

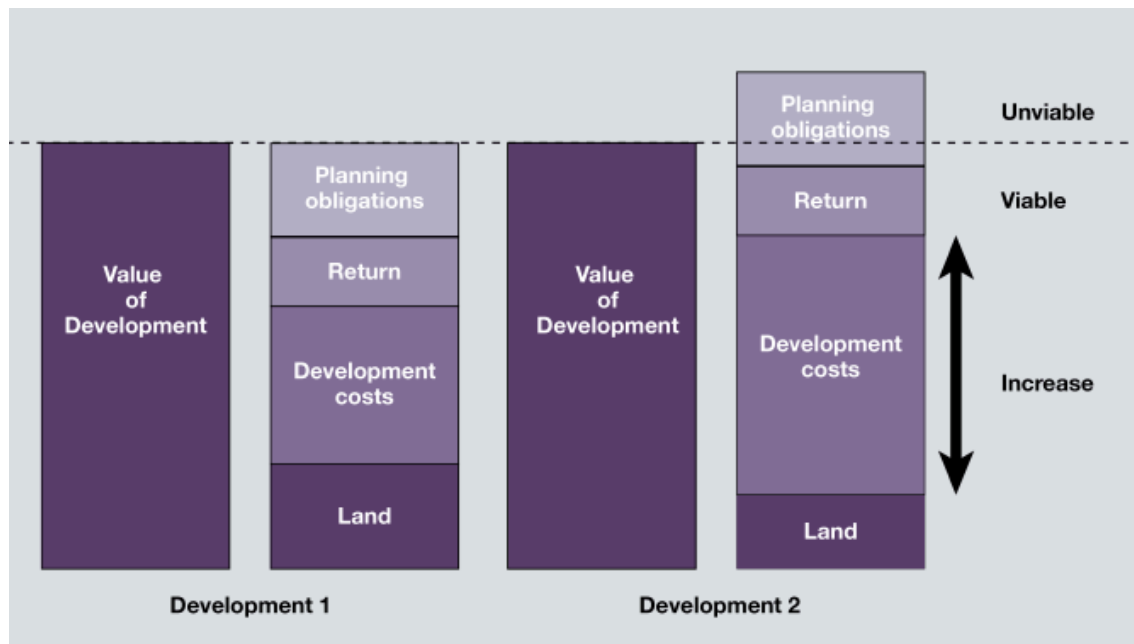
1 Land Market Review

- 1.1 As set out in section 4 of our Viability Appraisal report, the (threshold / benchmark) land value assumption(s) are fundamental in terms of Plan Viability. We set out below our approach to land values for the Viability Assessment, before reviewing agricultural, commercial and residential land values across the District in order to inform our assumptions for the Threshold Land Values (TLV) used in the appraisals.
- 1.2 Note – hereafter, references to South Lakeland or ‘the District’ refer to our study area (i.e. the South Lakeland Planning Authority Area) unless otherwise stated.

Land Values Approach

- 1.3 In a development context, the land value is calculated using a residual approach – the Residual Land Value (RLV).
- 1.4 The RLV is calculated by the summation of the total value of the development, less the development costs, planning obligations, developers return/profit to give the land value. This is illustrated on the following diagram (see Figure 1.1).

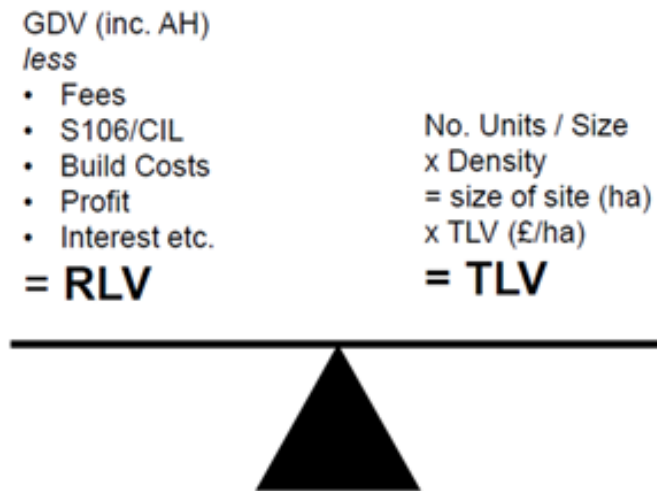
Figure 1.1 - Development Viability



Source: Royal Institution of Chartered Surveyors (RICS) Financial Viability in Planning, 1st edition Guidance Note (August 2012)

- 1.5 In Development 1 above, the value of the development less the development costs and planning obligations is sufficient to generate a sufficient return and land value – the scheme is fundamentally viable.
- 1.6 In Development 2, the development costs have increased such that the sum of the costs is greater than the value of the development – the scheme is fundamentally unviable.
- 1.7 In order to determine whether development is viable in the context of the Local Plan, NPPF paragraph 173 requires that '*Plans should be deliverable*' and that '*to ensure viability, the policy costs should provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable*'. This requires RLV's for schemes to be tested against the benchmark or threshold which would enable sites to come forward – the Threshold Land Value (TLV). This is illustrated on the following diagram Figure 1.2.

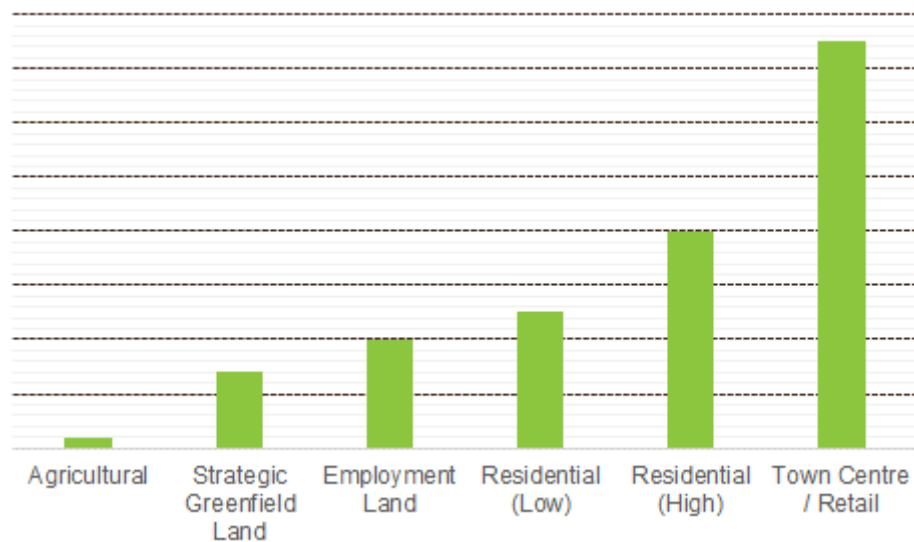
Figure 1.2 - Balance between RLV and TLV



Source: AspinallVerdi (© Copyright)

- 1.8 The fundamental question is, '*what is the appropriate TLV?*' The land market is not perfect but there is a generally accepted hierarchy of values based on the supply and demand for different uses. This is illustrated on an indicative basis the following chart (Figure 1.3).

