Report for Manchester City Council

Local Plan Viability Assessment

Manchester Local Plan

June 2026

Three Dragons with
Currie & Brown and
Promarks

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Use of this report	This report is not a formal land valuation or scheme appraisal. It has been prepared using the Three Dragons toolkit and is based on city level data supplied by Manchester City Council, consultant team inputs and quoted published data sources. The toolkit provides a review of the development economics of illustrative schemes, and the results depend on the data inputs provided. This analysis should not be used for individual scheme appraisal. No responsibility whatsoever is accepted to any third party who may seek to rely on the content of the report unless previously agreed.
Cover Image	L. Easton & D. Houston

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EXECUTIVE SUMMARY

1. Three Dragons was commissioned by Manchester City Council to prepare a Local Plan Viability Assessment for the emerging Manchester Local Plan, which will sit alongside the adopted Places for Everyone Joint Development Plan. The assessment tests whether the Plan's proposed policies, including affordable housing, net zero carbon, accessibility, biodiversity net gain, developer contributions and other national requirements, can be supported by viable development across Manchester.
2. The assessment follows national planning guidance and uses a residual valuation approach. It tests a set of representative development typologies rather than individual sites, reflecting the main forms of development expected over the plan period: Build to Rent, sale-led housing, mixed schemes, Purpose Built Student Accommodation, and older persons housing. The assumptions draw on local market evidence, construction cost advice, PfE viability evidence, Manchester planning and delivery data, and consultation with developers, registered providers and council officers.
3. The testing is deliberately cautious: it assumes no affordable housing grant, no vacant building credit and no public funding for remediation or infrastructure. The results are therefore a robust indication of whether policy requirements can be supported under current market conditions, while recognising that the Local Plan will operate to 2039 and must include sufficient flexibility to respond to changing circumstances.
4. The city centre is expected to accommodate the majority of future residential growth, with Build to Rent playing a central role. The assessment finds that most city centre Build to Rent typologies can support a 30% affordable private rent requirement at a 20% discount to market rent. However, viability becomes more marginal for the tallest buildings tested and where higher land values or additional contractor returns apply.
5. Sale-led residential schemes are generally less viable, particularly in the city centre and in apartment-led schemes outside the centre. The 30% affordable housing policy requirement is unlikely to be achieved consistently without flexibility, public subsidy or lower affordable housing contributions in some cases. In the inner and southern areas, smaller house-led schemes are more resilient, but apartment-led and mixed schemes are more challenging.
6. For Purpose Built Student Accommodation, the assessment identifies a trade-off between the proportion of affordable student accommodation and the depth of rent discount. A 30% affordable requirement is viable where rents are discounted by 20%; alternatively, the Council may consider a lower 20% affordable proportion with a deeper 40% discount. Older persons retirement housing shows limited capacity to provide affordable housing through planning obligations.
7. Overall, the report concludes that the emerging Manchester Local Plan is capable of being delivered, but not every development type can meet all policy requirements in all circumstances. The Plan's affordable housing target should therefore be treated as a starting point, supported by case-by-case flexibility, public funding where available, and continued monitoring of market conditions, costs and land values.

8. The assessment provides a proportionate and evidence-led basis for policy making. It supports an aspirational approach to affordable housing and sustainability requirements, provided the Local Plan retains mechanisms to manage scheme-specific viability, secure subsidy where needed, and avoid undermining the delivery of the homes and development required over the plan period.

Chapter 1 Introduction

Context

1.1 Manchester City Council (MCC) is reviewing its current adopted Local Plan consisting of the Core Strategy (2012) and saved Unitary Development Plan (UDP) policies. The Council adopted a Joint Local Plan, Places for Everyone (PfE), in March 2024. PfE provides a range of strategic and thematic policies that replace some parts of the MCC 2012 Core Strategy. The emerging Manchester Local Plan (MLP) will form a complementary part of the development plan to PfE. The MLP consists of local policies that cover a range of matters including spatial principles and locations for growth, zero carbon, housing, economy, design and environment.

1.2 This viability assessment informs the development of policies in the MLP. The local plan viability assessment (LPVA) provides evidence to demonstrate the deliverability of potential future policies in the MLP, including what balance of affordable and market housing is viable and whether this varies across the authority. It needs to take account of relevant national guidance; and where appropriate, incorporate any information from the viability assessment undertaken for the PfE Joint Development Plan.

1.3 The assessment includes an analysis of the impact of the policies set out in the latest draft version of the Reg.19 plan and has been undertaken in accordance with national policy and guidance - including the December 2023 National Planning Policy Framework and Planning Practice Guidance. However, given recently announced proposed changes to national guidance including the NPPF 2024, the approach to the testing and the recommendations, where appropriate, are also mindful of potential changes to provide some longevity to the assessment outcomes and avoid a lack of local policy direction.

1.4 Underlying the assessment is a series of tests that calculate the viability of a set of notional typologies, representative of the types of development likely to come forward over the life of the Local Plan. The LPVA has been prepared in consultation with the development industry and other key stakeholders.

1.5 This report does not reconsider viability in respect of PfE allocations as these have already been through an extensive examination process and have a policy framework already established, that is not being repeated within the MLP.

Viability in plan making

1.6 An individual development can be said to be viable if, after taking account of all costs, including central and local government policy and regulatory costs and the cost and availability of development finance, the scheme provides a competitive return to the developer to ensure that

development takes place and generates a land value sufficient for the landowner to sell the land for the development proposed. If these conditions are not met, a scheme will not be viable.

1.7 This report sets out the typologies and assumptions used to inform the viability testing reflecting latest available information. The viability testing for this report has:

- reviewed broad costs associated with addressing the proposed policies in the Reg. 18/19 draft Local Plan
- tested the quantum and broad form of proposed development
- been designed to assess the balance around development contributions including affordable housing, the potential amount of grant required to achieve desired proportions/tenures of affordable housing, and whether there are differences in viability across different areas within Manchester or between different types of development that are sufficient to justify different policy approaches.

1.8 The testing has drawn on the following evidence:

- review of the types of sites outlined in the consultation Reg. 18/19 draft Local Plan and supporting evidence including the SHLAA
- review of the policies in the draft Local Plan, PfE and central government guidance that may have implications for development viability
- review of recent planning consents including details on unit sizes, density, built form
- a review of recent developer contributions agreed by the council as well as discussion with council officers about the proposed use of s106 going forward
- consultation with MCC officers, including planning, estates, regeneration and housing
- desk research to form initial views on the values and costs of residential development in Manchester
- a range of consultation exercises with the development industry and registered providers.

Chapter 2 National & local policy context and consultation

National policy

2.1 National policy and guidance on viability for plan making is set out in National Planning Policy Framework (NPPF) and the Planning Practice Guidance (PPG). There is also useful guidance contained within 'Viability Testing Local Plans - Advice for planning practitioners' (Harman 2012) and 'Assessing Viability in Planning' (RICS 2021). MCC have been advised that the MLP will be examined, using transitional arrangements and therefore the NPPF December 2023 and associated guidance applies. However, whilst this LPVA has been prepared in accordance with the NPPF 2023, it is also mindful of the update in December 2024 and changes to PPG and the consultation on a revised NPPF published in December 2025.

2.2 There are a number of national policies recently introduced that have a bearing on development costs and which have been included in the viability testing undertaken. These include:

- More stringent requirements to improve building standards, including to reduce carbon emissions in new homes, particularly the 2021 update to Building Regulations Part F (ventilation), Part L (conservation of fuel and power), and Part O (overheating), effective from June 2022
- Update to Part S (2021) - Infrastructure for Charging Electric Vehicles which requires new development to provide electric vehicle charging points where a parking space is provided or cabling elsewhere
- Provision for biodiversity net gain introduced through the Environment Act 2021, with 10% net gain a mandatory requirement for most development types from April 2024
- Through the updated NPPF (December 2024), the removal of the requirement, previously introduced through Written Ministerial Statement (24 May 2021), that a minimum of 25% of affordable housing units should be First Homes.

2.3 In March 2026 the government published new statutory guidance in Approved Document L and Approved Document F of the Building Regulation. The Regulations are due to come into force in 2027 and implement the Future Homes and Buildings Standard. Greater Manchester Combined Authority have confirmed that policy JP-S2: Carbon and Energy in Places For Everyone is already set for standards beyond the recently published requirements for Future Homes and Buildings and that no additional cost allowances are required to these changes to building regulations, for those Greater Manchester Authorities that have adopted Places For Everyone as part of their Local Plan.

2.4 In March 2025 the Government published the consultation outcome on the Building Safety Levy. This sets out the potential levy to be applied to all residential development by local authority area and by greenfield and brownfield site types. As the intention is to introduce the Levy in Autumn 2026, it has been included within the testing. However, we are aware there is continued

discussion about the scale of the rates, their application and the duration of the levy and therefore not all development may be required to meet the rates included in the viability testing. The LPVA takes a precautionary approach and assumed the levy rates as proposed are those adopted.

Local policy

2.5 The NPPF is clear that viability testing should take into account the costs of any requirements likely to be applied to development. The MLP, along with PfE will be the overarching authority-wide planning document for MCC. It will set out the spatial strategy and development principles for the area, together with more detailed policies to help determine planning applications (the scope of which may be subject to the introduction of national development management policies).

2.6 Given the development plan status of PfE, it is important that we first consider the implications arising from its adopted policies and the main policies with implications for Manchester City are set out in Table 2.1a below. Following this, Table 2.1b summarises the emerging policies in the Reg. 18 draft Local Plan which have viability implications and have been taken into account in the testing, alongside other national requirements.

Table 2.1a PfE policies with viability implications

Policy	Response
Policy JP-Strat14: A Sustainable and Integrated Transport Network	No implications - local transport requirements picked up in s106 allowances. Major transport upgrades will be funded 'centrally'.
Policy JP-S2: Carbon and Energy	An expectation that new development will, unless it can be demonstrated that it is not practicable or financially viable, be net zero carbon which applies: - from adoption – to regulated operational carbon emissions; - from 2028 – to all emissions 'in construction'. From 2025 development should also calculate and minimise carbon emissions from unregulated emissions alongside regulated emissions. Development was tested as net zero carbon with Manchester specific costs supplied by cost consultant.
Policy JP-S3: Heat and Energy Networks	Expectation that major developments (over 10 dws, 1,000 sq m floorspace) will connect to a heat network if within a network opportunity area unless it can be demonstrated that there are more effective alternatives for minimising carbon emissions or such connection is not practicable or financially viable.

