 2022). The WHPP presents a concept masterplan for the sites in West Harrogate, which provides guidance to aid the interpretation of policies in the Harrogate District Local Plan 2014-2035. The purpose of the plan is to create an aligned, holistic site approach, addressing matters such as land use, access and movement, provision of community facilities and schools, green and blue infrastructure, public transport, cycling and pedestrian links, and phasing.
- 3.6. The West of Harrogate Infrastructure Delivery Strategy (WHIDS) was approved by the NYC Executive Member for Open to Business on 24 June 2024. The WHIDS has been prepared to accompany the WHPP, in order to establish the timing and delivery of the infrastructure required to support the sites in West Harrogate.
- 3.7. The cumulative impact of these sites on infrastructure has been considered in the West Harrogate Parameters Plan and West Harrogate Infrastructure Delivery Strategy. Each of the applications will pay financial contributions towards the cost of improving infrastructure provision to meet the needs of the development across West of Harrogate as a whole. The amount payable is based on the number of dwellings proposed. On-site provision will be made for primary schools and local centres on H51 and H49 and for a sports hub on H45. This will ensure that the West of Harrogate urban extension is brought forward in a comprehensive manner with infrastructure such as schools, sports facilities and highway improvement works delivered at the appropriate time to meet the needs of the growing population. There are currently four planning applications in the system and each of these will be assessed on its own merits, whilst also taking account of cumulative impacts.
- 3.8. The financial impact of the associated infrastructure has increased significantly since these sites were identified at the Local Plan stage. The Harrogate District Local Plan viability by HDH in 2018 estimated a cost per dwelling for this strategic project at c. £8k per dwelling based on an early assumption of 3,000 dwellings. Through design work this yield was refined to 2,000 dwellings, which equates to an infrastructure cost estimate of c. £12.5k per dwelling. The planning applications s106 costs for West Harrogate now stand at £12.9k per dwelling for the transport cost alone and c. £25k per dwelling taking on board the other

heads of terms. As the costs for all the infrastructure elements were finalised, applicants and officers became increasingly concerned that the burden would stall the delivery of the sites. The Council commissioned a combined viability review by Aspinall Verdi to help understand the impacts. Aspinall Verdi have tested different scenarios on the levels of affordable housing across all the West Harrogate sites where the Council has live planning applications (H45, H49 and H51). Given the holistic nature of the infrastructure across the sites, a single combined viability review was considered the best approach, rather than individual applicant's submitting viability testing. Officers and applicants have welcomed this approach.

- 3.9. Appendix A contains the affordable housing viability scenario testing information by Aspinall Verdi. This information has not been part of the previous application reports to Strategic Planning Committee. It forms a material consideration to officers and members in relation to a change in the affordable housing provision on the sites at West Harrogate.

#### **4.0 Site and Surroundings**

- 4.1. The sites are located to the Southwest of Harrogate on agricultural land. They are within the Harrogate development limit, lie adjacent to one another and comprise Local Plan reference no. H45 and H51. See previous committee reports for full details of the three application sites and surroundings and access points.

#### **5.0 Description of Proposal**

- 5.1. The proposed schemes descriptions are set out on the front page of this report. Between the 3 schemes, they will provide up to 224 + 480 + 480 dwellings, totalling 1,184 dwellings. They will also provide a primary school, land for employment purposes, a local retail centre and onsite football and cricket facilities. The applications are made in outline with all matters reserved.
- 5.2. Based on the recommended change of affordable housing provision to 35%; 1,184 dwellings across the 3 sites would provide 415 affordable dwellings.
- 5.3. See previous committee reports for full details of the schemes.
- 5.4. The applications are each accompanied by an Environmental Statement. The proposed changes to the affordable housing provision do not alter the previous officer assessment of the submitted Environmental Statements.

#### **6.0 Planning Policy and Guidance**

- 6.1. Section 38(6) of the Planning and Compulsory Purchase Act 2004 requires that all planning authorities must determine each application under the Planning Acts in accordance with Development Plan so far as material to the application unless material considerations indicate otherwise.

##### Adopted Development Plan

- 6.2. The Adopted Development Plan for these sites are:

- Harrogate District Local Plan 2014-2035 adopted December 2020.



