



Report for Peak District National Park Authority

Economic Viability Assessment

Final Report – Regulation 19

Three Dragons May 2026

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Use of this report	<p>This report is not a formal land valuation or scheme appraisal. It has been prepared using the Three Dragons toolkit and is based on authority level data supplied by PDNPA, 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.</p> <p>No responsibility whatsoever is accepted to any third party who may seek to rely on the content of the report unless previously agreed.</p>
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EXECUTIVE SUMMARY

1. The Peak District National Park Authority (PDNPA) is reviewing its Local Plan. The new Local Plan will set out the opportunities for development across the Park Authority Area and the policies to support that development for the period until 2045. A Regulation 18 [Issues and Options Consultation](#) was undertaken by the Authority in Autumn 2024 and a Regulation 18 Preferred Options consultation in Autumn 2025. The most recent [call for sites](#) ran from 10 March – 5 May 2025.
2. As part of the evidence base to inform the plan making process and to demonstrate whether the draft policies, including those for affordable housing, are deliverable, the Authority commissioned Three Dragons to undertake an Economic Viability Assessment or EVA. The EVA consists of two reports – the first dated August 2025 was published alongside the Preferred Options consultation and the second, this current report, updates the earlier report to better reflect new policies and incorporate changes in market conditions.
3. The [current Local Plan](#) comprises the Local Development Framework Core Strategy 2011 and Development Management Policies (DMP) adopted in May 2019. The new Local Plan will encompass issues of increasing importance such as climate change; nature recovery; sustainable communities; low carbon transport as well as the need for new homes for local people, especially for social housing.

Testing Principles

4. The Viability Assessment has been prepared in consultation with the main housing authorities and the locally active development industry and has followed the relevant regulations and guidance and accords with the National Planning Policy Framework and the Planning practice Guidance (PPG).
5. The testing undertaken uses a standard residual value approach. The residual value of development is the total value of the scheme less all development and policy costs, including planning obligations and costs associated with land purchase. If the end value is positive, the scheme is said to be viable.
6. For the testing the Three Dragons Toolkit for residential development was used.

Types of site tested

7. A set of 16 site typologies was selected for testing that are representative of the range of sites identified in the call for sites or windfall sites where they will be impacted by policy. These were agreed with the Authority and discussed with the development industry.
8. The typologies were a mix of notional greenfield and brownfield sites and conversions and ranged in size from two to 60 dwellings and included sites above and below the 10-dwelling NPPF threshold for affordable homes generally. For each typology, the proportion of net developable area reflects policy requirements as well as typical characteristics of the site type.

Key assumptions used in the testing

9. In drawing up the assumptions used in the testing, the EVA used a range of data sources, including government impact assessments, national datasets and local examples of development. Assumptions were reviewed with the housing authorities and at the development industry workshop, adjusted as necessary following feedback. A final set of testing assumptions was agreed with the Authority.
10. The assumptions used included:
 - Dwelling mix, unit size and tenure – taking into account the [Housing Needs Assessment 2023](#) (HNA 2023), recent planning applications and feedback received from local developers, Registered Providers (RPs) and housing authority officers
 - Market values were derived from an analysis of Land Registry data (updated to Q4 2025 by the House Price Index) and sense-checked against recent asking prices for homes on Rightmove and with the development industry. The analysis identified two broad value areas, a main value area covering about two thirds of sales in the Park Authority Area (including Bakewell), with a lower value area (achieving values of around 86% of those in the main value area) but noting that there is variation in values across both value areas
 - The value of affordable housing was also assessed – both for social rent and shared ownership and the values were confirmed through consultation with RPs active in the Park Authority Area
 - Build costs (for newbuild and conversions) were derived from the Build Cost Information Service (BCIS to Q4 2025). Consultation with the development industry and council officers confirmed that build costs in the National Park Area are relatively high and therefore the testing used upper quartile BCIS costs for both new build and conversions and included some sensitivity testing at higher costs
 - Other development costs were assembled and discussed with the development industry at the workshop. These costs drew on the PPG and experience of other high level plan making viability testing, including in National Parks. Other development costs included an allowance of 15% on build costs for plot costs, site infrastructure works and contingency as well as an 8% rate for finance and 10% to 15% of build costs allowed for professional fees
 - A developer return of 17.5% of value for market housing and 6% for affordable housing was used – consistent with guidance in the PPG
 - Other policy and mitigation costs included in the testing were for 10% Biodiversity net gain, Future Homes Standard (effective from 2027), EV charging, and Accessibility (allowing for all new homes at M4(2) standard i.e. providing accessible and adaptable dwellings) and for Nutrient Neutrality for the small part of the affected Park Authority Area
 - Benchmark land values used were based on a range of data sources and were £375,000 per gross ha for greenfield development and, for brownfield land, a benchmark land value of £500,000 per gross ha was used. It is noted that, where

the market is able to pay a higher premium, it will do so. However, the guidance in the PPG is clear that benchmark land values should not be based on sales values.