Policy	Response
	No viability implications as assumed that most cost effective solution will be applied.
Policy JP-H2: Affordability of New Housing	Maximising the delivery of additional affordable homes, including through Local Plans setting targets - no targets in PfE
Policy JP-H3: Type, Size and Design of New Housing	Use nationally described space standards; and all new homes are assumed to achieve Part M4(2) of the Building Regulations. As used in the viability testing.
Policy JP-G6: Urban Green Space	General policy - interpreted through Local Plans No specific viability implications
Policy JP-G8: A Net Enhancement of Biodiversity and Geodiversity	Assumed 10% Biodiversity Net Gain – costs derived from the government impact assessment (Biodiversity net gain and local nature recovery strategies, Impact Assessment 2019)
Policy JP-P5: Education, Skills and Knowledge	Ensuring sufficient school places – within s106 allowance
Policy JP-C8: Transport Requirements of New Development	Local requirements assumed to be within s106 allowance or major items funded centrally but some items are reflected in the testing: 1) Car parking for disabled drivers (within allowance for 'external works') 2) Providing secure and covered cycle storage, showers etc - cycle provision for flats is within build costs and for houses within external works
Policy JP Allocation 3.1: Medipark	Not specifically tested as MCC indicated that the allocation is not being revised as part of the Local Plan.

Table 2.2b Reg. 19 draft Local Plan policies with potential viability implications and viability testing response

Policy	Response
GL policies - Strategic Growth Locations	Viability testing reflects focus of future development and relevant typologies

Policy	Response
H1 - Housing Provision	40,000 out of 61,000 dwellings planned for Manchester to be City Centre
H2 - Affordable Housing	Expected that 30% of homes in major schemes will be affordable with a tenure split in sale led schemes expected to be 70% social housing, 10% other affordable rent and 20% affordable home ownership housing. Viability testing has reflected these percentages and 'social housing' has been interpreted as social rent. 30% further described as a 'starting point'
H2 - Affordable Housing	Financial contributions - viability testing does not distinguish and assumes viability implications are the same, whether on-site provision or provision as a financial contribution
H3 – Accessible Housing	In addition to the PfE requirement that 100% of all homes are built to Part M4(2) of the Building Regulations, a minimum of 4% of all homes, on schemes of 10 or more units, to meet Part M4 (3) of the Building Regulations.- viability testing meets this policy requirement.
H4 - Enabling Independence and Supported Housing	Testing has included market led older persons accommodation as a typology
H 6 -Accommodation for Gypsies and Travellers and Travelling Showpeople	Sets out requirements for new pitches to meet needs of Gypsies and Travellers and Travelling Showpeople - not tested as are not subject to specific policy requirements that will impact on their viability
H7 - Purpose built student accommodation	At least 20% of all student bedspaces should be made available at an affordable rent - at a discount of at least 40% below open market PBSA rents. Viability testing undertaken on this basis with further sensitivity testing.
H 8 - Self-build and custom housebuilding and Community-led housing	Sets out council's support for Self-build and custom housebuilding schemes but there are no requirements specific for this type of residential development and therefore no viability testing has been undertaken.
H9 – Build to Rent Housing	Build to Rent schemes will be subject to the requirements of policy H2 Affordable Housing and are to deliver 30% affordable private rent. Viability testing has used the government guidance figure for affordable private rent of a 20% discount against open market rents
H10 - Housing Design	Density not below densities set out in PfE JP-H4 Typologies meet this standard

Policy	Response
ZC2 - Towards Net Zero Carbon	See ZC1 above - Costs for achieving net zero carbon included in viability testing
EN1 - Strategic Green and Blue Infrastructure	Expectation of development proposals that they will, amongst other requirements, increase biodiversity, enabling nature recovery and connecting people with nature. Viability testing has included costs for a 10% biodiversity net gain, as per government guidance and an allowance for wildlife features
EN4 - Biodiversity and Geodiversity	Developments to demonstrate how they will enhance biodiversity including through small scale interventions e.g. swift/bat bricks Viability testing has included costs for a 10% biodiversity net gain, as per government guidance and an allowance for wildlife features e.g. swift/bat bricks
EN5 – Biodiversity Net Gain	Policy confirmation that all development will be subject to the national mandatory requirement for Biodiversity Net Gain i.e.at least a 10% net gain in biodiversity value for at least 30 years Viability testing has included costs for a 10% biodiversity net gain, as per government guidance
EN6 - Urban Green Factor	Viability testing includes allowance for measures that could meet UGF included within external works.
EN8 – Water Quality and Efficiency	Water efficiency measures outlined in policy are considered deminimus in respect of cost and therefore no additional allowance included within testing
SI2 - Provision of new Open Space, Sport and Recreation land and facilities	Policy has implications for density of development and external works which are considered to be taken into account in the assumptions used in the viability testing Similarly costs of provision of facilities etc are within the general s106 costs used
D1 - Design principles	Viability testing uses 'Manchester' based build costs which reflect local standards and requirements
D3 - Tall Buildings	Proposals for tall buildings will be supported where it can be demonstrated that they are of excellent design quality. The viability testing draws on locally based costs which capture the ‘Manchester standard’.

Policy	Response
DC1 – Developer contributions	Purpose and use of developer contributions set out in DC1 and the viability testing includes appropriate allowances

Consultation with the development industry

2.7 The PPG sets out that:

> *"Plan makers should engage with landowners, developers, and infrastructure and affordable housing providers to secure evidence on costs and values to inform viability assessment at the plan making stage."*[1]

2.8 Consultation with the development industry, undertaken for this assessment, involved different activities which provided opportunities for the development industry to engage with the process. The activities were:

- Two workshop consultation exercises with developers and agents active in Manchester in summer 2025 one on-line and one, in person
- Follow up consultation with individual developers
- Consultation with housing associations active in Manchester to discuss transfer values, mix and available grants for affordable housing.

2.9 The industry consultation raised the following issues:

- That the viability study is necessarily high level and that there will be scheme-specific differences in viability
- Whether Co-living should be included in the testing
- That city centre schemes typically included ground/lower floor commercial uses but this was a small proportion of floorspace
- That 150 unit schemes and 300 unit typologies were useful sizes for viability testing. It was suggested that heights of development in the city centre were increasing and that the testing should reflect this, including for Purpose Built Student Accommodation (PBSA) and Build to Rent (BtR)
- That houses should be part of the dwelling mix in lower value areas
- It was suggested that the additional amenity space allowances and build cost premiums proposed for BtR may not be necessary. It was noted that forward funded schemes had stronger yields

[1] Planning Practice Guidance, Paragraph: 006 Reference ID: 10-006-20190509

- The initial proposed sales values for the City Centre were too low and that higher values were being achieved; but that rents for BtR were too high
- The floor spaces proposed for PBSA may not be correct and PBSA yields may be too low.
- PBSA 'affordable' rents as initially considered (at 80% of market rent) are not affordable student accommodation. Rent levels used should reflect level of maintenance loans.
- Some development may be subject to a higher finance rate
- Marketing and sales costs may be higher than the 3% allowance proposed
- The Building Safety Act can delay schemes at different stages of construction
- There needs to be some allowance for external works for city centre flatted schemes
- Proposed mix of market dwellings set out in explanatory text with policy H1 does not reflect current patterns of demand for Build to Rent schemes and there is continuing strong demand for 1 bed units

2.10 Comments from the RPs about the affordable housing assumptions included

- An observation that house sizes should be increased to align with what was being delivered so that 2-bed houses are for 4 persons and 3-bed houses for 5 persons
- Service charges for apartments should be increased from £10 to between £20 and £30 per week and that the rent should be slightly lower for social rent apartments
- Share size for original purchase of shared ownership should be reduced from 40% to 35%
- 1-bed apartments were a popular shared ownership choice in the city centre and should be included in the affordable housing mix
- All other assumptions including cost of capital and housing mix were about right for a notional typology

2.11 The viability testing responds to these comments as follows:

- MCC acknowledged the potential for individual schemes to have different viability and noted that the new Local Plan will allow for some flexibility
- Co-living is not included as it will not be part of the new Local Plan
- The city centre typologies include ground floor commercial uses
- The testing uses 300 unit typologies across all the value areas (with different dwelling mixes as appropriate), and 150 dwellings in the city centre. Schemes have been reviewed, and the typologies include a variety of heights. The height of the PBSA typologies have been increased
- Houses are included in the dwelling mixes for the typologies tested in lower value areas
- The BtR schemes continue to include additional amenity floor area and build costs, on a precautionary basis. It is expected that the majority of new BtR schemes will be forward funded and the yields used reflect this

- The finance rates used are within the range of those used in the site-specific viability testing sent to the council and reviewed by the consultant team, and the reduced inflationary pressures and signalling from the Bank of England suggest that interest rates will continue to fall
- The allowance made for sales costs is standard and has been accepted at examination in a variety of circumstances. The allowance has not been amended
- PBSA floor areas for 10 recent applications have been reviewed and the floor areas have been amended for the viability testing. Yields have also been reviewed but the evidence from commercial agents is that the proposed values are appropriate
- PBSA testing updated to use discounts of 40% and 50% of the market rent (based on the percentage of maintenance loan available for accommodation); applied to both 30% and 20% of the PBSA units in the testing
- The implications of the Building Safety Act were noted but no specific amendments were made to the testing assumptions, an allowance for the future Building Safety Levy is still applied as appropriate
- C&B have provided costs for different types of public realm and allowances have been included within the flatted typologies
- The affordable housing assumptions were updated in line with the comments received from RPs
- Testing of market apartment schemes uses a blended floorspace and based on actual schemes giving flexibility in terms of percentages of different sizes of units by bedrooms.