- Minerals and Waste Joint Plan (adopted 2022)

### Emerging Development Plan – Material Consideration

- 6.3. The Emerging Development Plan for these sites is the North Yorkshire Local Plan though no weight can be applied in respect of this document at the current time as it is at an early stage of preparation.

### Guidance - Material Considerations

- 6.4. Relevant guidance for the change proposed to conditions on these applications is:
- National Planning Policy Framework
  - National Planning Practice Guidance
  - West of Harrogate Parameters Plan - approved February 2020
  - West of Harrogate Infrastructure Delivery Strategy - approved June 2024
  - Affordable Housing SPD - June 2021
  - Planning Practice Guidance: Viability

## **7.0 Consultation with Housing Team**

- 7.1. The consideration of impacts and changes to the affordable housing provision are key to NYC's Housing team. Delivery and Infrastructure officers have been in dialogue with AD of Housing and Housing Head of Service for a number of months regarding the infrastructure cost challenges faced at West Harrogate. They have been supportive of the need to find a solution and reviewing elements of the affordable housing delivery mechanisms for the West Harrogate project. The housing team work closely with Registered Providers covering the Harrogate area on delivering on site affordable housing units through the planning application process and have regular catch-ups with the local RPs.
- 7.2. The NYC Housing Service are understanding of the need to reduce the affordable housing provision at West Harrogate, given the backdrop of other infrastructure requirement costs, building cost inflation and lending rates on finance. They do not object to the change to 35% affordable housing provision on the planning applications.

## **8.0 Main Issues**

- 8.1. The principle of development, assessment of key considerations, the s106 heads of terms and the recommended conditions have all been previously considered on these applications at Strategic Planning Committee. Officers consider there are no material changes since the last reporting of these applications to reconsider the principal of development, heads of terms or the infrastructure mitigation package. The matter being reported to members is the amendment to the level of affordable housing to be provided on site.
- 8.2. Previously members have approved the granting of permission on these 3 applications (subject to the completion of a s106 agreement) based on the adopted Harrogate District Local Plan affordable housing policy full requirement of 40%. Subsequent financial assessment carried out concludes a reduction to 35% affordable housing provision to be more realistic in terms of viability and releasing these sites for delivery.

## **9.0 ASSESSMENT**

- 9.1. Section 38(6) of the Planning and Compulsory Act requires applications to be determined in accordance with the development plan unless material considerations indicate otherwise. The adopted Harrogate Local Plan is the starting point for the determination of any planning application.

### **Housing Growth and Delivery**

- 9.2. Policy GS1 (Providing New Homes and Jobs) of the Local Plan states provision will be made in the former Harrogate district over the plan period (2014-2035) for a minimum of 13,377 new homes (including affordable housing) and for a minimum of 40 hectares of new employment land.
- 9.3. Policy GS2 (Growth Strategy to 2035) sets out a settlement hierarchy and advises that growth will be focussed in the settlements listed. Harrogate is identified as one of the main settlements where major allocations of land will be provided to deliver new homes and jobs. It is one of the settlements that offers the greatest range of jobs, shops and services and is well connected in terms of public transport. Harrogate is therefore a highly sustainable location.
- 9.4. The former Harrogate area currently has a 7.7 year housing land supply. The new NPPF published in Dec 2024 now requires a local planning authority with an up-to-date local plan to demonstrate a minimum 5-year supply of deliverable land. Whilst the Council can demonstrate a 5 year supply in this area, it is important that housing delivery is maintained, particularly in respect of sites that have been allocated for such purposes.
- 9.5. From 4 March 2025 the Harrogate District Local Plan will be deemed to be out of date under the Dec 2024 NPPF and will not be considered to have a 5 year supply. At which point the tilted balance approach set out in paragraph 11 of the NPPF would apply. There are no policies in the NPPF that provide a strong reason for refusal of these schemes and there are no adverse impacts of approving these schemes that would significantly and demonstrably outweigh the benefits. The NPPF therefore requires local planning authorities to permit housing development "without delay". This matter is brought to members' attention because although the date of committee is before the 4 March, the signing of the s106 associated with these schemes may be after that date.
- 9.6. The new NPPF sets an ambitious annual housing delivery target of 4,077 dwellings per annum for North Yorkshire. This is a significant challenge for the Council and the delivery of strategic housing sites such as these at West Harrogate will play an important role in helping the Council achieve these central government set targets.