11. The testing included a number of sensitivity tests to consider the effect of possible alternative scenarios and which were:
 - Affordable homes with and without Homes England grant
 - Lower market sales value as may be applicable in parts of the Park Authority Area
 - Higher build costs, above upper quartile, which the development industry suggest may be applicable to some types of conversion.

Key findings of residential testing

12. **Brownfield sites – new build** - across the Park Authority Area an affordable housing contribution of 30% is achievable on most typologies of more than 10-dwellings. For similar sites of fewer than 10 dwellings an affordable housing contribution of 10-20% is achievable and this could be delivered on site or collected as a commuted sum. Development in parts of the Park Authority Area which have **lower house prices** may require additional flexibility to deliver a viable scheme. Some flexibility over land value could be expected once a policy was in place making 30% affordable housing achievable on brownfield sites.
13. **Brownfield sites – conversions** - Brownfield conversion typologies of more than 1-dwelling demonstrate ability to deliver 40% affordable housing across the Park Authority Area.
14. **Greenfield sites with 100% affordable housing** – these were not viable without significant (above the average amounts currently available) levels of grant and/ or other types of cross subsidy.
15. The **affordable tenure split** tested was 80% social rent and 20% shared ownership. Viability could be improved if the proportion of shared ownership units was increased. Also, although not tested, affordable rent as a tenure has a higher value than social rent, although rents would be higher for the occupants. The value of a shared ownership home is similar to that of a Discount Market Sale home with a 30% discount. Therefore, if more suitable, the intermediate units could be changed from shared ownership to Discount Market Sale without any immediate viability implications.

Conclusion

16. The PDNPA is developing a Regulation 19 Local Plan with a number of policies affecting residential development including on greenfield/RES, brownfield sites and conversion of existing buildings. The viability testing undertaken for the EVA has carefully reflected the type of development likely to occur in the Park Authority Area and the policies in the Regulation 19 Local Plan. The evidence in the EVA supports the policies in the emerging Local Plan. For greenfield development (including Rural Exception sites) the policy is that greenfield development is limited to affordable housing only. The EVA has demonstrated the level of subsidy required to achieve viable schemes on greenfield sites.

17. For newbuild brownfield development, a policy of requiring 30% affordable housing on larger schemes is appropriate from a viability perspective, although for new build homes on brownfield sites of fewer than 10 dwellings 20% affordable housing is a more realistic policy requirement. In applying this policy some flexibility may be required where there is robust evidence that a particular scheme cannot meet the policy requirements e.g. in a lower value area of the Park Authority Area. Where justified, a lower overall percentage of affordable housing and/or a change in the type of affordable housing may need to be considered. But the overall percentage of affordable housing should not fall below 10% and 10% should not be seen as a default position.
18. For conversions, a requirement for higher percentage of affordable housing is justified and 40% should be achievable in the main value area and a slightly lower percentage at 30% would be prudent in the lower value rest of the Park Authority Area.

Chapter 1 Introduction

Purpose of the Economic Viability Assessment

- 1.1** The Peak District National Park Authority (PDNPA) is reviewing its Local Plan. The new Local Plan will set out the opportunities for development across the Park Authority Area and the policies to support that development for the period until 2045. A Regulation 18 [Issues and Options Consultation](#) was undertaken by the Authority in Autumn 2024 and a Regulation 18 Preferred Options consultation in Autumn 2025. The most recent [call for sites](#) ran from 10 March – 5 May 2025.
- 1.2** As part of the evidence base to inform the plan making process and to demonstrate whether the draft policies, including those for affordable housing, are deliverable, the Authority commissioned Three Dragons to undertake an Economic Viability Assessment or EVA. The EVA consists of two reports – the first dated August 2025 was published alongside the Preferred Options consultation and the second, this current report, updates the earlier report to better reflect new policies and incorporate changes in market conditions.
- 1.3** The [current Local Plan](#) comprises the Local Development Framework Core Strategy 2011 and Development Management Policies (DMP) adopted in May 2019. The new Local Plan will encompass issues of increasing importance such as climate change; nature recovery; sustainable communities; low carbon transport as well as the need for new homes for local people, especially for social housing.
- 1.4** Unlike other local planning authorities, those covering National Parks are not also the local housing authority. The Peak District National Park Authority has 10 constituent authorities: Derbyshire County Council; Staffordshire County Council, Staffordshire Moorlands District Council; North East Derbyshire District Council; Derbyshire Dales District Council; High Peak Borough Council; Cheshire East Council; Oldham Council; Kirklees Council; Barnsley Council; Sheffield Council. The majority of housing delivery within the Park Authority Area occurs within Derbyshire Dales District Council (DDDC) area followed by High Peak Borough Council and Staffordshire Moorlands District Council. The Peak District National Park Authority remains a separate local planning authority.
- 1.5** The Economic Viability Assessment has been prepared in consultation with the development industry and other key stakeholders (including local housebuilders, their agents, landowners, Registered Providers of affordable housing and Rural Housing Enablers) and have followed the relevant national policy and guidance.