Chapter 3 Approach to testing and viability

Approach to viability and typologies

3.1 As is standard practice, we have adopted a residual value approach to our analysis. Residual value is the value of the completed development (known as the Gross Development Value or GDV) less scheme costs. The value of the scheme includes both the value of the market housing and affordable housing. Scheme costs include the costs of building the development, plus professional fees, scheme finance and a return to the developer as well as any planning obligations or other policy costs and the costs of the land and its purchase, as described in PPG:

"Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it. This includes looking at the key elements of gross development value, costs, land value, landowner premium, and developer return." (para 11)

3.2 In respect of the types of sites to test, PPG states that:

"Assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable. Plan makers can use site typologies to determine viability at the plan making stage." (para 3)

3.3 An important response to the PPG on viability is to reflect on appropriate available evidence – within the context of Manchester, the work supporting PfE is part of this consideration. The PfE viability evidence was found sound in 2024 and the approach in this report is consistent with that methodology. This assessment also makes use and updates as appropriate parts of the PfE evidence viability evidence base.

Uses included in the testing

3.4 The uses considered are listed below and focus on developer-led forms of development rather than publicly led uses such as new infrastructure facilities or development types that are not common:

Residential

- residential for sale
- housing for older persons
- build to rent (BtR)
- purpose built student accommodation (PBSA)
- co-living (see para 3.5)

3.5 Resulting from the consultation with officers and the development industry it was agreed with MCC that co-living would not be included within the testing. It was considered that co-living in its normally understood definition (i.e. large scale shared living schemes, with private ensuite rooms, with shared amenities such as kitchens and living facilities, aimed at single person households) was not a tenure likely to come forward in the future and thus unnecessary to test in respect of viability.

Non-residential

3.6 Employment land allocations and other non-residential requirements are typically derived from needs assessments such as the Employment Land Review and the Retail and Town Centre Assessment, with the objective of meeting forecast growth over the plan period. These non-residential allocations are typically framed as land area or floorspace requirements rather than as delivery of buildings, recognising that the built form is likely to be tailored to intended occupiers. Whilst local plans can support the identification of potential locations for such uses, it is the operational needs of the occupier that generally determine delivery rather than planning policy.

3.7 The policy review (at Tables 2.1a and 2.2b) found limited policies regarding non residential development and none that would have a significant impact on viability and thus cause any substantial delivery issues as a result of policy requirement.

3.8 Where policies that are directly relevant to these types of developments (BREEAM and Biodiversity Net Gain for example), on the basis of the consultant team's experience, they only represent modest costs and would not, either on their own or in combination, effect delivery of these forms of development. Given the PPG requirement for a proportionate response to viability, the LPVA therefore does not consider standalone non-residential development in terms of viability modelling. However, it is recognised that there maybe commercial activity within high density schemes, often as ground floor uses, therefore allowances are made in these circumstances.

3.9 Furthermore, the new build non-residential market is already delivering to high building standards to meet occupier requirements. Added to this, non-residential development is usually delivered on a pre-let basis (especially outside of major city centres and or locations with well known business park locations), so such schemes will be designed to meet specific occupier current needs, which generally include high standards to reduce operational energy costs over the life of the building.

Typology and allocated sites selection

3.10 Three Dragons worked with the council to draw up a suite of typologies. These are intended to reflect the type of sites likely to come forward over the life of the new Local Plan. The generic typologies are not intended to represent specific development proposals but to reflect typical forms of development that are likely to come forward over the plan period.

3.11 The starting point for our typologies was to review the typologies set out in the PfE viability evidence base and update based on the types of sites emerging from the most recent SHLAA. In discussion with the council, it was decided that site specific testing of sites was not appropriate as the council is not intending to allocate specific sites, instead relying on broad 'key locations' to meet their housing requirements, where a range of different site types and tenures are expected (with the chosen typologies reflecting these).

3.12 The typologies were shared with stakeholders during the consultation process and further considered by the council in respect of informing the Reg. 18 draft Local Plan. Following the first workshop the list was rationalised. However, in response to comments received at the second developer workshop, and in terms of good practice, the number of typologies was increased to reflect the range of sites likely to come forward during the plan period.

3.13 All typologies are tested on brownfield (BF) only as the proportion of development anticipated on greenfield sites is not significant. For these brownfield sites, the testing does not assume that there is any existing floorspace on the site. It is acknowledged that this it is unlikely to be the case in practice, however the extent and type of existing floorspace can only be assessed realistically on a scheme-by-scheme basis, at planning application. Therefore, it is considered that the approach taken in this study is proportionate for assessing viability for plan making. The typologies considered within the testing are set out as follows:

Build to rent

3.14 BtR is a specialist form of development that requires a critical mass, with commentators suggesting around a minimum of 150 units in a standalone scheme, to be attractive to investment. Whilst a relatively new addition to the housing market, MCC recognises the increasing importance of this type of tenure, especially within the city centre. Since 2015, BtR has accounted for almost 60% of all completions in the city centre, making it by far the most significant contributor to new supply. Furthermore, even with traditional 'sale' products in the city centre, MCC figures show that around 60% of market sale completions since 2021 have been sold to investors rather than owner occupiers. BtR has effectively reshaped the city centre property market, with the private rented sector now representing around 76% of housing stock.

3.15 Looking forward, this trend is likely to continue with MCC analysis suggesting approximately 50% of the 6,500 homes currently under construction in the city centre as BtR and a further 60% of c.17,000 with planning permission granted or submitted, also BtR schemes.

3.16 Therefore the focus of the viability testing within the city centre are BtR typologies. Based on discussion with the council and reflecting development industry consultation, 4 typologies are tested, ranging from 150 to 800 units and 15 to 50 storeys. As there are limited differences in terms of gross floorspace the same site areas and densities are used as for standard apartment development. A further typology is tested with a mix of BtR and sale units.

3.17 For the purposes of testing, the definition set out Annex 2 Glossary NPPF is used for BtR. It

states that BtR is purpose built housing that is typically 100% rented out. Schemes will usually offer longer tenancy agreements of three years or more and will typically be professionally managed stock in single ownership and management control.

Residential for sale

3.18 The generic sale residential typologies are focused on large schemes of 150+ dwellings, including a mixed scheme with BtR, in the city centre and a wider mix of 30 to 750 is suburban areas, reflecting the types of sites identified in the SHLAA. For city centre schemes there are a range of storey heights up to 50 storey, reflecting an average scheme height drawn from existing and pipeline development. The proportions of net developable area in a site reflect policy requirements as well as typical characteristics of this site type.

3.19 Whilst testing has been undertaken for traditional 'sale' schemes it is clear that MCC are not anticipating this form of development to dominate in the city centre, with BtR clearly the most important tenure is respect of delivery past, present and into the future.

Purpose built student accommodation

3.20 For the purposes of testing, PBSA is housing built specifically by developers for students to live in, usually taking the form of cluster flats (many rooms with shared kitchen and living areas), or private studios, both with attached leisure and communal facilities (for example, cinemas, gyms, and games rooms).

3.21 The purpose built student accommodation (PBSA) typologies are based on a review of planning applications and discussion with the council around potential future development. Following the development industry workshops, 10 recent market PBSA schemes covering 5,758 studios and cluster flat bedrooms in Manchester were reviewed. This review was used to establish the balance of studios and cluster flat rooms and to establish the floorspace of schemes.

Older persons

3.22 There are a number of different types of older person homes, including retirement housing (sheltered housing), extra care and care homes. Only a commercial retirement housing (as advised by MCC as the most likely to come forward) was tested in Manchester but descriptions of all types are set out below to aid differentiation.

- Retirement housing – also known as housing with support, sheltered housing, retirement flats or communities, offering self-contained homes for people over 60, with on-site dedicated manager and typical facilities such as communal lounge, laundry, gardens, guest rooms, emergency call system and secure entry;
- Extra care - also known as housing with care, assisted living, independent living integrated retirement communities or retirement villages, offering self-contained homes for people over 60, with 24 hour on-site staff, optional care or domiciliary services, restaurant or cafe

available for meals, leisure facilities such as gym, swimming pool, exercise programme, a social event programme and typical facilities include communal lounge and/or library, laundry, hairdressers, gardens, guest rooms - service charges are likely to be higher than in retirement housing but this reflects the more extensive range of facilities;

- Care Homes - This includes what have traditionally been described as residential care homes or nursing homes and is where integral 24-hour personal care and/or nursing care are provided together with all meals. A care home is a residential setting where a number of older people live, usually in single rooms and people occupy under a licence arrangement.

Typologies - residential

3.23 The residential typologies are labelled reflecting locations, type and tenure. The following Tables have grouped these as 'generic typologies' (Table 3.1) and other 'specialist housing typologies' (Table 3.2). The dwelling sizes and mixes are set out in the testing assumptions in Chapter 4.

Table 3.1 Generic 'for sale' and BtR typologies

Typology	Tenure	Type	Dwellings	Average storey height	Gross site (hectare)
CC0	BtR	Apartments	150	15	0.25
CC1	Sale	Apartments	150	15	0.25
CC2	Sale	Apartments	300	20	0.50
CC3	BtR	Apartments	300	20	0.50
CC4	BtR	Apartments	300	40	0.25
CC5	Sale	Apartments	800	20	1.33
CC6	Sale	Apartments	800	50	0.67
CC7	BtR	Apartments	800	50	0.67
CC8	BtR/sale	Apartments/ houses	1,500	7/3	13.64
In1	Sale	Houses	30	2	0.6
In3	Sale	Apartments/ houses	750	5/2	11.54
So1	Sale	Houses	30	2	0.6
So2	Sale	Apartments	150	5	0.45
So4	Sale	Apartments/ houses	750	5/2	11.54

Table 3.2 Specialist residential typologies

Typology	Tenure	Type	Units	Average storey height	Gross site (hectare)
PBSA1	PBSA	Studio/ cluster	275	25	0.05
PBSA2	PBSA	Studio/ cluster	850	35	0.10
OP1	Retirement housing	Apartments	50	4	0.4

Chapter 4 Development assumptions

4.1 The LPVA employed a range of data sources, including government impact assessments, national datasets and local examples of development to draw up a series of assumptions. These were reviewed at the development industry workshop and in follow up discussions, adjusted as necessary, with a final set of testing assumptions agreed with the council. The final set of assumptions was used in the viability testing. This chapter summarises the key assumptions and the data upon which they rely.