Figure 1.3 - Indicative Land Value Hierarchy



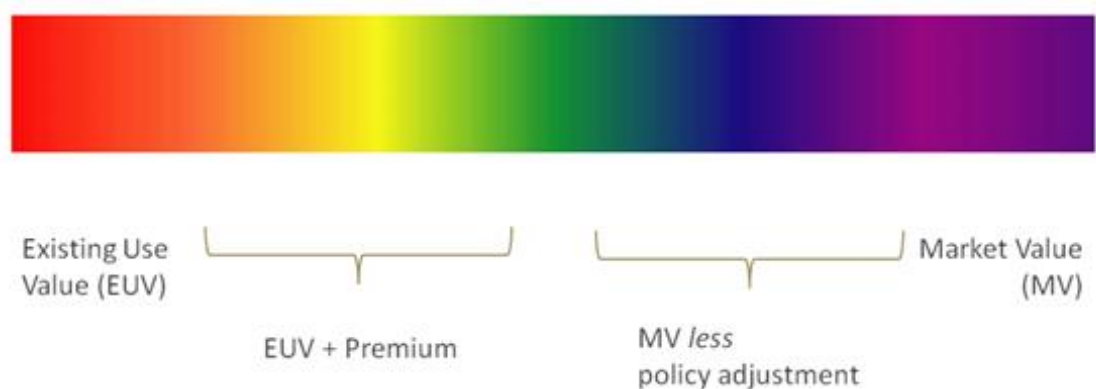
Source: AspinallVerdi

- 1.9 Note that the value of individual sites depends on the specific location and site characteristics as well as the existing use and development potential. In order for development to take place (particularly in the brownfield land context) the value of the alternative land use has to be

significantly above the Existing Use Value (EUV) to cover the costs of site acquisition and all the cost of redevelopment (including demolition and construction costs) and developers profit / return for risk. In a Plan-wide context we can only be broad-brush in terms of the TLV as we can only appraise a representative sample of hypothetical development typologies.

- 1.10 Note also that some vendors have different motivations for selling sites and releasing land. Some investors (e.g. Oxbridge colleges or the Church) take a very long term view of returns, where as other vendors could be forced sellers (e.g. when a bank forecloses).
- 1.11 Finally, 'hope value' has a big influence over land prices. Hope value is the element of value in excess of the existing use value, reflecting the prospect of some more valuable future use or development.
- 1.12 The diagram below (Figure 1.4) illustrates these concepts. It is acknowledged that there has to be a premium over EUV in order to incentivise the land owner to sell. This 'works' in the context of greenfield agricultural land, where the values are well established, however it works less well in urban areas where there is competition for land among a range of alternative uses. It begs the question EUV "for what use?" It is impossible to appraise every single possible permutation of the existing use (having regard to any associated legacy costs¹) and development potential.

Figure 1.4 - Threshold Land Value Approaches



Source: AspinallVerdi

- 1.13 In this context, the Harman report *'allows realistic scope to provide for policy requirements and is capable of adjusting to local circumstances by altering the percentage of premium used in the model. The precise figure that should be used as an appropriate premium above current use*

¹ E.g. Existing buildings to be demolished and/or contamination requiring remediation.

value should be determined locally. But it is important that there is [Market Value] evidence that it represents a sufficient premium to persuade landowners to sell'.²

- 1.14 The HCA Area Wide Viability Model (Annex 1 Transparent Viability Assumptions) is the only source of specific guidance on the size of the premium. The guidance states:

*There is some practitioner convention on the required premium above EUV, but this is some way short of consensus and the views of Planning Inspectors at Examination of Core Strategy have varied. Benchmarks and evidence from planning appeals tend to be in a range of 10% to 30% above EUV in urban areas. For **greenfield land, benchmarks tend to be in a range of 10 to 20 times agricultural value.**³*

- 1.15 The RICS provides a more market facing approach based on Market Value less an adjustment for emerging policy. This approach has also been endorsed in the Mayor of London CIL Inspectors Report (Jan 2012); Greater Norwich CIL Inspectors Report (Dec 2012); and the Sandwell CIL Inspectors Report (Dec 2014).

- 1.16 Having discussed both Harman and RICS guidance, we adopt the following viewpoint and approach:

- A residual land value at level sufficiently above the site's existing use value (EUV) to support a land acquisition price acceptable to the landowner. (HCA – Investment and planning obligations GPN)
- The precise figure that should be used as an appropriate premium above current use value should be determined locally. But it is important that there is evidence that it represents a sufficient premium to persuade landowners to sell. (Harman)
- It is likely that a further refinement of initial assumptions about the premium will be necessary, to check the assumption against local market knowledge. (Harman)
- Benchmarks and evidence from planning appeals tend to be in a range of 10% to 30% above EUV in urban areas. For greenfield land benchmarks tend to be in the range of 10 to 20 times agricultural value' (HCA Viability toolkit assumptions (2010 Annex 1 'Transparent Viability Assumptions))

- 1.17 In order to provide comprehensive analysis, we also set out a variety of sensitivities in terms of changes to profit and TLV assumptions – this is shown in section 4 of the main draft viability report.