Chapter 2 Policy Background

National policy

- 2.1** National policy and guidance on viability for plan making and Community Infrastructure Levy is set out in [National Planning Policy Framework](#) (NPPF) December 2024 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). The viability testing undertaken within this study complies with this national policy and guidance, the details of which are set out in Appendix I.
- 2.2** There is a number of other 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 update to Building Regulations Part L (conservation of fuel and power), Part F (ventilation) and Part O (overheating)
 - Update to Part S - 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 but the government has recently announced its intention to [exempt small sites](#) from this requirement (i.e. sites of 0.2 hectares or less); this requires secondary legislation but is anticipated to come into effect before 31 July 2026
 - Through an 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
 - The government has set out the importance it attaches to delivery of Social Rent homes, notably in its recent policy paper, [Delivering a decade of renewal for social and affordable housing](#).
- 2.3** In March 2026 the government published its plans to making further improvements to the level of carbon emissions in new homes and non-domestic buildings. The [Final stage impact assessment: Future Homes](#) sets out the estimated costs of Future Homes and Buildings Standards (in addition to those arising from the amended Parts L and F of the Building Regulations of 2021). The new regulations come into force on 24 March 2027. The costs of implementing Future Homes have been included in the testing, as if currently in force.

National policy context relevant to the National Park

- 2.4** The founding blocks of all policy designed and adopted by Peak District National Park Authority are the two statutory purposes placed on all National Parks as laid out in the Environment Act 1995:
1. to conserve and enhance the natural beauty, wildlife and cultural heritage (of the National Parks); and
 2. to promote opportunities for the understanding and enjoyment of the special qualities (of the National Parks) by the public.
- 2.5** The [NPPF of December 2024](#) reflects the statutory requirements placed on National Parks, stating that, “The scale and extent of development within all these designated areas should be limited, while development within their setting should be sensitively located and designed to avoid or minimise adverse impacts on the designated areas.” (Para 189). The December 2025 [National Planning Policy Framework: draft text for consultation](#), retains the strong protection framework for national parks and states that, “Development proposals within Protected Landscapes should be limited in scale and extent and sensitively located and designed to avoid harm to their statutory purposes and special qualities. Substantial weight should be placed on the importance of conserving and enhancing the natural beauty of these areas, and to conserving and enhancing wildlife and cultural heritage in National Parks and the Broads.” (Policy N4 1)
- 2.6** Recognising the importance of affordable housing in areas such as national parks, the 2024 NPPF allows an exception to the requirement that “affordable housing should not be sought for residential developments that are not major developments” permitting authorities in designated rural areas (including national parks) to “set out a lower threshold of 5 units or fewer” (paragraph 65). The consultation draft NPPF of December 2025 continues this approach, stating that “In Designated Rural Areas, development plans may set affordable housing requirements for residential developments which are not major development.” (Policy HO 5 1 a) i)

Local Plan policy context

- 2.7** The PDNPA’s current Local Plan Development Management Policies is now seven years old and the Core Strategy, fifteen years old. The new Local Plan 2025 – 2045 will replace both documents and encompass issues of increasing importance such as climate change, nature recovery, sustainable communities, low carbon transport as well as the need for new homes for local people, especially for social housing. The Issues and Options consultation (2024) explored a range of policy options but did not set out definitive policies. Following feedback on the Issues and Options consultation, the National Park Authority is preparing a Regulation 19 Draft Plan for publication later this summer with a final draft Local Plan submitted for examination before the end of this year.