Market and affordable housing proportions

4.2 The starting point for testing was the Reg 18 version of the Local Plan (policy H2) which set out a requirement of 30% affordable housing on all residential tenures, including BtR, PBSA and older persons. Although, it is noted that national guidance suggests the proportion of affordable housing for BtR development is set at 20%, unless evidence of need suggests a higher level. As a sensitivity test some typologies are also tested with 20%, 10% and 0% affordable housing.

4.3 In line with PPG, for BtR schemes it is assumed the affordable housing element is discount market rent set at 80% of the market rent. For PBSA, the discount is 60% of the market rent. As per Reg 18 Local Plan, policy H2, the standard affordable housing tenure mix as applied to 'sale' schemes is 80% rented and 20% affordable home ownership. The rented mix is made up of 70% social rent and 10% affordable rent.

4.4 In all the testing with affordable housing as part of the mix, no grant is included and housing is assumed to be delivered on-site.

Dwelling mix and size

4.5 For each typology, a mix and size of dwellings was devised. These mixes were based on Nationally Described Space Standards (NDSS), housing delivery including data from land registry/energy performance certificates (EPC) and planning applications. They were agreed with the council and also presented as part of the stakeholder consultation.

4.6 The **standard market dwelling** mix is based upon the land registry price paid data, which provides a breakdown of dwelling types; and then refined in line with the industry consultation and typology characteristics. The affordable dwelling mix is based upon discussion with the council, drawing on housing need assessments and was also sense checked with RPs who were broadly supportive of the mixes put forward.

4.7 For the standard residential typologies, the market dwelling sizes used are based on averages derived from EPC and planning application data but meet at least minimum requirements set out in the Nationally Described Space Standards (NDSS). Market unit sizes for houses and

apartments are a blended average figure representing different sized units. Affordable units are also blended and based on the NDSS.

4.8 The size of home affects both their market value (as sale values were assessed on a per sq. m basis) and their development costs. The average floor areas and value per sq. m were derived from the same sources and so the relationship is consistent. Construction costs for apartments will include industry standard non-saleable circulation and common areas (confirmed by our cost consultants), and for schemes with 1-2 storeys apartments, an allowance of 10% on top of the apartments 'saleable floor' area for circulation and common areas. For schemes where apartments are 3 to 6 storey the allowance is 15% and for 7 -15 storey 20% is used. Schemes over 15 storey have an allowance of 25%. An allowance of 20% floor area is added to sheltered homes, to allow for circulation, common and service areas. Unit sizes for older persons are based on schemes in Manchester and published guidance. A blended rate of 65 sq. m is used for sheltered apartments, based on a mix or 1 and 2-bed units.

4.9 **The BtR** unit sizes are drawn from a review of existing schemes in Manchester. Whilst the standard circulation etc is added. Consultation feedback elsewhere suggested that BtR schemes also have additional communal space (for example workspace, lounge, communal kitchen, games room/cinema and gym) - thus, an additional 3 sqm per unit is added to all BtR units.

4.10 **For the PBSA**, a mix of 50% ensuite cluster flat rooms and 50% studio is used, based on the average split in the recent Manchester schemes reviewed. The average PBSA gross room size of 38 sq m per unit reflects this mix. An affordable allowance was included in the testing to be consistent with the BtR modelling.

Table 4.1 Market housing mix and size by typology

Unit type and size	Market mix and unit size for CC0 – CC7	Market mix and unit size for CC8	Market mix and unit size for In1 & So1	Market mix and unit size for In3 & So4	Market mix and unit size for So2
Apartments	100% - 73 sq.m	75% - 73 sq.m	-	50% - 71/70 sq.m	100% - 70 sq.m
House	-	25% - 112 sq.m	100% - 100/113 sq.m	50% - 100/113 sq.m	-

Table 4.2 Affordable housing mix and size by typology

Unit type and size	AH mix and unit size for CC0 – CC7	AH mix and unit size for CC8	AH mix and unit size for In1 & So1	AH mix and unit size for In3 & So4	AH mix and unit size for So2
Apartments	100% - 63 sq.m	75% - 54 sq.m	-	50% - 54 sq.m	100% - 63 sq.m

Unit type and size	AH mix and unit size for CC0 – CC7	AH mix and unit size for CC8	AH mix and unit size for In1 & So1	AH mix and unit size for In3 & So4	AH mix and unit size for So2
House	-	25% - 87 sq.m	100% - 87 sq.m	50% - 87 sq.m	-

Table 4.3 Specialised housing mix and size

Unit types	Older persons	BtR apartments	PBSA
Blended unit sizes	Sheltered – 65 sq m	60 sq/m	Gross room size: 38 sq/m

Values – standard residential market

4.11 The market values in Manchester were derived from an analysis of new build Land Registry data for past five years. The Land Registry data was matched to planning application data/Energy Performance Certificates to enable a value per sq m to be generated for the different dwelling types, based on over 3,000 new build records. This is then grossed up by the dwelling sizes to provide an approximate home value. Sales values are indexed to align with the base date of the build cost information, so that cost and values have the same base date of 4Q2025 – the most recent date with value information at the time of the study data collection (see Appendix A for full list of sales).

4.12 As part of the exercise determining sales values, local knowledge of the city (with both the council and our local expert Promark) broad locations for future growth and previously established areas through PfE were used to identify potential areas of varying values for new build properties. The emphasis is on new build properties and future growth. These areas do not always match with values of existing second-hand stock, especially where transformational change is anticipated, such as north of the city centre. Also, it is acknowledged that there are other areas of lower second-hand property values, particularly in areas adjacent to the city centre and in the north of Manchester, however these areas are unlikely to experience high levels of new build development over the life of the new Local Plan.

4.13 The analysis suggests that Manchester could be split into three broad value points with an extended city centre area, and inner/north area, which wraps around the city centre and extends to the north and a southern area, which covers the remainder of the local authority area. However, it is acknowledged that within these value areas there will be some localised variations, where it maybe appropriate to undertake some sensitive testing at Stage 2, to acknowledge potential differences.

- Value area 1 City centre including Victoria North
- Value area 2 Inner - city centre periphery and areas to the north
- Value area 3 Southern – southern areas of Manchester including Wythenshawe/Didsbury

4.14 Figure 4.1 sets out these broad areas in the form of a heat map which illustrates the broad value areas. Table 4.4 which follows sets out the £/sqm used in the testing and the associated unit values. At this stage in the plan's development and the viability testing – we are not defining specific value area boundaries.

Figure 4.1 Values areas

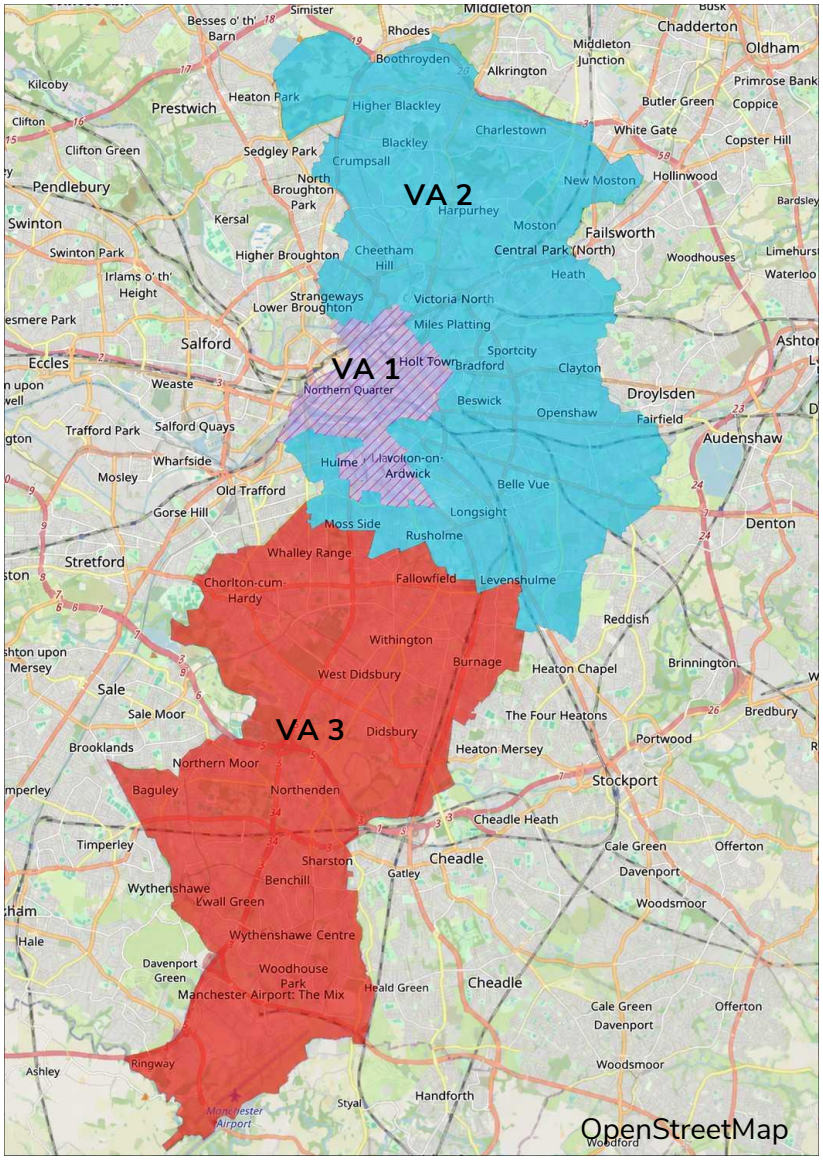

Table 4.4 'Sold' residential values (figures rounded)

Unit type	VA 1 – (Core) City centre	VA 2 Inner	VA 3 Southern
Apartments (£/sqm)	**£5,100**	**£3,900**	**£4,400**
Apartment (£/unit)	£372,000	£277,000	£308,000
Houses (£/sqm)	**£4,200**	**£3,500**	**£3,900**
House(£/unit)	£470,000	£350,000	£441,000

4.15 To 'sense' check these values, advertising prices shown on Rightmove (Q2 2026) for properties in Manchester were reviewed. The table below provides a summary of asking prices for all properties advertised, where the floorspace was made clear (full list in appendix C).