² Viability Testing Local Plans Advice for planning practitioners - Local Housing Delivery Group - Chaired by Sir John Harman (June 2012), page 29

³ HCA Area Wide Viability Model (Annex 1 Transparent Viability Assumptions), August 2010, Transparent Assumptions v3.2 06/08/10

Evidence Base Review

1.18 We have undertaken a review of the existing evidence base in regards to land values, reviewing the viability studies listed below:

- Land Allocations DPD Viability Study, 2013
- Community Infrastructure Levy Viability Study, 2014
- Community Infrastructure Levy Viability Study Update, 2014
- Arnside and Silverdale AONB DPD Viability Study, 2016

Land Allocations DPD Viability Study, 2013

1.19 The purpose of this report was to provide an assessment of the viability of sites in the development plan document to provide the Council with confidence that they were facilitating development. This study did not assess the viability of policies within the Core Strategy.

1.20 This research paper closely follows the Harman Guidance which adopts a current use value plus a premium approach to establishing Threshold Land Values. In order to establish whether the judgement is appropriate in terms of the uplift applied, the study makes use of market value evidence for sites with and without planning permission.

1.21 It is important to note the following assumptions adopted within this study in terms of the net developable area:

Table 1.1 - Gross to Net Assumptions, Land Allocations DPD (2013)

Gross Site Area (ha)	% Net Developable Area
Up to 0.4ha	100%
0.4ha to 2ha	90%
2ha to 10ha	75%
Over 10ha	50%

Source: HDH SLDC Land Allocations DPD Viability Study, April 2013

- 1.22 The table below sets out the assumptions around greenfield and industrial land values adopted within this study:

Table 1.2 - Land Value assumptions in Land Allocations DPD Viability Study

Typology	Land Value Assumption
Agricultural Land	£10,000 per acre (£25,000 per ha)
Paddock Land	£20,000 per acre (£50,000 per ha)
Industrial Land (west of Leven Estuary)	£121,500 per acre (£300,000 per ha)
Industrial land (rest of SLDC)	£162,000 per acre (£400,000 per ha)

Source: HDH SLDC Land Allocations DPD Viability Study, April 2013

- 1.23 In terms of residential development land, the report makes reference to a VOA Property Market Report in 2011 in which it cites Wrexham at £344,000 per acre (£850,000 per ha) as being a similar rural area with comparable house prices. Whilst this has no direct relation to South Lakeland, it was used as a reference point in the study.
- 1.24 Transaction based evidence within the report indicated that land values in South Lakeland ranged between £270,000 per acre (£665,000 per ha) for a site delivering 20% affordable housing, and £1,000,000 per acre (£2,500,000 per ha) for a site not delivering any affordable units. Reference was also made to a site that delivered 50% affordable housing and achieved £475,000 per acre (£1,172,000 per ha). This illustrates that individual circumstances of sites have an important effect on value given that the site with 50% affordable housing was quoted to be worth more than a site with 20% affordable housing.
- 1.25 The value adopted within the appraisals was £400,000 per acre (£1,000,000 per ha). This value is attributed to the net developable area.
- 1.26 Following various consultation periods, there were three main positions in regards to residential land on 11th March 2013:
- Land owners would not sell for less than £1,000,000 per net developable ha (c.£405,000 per acre) otherwise development would not come forward. Agents indicated this could be up to £1,235,000 per net developable ha (£500,000 per acre).
 - Land owners would not sell for less than 25% of Gross Development Value
 - £400,000 per ha (£162,000 per acre) would provide a competitive return and enable land to come forward.
- 1.27 It is noted that throughout consultation there was disagreement between the Council and the industry, but also amongst stakeholders.

Community Infrastructure Levy Viability Study, 2014

- 1.28 This report was an annex to the Land Allocations DPD Viability Study, 2013 discussed above.
- 1.29 In order to consider the impact of the Community Infrastructure Levy (CIL) on viability, the study assumed the value of land is the existing use value plus 20% over the whole site. On greenfield sites, the assumption is that a further £400,000⁴ per net developable ha (£162,000 per acre) is required to provide a competitive return to the landowner.
- 1.30 There is no further land value evidence within this report.

Community Infrastructure Levy Viability Study Update, 2014

- 1.31 This report was produced to address further points raised throughout consultation. There was no change made in regards to the Threshold Land Value, with the same approach being adopted as within the original 2014 study.

Arnsdale and Silverdale AONB DPD Viability Study, 2016

- 1.32 The purpose of this report is to consider the deliverability of the AONB DPD in the context of the NPPF and the PPG. As the AONB crosses two Local Authority jurisdictions in South Lakeland and Lancaster City Council, it was noted that both authorities were not reliant on sites within the AONB to meet their Objectively Assessed Need.
- 1.33 In order to assess development viability, HDH analysed existing and alternative use values. The existing use refers to land which is yet to receive planning permission. HDH classified sites over 1.24 acres (0.5 ha) as agricultural land, and sites below this threshold as Paddock or Garden land on the edge of or in a smaller settlement. The latter having a 'paddock value'. Where development was on brownfield land, it was assumed to have an industrial value. The study then adopted the values assumed within the Land Allocations DPD as these had been reviewed and found sound. They are presented in Table 1.2 above.
- 1.34 To calculate the viability threshold, HDH used the existing use value plus 20% on all sites, with a further £400,000 per ha used to uplift the value of greenfield sites (see footnote 4 above).
- 1.35 The report makes reference to benchmark values from a CIL Economic Viability Assessment undertaken by GVA (2012) for Lancaster City Council. This study adopted the following land value assumptions, but HDH Planning and Development stated these had not been independently reviewed.

⁴ This is an unnecessary additional complication which can be avoided by adopting the HCA Assumptions of 10-20 x agricultural values.