- 2.8** The Regulation 19 Draft Plan includes a number of policies that shape the approach taken to testing viability and as set out in this report.
- 2.9** These include a locally derived housing provision figure of 87 dwellings per annum (dpa) or about 1,740 over the plan period. Of these, about 65% will be provided in the White Peak (Derbyshire Dales) and the remainder across the Dark Peak (mostly High Peak) and the South West Peak (mostly Staffordshire Moorlands).
- 2.10** Housing policies in the draft Local Plan are found in chapter 9 – Housing.
- 2.11** Critically **Policy H1** confirms that, “Provision is not made for housing solely to meet open market demand and housing land is not allocated in the development plan.” Therefore, all testing has been undertaken using a series of typologies to reflect policies that **do permit** new housing development.
- 2.12** Part C of policy H1 establishes the principles for acceptable development. These include (but are not limited to):
- In or on the edge of settlements as rural exception sites where homes remain affordable in perpetuity, with their occupation restricted to local people
 - Where development is required to achieve conservation and enhancement of a site – enhancement development may be on greenfield or previously developed sites
 - Where it is created by the redevelopment of an existing dwelling
- Policy H1 also states that, with regards Rural Exception Sites that such development has, “Occupation restricted to local people in perpetuity...” ‘Local Connection’ is defined in Policy H3.
- 2.13** **Policy H6** deals with “New dwelling for essential rural worker”. Since development permitted through this policy is considered against the functional requirement of the business concerned and a financial test, such development is not subject of a viability assessment and so is not considered further in this report.
- 2.14** Similar comments apply to **Policy H8** which covers, “Building and extending a dwelling(s) to meet a person's own housing need.” The policy explains the circumstances in which a new dwelling to meet a person's own eligible affordable housing need will be permitted. Scheme viability is not one of the policy criteria that apply.
- 2.15** **Policy H12** establishes that development in residential gardens is not considered as being on previously developed land, therefore greenfield, and that it will be subject to a primary occupancy condition and occupancy will be restricted local needs affordable housing for people with a local connection. Market housing is not permitted through the policy. This type of development has not been specifically tested for its viability as it will only arise when the development promoter is able to meet all the policy criteria.

2.16 Policy H13 deals with the provision of affordable housing in new developments and is central to the viability testing undertaken for the EVA. The policy requirements for affordable housing are summarised as follows:

- On rural exception sites 100% of the housing development must be affordable housing
- On previously developed land
 - developments of 2-9 residential units are to deliver 20% of the housing as affordable housing on-site
 - developments of 10 or more residential units to deliver 30% of the housing as affordable housing on-site.
- For the conversion of heritage assets, the redevelopment of other redundant or disused buildings and sub-division of existing residential buildings
 - development of 2 or more residential units in the main market value area will be expected to deliver 40% of the housing as affordable housing
 - development of 2 or more residential units in the value area covering the rest of the Park Authority Area will be expected to deliver 30% of the housing as affordable housing

The main market and 'rest of the National Park' value areas are set out in the following chapter

- Unless evidence indicates otherwise, the expected split of affordable housing will be 80% social rented and 20% other forms of affordable housing and will remain as affordable housing in perpetuity and be occupied by eligible local persons and with a primary occupancy condition.

2.17 Policy H14 establishes that in order to make effective use of land for housing, new housing sites are, in general, expected to meet a gross minimum density of 30 dwellings

2.18 Policies 15 and 16 set out the expected mix of dwelling types by affordable housing tenures and dwelling sizes. Social and affordable rented housing is distributed between one, two and three bed homes – with larger properties being 5% of that tenure mix. Other forms of affordable housing (including shared ownership and discounted market housing at 30% below market value) are a mix of two bed properties (75% of this tenure type) and three bed properties (25%).

2.19 Policy H16 states that newbuild market housing, when permitted, must meet Nationally Described Space standards. The dwelling sizes of affordable housing are as set out in the following table

Table 2.1 Dwelling sizes (as a set out in Policy H16)

Number of bedrooms	Gross internal habitable floor area (sq m)
1 bed maisonette or house	39-58 sq m
2 bed house (3 - 4 person dwelling)	70-79 sq m
3/4 bed house (4 - 5 person dwelling)	84-97 sq m

The policy allows for larger 4 or 5 bed houses where this is justified but with a maximum GIA of 106 sq m, except in exceptional circumstances.

2.20 In summary, the current policy position for residential development is that there are no allocated sites for residential development and that residential development on greenfield land will only be permitted, by exception, and for affordable housing only. Brownfield sites are the only sites where open market housing is permissible and such developments are expected to provide on-site affordable housing, with the percentage of affordable housing required being 20% on sites of 2-9 residential units and 30% on sites with 10 or more dwellings in total. Similarly, conversion of heritage assets, the redevelopment of other redundant or disused buildings and sub-division of existing residential buildings may also be permitted and, on sites of 2 or more residential units, will need to deliver a percentage of affordable housing on-site, at 40% or 30% depending on which value area the site is located.

2.21 The types and tenures of affordable housing, their size and the size of market housing (where permitted) have also been set out in the Local Plan and are consistent with Nationally Described Space Standard.