4.16 Where comparable, Table 4.5 suggests that generally the advertised prices are not significantly different to those set out in Table 4.4. Therefore, the assumptions around values, which are driven by an extensive evidence base are considered to be realistic. However, it may be appropriate to undertake some sensitivity testing with higher values in the central area.

Table 4.5 Q2 2026 advertised market values by home types

Home type	Price advertised
VA 1 – City centre	In the city centre there were a total of 202 apartments for sale. These were a mixture of 1, 2 and 3 bed apartments with an average size of 72 sqm. Values ranged from £128k to £3.5m for sale with an average £/unit of £410k and £5,700/sqm As expected, there were very few new build houses advertised. Of the 2 and 3 bed houses, the average £/unit was £426k (£4,700/sqm)
VA 2 – Inner	The sample of new build within the inner area is relatively small. The 1 and 2 bed apartments average around 68 sqm and £282k/unit (£4,100/sqm). The 3 and 4 bed houses are slightly larger than those tested at 106 sqm, with £3,900/sqm values.
VA 3 – Southern	The number of advertised dwellings is even less than the inner area, with only ten 3 and 4 bed houses being marketed. Whilst these do range much higher than those tested (£600k - £780k), given the small sample size they are not necessarily typical

Affordable housing values

4.17 Initial estimates of the value of affordable housing were produced using a capitalised net rent approach i.e. the notional amount the provider of the unit can borrow against the net income received. The rents are derived from the Local Housing Allowance, which varies according to which Broad Rental Market Areas (BRMA) applies. The majority of the area is within the Central Greater Manchester BRMA, so this is the basis of the affordable housing rents used to inform the

affordable housing rented tenures. Rent for affordable rented properties was set at the appropriate Local Housing Allowance rate and rent for social rented properties was set at a proportion of this, 70% for apartments ad 75% for houses.

4.18 The assumptions used to derive affordable housing transfer values were based on known industry standards and an analysis of annual reports for actively developing registered providers The assumptions are set out in the following table:

Table 4.6 Assumptions used for calculating affordable housing values

Assumption	Amount	Note
Management & maintenance	£1,250	Rented units, per annum
Voids/bad debts	2.5%	Rented units
Repairs reserve	£600	Rented units, per annum
Capitalisation	4.5%	Rented and shared ownership
Share size	35%	Initial purchase, shared ownership
Rental share	2.75%	Shared ownership
Service charges - apartments	£25	Per week
Service charges - houses	£6	Per week
Repairs - shared ownership	£4,000	Repairing obligation, deducted from value

4.19 The affordable housing assumptions were discussed at the developer workshops. Discussion was also undertaken individually with locally active RPs who provided further information used in the calculation, including examples of local rents. Based on an initial share of 35% and net rental income from the remaining portion, a transfer value of 73% of market value for shared ownership was agreed for the testing and for social and affordable rents the following unit values should apply:

Table 4.7 Social and affordable rent values

Unit type	£/unit values
63 sqm apartment SR / AR blended - as used in all-apartment schemes	£126,400
54 sqm apartment SR / AR blended - for apartments on mixed house/flat schemes	£111,600
House SR / AR blended	£155,800

Values – other residential products

BtR values

4.20 The BtR values are calculated by using market rental data, adjusting for operation/management, sinking fund and voids and then a capitalisation. The market rents and yields are based on a

range of Manchester private rent data, including from Promark, site specific viability appraisals, consultation and agents reports. As with the flatted development a blended rate is used with the proportions of different unit sizes being drawn from Manchester BtR schemes as a reasonable proxy for potential future development. These figures were adjusted following consultation with a decrease in rents following workshop feedback. The discount market rent is calculated following national guidance of a 20% discount, i.e. 80% of the market value.

Table 4.8 Build to rent values £/sqm

Input	Assumption
Annual rent per sq m	£350
Less operating costs, sinking funds & voids	25%
Capitalisation rate	4.5%
Market value/unit	£350,000
Affordable value/unit	£294,000

PBSA values

4.21 PBSA values are taken from the room rates for the 2025-26 academic year, based on a spread of 10 PBSA schemes operating in Manchester (see appendix B). This exercise takes account of the different weeks let, arrangements operated by different providers. The capitalised net value for PBSA takes account of the 50% studio:50% cluster flat ensuite.

4.22 MCC affordable housing policy will also apply to PBSA. Following work undertaken by Deloitte's on behalf of MCC, discounts of 40% and 50% of the market rent were suggested (based on the percentage of maintenance loan available for accommodation) and have been applied to both 30% and 20% of the PBSA units in the testing. The market and discount market rent is included as a blended room value in Table 4.9.

Table 4.9 Market sales values £/sqm (figures rounded)

Input	PBSA
Weekly rent	Cluster flat ensuite £235 Studio £359
Rent per annum	Cluster flat ensuite £9,800 Studio £15,500
Less operating costs/sinking fund	30%
Yield	4.75%
Per Room	£165,100 (blended & includes **20%** AH at 40% discount) £159,780(blended & includes **30%** AH at 50% discount)

Older persons residential market

4.23 Values for retirement housing are based primarily on new build transactions, indexed to December 2025 prices, of two schemes within Manchester; Cosgove Hall Court and Jessiefield

Court. These transactions average £6,165 per sq m. As a crosscheck, we also considered transactions in Wendover Court in Eccles, Salford (average £6,011 per sqm) which is situated 4.5 miles west of Manchester City Centre and another at St Johns Lodge in Timperley in the borough of Trafford (average £6,362 per sqm) which lies 3 miles south of the southern boundary of Manchester. A record of transactions from these schemes is included in appendix B.

4.24 We have therefore used a figure of £6,150 sq m price. Separate value areas are not identified for older person housing on the basis of the value areas, but the most likely location for new development is likely to be in accessible locations at the edge of existing centres across the city, when land is available.

Table 4.10 Older person market values

Type	Blended unit value(£)
Sheltered – 65 sqm	£399,750

Development costs

Build costs

4.25 Build costs will vary due to location, development type, proposed tenure type, proposed tenure mix, storey height, and building use. Given concerns with data availability from BCIS in respect of 'tall' buildings and in-line with PfE, cost consultants with experience of operating within the Greater Manchester area have been engaged to provide build cost data. Build costs have been provided by Currie and Brown (C&B) for the different forms of development tested as part of this viability assessment. These costs including the recent changes to building regulations (parts F,L,O,S), meeting PfE net zero[2] requirements and vary between different types/heights of development as well as scale of development for houses.

4.26 In March 2026 the government published new statutory guidance in Approved Document L and Approved Document F of the Building Regulation. The Regulations come into force in 2027 and implement the Future Homes and Buildings Standard. Greater Manchester Combined Authority have confirmed that policy JP-S2: Carbon and Energy in Places For Everyone is already set for standards beyond the recently published requirements for Future Homes and Buildings and that no additional cost allowances are required to these changes to building regulations, for those Greater Manchester Authorities that have adopted Places For Everyone as part of their Local Plan.

4.27 Build costs are applied to gross floor areas. For the city centre typologies, over 15 storeys, two build cost figures have been provided by our cost consultant, the first figure is with the

[2] Please note that C& B have advised that on £/sq.m basis the costs for achieving PfE net zero policy reduces as the amount of total floorspace increases as the costs are borne over more floorspace.

contractor return which assumes the developer is contracting the building works and an alternative cost figure without a contractor return (assumes that developer and contractor are essentially the same). For BtR development in particular, cost consultants have suggested that the alternative costs are more likely in practice – however MCC have indicated that there may be scenarios in Manchester where this is not the case and therefore the higher figure is also tested.

Table 4.11 dwelling build costs

Development type	£/sq m
Apartments for sale	
1 - 2 storey	2,315
3 - 4 storey	2,383
5 - 6 storey	2,377
7 - 15 storey	2,643
16 - 29 storey	2,755
16 - 29 storey alternative	2,627
30 - 49 storey	2,864
30 - 49 storey alternative	2,730
50+ storey	2,972
50+ storey alternative	2,833
Build to rent	
1 - 2 storey	2,418
3 - 4 storey	2,486
5 - 6 storey	2,480
7 - 15 storey	2,746
16 - 29 storey	2,858
16 - 29 storey alternative	2,750
30 - 49 storey	2,967
30 - 49 storey alternative	2,858
50+ storey	3,074
50+ storey alternative	2,966
PBSA	
1 - 4 storey	1,947
5 - 6 storey	2,209
7 - 15 storey	2,474
16 - 29 storey	2,587
30 to 49 storey	2,695
50+ storey	2,803
Older persons	
Older persons standalone	2,553
Non-residential floorspace in mixed use building	

Development type	£/sq m
Commercial/retail/leisure	1,238
Houses	
10-50	1,889
51-250	1,790
250+	1690

Other residential development costs

4.28 A range of other standard costs have been used in the viability testing. These were discussed with the development industry at the workshops and are based on PPG and experience of other high level plan making viability testing.

Table 4.12 other development costs

Type	Cost	Metric
Plot costs and site infrastructure- houses 1-100 101-250 251+	 15% 22% 25%	of build costs
External public realm/landscaping/UGF - apartments	Hard landscaping £270/sq m Soft landscaping £220/sq m	on 50% of site area on 20% of site area
Contingency	None required for plan-wide testing	-
Sales and marketing costs Affordable legal costs Older persons marketing costs	3% £500 6%	of market dwellings GDV per affordable unit of market dwellings GDV
Professional fees	1-100 units 8% 101+ units 6%	of build cost
Debit interest rate	1-100 units 7.5% 101+ units 6%	of cash flow negative balances
Credit interest rate	0%	of cash flow positive balances
Developer return	17.5% 6% 10%	market GDV (mid point of the range set out in the PPG) affordable homes GDV BtR, PBSA GDV
Agents & legal	1.75%	Land cost (BLV)
Stamp duty	prevailing rate	land cost (BLV)

4.29 Following discussion with the city council no specific additional allowances have been made for car parking:

- The majority of city centre and city centre periphery development is planned to be car free. Should some car parking be provided it is anticipated that this will be on a cost recovery basis.
- Where parking is provided as part of development in outer areas of Manchester this will be surface parking, and will already be covered by plot and site cost allowances.