Table 1.3 - Land Value assumptions in CIL Economic Viability Assessment, LCC

Typology	Land Value Assumption
Residential Consented Sites	£215,000 per acre (£530,000 per ha)
Commercial Industrial and Office Sites	£182,000 per acre (£450,000 per ha)
Supermarket Convenience Retail Sites	£1,000,000 per acre (£2,471,000 per ha)
Comparison and Retail Warehouse Sites	£500,000 per acre (£1,235,550 per ha)

Source: GVA, CIL Economic Viability Assessment, Lancaster City Council, 2012

Agricultural Land Values

- 1.36 In determining a value per acre / hectare (ha) for agricultural land, we have utilised transaction based evidence registered with the Estates Gazette Interactive (EGi), current quoting prices on Rightmove and have supplemented this with stakeholder evidence of sale prices and agent consultation.
- 1.37 Looking overall at our evidence, it indicates that the value per acre for agricultural land with no development potential in the District is as follows:
- Minimum Value £2,000 per acre (circa £5,000 per ha)
 - Average Value £9,500 per acre (circa £23,500 per ha)
 - Maximum Value £20,000 per acre (circa £49,500 per ha)
- 1.38 We have no evidence currently of achieved agricultural land sales, the most reliable piece of evidence derives from the Land Allocations DPD Viability Study which assumed a land value per acre of £10,177 (£25,000 per ha)⁵.
- 1.39 Taking this into consideration we have reviewed current market listings for agricultural land to inform our opinion of value. We have found evidence of two sites available, and summarise them in Table 1.4 below:

Table 1.4 - Agricultural Sites, Market Listings

Site	Site Area	Asking Price	Price per acre (ha)	Source
Land at Farleton near Holme	1.4 acres (0.57 ha)	£15,000	£10,714 per acre (£26,521 per ha)	Michael CL Hodgson
Four Lane Ends, Whinfell	12.82 acres (5.19 ha)	£75,000	£5,850 per acre (£14,451 per ha)	Whittaker & Co.

Source: AspinallVerdi Land Value Research Version 2, All Land Data

- 1.40 Note - the Four Lane Ends site is right on the border of the National Park situated near Patton and Grayrigg in a very rural setting. We have evidence to suggest fellside land is generally in the region of £7,000 per acre (c. £17,000 per ha). Given the size of this parcel of land, the value per acre / ha is not considered a typical greenfield site, and thus the value on a per acre / ha basis is pushed downwards.

⁵ HDH Planning and Development, Land Allocations DPD Viability Study, 2013, page 55

- 1.41 Given the lack of market listings and transaction based evidence for agricultural land across South Lakeland, we have consulted local agents in order to establish what price is typically paid for agricultural land.
- 1.42 Agents indicated that growing demand for agricultural land has resulted in values increasing over the past year with £12,000 - £15,000 per acre (£29,650 - £37,000 per ha) generally being achieved, with one agent quoting £20,000 per acre (£49,500 per ha) as the value for the best land. It was suggested that values a year ago ranged between £7,000 - £8,000 an acre (£17,300 - £19,800 per ha). Now, one agent indicated that £15,000 per acre (£37,000 per ha) would be the minimum value for agricultural land.
- 1.43 We feel that with anecdotal evidence suggesting land values are stronger in Kendal Rural, we have assumed:
- £15,000 per acre (£37,000 per ha) for agricultural land in rural Kendal
 - £10,000 per acre (£25,000 per ha) for the rest of the District (as adopted by HDH).
- 1.44 We also note that within our Craven Local Plan Viability Study, we adopted a land value of £10,000 per acre for agricultural land. This was not challenged by stakeholders and Craven provides a useful comparable given the topography of both districts which border one another.

Paddock Land Values

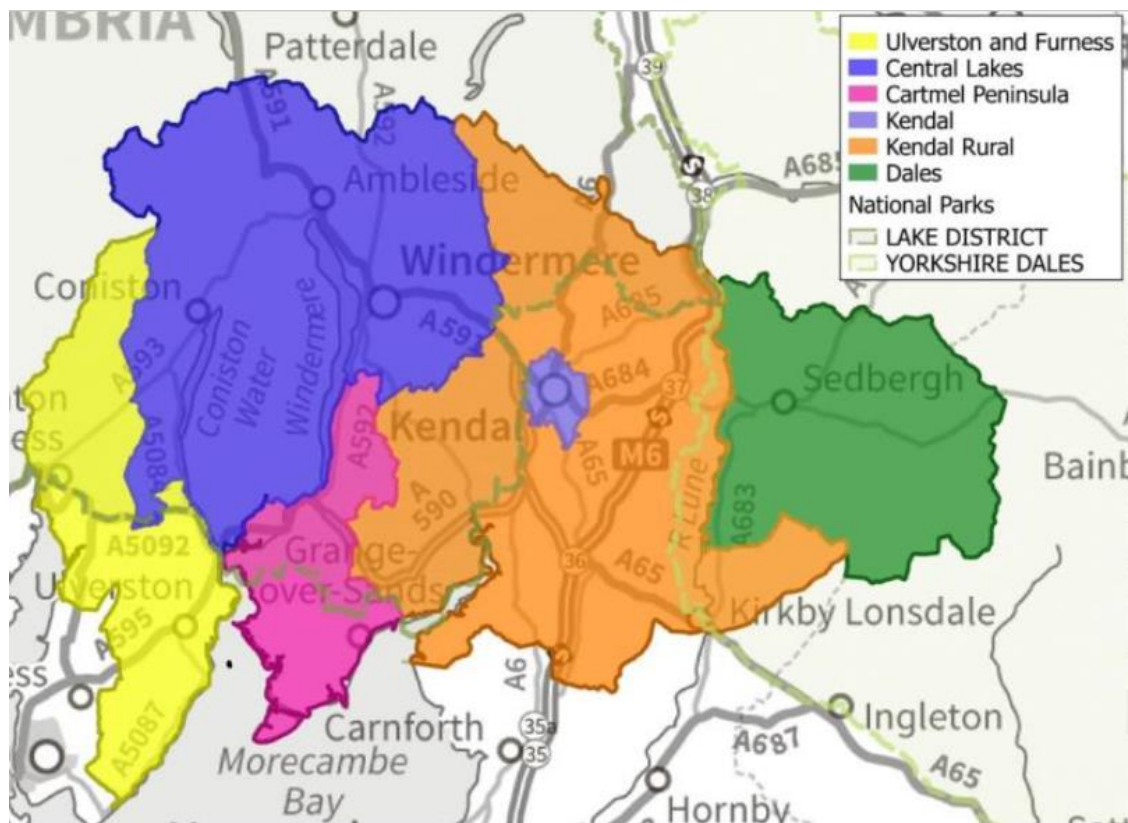
- 1.45 As highlighted earlier, HDH assumed £20,000 per acre (£50,000 per ha) for Paddock Land.
- 1.46 We classify Paddock Land as agricultural / 'pony paddock' land which is on the edge of an existing settlement which has 'hope value' attached, perhaps due to an extant planning permission or that the site (or a neighbouring site) has been identified as one with development potential.
- 1.47 We note one site in Kendal which was sold in 2014 before planning consent had been granted for 26 units, for a value of £17,241 per acre (£42,603 per ha)⁶ and thus reflects the hope value associated with this transaction which preceded the granting of planning permission.
- 1.48 However, we have more recent anecdotal evidence to suggest that Paddock Land can achieve up to £25,000 per acre (c.£62,000 per ha).
- 1.49 Our research shows that Paddock Land would range between £17,500-£25,000 per acre (£43,250-£62,000 per ha).