2.22 Other policies and issues that are relevant to the testing

- **Policy C10** Development management principles includes the requirement that development must prevent or minimise pollution to soil, air and water including by the achievement of nutrient neutrality where applicable. And later in the Local Plan at **Policy CC3**, Flood Risk that, “The requirement for Nutrient Neutrality applies to applicable development in the relevant catchment.” The EVA takes into account that parts of the Park Authority Area fall within the Upper Wye catchment area and will need to mitigate for phosphates and nitrogen, and comments on headroom for these costs
- **Policy C12** - Local infrastructure and developer contributions – the Local Plan sets out that, in addition to affordable housing, the Authority may seek developer contributions with regard to, for example, health and social care, education, open space, sports and recreation facilities and others. The EVA makes a general allowance for such costs

- **Policy B4** Delivering nature recovery - Proposals not exempt from statutory Biodiversity Net Gain are expected to enhance biodiversity by 10% or greater. The EVA makes appropriate allowances for this in the testing.
- **Policy CC1** Sustainable design and carbon reduction –the policy seeks to minimise energy demand for new development and notes that the Future Homes Standard will apply from March 2027. The EVA makes appropriate allowances for this in the testing.
- **Policy T14** Electric Vehicle Charging Points - For new housing, the preference is for charging facilities to be contained within the curtilage of the house. The EVA makes appropriate allowances for this in the testing.
- There is a range of other policies that affect the way new residential development is provided and are taken into account in the EVA within the general build costs and allowances for external works etc. Examples of such Local Plan policies include:
 - **Policy U6** Telecommunications infrastructure which states that, “all new residential dwellings should be served by a superfast broadband connection, or an equivalent alternative technology, installed on an open access basis.”
 - **Policy U2** Development that requires new or upgraded service infrastructure which states that, “New-build housing development will be required to provide a mains sewer connection or incorporate a package sewage treatment plant.”

2.23 In addition, the Local Plan includes, at Appendix 15.1 a design vision that states, “Design is of the highest quality, inspired by and responding to the Peak District's Special Qualities. New buildings stand the test of time and remain as a legacy to future generations, reflecting the artistry, technology and aspirations of today's people of the Peak District.” The design quality expected of new development was emphasised by the local development industry during the consultation process and is reflected in the EVA in the build costs used in the testing.

Chapter 3 Approach to testing and viability

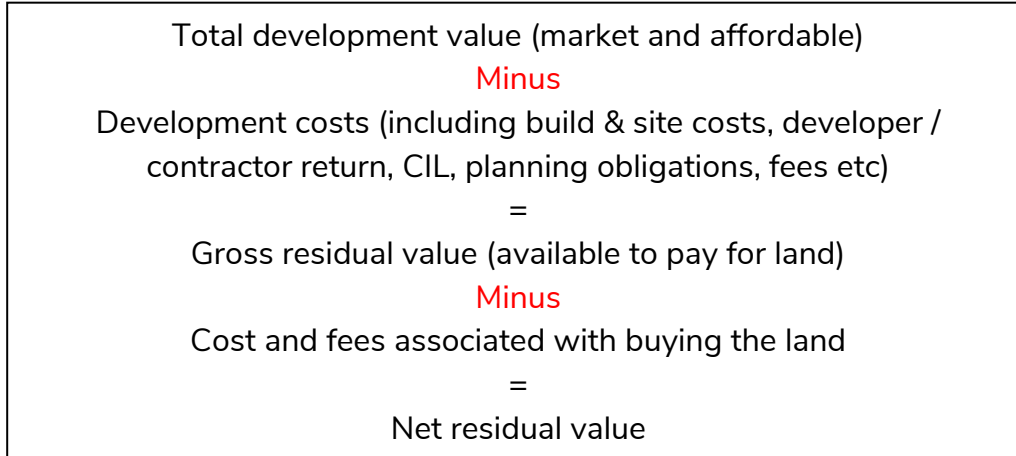
Principles and approach

3.1 As is standard practice (see Viability Testing Local Plans: Advice for Planning Practitioners Harman 2012 p25) 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 remainder is the gross residual value and is available to pay for the land. 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 associated with land 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.” (PPG Viability Paragraph: 011 Reference ID: 10-011-20180724)

3.2 This is illustrated in the figure below

Figure 3.1: Residual Value Approach



3.3 If net residual value is positive then development can be said to be viable. The above illustration includes CIL but it is recognised that The Authority does not charge a Community Infrastructure Levy.

Consultation with the development industry

3.4 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.” (Paragraph: 006 Reference ID: 10-006-20190509)

3.5 Consultation with the development industry, undertaken for this assessment, involved a range of activities which provided opportunities for the development industry to engage with the process. The activities were:

- In April 2025, a workshop exercise with those in the development industry active within the Authority (five organisations were represented at the workshop). A note of the workshop is appended at Appendix II.
- The workshop note was sent to those who attended, those who sent apologies as well as a longer list of known developers in the area, offering a further opportunity to comment or discuss
- Consultation with housing associations active in the Park Authority Area and the surrounding area to discuss assumptions for affordable housing and issues around delivery; these took place during April 2025. Separate interviews were held with three housing associations active in the Park Authority Area, with a draft meeting note circulated for any further comment. Appendix III shows the Powerpoint used to guide the interviews and which was included within the draft meeting notes to allow for further comment
- Consultation with the ten district, borough and county authorities that cover the PDNPA area, including full interviews with the three authorities where most development occurs (Derbyshire Dales, High Peak, Staffordshire Moorland) and email correspondence with the remaining authorities.