National and local policy requirements

4.30 PfE and the draft local plan include policies with cost implications – where these have not already been considered, they are set out below:

Table 4.13 policy costs

Type	Cost	Metric/notes
s.106		
1-250 units	£1,750	per dwelling
251+ units	£1,000	per dwelling
PBSA/older persons housing	£1,000	per unit
Accessibility		
Part M4(2)	£1,400	Applied to 100 % of market and 96% of affordable units
Part M4(3)	£10,000	Applied to 4% of affordable units
Bio-diversity net gain	£242	per dwelling
Wildlife features	£100	per dwelling
Building safety levy	£14.22	Per sq m

4.31 **S.106 –** an allowance is made for non-affordable housing s.106 contributions. As there is specific guidance on potential costs, MCC have provided s.106 information on past contributions as a guide to the potential cost that could be expected to be requested. This ranges according to size and type of development. It is anticipated that this would cover open space/recreation, education, health and other social provision and transport and travel mitigation.

4.32 **Part M Accessibility** - The accessibility cost for M4(2) at £1,400 per dwelling is applied to 96% units and are based on the government impact assessment and verified by cost consultants. The costs for Part M4(3) are based on cost consultant advice at £10,000/dwelling and applied to 4% of the dwellings.

4.33 **Biodiversity net gain** – In line with the national policy requirement for 10% BNG, the allowance for biodiversity net gain (BNG) is drawn from the government's impact assessment[3] which was

[3] MHCLG, 2019, Biodivesity net gain and local nature recovery strategies impact assessment

published with the consultation on the amendments to the Environment Act. In Manchester the brownfield allowance is used. However, it should be noted that, as biodiversity net gain is site specific depending on both the existing site characteristics and the ability of development form to both mitigate and provide additional gain, it is difficult to gauge a suitable allowance for meeting the requirements. It is also of note that the NHBC with the RSPB have issued guidance on how to achieve net gain within new development. At the launch of the guidance both the authors and one of the major housebuilders (Barratt Homes) emphasised that incorporating measures for biodiversity net gain during the design phase meant additional costs were minimal[4]. This suggests that, whilst an allowance is included, the actual cost could be much lower and therefore the testing allowances are a conservative estimate. Where possible most sites would be expected to deal with BNG on site, with the response designed in at the outset. Also important to note that the application of BNG on brownfield sites is subject to consultation, with potentially the requirement being removed.

4.34 **Wildlife features** – an allowance of £100/dwelling is included within the testing for the provision of wildlife features such as bird and bat bricks or hedgehog friendly boundary treatment. This is based on a search that indicates that costs can range from £15 - £40 per brick and minimal costs for enabling hedgehogs to move between gardens.

4.35 **Building Safety Levy** - the Building Safety Act 2022 introduced powers to impose a levy on all new residential buildings requiring certain building control approvals in England, to raise revenue to be spent on building safety. The Government has now determined that the levy will come into effect in October 2026. This provided all local government, the Building Safety Regulator, Registered Building Control approvers, and housing developers who will pay the levy around 18 months (from when this was announced in March 2025) to factor levy cost into their financial planning.

4.36 For the purposes of calculating the levy charge applicable to a new development, floorspace should be measured using gross internal area. Where 75% or more of the land within the planning permission redline boundary falls within the definition of PDL all levy-chargeable development on the site will qualify for the discount rate. The rate for brownfield land proposed for Manchester as set out in the Government response to the consultation are as follows:

- Previously developed land levy rate £14.22 sq. m GIA new development

4.37 **Policy costs for PBSA** – allowances are made for s.106, BSL, future building standards as well as current standards on BNG. An allowance for net zero and externals (including UGF) are based

[4] Biodiversity in new housing developments RSPB / NHBC April 2021

on C&B costs, using £/sqm equivalent as apartments.

Phasing and cashflow

4.38 In respect of phasing and cashflow, this will vary according to the size and type of development, but generally will follow:

- Build to Rent apartments: have a lead in period of 6 months - unlike for sale, the total revenue is realised at the completion of the build period
- sale apartments: have a lead in period of 6 months, and are built out at 10 per month. Half of the flats are sold at the completion of the build period and the remainder are sold on the basis of 5 per month
- houses: have a lead in period of 6 months, and are built out in 4 per month
- retirement housing: have a lead in period of 6 months, and are built out in 4 per month. In line with guidance, 40% are sold in the 2nd year, 30% in the 3rd year and 30% in the 4th year.

4.39 For all, costs associated with build, such as plot costs and accessibility are in line with build phasing, other more general s.106 are in line with sales phasing. Infrastructure costs are frontloaded and phased in line with land purchase.

Benchmark land value

4.40 Benchmark land values (BLVs) are based upon estimates of existing use value with a range of premiums applied.

4.41 The benchmark land values used for this assessment draw upon the PfE viability evidence, which was found sound at examination in 2024. The PfE benchmarks were based upon information drawn from MHCLG (Manchester and Bolton industrial, central business district office and out of town office land), site-specific viability appraisals, HIF bid site valuations, land sale listings, SHLAA reviews, consultation and a review of other area wide viability studies.

Table 4.14 Summary of PfE benchmark land values

Site type	BLV/gross ha
Strategic greenfield	£250,000
Edge of settlement greenfield	£310,000
Brownfield industrial site - lower	£430,000
Brownfield industrial site - upper	£660,000
Town centre/high value existing use brownfield	£1,038,000
Manchester City Centre high density CBD residential site	£15,000,000

4.42 The brownfield benchmarks were based upon the following:

- Brownfield industrial site lower value - £430,000/ha. This was based on the lower value area benchmarks from the site-specific viability work (which already includes a landowner premium).
- Brownfield industrial site higher value - £660,000/ha. This was based on a premium over industrial land estimates from MHCLG and is close to the higher value brownfield values in the HIF bid valuations (£0.68m/ha)
- Town centre/high value existing use brownfield - £1,038,000/ha. This was based on a 20% premium over the lower CBD office land value estimate and is similar to the higher value brownfield land site values from the site-specific viability assessments reviewed at the time.
- Brownfield high density CBD site - £15m/ha. This was based on the highest value sites in the site-specific viability assessments (which already includes a landowner premium) and the high-level assessment of a city centre SHLAA site with a premium. This is a 'stretch' benchmark as the review above shows that lower benchmarks will be relevant for some of these higher density city centre schemes (e.g. £11.7m/ha). This benchmark would only be deployed for the highest density schemes.

4.43 Since the PfE benchmark land values were estimated, a MHCLG update (in 2019) suggested a small increase in industrial land values in Manchester and Bolton (an increase of £25,000/ha), an increase in the highest value CBD value of £640,000 in Manchester but no increase in Bolton) and a fall in the out of centre office land values (decrease of £180,000/ha in Manchester and £25,000/ha in Bolton).

4.44 A further set of information was released in 2026 from MHCLG during the course of this work, although the associated guidance makes it clear that in general these figures are not comparable with the 2019 or earlier estimates. However, the 2026 figures extended the range of information to include car park land values. As car parks have been a source of sites for new brownfield development in Manchester this figure (£4.96m) has been added as one of the brownfield existing uses forming the basis for the range of BLVs used in the study.

4.45 A review of site-specific viability appraisals provided by the MCC was undertaken and this included existing use values of between £675,000/ha to £31.7m/ha. Benchmark land values were between £0.9m/ha and £38m/ha. Within the wide variance in BLVs in these site specific appraisals, £3m and £6m/ha could be useful benchmarks in some circumstances. Given that site specific viability work has been undertaken on these sites it is unsurprising that higher land values are reported.

4.46 A review of development land for sale (from EGi) shows a range from £608,000/ha to £152m/ha with a number of sites between £1.1m/ha and £2.3m/ha.

4.47 The Local Plan (and viability assessment) for the Salford Local Plan was examined in 2021. This work used a range of benchmarks between £444,000/ha to £773,500/ha, with a higher BLV of £1,038,000/ha for sensitivity tests.

4.48 Benchmark land values were discussed at the development industry workshops and the only comments were that the existing use value of brownfield sites varied considerably and that there was local sensitivity about over-valued land.

4.49 Based on the evidence reviewed and discussed above it is clear that there remains considerable variance in the existing use values of brownfield land and that there has been no consistent change in land values. The PfE benchmark land values generally fall within the range of the additional evidence reviewed and as they have been part of the recent examination it is reasonable to base the approach to BLVs on this work, with the addition of the new 'car park/similar' site category.

Table 4.15 Summary of benchmark land values

Site type	EUV/gross ha	BLV1/gross ha	BLV2/gross ha	BLV3/gross ha
Brownfield industrial site	£600,000	£660,000	£720,000	£780,000
Central/high value existing use brownfield	£1,000,000	£1,100,000	£1,200,000	£1,300,000
Car park/similar sites	£5,000,000	£5,500,000	£6,000,000	£6,500,000
Manchester City Centre high density CBD residential site	£12,000,000	£13,200,000	£14,400,000	£15,600,000

Table 4.16 Benchmark land values used for each typology (£/hectare)

Typology	BLV 1	BLV 2	BLV 3
CC0a	£1,100,000	£1,200,000	£1,300,000
CC0b	£5,500,000	£6,000,000	£6,500,000
CC1	£1,100,000	£1,200,000	£1,300,000
CC2	£1,100,000	£1,200,000	£1,300,000
CC3a	£1,100,000	£1,200,000	£1,300,000
CC3b	£5,500,000	£6,000,000	£6,500,000
CC4a	£5,500,000	£6,000,000	£6,500,000
CC4b	£13,200,000	£14,400,000	£15,600,000
CC5	£1,100,000	£1,200,000	£1,300,000
CC7a	£5,500,000	£6,000,000	£6,500,000
CC7b	£13,200,000	£14,400,000	£15,600,000
CC8a	£660,000	£720,000	£780,000
CC8b	£1,100,000	£1,200,000	£1,300,000
In1a	£660,000	£720,000	£780,000

Typology	BLV 1	BLV 2	BLV 3
In1b	£1,100,000	£1,200,000	£1,300,000
In3	£660,000	£720,000	£780,000
So1a	£660,000	£720,000	£780,000
So1b	£1,100,000	£1,200,000	£1,300,000
So2	£1,100,000	£1,200,000	£1,300,000
So4	£660,000	£720,000	£780,000
PBSA 1	£5,500,000	£6,000,000	£6,500,000
PBSA 2	£5,500,000	£6,000,000	£6,500,000
OP1	£1,100,000	£1,200,000	£1,300,000

Non residential

4.50 City centre typologies (CC1-CC7) are tested with some commercial uses on the ground floor. Based on a review of site-specific assessment an allowance of 3% of total floor area is assumed to be commercial. It is assumed that this will have a capitalised value of £3,340/sq m based on rent and yield data for Manchester from EGi (£286/sq m @ 7.2% yield) less allowances for 6.8% purchaser costs and 10% letting costs. The commercial floorspace is assumed to have a cost of £1,238/sq m, based upon separate costs from C&B for commercial uses within a mixed use building.