⁶ AVL Land Value Research_v2

Residential Development Land Values

- 1.50 For the purpose of this research, residential development land is land which has either obtained planning permission or has outline planning consent for residential use and/or is allocated for residential development within the Council's adopted policy documents.
- 1.51 As with agricultural land, we have utilised EGi for transaction based evidence and supplemented this with stakeholder evidence of agreed prices paid for land. We have also tabulated sites currently listed on Rightmove and local agent websites and clarified our findings with local agents to determine a value per acre / hectare and a value on a per unit basis. We have approached this research following the housing market areas identified in the draft Strategic Housing Market Assessment⁷ (excluding National Parks), as shown below:

Figure 1.5 - Housing Sub-Market Geographies



Source: Draft SHMA (July 2017) page 37

- 1.52 It should be noted that within our database of evidence we have done background research into the planning consent the site has, and whether that is policy compliant or not. However, it is difficult to be certain that developers have not offered values (and landowners have not asked

⁷ Draft Strategic Housing Market Assessment (July 2017) page 37

for values) which are not sustainable in planning policy terms and therefore challenge viability at detailed planning stage.

- 1.53 The Department for Communities and Local Government published a paper named 'Land value estimates for policy appraisal' in February 2015. This was a high level estimate of land values across the United Kingdom, and assumes 100% private housing noting that the figure presented, 'may be significantly higher than could reasonably be obtained for land in the actual market'⁸.

The estimated value of a typical residential site in South Lakeland District was £875,000 per acre (£2,161,000 per ha). This represents the maximum RLV for a site, but is not particularly helpful as it is not planning policy compliant.

Kendal

- 1.54 In Kendal, we have evidence of achieved residential land values ranging from £239,808 - £1,250,000 per acre (£592,566 - £3,094,059 per ha). We recognise this is quite wide ranging and above the DCLG's £875,000 per acre, but small sites can artificially inflate land value as shown by the six transactions in Figure 1.6.

Figure 1.6 - Residential Land Sale Evidence, Kendal



Source: AspinallVerdi (2017), (Lambert Smith Hampton / HMLR)

- 1.55 With the complication around small sites inflating the land value, it is also possible to analyse residential land on a per unit basis. The values per unit for the six deals in Kendal range between £14,286 - £87,500 and on average equate to £43,737 per dwelling.

⁸ Department for Communities and Local Government, Land value estimates for policy appraisal, para 2, page 14

- 1.56 One good reference point for residential development land was the Appeal Decision for Land to the west of Oxenholme Road, Kendal. This was an appeal for 148 units on a greenfield site extending to c 17 acres (6.95 ha). The affordable housing was agreed at 35% after the proposal was refused for not being a policy compliant scheme. The Inspector here granted outline consent and the threshold land value was decided by PINS to be £400,000 per acre (£988,400 per ha), and this was a site which was considered readily developable without significant abnormal costs. Evidently, the developer in this instance had agreed to pay too much for the site given that 35% affordable housing is required.
- 1.57 We also have anecdotal evidence suggesting residential development land for a sizeable scheme is worth £400,000-£700,000 per acre (£990,000-£1,730,000 per ha) prior to planning section 106 costs, abnormals, affordables and the Community Infrastructure Levy charge. These would all have a downwards impact on the quoted price from agents. Clearly, this is a considerable range and is dependent upon size and precise location.
- 1.58 However, for the purpose of our appraisals and as evidence in Figure 1.6, we feel a typical residential site over 10 units carries a land value per acre of £340,000 per acre (c. £840,000 per ha) in Kendal.

Cartmel Peninsula

- 1.59 We have anecdotal evidence that Cartmel Peninsula is comparable to Kendal in terms of land values. Having reviewed EGi and Rightmove we have found no further sites with consent for residential development to have either sold or been listed on the market.
- 1.60 However, we have received evidence of two deals to have taken place since 2011, where sites have planning consented including 35% affordable housing. This evidence which is presented below, demonstrates the comparability between Kendal and the Cartmel Peninsula:

Table 1.5 - Land Transactions, Cartmel Peninsula

Site	Site Area	Units	Affordable	Sale Price	Price per acre (ha)
North of Carter Road, Kents Bank, Grange-over-Sands	3.94 acres (1.59 ha)	42	35%	£1.495m	£379,442 per acre (£937,600 per ha)
Land at Jack Hill, Allithwaite, Grange-over-Sands	1.9 acres (0.77 ha)	18	35%	£500,000	£263,158 per acre (£650,263 per ha)
Average					£321,000 per acre (£793,191 per ha)

Source: AspinallVerdi Land Value Research Version 2, All Land Data, (Lambert Smith Hampton / HMLR).

- 1.61 In addition to the information presented above, we have reviewed the internet for evidence of market listings for the sites allocated for residential development in Cartmel. We have found evidence that Haggs Lane was marketed and sold (subject to terms and conditions) on Rightmove for £600,000 (£275,735 per acre / £681,342 per ha). Note, this site has an overage clause entitling the previous land owner to a share in the uplift in value with any form of development - this may have an impact on land value. Whilst this piece of evidence is a useful reference point given that Land at Jack Hill transacted for a similar price per acre, we have not given it much weight in our opinion of land value given that we are not sure if the site achieved greater or less than £600,000.
- 1.62 It should also be noted that the purchase price for the Jack Hill site is understood to reflect significant abnormal costs present at this site.

- 1.63 We note a further deal for a small site in Grange with planning for 5 units, featuring the demolition and redevelopment of a ‘gentlemen’s residence’ and former gardens where £424,658 per acre (£1,049,329 per ha) was achieved in 2011.
- 1.64 Given the limited evidence, we assume a land value of £340,000 per acre given the deals to have taken place above and the anecdotal evidence comparing Kendal with Cartmel.