3.6 The industry consultation was broadly supportive or raised no issues with the majority of viability assumptions proposed by Three Dragons. Those points that were raised by consultees and the response from Three Dragons were:

- An overly complex list of site typologies, including a number of typologies thought likely to generate similar results (with the typologies of 5, 8 and 12 units singled out in this respect). For the testing, the list of typologies was amended to better test the emerging Local Plan policies. The list of typologies subsequently used in the testing is set out in Table 3.1 below
- House prices are expected to be higher in the Park Authority Area than in surrounding areas and that those presented ‘looked about right’; the lower values shown in parts of the Park Authority Area was not necessarily recognised
- While the mix of units in the typologies put forward by Three Dragons represent a good notional spread of units found in the Park Authority Area, the inclusion of a small number of 1-bed market houses was suggested as these are popular and this was subsequently adopted for the testing

- Build costs are higher in the Park Authority Area to account for the requirements in the Authority’s Design Guide; in response, build costs used in the testing (as set out in the next chapter) were increased from those shown at the development industry workshop, as were professional fees
- Finance rates should be higher than those presented at the workshop to account for more restricted access to finance for the SME builders developing in the area; again, in response, interest rates used in the testing (as set out in the next chapter) were increased from those shown at the development industry workshop.

3.7 Consultation with the housing associations mainly confirmed the proposed affordable housing assumptions, although it was commented that the size of units should be raised to maximise the household sizes that could be accommodated and that the original proposed number of 1-bed units was too many for sustainable development. Amendments were made by Three Dragons to the assumptions in these respects and the rate of capitalisation used in the EVA was also increased to reflect higher interest rates. The full set of assumptions used for the testing is set out in Chapter 4.

Typologies

3.8 A set of typologies was selected which are representative of the range of sites identified in the call for sites and those that could potentially be allocated through the Local Plan, or windfall sites where they will be impacted by policy. These were agreed with the Authority and discussed with the development industry. This is as per the approach set out in PPG stating that:

“A typology approach is a process plan makers can follow to ensure that they are creating realistic, deliverable policies based on the type of sites that are likely to come forward for development over the plan period”. (Paragraph 004 Reference ID: 10-004-20190509)

3.9 The typologies are of a range of sizes and dwelling numbers and include sites above and below the 10-dwelling NPPF threshold for affordable homes generally and at the two-dwelling threshold for development on previously developed land which the Local Plan adopts.

3.10 For each typology, the proportion of net developable area reflects policy requirements as well as typical characteristics of this site type.

3.11 Typologies are tested on both brownfield (BF) as well as greenfield (GF) land. The brownfield sites are divided further into general new build sites and conversions. Greenfield typologies are assumed to be Exception Sites and are for affordable housing only.

3.12 For brownfield sites, the testing does not assume that there is any existing floorspace on the site. In practice, it is possible that this will be the case and, in these cases, the existing space that should be netted off against the affordable housing liability, thus increasing the residual value and strengthening the viability position of the scheme. (see PPG Planning Obligations -

Paragraph: 027 Reference ID: 23b-027-20190315) However, this can only be realistically assessed on a scheme by scheme basis, at planning application. The approach taken in this study is a conservative one which will therefore tend to under-estimate viability on some brownfield sites.

3.13 The typologies are labelled T1 through to T6, then subdivided into a) – greenfield; b) – brownfield; and c) - conversion. The dwelling sizes and mixes are set out in the testing assumptions in chapter 4. Details of the typologies are shown in table 3.1 below.