### **Affordable Housing**

- 9.7. For clarity, no changes are sought to the s106 heads of terms as previously reported. The affordable housing condition already supported by members explains that as the schemes are in outline, the affordable housing provision will be secured via a condition, with the detailed affordable housing arrangements to be submitted along side each reserved matter submission. A s106 agreement will be used at the reserved matters stage to confirm the delivery of affordable housing at that stage, with reference back to the outline condition

wording and percentage required. This approach is set out in the former Harrogate District's Affordable Housing SPD.

- 9.8. Local Plan Policy HS2 requires 40% affordable housing on all qualifying greenfield developments including mixed use schemes, subject to viability and the demonstration of the need for affordable housing. Where a development proposal does not meet the above requirements, the applicant will be required to provide evidence to support this, including, where appropriate, the submission of a development appraisal.
- 9.9. The NPPF requires local plans to set out affordable housing requirements based on local needs. It explains that infrastructure requirements associated with development (for example education, health transport, and affordable housing) should not undermine the deliverability of a local plan.
- 9.10. Paragraph 67 of the Dec 2024 NPPF sets out that as part of the Golden Rules for Green Belt development, introduced in the framework, development on Green Belt land should be required to provide at least 50% of affordable housing. This does not apply to the applications at West Harrogate as they are not on Green Belt land.
- 9.11. Of material consideration is the Affordable Housing Supplementary Planning Document for the former Harrogate area. It sets out details of need, distribution of units and design so affordable housing is well integrated into new developments. It sets out the mechanisms for delivery of affordable homes through Registered Providers (RPs). A price for transfer of the affordable units to the RPs is set in the SPD to ensure homes are affordable to those in housing need. The SPD explains that these prices informed the 2016 Whole Plan Viability Assessment, part of the Harrogate District Council's Local Plan evidence base. The transfer price set out in the SPD is £1,100 /sqm for houses.

### **Viability Review**

- 9.12. Throughout the work on the West Harrogate project, officers across departments have been mindful of the significant infrastructure costs associated with bringing forward these strategic sites. The Council commissioned a viability exercise to test the deliverability of the sites set against agreed infrastructure costs, changes in economic cost factors and national planning guidance on viability parameters. The Council commissioned the study as it was important to continue to consider the planning and infrastructure on the project in a holistic way; as set out in the WHPP and WHIDS. A single affordable housing figure for the project ensures consistency and certainty for house builders looking to bid for reserved matter schemes. The viability work done by Aspinall Verdi was carried out in line with the government's Planning Practice Guidance on viability. Inputs were provided by technical officers and the applicants.
- 9.13. It identified that the significant infrastructure costs were making viability of the sites difficult if they were to deliver all the on-site infrastructure, commuted sums and 40% affordable housing. The applicants identified the transfer rates being an element which was having the greatest impact on viability. The transfer prices set out the Harrogate's SPD are low when compared to other local authority areas, even taking into account the housing affordability issues faced by the former Harrogate District. The transfer prices had not been reviewed for a number of years and it was clear the construction costs and interest rates had increased significantly since these sites had been reviewed through the whole plan viability.