Ulverston and Furness

- 1.65 There is limited evidence for land values in Ulverston and Furness, but we understand that residential house prices are comparable to Penrith, in Eden District. We have evidence of three deals for sites within Eden District delivering policy compliant schemes (over 30% affordable housing) and these result in an average land value per acre of £330,000 (£815,700 per ha) as shown by the table below.

Table 1.6 - Land Transactions, Penrith

Site	Site Area	Units (Aff %)	Date	Sale Price	Price per acre (per ha)
Land off Scaur Lane	4.03 acres (1.63 ha)	48 (30%)	June 2014	£1.230m	£305,211 per acre (£754,176 per ha)
Land at Elm Close, High Heskett	1.73 acres (0.7 ha)	24 (45%)	July 2014	£611,000	£353,179 per acre (£872,706 per ha)
Land at Carleton, Heights	3.35 acres (1.36 ha)	55 (30%)	June 2015	£1.112m	£331,940 per acre (£820,224 per ha)
				Average	£330,000 per acre £904,200 per ha

Source: AspinallVerdi Land Value Research Version 2, All Land Data (Lambert Smith Hampton / HMLR)

- 1.66 Having reviewed the available evidence for Ulverston and Furness, we have evidence of two agreed land values for small five and eight unit sites. These are tabulated below in Table 1.7 below.

Table 1.7 - Land Transactions, Ulverston and Furness

Site	Site Area	Units (Aff %)	Date	Sale Price	Price per acre
Dale Street, Infant School, Ulverston	0.44 acres (0.18 ha)	8 (0%)	August 2011	£105,000	£238,636 per acre (£589,670 per ha)
Land adjacent to Value View, Pennington	0.75 acres (0.3 ha)	5 (35%)	December 2014	£300,000	£400,000 per acre (£988,400 per ha)
Average					£319,300 per acre £788,990 per ha

Source: AspinallVerdi Land Value Research Version 2, All Land Data (Lambert Smith Hampton / HMLR)

- 1.67 Note that the Dale Street site is brownfield featuring the demolition of a former school with replacement by new-build dwellings, on land adjacent to a Council estate within the District's most deprived ward. Therefore, the average price in the table above is not representative of greenfield land value for Ulverston & Furness, and more weight should be given to the site in Pennington.
- 1.68 In addition to the achieved land values presented above, we note three current listings for land with consent for residential development. One of these sites is allocated in the Land Allocations DPD. This site has the capacity to deliver 16 residential units and is currently marketed for £1m at £480,769 per acre (£1,190,476 per ha). We note there is no planning application associated with this site and thus there is potential for this asking price to be aspirational, particularly given the anecdotal evidence we have received from agents.
- 1.69 We note another smaller site in Little Urswick, where planning permission has been granted for five units including two 3-bed affordable dwellings and three live/work dwellings on a site with an existing garage. The site is marketed for £299,950 (£218,942 per acre / 541,935 per ha) and the outline planning consent has expired.
- 1.70 We feel a typical residential site in Ulverston and Furness would not exceed a land value of £353,000 per acre (c.£872,706 per ha) which was achieved in Penrith. We have assumed a land value of £300,000 per acre (£741,300 per ha) having considered the deals done and market listings in Ulverston and Furness.

Kendal Rural

- 1.71 Kendal Rural incorporates quite a substantial part of the District (as shown in Figure 1.5), including Kirkby Lonsdale and the Lune Valley region. Agents have suggested that residential land here is of the highest value across the whole of the District and above the top-end £400,000 per acre (c.£990,000 per ha) for Kendal.
- 1.72 Evidence of higher land values in Kendal Rural comes from Biggins Road, Kirkby Lonsdale where a policy compliant scheme providing 12 affordables within a 34-unit (35%) development achieved £1.65m equating to £753,118 per acre (£1,860,955 per ha). It was suggested that this site achieved a premium above the typical value for residential land in rural Kendal because of its proximity to the town centre and the high value of residential property in the area.
- 1.73 Whilst this agreed price provides a strong piece of evidence, this is a high-level study and we recognise the site may have sold for a premium and therefore may not reflect the value of a typical residential development site that would come forward in Rural Kendal.
- 1.74 We have reviewed current sites marketed in the market area, but there is limited evidence with two sites that have consent for one dwelling each (see Table 1.8 below). Therefore, the information presented below is not representative of a typical residential scenario to be modelled in this study.

Table 1.8 – Market Listings, Kendal Rural

Site	Site Area	Units (Aff %)	Quoting Price	Price per acre	Source
Crag View, Hutton Roof, Kirkby Lonsdale	0.10 acres (0.04 ha)	1 (0%)	£140,000	£1.4m per acre (£3.45m per ha)	Hackney & Leigh
The Creamery Building Plot, Main Street, Burton-in- Kendal	0.16 acres (0.06 ha)	1 (0%)	£160,000	£1m per acre (£2.475m per ha)	Rightmove
Average				£1,200,000 per acre £2,962,500 per ha	

Source: AspinallVerdi Land Value Research Version 2, All Land Data

- 1.75 We also note another small site in Levens which borders to the Lake District National Park. The site which has planning for three units can be sold individually or as a whole. As a whole, the site totals 0.64 acres (0.26 ha) and is marketed for £480,000 which equates to £747,664 per acre

(c.£ 1.85m per ha) - albeit this site does not provide any affordable housing (see planning reference SL'2015/0242) and therefore cannot be used as a guidance on land values for larger sites featuring affordable housing to be modelled within this study. In addition, we view asking prices cautiously given the potential for some aspirational value, and also note that this site is in a very sought after area on the border of the National Park where our residential market research has highlighted high property values.

- 1.76 The table above shows again that smaller sites can inflate the land value per acre / ha. In addition, providing just one unit means they would not be liable to delivering affordable housing. Therefore, the evidence from current market listings does not really further help establish what the value is for a typical residential development site in the Kendal Rural
- 1.77 Given the lack of recent evidence and the potentially inflated nature of the Biggins Road, Kirkby Lonsdale sale price, we have taken the view that an appropriate market value for residential sites in Kendal Rural (and the AONB) is £525,000 per acre (£1,297,275 per ha). As discussed shortly, this figure also reflects our view of the value of sites in the AONB (see AONB Land Values). Please note that this is not the Threshold Land Value (see below).