Sensitivity testing

4.51 It is recognised that development may come forward under different viability inputs where circumstances demand. The following alternative scenarios are therefore included within the viability testing:

- Affordable housing at different percentages
- Contractor return within build cost (BtR only)
- Level of discount on market rent (PBSA only)

Chapter 5 Viability testing results

Introduction

5.1 This chapter summarises results of the residential viability testing. As noted in the testing assumptions earlier, the modelling includes a standard set of assumptions and sensitivity testing in respect of affordable housing proportions, contractor return within build cost (BtR only) and level of discount market rent (PBSA only). The testing includes a review of draft Reg19 plan, PfE and national policy for cost implications arising, with typologies tested reflecting SHLAA, emerging policy and frameworks. All the testing has considered the 'sound' PfE viability testing and draws upon consultation with development industry including a workshop and 1to1 discussions with RPs and site promoters. Further consultation has been undertaken with MCC officers from housing, planning and regeneration.

5.2 These modelling results are presented as headroom or net residual value per dwelling, after all costs including developer return, land value and finance have been deducted from gross development value, as per PPG guidance. The per unit headroom is presented across different benchmark land values. PPG advice is that it is up to the decision maker to consider which benchmark land value is appropriate to draw upon for setting policy. The benchmark land values are set at different uplifts on existing use value (uplifts used are based on standard and tested practice).

5.3 The results summarised below, split by value area and broad development type – i.e. BtR, sale, PBSA and older persons, with a full set of results and the appraisal summary sheet examples (one for each typology) in appendix D.

City centre

5.4 The results in Table 5.1 are for BtR 150, 300 and 800 apartments with varying heights and existing use value, mixed BtR/sale 1,500 apartments/houses with varying existing use value and sale apartments with varying heights at 150, 300 and 800 apartments.

5.5 As a sensitivity test, BtR only schemes are also tested without the additional contractor return included within the build cost. The mixed BtR/sale typology and the sale apartments are also sensitivity tested with a reduced 10% affordable housing proportion (BLV1 only).

5.6 In all the testing with affordable housing, in the city centre and elsewhere, it is assumed that public subsidy is not available.

Table 5.1 Testing results for the city centre

Ref	Typology	Dwlgs	Site type	AH %	EUV £/ha	BLV 1 Headroom £/dwlg	BLV 2 Headroom £/dwlg	BLV 3 Headroom £/dwlg
CC0a	CC3 BF BTR EUV £1m alt bc : 30% AH	150	15s BtR apartments	30%	£1m	£54,827	£54,638	£54,448
CC0b	CC3 BF BTR EUV £5m alt bc : 30% AH	150	15s BtR apartments	30%	£5m	£46,490	£45,543	£44,595
CC3a	CC3 BF BTR EUV £1m alt bc : 30% AH	300	20s BtR apartments	30%	£1m	£31,850	£31,648	£31,447
CC3b	CC3 BF BTR EUV £5m alt bc : 30% AH	300	20s BtR apartments	30%	£5m	£22,971	£21,962	£20,953
CC4a	CC4 BF BTR EUV £5m alt bc : 30% AH	300	40s BtR apartments	30%	£5m	£10,812	£10,308	£9,803
CC4b	CC4 BF BTR EUV £12m alt bc : 30% AH	300	40s BtR apartments	30%	£12m	£3,043	£1,832	£622
CCa7	CC7 BF BTR EUV £5m alt bc : 30% AH	800	50s BtR apartments	30%	£5m	-£7,930	-£8,543	-£9,155
CC7b	CC7 BF BTR EUV £12m alt bc : 30% AH	800	50s BtR apartments	30%	£12m	-£17,362	-£18,832	-£20,302
CC8a	CC8 VN BF BTR & Sale EUV £0.6m : 30% AH	1,500	7s BtR apartments / sale houses	30%	£0.6m	£861	-£103	-£1,067
CC8b	CC8 VN BF BTR & Sale EUV £1m : 30% AH	1,500	7s BtR apartments / sale houses	30%	£1m	-£6,492	-£8,203	-£9,914
CC1	CC1 BF Sale EUV £1m : 30% AH	150	15s sale apartments	30%	£1m	-£22,071	-£22,273	-£22,475
CC2	CC2 BF Sale EUV £1m alt bc : 30% AH	300	20s sale apartments	30%	£1m	-£36,836	-£37,051	-£37,266

CC5	CC5 BF Sale EUV £1m alt bc : 30% AH	800	20s sale apartments	30%	£1m	-£48,326	-£48,601	-£48,877

Table 5.2 Sensitivity testing results for the city centre – BtR with no contractor return

Ref	Typology	Dwlgs	Site type	AH %	EUV £/ha	BLV 1 Headroom £/dwlg	BLV 2 Headroom £/dwlg	BLV 3 Headroom £/dwlg
CC3a	CC3 BF BTR EUV £1m alt bc : 30% AH	300	20s BtR apartments	30%	£1m	£42,062	£41,860	£41,658
CC3b	CC3 BF BTR EUV £5m alt bc : 30% AH	300	20s BtR apartments	30%	£5m	£33,182	£32,173	£31,164
CC4a	CC4 BF BTR EUV £5m alt bc : 30% AH	300	40s BtR apartments	30%	£5m	£21,055	£20,551	£20,046
CC4b	CC4 BF BTR EUV £12m alt bc : 30% AH	300	40s BtR apartments	30%	£12m	£13,286	£12,075	£10,864
CC7a	CC7 BF BTR EUV £5m alt bc : 30% AH	800	50s BtR apartments	30%	£5m	£3,241	£2,629	£2,016
CC7b	CC7 BF BTR EUV £12m alt bc : 30% AH	800	50s BtR apartments	30%	£12m	-£6,191	-£7,660	-£9,130

Table 5.3 Sensitivity testing results for the city centre – affordable housing at 10% on mixed/sale schemes

Ref	Typology	Dwlgs	Site type	AH %	EUV £/ha	BLV 1 Headroom £/dwlg
CC8a	CC8 VN BF BTR & Sale EUV £0.6m : 10% AH	1,500	7s BtR apartments / sale houses	10%	£0.6m	£22,177
CC8b	CC8 VN BF BTR & Sale EUV £1m : 10% AH	1,500	7s BtR apartments / sale houses	10%	£1m	£16,094
CC1	CC1 BF Sale EUV £1m : 10% AH	150	15s sale apartments	10%	£1m	£3,242
CC2	CC2 BF Sale EUV £1m alt bc : 10% AH	300	20s sale apartments	10%	£1m	-£10,818
CC5	CC5 BF Sale EUV £1m alt bc : 10% AH	800	20s sale apartments	10%	£1m	-£20,607

5.7 The testing results show that, for the city centre:

- the addition of a contractor return to the BtR schemes reduces viability. However whilst typologies with less than 50 storeys are viable, the 50 storey typology is unviable across all benchmark land values – please note all BtR schemes with affordable housing are tested with a 20% discount from market rent as the affordable housing element
- the mixed BtR apartments and sale houses typology is viable with the lowest benchmark land value – if higher land receipts are required then this typology is marginal to unviable with 30% affordable housing
- 'sale' typologies are not viable with 30% affordable housing
- MCC can consider 30% affordable housing for most BtR schemes, however it is likely they will need to be flexible with the tallest schemes and those that come forward for 'sale' either individually or as mixed tenure, and as per the draft policy, potentially seeking grant funding to help support meeting affordable housing need

5.8 The sensitivity testing within the city centre shows:

- with the additional contractor return removed, BtR schemes are generally viable with 30% affordable housing

- BtR schemes at the highest height tested (50 storey) are marginal with 30% affordable housing
- reducing affordable housing to 10% in the large BtR/sale mixed scheme (CC8) and the lowest height apartment sale scheme (CC1) shows these typologies could be delivered with a lower level of affordable housing – however once sale schemes become taller (CC2 & CC5), even with lower affordable housing they remain unviable
- the sensitivity testing does not change the approach required, however it may result in more subsidies being required on BtR schemes to improve developer return and reduce risk

Inner and southern areas

5.9 The results in Table 5.4 are tested at 30 houses and 750 apartments in both the inner and southern value areas. A further test for 150 apartments is also undertaken in the southern area. All typologies are 'sale' only as MCC consider BtR development is most likely focused in the city centre.

5.10 Where schemes are not viable at 30% affordable housing they are sensitivity tested with 10% affordable housing proportion (BLV1 only).