- 9.14. The promoters for the West of Harrogate sites (H45, H49 and H51) were still keen to seek ways to provide 40% affordable housing on site, and considered this could be achieved by increasing the transfer price to reflect external economic factors and be more closely aligned to transfer prices in comparable parts of the country. Officers considered there were merits in this approach for the West Harrogate project. We commissioned further viability testing to see what impact this would have and asked for a number of transfer prices to be tested: £1,600 /sqm, £1,800 /sqm and £2,000/sqm. The outcomes of this work are set out in the note from Aspinall Verdi at Appendix A. Whilst increasing the transfer price to £2,000/sqm allowed the schemes to provide the policy requirement of 40% affordable, housing officers were not willing to support such a large uplift. They were very concerned the Registered Providers would not be able to make the affordable housing provision work. A rate of £1,600/sqm was a better level for the RPs, but did not help the viability of the schemes enough to bring forward delivery of the sites. As set out in Appendix A, if the premium multiplier above the existing use value (EUV) scores less than 10, it does not provide a reasonable incentive for a landowner to bring forward land for development. The Council need to avoid a situation where permission is granted but the prospect of it being developed out is highly unlikely. A transfer price of £1,800/sqm on the West Harrogate sites was considered a possible compromise. Aspinall Verdi carried out scenario testing of 40%, 35% and 30% affordable provision on a transfer price of £1,800. They concluded that the sites were viable at 35% affordable housing provision and the EUV premium was enough to provide a reasonable incentive for landowners.
- 9.15. At the time the 3 applications were reported to Strategic Planning Committee the applicants and officers anticipated the schemes being able to provide 40% affordable housing based on increasing the transfer price sufficiently. But as explain in paragraph 9.14 above, this required an increase in transfer rates unacceptable officers. The scenario testing from Aspinall Verdi has been assessed by officers from across the Council (Planning, Delivery and Housing) and a reduction in the affordable housing requirements for the West Harrogate applications is deemed reasonable, appropriate and necessary to assist housing delivery. Officers are recommending a reduction in affordable housing on site from 40% of dwellings to 35% of dwellings.

### **Update on Self and Custom Building Housing Condition**

- 9.16. Local Plan policy HS3 requires on strategic sites of 500 dwellings or more, developers to supply at least 5% of dwelling plots for sale to self-builders.
- 9.17. It is proposed to amend the wording of the Custom and Self-Build Housing condition on the Banks and Gladman applications to require 5% of the Market dwellings to be delivered as self-build and custom built dwellings on the site, rather than 5% across the site as a whole. This excludes the affordable housing from the self-build requirement calculation. The amendment clears up any confusion from the previous condition wording.
- 9.18. The Homes England application falls below the allocation threshold for provision of this housing type, so there is no policy requirement or condition to impose.

## **10.0 PLANNING BALANCE AND CONCLUSION**

- 10.1. The principle of development is established in the up to date, adopted, Harrogate District Local Plan 2019.
- 10.2. The December 2024 NPPF sets an ambitious annual housing delivery target of 4,077 dwellings per annum for North Yorkshire. This is a significant challenge for the Council and the delivery of strategic housing sites such as these at West Harrogate will play an important role in helping the Council achieve these central government set targets.
- 10.3. Officers have considered the impact of significant infrastructure costs associated with the delivery of circa 2000 dwellings on the West Harrogate Project. They have taken into account increased construction inflation and high levels of borrowing imposed on developers since the whole plan viability. These have been independently assessed in line with the government's viability PPG, the assessment concluded the sites at West Harrogate can viably provide 35% on site affordable housing and generate a sufficient existing use value (EUV) premium minimum incentive for landowners to release their land for development.

## **11.0 RECOMMENDATION**

- 11.1. That a separate decision for each of the 3 applications covered in this report is made. This is to ensure the autonomy of the application decisions.
- 11.2. That planning permission be GRANTED on 20/01706/EIAMAJ subject to amending conditions 33 and 47 to read as listed below. Subject to completion of a S106 agreement and all other planning conditions remaining as previously reported to Strategic Planning Committee on 13.08.2024.
- 11.3. That planning permission be GRANTED on 18/05202/EIAMAJ subject to amending conditions 41 and 55 to read as listed below. Subject to completion of a S106 agreement and all other planning conditions remaining as previously reported to Strategic Planning Committee on 08.10.2024.
- 11.4. That planning permission be GRANTED on 22/01558/EIAMAJ subject to amending condition 38 in relation to affordable housing to read as listed below. Subject to completion of a S106 agreement and all other planning conditions remaining as previously reported to Strategic Planning Committee on 10.12.2024.

### **Recommended amended condition wording:**

#### **Affordable Housing Condition**

Each Phase of the development shall not begin until a scheme for the provision of affordable housing for that phase has been submitted to and approved in writing by the Local Planning Authority. The development shall be carried out in accordance with the approved scheme. Affordable housing shall meet the definition of affordable housing in the NPPF or any future guidance that replaces it. The scheme shall include:

- i. The numbers, type, tenure and location on the site of the affordable housing provision to be made which shall consist of not less than 35% of housing units;

- ii. The timing of the construction of the affordable housing and its phasing in relation to the occupancy of the market housing;
- iii. The arrangements for the transfer of the affordable housing to an affordable housing provider (or the management of the affordable housing if no registered provider is involved);
- iv. The arrangements to ensure that such provision is affordable for both first and subsequent occupiers of the affordable housing; and
- v. The occupancy criteria to be used for determining the identity of occupiers of the affordable housing and the means by which such occupancy criteria shall be enforced.