Commercial and Retail Land Values

- 1.78 It should be noted that within the land allocations for South Lakeland and the AONB, there is only employment (B1, B2 and B8) uses allocated and no retail / warehousing sites. However, as the Commercial Market Paper discusses, there is interest in the District from supermarket chains.
- 1.79 For non-residential land, HDH modelled agricultural sites assuming £10,000 per acre (£25,000 per ha), or £20,000 per acre (£50,000 per ha) for paddock land. If sites were brownfield land, the following was assumed:
- £121,500 per acre / £300,000 per ha (west of Leven Estuary)
 - £162,000 per acre / £400,000 per ha (rest of SLDC)
- 1.80 In terms of establishing a value for different commercial uses, HDH makes reference to GVA's CIL viability work for Lancaster City Council. This is a useful reference, particularly for the AONB given that the majority of the AONB lies within Lancaster's jurisdiction. We repeat the information tabulated within the Evidence Base Review for ease of viewing (excluding residential land):

Table 1.9 - Land Value assumptions in CIL Economic Viability Assessment, LCC

Typology	Land Value Assumption
Commercial Industrial and Office Sites	£182,000 per acre (£450,000 per ha)
Supermarket Convenience Retail Sites	£1,000,000 per acre (£2,471,000 per ha)
Comparison and Retail Warehouse Sites	£500,000 per acre (£1,235,550 per ha)

Source: GVA, CIL Economic Viability Assessment, Lancaster City Council, 2012

- 1.81 We have anecdotal evidence which suggests that brownfield commercial land is in short supply within South Lakeland. It is suggested that land ranges in value from £100,000 per acre (£247,100 per ha) to £200,000 per acre (c.£495,000 per ha) with demand particular strong in Ulverston and Barrow-in-Furness due to the presence of Glaxo Smith Kline and BAE systems respectively.
- 1.82 We have also received confirmation from agent that a site at Boundary Bank, Kendal sold in 2014 for £200,000 equating to £205,000 per acre (c.£505,000 per ha). This site lies just within the boundaries of the Lake District National Park bordering Kendal, and is comprised of two greenfield plots. This demonstrates an increase of c.20 times the value of agricultural land at £10,000 per acre (£25,000 per ha), which indicates this is a suitable uplift to incentivise land to come forward.
- 1.83 We also note a market listing for a 2.5 acre (1.01 ha) brownfield site on Park Road, Bank Lane in Barrow-in-Furness. Whilst outside of the study area, the site provides an indication into

commercial land values in Ulverston with a quoting price of £450,000 which equates to £180,000 per acre (£445,500 per ha). This is very much aspirational, and anecdotal evidence suggest commercial land values in Barrow-in-Furness are c.£90,000 per acre (£222,400 per ha).

- 1.84 Given the evidence presented above, both of deals done and the anecdotal evidence about the shortage of commercial land with requirements for sites in Ulverston, we feel it is suitable to assume a value of £150,000 per acre (£375,500 per ha) in Ulverston and £200,000 per acre (c.£495,000 per ha) in the rest of the District.
- 1.85 In terms of a value for retail / retail-warehousing sites, we have no evidence to inform our opinion of value. We consider that a brownfield retail site would have a greater value than generic employment land and for greenfield retail sites we assume the value to be the same or greater than residential land dependent upon market area.

AONB Land Values

- 1.86 This section takes the market evidence presented above into consideration and reviews any available evidence for land values within the AONB.

Agricultural Land

- 1.87 We have no evidence of deals done for agricultural land in the AONB. Therefore, we are reliant upon the existing evidence base and any current market listings.
- 1.88 As stated earlier in paragraph 1.43, agricultural land is assumed to be £15,000 per acre (£24,710 per ha) in Rural Kendal.
- 1.89 Having reviewed Rightmove and local agent websites, there is no evidence to indicate that agricultural land values would differ between the AONB and Rural Kendal and thus have also assumed £15,000 per acre (£37,066 per ha) for this area as well.

Residential Land

- 1.90 There is no reference to residential land values in the AONB as HDH's approach is to use an existing use value plus a percentage uplift and a price per ha for greenfield sites.
- 1.91 However, within the Lancaster CIL study highlighted above, a value of £215,000 per acre (£530,000 per ha) was assumed for residential consent land. However, this work was not independently reviewed and we do not feel Lancaster provides a direct comparison to land within the AONB.
- 1.92 We have been provided with evidence from a site-specific EVA of a site in Bolton-le-Sands, just outside of Carnforth, Lancashire. The price agreed was circa £275,000 per acre.
- 1.93 We note two sites listed within the Lancaster City Council's jurisdiction but outside of the national park at £270,000 per acre (£670,000 per ha) and £312,500 per acre (£770,000 per ha). Factoring in for some aspirational asking prices and land value increase on 2012, the evidence seems to indicate values for Lancaster are circa £250,000-£300,000 per acre (£618,000-£741,000 per ha).
- 1.94 The table below provides a summary of the sites marketed and Figure 1.7 shows their location in relation to the AONB.

Table 1.10 - Market Listings, Lancaster

Site	Site Area	Units (Aff %)	Quoting Price	Price per acre	Source
Land off Briar Lea Road, Nether Kellet, Carnforth	1.60 acres (0.64 ha)	10 (40%)	£500,000	£312,500 per acre (£773,515 per ha)	Rightmove
Land off Scotland Road, Carnforth	2.97 acres (1.20 ha)	18 (40%)	£800,000	£269,360 per acre (£666,667 per ha)	NWA
Average				£290,930 per acre (£718,888 per ha)	

Source: AspinallVerdi Land Value Research Version 2, All Land Data

Figure 1.7 - Map of Market Listings outside of AONB



Source: Bing Maps (2017)

- 1.95 We feel that Lancaster does not provide a suitable comparison given that we have evidence of three sites currently listed within the AONB with asking prices ranging between £500,000-£685,185 per acre (£1.23-£1.69m per ha). Two of the sites do only have planning for one unit and thus the site within planning for ten apartments including 40% affordable housing provides a stronger indication as to asking prices for residential development land in the AONB. The details are tabulated below:

Table 1.11 – Market Listing, AONB

Site	Site Area	Units (Aff %)	Quoting Price	Price per acre	Source
Land at 53 Redhills Road, Arnside	0.47 acres (0.19 ha)	10 (40%)	£295,000	£628,998 per acre (£1.55m per ha)	Rightmove

Source: AspinallVerdi Land Value Research Version 2, All Land Data

- 1.96 Note, this site was first marketed in 2015, we do not know on what basis the site is being listed (e.g. subject to planning). Given the potential for aspirational value and the fact the planning application is for flatted units; we do not feel this provides a true representation of a scheme you would expect to come forward in the AONB.
- 1.97 Taking the above evidence into consideration, we feel it is appropriate to assume a value of £525,000 per acre (£1,297,275 per ha) as evidenced for the adjoining area of Kendal Rural.