Table 5.4 Testing results for the inner and southern areas

Ref	Typology	Dwlgs	Site type	AH %	EUV £/ha	BLV 1 Headroom £/dwlg	BLV 2 Headroom £/dwlg	BLV 3 Headroom £/dwlg
In1a	IN1 BF Sale EUV £0.6m : 30% AH	30	House	30%	£0.6m	-£11,474	-£12,902	-£14,330
In1b	IN1 BF Sale EUV £1m : 30% AH	30	House	30%	£1m	-£21,945	-£24,324	-£26,704
In3	IN3 BF Sale EUV £0.6m : 30% AH	750	Houses & 5s apartments	30%	£0.6m	-£42,413	-£43,763	-£45,113
So1a	SO1 BF Sale EUV £0.6m : 30% AH	30	House	30%	£0.6m	£18,834	£17,431	£16,029
So1b	SO1 BF Sale EUV £1m : 30% AH	30	House	30%	£1m	£8,444	£6,064	£3,684
So2	SO2 BF Sale EUV £1m : 30% AH	150	Apartment	30%	£1m	-£9,066	-£9,429	-£9,792
So4	SO4 BF Sale EUV £0.6m : 30% AH	750	Houses & 5s apartments	30%	£0.6m	-£13,762	-£15,029	-£16,297

Table 5.5 Sensitivity testing results for the inner and southern areas - affordable housing at 10%

Ref	Typology	Dwlgs	Site type	AH %	EUV £/ha	BLV 1 Headroom £/dwlg
In1a	IN1 BF Sale EUV £0.6m : 10% AH	30	House	10%	£0.6m	£6,454
In1b	IN1 BF Sale EUV £1m : 10% AH	30	House	10%	£1m	-£4,016
So2	SO2 BF Sale EUV £1m : 10% AH	150	Apartment	10%	£1m	£9,913
So4	SO4 BF Sale EUV £0.6m : 10% AH	750	Houses & 5s apartments	10%	£0.6m	£7,865

5.11 The testing results show that, for the inner and southern areas:

- viability is challenging in the inner area, with none of the tested typologies viable with 30% affordable housing
- in the southern area, small house schemes are viable, but with introduction of apartments, schemes are not viable with 30% affordable housing
- as in the city centre and as broadly set out in policy it is likely that public subsidy will be required to achieve 30% affordable housing in most circumstances

5.12 The sensitivity testing within the inner and southern areas shows:

- at 10% affordable housing viability is sufficiently improved to move previously unviable schemes in the southern area to viable
- in the lower value inner area, viability continues to be challenging even with reduced affordable housing requirement, with just the small house scheme at the lowest land value (In1a), now viable
- it is likely that the majority of schemes in the southern area and some types of schemes in the inner area without apartments could contribute some affordable housing via a s.106 – however public subsidy will be required to meet the full 30% target

PBSA

5.13 Two PBSA typologies are tested with a 25 storey, 275 bed space typology and a 35 storey, 850 bed space typology. Following consultation two affordable housing percentages are tested at 30% and 20% and to meet affordability concerns two levels of discount of the market rent at 40% and 50% as well as the standard (same as BtR) figure of 20% discount. Results are set out in the following table:

Table 5.6 Testing results for PBSA with 30% affordable PBSA housing

Ref	Beds	AH discount	AH %	EUV £/ha	BLV 1 Headroom £/dwlg	BLV 2 Headroom £/dwlg	BLV 3 Headroom £/dwlg
PBSA 1a	275	20% discount	30%	£5m	£17,600	£17,500	£17,400
PBSA 1b	275	40% discount	30%	£5m	£4,500	£4,400	£4,300
PBSA 1c	275	50% discount	30%	£5m	-£2,100	-£2,200	-£2,300
PBSA 2a	850	20% discount	30%	£5m	£1,700	£1,600	£1,500
PBSA 2b	850	40% discount	30%	£5m	-£11,480	-£11,560	-£11,640
PBSA 2c	850	50% discount	30%	£5m	-£18,000	-£18,100	-£18,200

Table 5.7 Testing results for PBSA with 20% affordable PBSA housing

Ref	Beds	AH discount	AH %	EUV £/ha	BLV 1 Headroom £/dwlg	BLV 2 Headroom £/dwlg	BLV 3 Headroom £/dwlg
PBSA 1a	275	20% discount	20%	£5m	£22,000	£21,900	£21,800
PBSA 1b	275	40% discount	20%	£5m	£13,200	£13,100	£13,000
PBSA 1c	275	50% discount	20%	£5m	£8,900	£8,800	£8,700
PBSA 2a	850	20% discount	20%	£5m	£6,040	£5,970	£5,890
PBSA 2b	850	40% discount	20%	£5m	-£2,700	-£2,800	-£2,900
PBSA 2c	850	50% discount	20%	£5m	-£7,100	-£7,200	-£7,300

5.14 The testing results for PBSA show:

- at 30% affordable housing a 20% discount is viable for the smaller, lower typology (PBSA1a) and marginal for the larger, taller typology (PBSA2a)
- discounts of 40% and 50% are marginal or unviable at 30% affordable housing
- At 20% affordable housing both the 20% discount typologies are viable
- with a discount of 40% it is viable for the smaller scheme (PBSA1b) but marginal for the larger scheme (PBSA2b)
- a 20% affordable housing proportion with a 50% discount is viable for the small scheme but unviable for the larger scheme
- given the results and the wide range of schemes that have come forward in the past and consultation, MCC may want to consider a lower affordable housing percentage at 20% but an increase in the discount expectation to 40%

Older person testing

5.15 The results is the following table are an older persons' retirement scheme (sheltered accommodation), tested at 30% and a sensitivity test with 10% affordable housing and a further sensitivity reducing to lowest brownfield benchmark land value.

Table 5.8 Testing results for older persons retirement housing

Ref	Typology	Dwlgs	Site type	AH %	EUV £/ha	BLV 1 Headroom £/dwlg	BLV 2 Headroom £/dwlg	BLV 3 Headroom £/dwlg
OP1	OP1 BF Sale EUV £1m : 30% AH	50	4s apartments	30%	£1m	-£47,929	-£48,990	-£50,051

Table 5.9 Sensitivity testing results for older persons retirement housing

Ref	Typology	Dwlgs	Site type	AH %	EUV £/ha	BLV 1 Headroom £/dwlg
OP1	OP1 BF Sale EUV £1m : 10% AH	50	4s apartments	10%	£1m	-£13,405
OP1	OP1 BF Sale EUV £0.6m : 10% AH	50	4s apartments	10%	£0.6m	-8,737

5.16 The testing results for older persons show:

- older person schemes are not viable with any requirement for affordable housing through a s.106
- whilst a lower benchmark land value improves viability, on its own it would not be sufficient to enable the scheme to be viable

Chapter 6 Summary and conclusions

Introduction

6.1 This LPVA has been undertaken to indicate whether the development and policies proposed in the draft Manchester Local Plan are viable. The study has therefore reviewed the national and local policy requirements and developed a set of typologies representative of the proposed type and location of development.

6.2 Data and consultation with the development industry have been used to generate and refine the values and costs of development. Whilst it is accepted there will be variances in GDV both above and below the figures used for testing, it is considered using the 3 value areas, with a focus on the city centre for the majority of the testing is a reasonable and proportionate response to the requirements of viability testing outlined in PPG.

6.3 The viability testing approach is considered cautious, with conservative assumptions e.g. no vacant building credit allowances or remediation/infrastructure grants in the brownfield testing, and no affordable housing grant assumed in any qualifying typology.

Is the plan viable?

6.4 The draft MLP identifies that c60% of new residential development (without planning permission) identified in the plan will be in the city centre (VA 1). Around 90% of this future supply is anticipated to be as apartments, with the majority expected as Build to Rent. The draft MLP assumes that, of the remaining 40% unpermitted supply across both inner (VA 2) and southern (VA3) areas, will be split between apartments and apartment led mixed use schemes and suburban house led schemes.

6.5 Given the more limited level of anticipated development in the inner and southern areas, the focus of the Manchester LPVA is on the development in the city centre but the deliverability of development outside the city centre, in accordance with the plan policies, has also been tested.

6.6 The council has not allocated any specific sites in the local plan and therefore the testing undertaken for the LPVA is based on a series of generic typologies both within and outside the city centre.

6.7 The MLP includes a number of policies that will impact on viability. Critically Build to Rent developments, which are anticipated to play a central role in Manchester's housing delivery over the plan period, are expected to provide 30% affordable housing – as affordable private rent.

6.8 In major sale led residential development, including for older persons, policy also requires 30% of homes to be affordable with a tenure split expected to be 70% social housing, 10% other affordable rent and 20% affordable home ownership . However, given that

BtR is the dominant tenure, particularly in the city centre, supply from this source is likely to be more limited.

6.9 There is also policy to secure affordable student accommodation from PBSA schemes and therefore different affordability scenarios have been modelled.

6.10 For non residential uses, commercial uses on the ground floor were included in certain city centre typologies but otherwise, it was concluded that there limited policies regarding non residential development and none that would cause any substantial delivery issues as a result of the policy requirement and therefore no specific testing of non residential development was pursued.

6.11 For residential development, the viability assessment demonstrated that:

- in the city centre where Build to Rent is expected to be an important if not the majority form of development, a 30% target for affordable private rent (at a 20% discount against market rent) is generally viable but this becomes more marginal with the highest height of building tested (50 storey)
- for sale led schemes in the city centre, viability is weaker and meeting the 30% affordable housing policy requirement is likely to be difficult and is only achieved in the testing undertaken for this report in the mixed BtR apartments and sale houses typology and with the lowest benchmark land value
- the viability of BtR was not considered outside the city centre
- in the inner and southern areas it is likely whilst some schemes could contribute towards s.106 secured affordable housing, public subsidy will be required to meet the full 30% target
- for older persons housing there is limited ability to provide affordable housing.

6.12 For purpose built student accommodation, a range of tests were undertaken in different combinations of discount levels against market student accommodation rents and percentages of discounted PBSA units. The testing demonstrated that there is a trade-off to be made between overall amounts of affordable student accommodation and the level of discount used. In summary, a 30% target is deliverable with rents discounted by 20%. Alternatively, MCC may want to consider a lower percentage for PBSA at 20% but an increase in the discount expectation to 40%.

6.13 The overall conclusion from the viability testing is that there are viable policy compliant forms of residential development across the different locations and types of residential supply but not all development types are viable and able to meet the plan policies at the current time.

6.14 However, guidance does not require all forms of development to demonstrate they are viable. It is widely accepted that plan-wide viability, whilst reflective of the types of development likely to come forward, is high level and often generic and undertaken at a point in time. Whereas the

local plan runs to 2039, and whilst it needs to be informed by the testing it can and should be aspirational in terms of its policy requirements as long as there is sufficient flexibility to meet changed circumstances. It is also of importance to note that the viability testing has been on the basis of nil pubic funding. However, Policy H2 of the draft plan recognises that the 30% affordable housing target through planning contributions is a 'starting point' and that affordable homes will also be delivered through Council and grant funded programmes.

Appendix A – D

i. Please see separate appendices document