Table 3.1 Typologies used in the viability testing

Ref	Typology	Current land use	Tenures	Density - dph net	Net area ha	Gross area - ha
T1a	2 units	Greenfield	Affordable only	n/a	n/a	n/a
T1b	2 units	Brownfield	Affordable /market	30	0.06	0.06
T1c	2 units	Brownfield - Conversion	Affordable /market	30	0.06	0.06
T2 a	3 units	Greenfield	Affordable only	30	0.10	0.1
T2 b	3 units	Brownfield	Affordable /market	30	0.10	0.1
T2 c	3 units	Brownfield - Conversion	Affordable /market	30	0.10	0.1
T3 a	6 units	Greenfield	Affordable only	30	0.20	0.211
T3 b	6 units	Brownfield	Affordable /market	30	0.20	0.211
T3 c	6 units	Brownfield - Conversion	Affordable /market	30	0.20	0.211
T4 a	12 units	Greenfield	Affordable only	30	0.40	0.421
T4 b	12 units	Brownfield	Affordable /market	30	0.40	0.421
T4 c	12 units	Brownfield - Conversion	Affordable /market	30	0.40	0.421
T5 a	25 units	Greenfield	Affordable only	30	0.833	0.877
T5 b	25 units	Brownfield	Affordable /market	30	0.833	0.877
T5 c	25 units	Brownfield - Conversion	Affordable /market	30	0.833	0.877
T6	60 units	Brownfield	Affordable /market	30	2.00	2.667

3.14 Note that, although we comment on costs, we have not tested a 1-unit greenfield typology. Although this is a policy in the draft Local Plan, for instance through draft Policy H12 Residential Gardens, such typologies tend to come forward where land is available, developed as an affordable self-build and do not need to show a profit for the developer as it is built to individual requirements without gain.

3.15 The impact on the viability of non-residential development of Local Plan and national policies has not been tested in detail. There are two main reasons for this. First, the Authority does not expect a significant amount of non-residential development over the plan period; and that the Local Plan’s ‘deliverability’ is not reliant on such development. Second, the policies included in the Local Plan that are relevant to non-residential developments, (Carbon Reduction and

Biodiversity Net Gain for example) only represent modest costs. For example, on carbon reduction, the [Future Buildings Impact Assessment March 2026](#) shows these as being around 1% to 2% over current standards. It is considered that those policy costs that do affect non-residential development would not, either on their own or in combination, effect delivery of these forms of development.

Affordable housing requirements

3.16 The EVA has tested the viability of a range of percentages of affordable housing on new build brownfield sites and conversions. For greenfield development, the policy is that such development will be 100% affordable housing and the testing undertaken has reflected this.

3.17 The starting point for the testing on new build brownfield sites and conversions is 30% affordable housing. 30% is comparable to the requirements of the housing authorities covering the largest part of the Park Authority Area.

Table 3.2 Affordable housing policies in major constituent authorities covering PDNPA

	Policy	Preferred tenure mix	Local Plan
Derbyshire Dales	30% - sites of 10 or more units	80% rented / 20% intermediate	Local Plan 2017 Policy HC4 – review currently underway, council website indicates that a Regulation 19 plan will be published in July 2026
High Peak	30% - sites 25 + units 20% - sites 5-24 units	80% rented / 20% intermediate	Local Plan 2016 Policy H4 under review – council’s website indicates that a Regulation 19 plan will be available in Quarter 4 – 2026
Staffordshire Moorlands	33% - sites of 11 or more units	60% rented / 40% intermediate	Local Plan 2020 Policy H3 council’s website indicates that a Regulation 19 plan will be available in Quarter 4 – 2026

Sites with affordable housing are tested with an affordable tenure mix of 80% social rent and 20% shared ownership as this best reflects the policies and housing need of the districts. It is also reflective of the findings of the HNA (2023).

Chapter 4 Testing Assumptions

- 4.1** The EVA 2025 drew on a range of data sources, including government impact assessments, national datasets, local examples of development. A series of assumptions were then derived that were reviewed at the development industry workshops, adjusted as necessary following feedback, with a final set of testing assumptions agreed with the Authority. The final set of assumptions were used in the viability testing.
- 4.2** The EVA 2026 has updated the EVA 2025 assumptions, which have a base date of Q4 2024, to take account of market and other evidence changes that have occurred since the original study. This chapter summarises the key assumptions, how they have been updated (where relevant) and the data they rely on.

Dwelling mix, unit size and tenure

- 4.3** The overall size and mix of dwellings in the typologies used in the testing takes account of requirements from the local plans of the districts, the [Housing Needs Assessment 2023](#) (HNA 2023), updated housing needs analysis (2026, which at the time of writing is unpublished), recent planning applications and feedback received from local developers, Registered Providers (RPs) and officers.
- 4.4** The tenure mix of the affordable housing also relies on the policies of the districts, the HNAs 2023 and 2026, and stakeholder consultation to arrive at a split between rented and shared ownership homes. On the advice of the Authority, local RPs and other stakeholders, the tenure mix does not include First Homes, although includes other affordable home ownership options for those households receiving lower incomes but sufficient to purchase in the market with subsidy (shared ownership in the modelling). Rented affordable housing has been modelled as social rent to maximise affordability and reflect policy.
- 4.5** The size of dwellings used affects both their market value (as sale values were assessed on a per sqm basis) and development costs across the tenures – also based on dwelling size. Unit sizes meet Nationally Described Space Standards (NDSS). The size of market dwellings used reflects recent planning permissions and was discussed at the workshop. It is recognised that other sizes of dwellings will be proposed by developers and the typologies used for the testing are not meant to be prescriptive but they do provide a proportionate guide to dwelling sizes. For affordable dwellings the sizes are within the maximum unit sizes set out in Policy DMH1, although a small proportion of 6 person units have been included (as advised by the HNA 2023) – these are not specifically referenced in Policy DMH1, although exceptions to this can be made where there is a proven need (para 6.52).
- 4.6** Development costs for flats will include non-saleable circulation and common areas, although we have assumed that flatted development will be 1-2 storeys, often ‘maisonette style’ without communal areas in the Park Authority Area.