**Reason:** To comply with Policy HS2 of the Local Plan and the Affordable Housing SPD.

### **Self Build and Custom Build Housing Condition**

Prior to the submission of the first residential reserved matters application, a Phasing and Delivery Strategy to deliver self-build/custom build homes must be submitted to and agreed by the Local Planning Authority to ensure delivery of not less than 5% of the market dwelling houses as self-build dwellings on the site, subject to demand identified by the Local Planning Authority.

The Phasing and Delivery Strategy must include a marketing strategy, which sets out the marketing of the self and/or custom build plots to self or custom house builders (as defined in the Self-build and Custom Housebuilding Act 2015 (as amended by the Housing and Planning Act 2016)). The marketing strategy must set out the guide price and schedule of advertising and must be submitted and approved prior to the commencement of each phase or sub phase of development.

The plots shall be provided with services (access to a public highway and connections for electricity, water and wastewater) to the extent that it can be defined as a serviced plot of land, as defined in The Self-build and Custom Housebuilding Regulations 2016.

The development shall be carried out in accordance with the approved Phasing and Delivery Strategy.

If the marketing confirms there is not sufficient demand, the plots will be returned to the open market in accordance with details to be approved by the Local Planning Authority.

**Reason:** In order that the Local Planning Authority may be satisfied as to the details of the development and to comply with the Town and Country Planning (General Development Procedure) (Amendment) (England) Order 2006 and in the interests of local housing need.

**Case Officer:** Gerard Walsh, [gerard.walsh@northyorks.gov.uk](mailto:gerard.walsh@northyorks.gov.uk)

**Report Author:** Alex Robinson - Delivery and Infrastructure Officer  
[alexandra.robinson@northyorks.gov.uk](mailto:alexandra.robinson@northyorks.gov.uk)

### **Appendix A**

**Aspinall Verdi Transfer Values Technical Note May 2024**

### **Appendix B**

**Aspinall Verdi Viability Scenario Testing Note - December 2024**

# Appendix A

## West of Harrogate Strategic Sites Affordable Housing Transfer Values: Technical Note

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Client: North Yorkshire Council  
Date: 23 May 2024  
Author: Matthew Scott, Associate Director

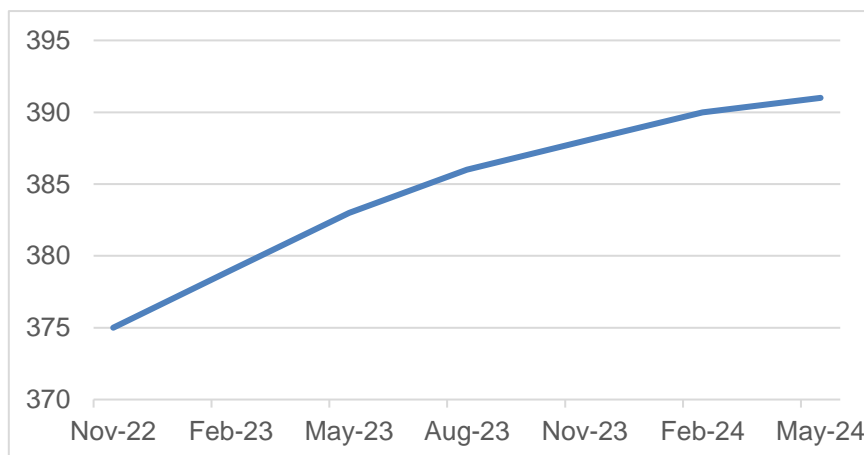
AspinallVerdi were appointed in October 2022 to assist Harrogate Borough Council (now North Yorkshire Council) with the Delivery Strategy for the West of Harrogate Strategic Sites which was being produced by Hyas. Our role has been to undertake viability testing to ensure that the cumulative costs associated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

Working with both the Council and the site promoters/developers, we have undertaken property market analysis to determine the sales values that the proposed residential sites are likely to achieve. We have also considered the likely costs associated with these schemes, including the construction costs and policy costs (including affordable housing, education, sports, open space, biodiversity net gain, health and transport). We have produced financial appraisals to determine whether these sites achieve a sufficient incentive (developer's profit) to ensure that the sites can be considered viable and to ensure that the market will deliver them.