Land Value Conclusions

- 1.98 Having regard to the evidence above, the table below provides a summary of initial land value assumptions:

Table 1.12 - Residential Land Value Assumptions

Market Area	Unadjusted Land Value
Agricultural Land (Kendal, Cartmel Peninsula and Ulverston & Furness)	£10,000 per acre (£25,000 per ha)
Agricultural Land (Kendal Rural / AONB)	£15,000 per acre (£37,000 per ha)
Paddock Land	£17,500-£25,000 per acre (£43,250-£62,000 per ha)
Kendal	£340,000 per acre (c.£840,000 per ha)
Cartmel Peninsula	£340,000 per acre (c.£840,000 per ha)
Ulverston and Furness	£300,000 per acre (c.£741,300 per ha)
Kendal Rural & AONB	£525,000 per acre (c.£1,297,275 per ha)
Brownfield Commercial Land Ulverston	£150,000 per acre (£370,650 per ha)
Brownfield Commercial Land Rest of the District	£200,000 per acre (c.£495,000 per ha)
Brownfield Supermarket / Warehousing Land	Potentially double the value of commercial brownfield values dependent upon market area and operator interest
Greenfield Supermarket Retail Land	Same or greater than value of greenfield residential land dependent upon market area and operator interest
Greenfield Retail Warehousing Land	Same or greater than value of greenfield residential land dependent upon market area and tenant/retailer demand

Source: AspinallVerdi

- 1.99 Please note that these are unadjusted land values and are not our assumed Threshold Land Values (see below).

Threshold Land Value Assumptions (SLDC)

- 1.100 Table 1.13 below adopts the appropriate Existing Use Values and Market Values presented above (in Table 1.12) to derive at a Threshold Land Value for the respective typologies. This reflects a 'top down' approach and a 'bottom up' approach as illustrated in Figure 1.4 above.
- 1.101 For greenfield typologies the bottom up approach is based on the net value per acre / hectare for agricultural land (existing use value (EUV)). This EUV is 'grossed up' to reflect a net developable to gross site area ratio of 75%. The (higher) net value per acre / hectare is then subject to an uplift multiplier of 20 to produce the TLV. These are the minimum values that we would assume for the purpose of our hypothetical viability appraisals, and they act as the benchmark to test the RLV's of schemes to determine whether sites would come forward for development (as discussed in regards to Figure 1.2).
- 1.102 Again for residential greenfield sites, from the top down the market values inserted into the table derive from our market assessment presented above. The TLVs calculated from the top down reflect a 11-23.8% adjustment for policy, dependent upon the market area (consistent with the principles established by the Mayor of London CIL; Greater Norwich CIL; and Sandwell CIL). For the residential and retail typologies on brownfield land, the EUV is based on the £200,000 per acre (£494,200 per ha) assumption for commercial land in the rest of the District (outside of Ulverston). Within Ulverston and Furness market area we have assumed £150,000 per acre (£370,650 per ha). To arrive at an appropriate TLV, we then apply a 20% premium to incentivise the landowner to sell.
- 1.103 **It is important to note that the TLV's contained herein are for 'high-level' plan viability purposes and the appraisals should be read in the context of the TLV sensitivity table (contained within the appraisals). It is important to emphasise that the adoption of a particular TLV £ in the base-case appraisal typologies in no way implies that this figure can be used by applicants to negotiate site specific planning applications. Where sites have obvious abnormal costs (e.g. retaining walls for sloping sites) these costs should be deducted from the value of the land. The land value for site specific viability appraisals should be thoroughly evidence having regard to the existing use value of the site (as is best practice in the Mayor of London, Draft Affordable Housing and Viability SPG, November 2016). I.e. this report is for plan-making purposes and is 'without prejudice' to future site specific planning applications.**
- 1.104 Having regard to all the above land market research and analysis. We are content that the TLVs presented in Table 1.13 provide an adequate incentive for landowners to sell/release land for development.

Table 1.13 - Threshold Land Value Assumptions

Typology	Location	GF / BF	EUV -					Uplift Multiplier	TLV -		Policy Adjustment	MV -	
			(per acre) (gross)	(per ha) (gross)	Net: Gross (%)	(per acre) (net)	(per ha) (net)		(per acre) (net developable) (rounded)	(per ha) (net developable) (rounded)		(per acre) (net)	(per ha) (net) (rounded)
Residential	Kendal / Cartmel	GF	£10,000	£24,710	75%	£13,333	£32,947	20.0	£267,000	£659,000	21.6%	£340,000	£840,140
Residential	Kendal Rural / AONB	GF	£15,000	£37,065	75%	£20,000	£49,420	20.0	£400,000	£988,000	23.8%	£525,000	£1,297,275
Residential	Ulverston and Furness	GF	£10,000	£24,710	75%	£13,333	£32,947	20.0	£267,000	£659,000	11.1%	£300,000	£741,300
Residential	All District	BF	£200,000	£494,200	100%	£200,000	£494,200	20%	£240,000	£593,040	n/a	n/a	n/a
Residential	Ulverston and Furness	BF	£150,000	£370,650	100%	£150,000	£370,650	20%	£180,000	£444,780	n/a	n/a	n/a
Retail	Within Development Boundaries	BF	£200,000	£494,200	100%	£200,000	£494,200	20%	£240,000	£593,040	n/a	n/a	n/a
Retail	Outside Development Boundaries (most likely to be Ulverston Strategic Site)	GF	£10,000	£24,710	75%	£13,333	£32,947	20.0	£267,000	£659,000	55.6%	£600,000	£1,482,600

Source: AspinallVerdi (170908 Land Values Research_v4)

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