### Property Market Context

Since we began work on the project, the economic climate has become more challenging for development. This is for a variety of reasons including the mini budget, labour costs following Brexit and the war in Ukraine. On average, the cost of construction in the UK has increased by approximately 4.25% since November 2022, as shown by the BCIS Tender Price Index which tracks the cost of construction tender returns (see the graph below).

### BCIS UK Tender Price Index

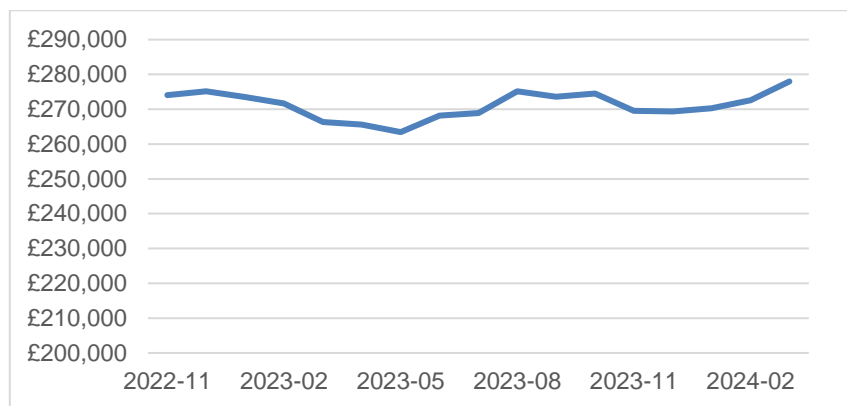


Source: BCIS, accessed 23 May 2024



Over the same period, the market for residential sales has plateaued. In North Yorkshire, Land Registry data shows that the average price of a residential property in Yorkshire reached £274,076 in November 2022 and was £272,557 in February 2024. The following graph shows how average prices have changed over this time in the local authority area.

### Average Sales Values (All House Types) – North Yorkshire



Source: Land Registry, 2024

In January 2024, new regulations for development also came into effect, making delivery of a 10% uplift in Biodiversity Net Gain (BNG) a mandatory national requirement for all development sites. Whilst BNG is calculated on a site-specific basis, and the costs of delivering this uplift can vary significantly site-to-site based on the ecology present at the site, it has also become an additional cost which must now be factored into all viability appraisals, increasing the cost burden and reducing the ability to fund other policy costs.

Throughout the UK, softening house price growth and rising costs have served to reduce development viability. In some cases, this has led to schemes becoming unviable or situations where policy contributions cannot be met in full. Often this leads to a reduction in the quantum of affordable housing required by policy. Our work has specifically tested the impact of these conditions on the West of Harrogate Strategic Sites.

### West of Harrogate Viability Testing

The financial appraisals we have produced demonstrate that the rising costs, coupled with the level of infrastructure required to make the West of Harrogate sites acceptable in policy terms, have had a negative impact on the viability of these sites.

Although it is not possible to confirm what this means for the viability of development across the former Harrogate District Council area as a whole, as these appraisals take into the specific circumstances of the strategic sites, it suggests that there may be viability challenges elsewhere in the former Harrogate Borough Council area. This is because the sites we have tested are located within a relatively high-value area so any areas with lower values will be more greatly affected.

The findings of our assessment have triggered the need to undertake some sensitivity testing. This is where we run various scenarios of the financial appraisals, testing certain appraisal inputs at higher or lower levels to understand what impact this is likely to have on the overall viability. One of the sensitivity scenarios we have been instructed to test relates to the affordable housing transfer values included in the financial appraisals. The transfer value is the price a Registered Provider (RP) will pay a developer to acquire a S106 affordable unit. This testing has demonstrated that increasing the transfer values beyond the capped level currently included in the Council's policies can greatly improve the viability of development, serving to derisk the delivery of new homes.

This work suggests that a review of the transfer values included in the 2021 Harrogate Borough Council Affordable Housing SPD and 2022 Harrogate Borough Council First Homes Guidance Note is required and that this could aid the delivery of viable development, ensuring a policy-compliant proportion of affordable housing.

### Current Transfer Value Position

The current approach to Transfer Values is set out in the 2021 Harrogate Borough Council Affordable Housing SPD and 2022 Harrogate Borough Council First Homes Guidance Note. This takes an approach whereby the transfer values for all affordable housing tenures are capped, either at £1,100 psm for affordable houses or £1,050 psm for affordable flats. This cap applies for all tenures including (effectively) First Homes (2022 HBC First Homes Guidance Note).

In our experience, the approach taken is fairly unique. In most other areas we have undertaken viability work, whilst affordable housing must be transferred at a value which reflects the specific tenures required by policy, a blanket cap on values is not applied across the different tenures. Because the values each tenure generates for the RP will vary, the values which RPs will pay to acquire them from a developer also vary.

### Transfer Values Elsewhere

We regularly undertake viability testing across England. This can be undertaken for site-specific purposes to help determine planning applications or on a plan-wide basis to support policy development or plan adoption.

As part of this work, we regularly consult both RPs and local authority housing teams. In the table below, we provide examples of the transfer values adopted in some of the other Local Plan Viability Assessments we have undertaken. Although RPs will pay a certain price per unit in reality, for viability testing purposes, this is typically expressed as a percentage of Open Market Value.

**Table 3 - Transfer Value Examples – Expressed as Percentage of Open Market Value**

Local Authority	Social Rent	Affordable Rent	Intermediate	First Homes	Date of Study	Source
Richmondshire (High-Value Area Average)	32%	32%	53%	n/a	May 2020	RP Consultation
Richmondshire (Low-Value Area Average)	42%	42%	63%	n/a	May 2020	RP Consultation
Wirral	35%	80% of market rent	70%	70%	October 2021	WMBC
Bradford	n/a	40%-50%	50%-70%	n/a	January 2020	RP Consultation
South Oxfordshire	44%	60%	76%	70%	December 2021	Council Housing Team
Selby (High-Value Area Average)	32%	40%	62%	n/a	October 2018	RP Consultation
Selby (Low Value Area Average)	37%	41%	64%	n/a	October 2018	RP Consultation
Birmingham	45%	55%	75%	70%	April 2024	Council Housing Team

Although few of these examples include first homes, First Homes will typically be valued at 70% of Market Value, as set out in Paragraph 016 of the Planning Practice Guidance, First Homes.

## Summary

Our financial viability appraisals for the West of Harrogate Strategic Sites demonstrate that current market conditions and increased regulatory requirements have served to reduce the viability of new development. As a result of this work, it has been recognised that a review of the approach to transfer values in the Council's SPG is required – revising the approach taken is one mechanism in the Council's control which could significantly improve viability and aid the delivery of new homes.

There are different ways to improve viability. Lowering costs or increasing values will assist viability; however, these appraisal inputs are in the hands of the market and beyond the control of the local authority. Lowering the required level of affordable housing also increases the viability, but this is often considered a last resort. The work we have undertaken demonstrates that relaxing the cap on transfer values also presents an option which could also serve to aid viability and help to ensure the delivery of new development.

As stated earlier in this note, without testing the viability of other sites, it is not possible to accurately comment on the viability of development in other locations within the former Harrogate Borough Council area. However, given the Strategic Sites' location in a relatively strong residential market area, it is likely that the inflationary construction market and lack of growth in the housing market means that these issues will be experienced on other sites. Revising the approach to transfer values therefore presents an opportunity to ensure that sites remain viable and deliverable, whilst also ensuring the delivery of public goods such as the required level of affordable housing.

# Appendix B

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

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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 Sites<sup>1</sup>. 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.

<sup>1</sup> 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 scenarios<sup>2</sup>. 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.

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<sup>2</sup> 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
<b>Premium (x multiplier on gross acre)</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>14</b>	<b>8</b>	<b>9</b>
<b>Premium (x multiplier on net acre)</b>	<b>20</b>	<b>18</b>	<b>n/a</b>	<b>20</b>	<b>16</b>	<b>19</b>

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.