4.7 In consultation with the Authority, the size, mix and tenure of the affordable housing remains unchanged from the EVA 2025. The housing mixes used for the typologies in the study are shown in tables 4.1 and 4.2 below.

Table 4.1 Market housing mix and size for residential typologies – showing differences between typologies

Market mix	sqm	5-units or fewer	all other typologies
1 bed house	58		5%
2 bed house	79		20%
3 bed house	84		20%
3 bed house	115	100%	25%
4 bed house	140		25%
5 bed house	190		5%
		100.00%	100.00%

Note: for the schemes of 5 units or fewer, 3 bed market houses were used for testing purposes as this is typical of local development and provides an optimum mix

Table 4.2 Affordable housing mix and size for residential typologies – applicable to all typology sizes

Affordable mix	Sqm	80% social rent	20% shared ownership
1 bed maisonette	50	20%	
2 bed house	79	40%	75%
3 bed house	93	35%	25%
3 / 4 bed house	106	5%	
		100.00%	100.00%

Market values

4.8 The market values at ward level in the Park Authority Area were derived from an analysis of Land Registry data over the last ten year period. The Land Registry data was matched to Energy Performance Certificates to enable a value per sqm to be generated for the different house types, based on over 4,100 records for the PDNPA. As there was insufficient data to generate reliable values for new build properties only, values for existing properties were included and indexed to align with new build values. Sales values for all house types were then indexed to align with the base date of the build cost information, so cost and values have the same base date which for the EVA 2026 is 4Q2025 – year-end 2025 (a year later than for the previous study). Sales values were found to have increased by 4% over this period.

4.9 A sense check was made to recent asking prices for homes on Rightmove (albeit with limited examples) and with the development industry.

Table 4.3 Market values

Market units	sqm	Full value - Main market value area	Full value – rest of National Park
Flat / maisonette	74	£243,120	£243,120
1 bed house - terrace or semi	58	£240,680	£211,720
2 bed house - terrace or semi	79	£327,820	£288,380
3 bed house - terrace or sm. semi	84	£348,570	£306,630
3 bed house - semi	115	£477,200	£419,800
4 bed house - detached	140	£668,300	£562,020
5 bed house - detached	190	£906,980	£762,740

Source: Land Registry/EPC and local data

4.12 Values within the ‘lower value’ area, shown white on the map at figure 4.1, are on average 86% of the main value area (shaded green) and there is variation across each area. The value areas are defined by being above or below the median value. It is of note that although the villages of Tideswell and Hartington are shown in the ‘lower value’ area, they are at the top of the range for this area.

4.13 Policy H17 requires all new housing, including the conversion of buildings to residential use, to be subject to a primary occupancy condition (with some exceptions e.g. holiday accommodation). Some studies from elsewhere have indicated that prices reduce by c5% where properties are sold for ‘principal residence’ Exmoor National Park viability assessment (2016) and Northumberland NP viability assessment (2019) for example. However other studies have not found such a link, Purbeck Local Plan Second Homes Evidence Paper (2018) and St Ives, Cornwall neighbourhood plan for example, nor did local consultation in the Park Authority Area. Some anecdotal evidence has suggested that the impact is for house prices to rise. Therefore for the PDNPA we have assumed that prices will not be affected because all new build units have the same condition attached and we have tested homes at full market value. As a cautious approach, we have however undertaken a sensitivity test with a 2.5% price reduction – mid-point between the research pieces’ outcomes. This approach is similar to the approach taken recently in the Yorkshire Dales NPA where the inspector did not question this at the recent EiP (December 2025).

Values - Affordable housing

4.14 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 assumptions were based on known industry standards informed by an analysis of annual reports for six actively developing RPs (A2 Dominion; Accent; Aster; L&Q; Stonewater; Sovereign 2023) as well as the government global accounts (January 2025). This analysis helped in developing assumptions used as the basis of consultation with RPs active in the Park Authority Area, with input from the housing districts. The final testing assumptions used were therefore based on locally applicable information.

4.15 In calculating the capitalised net rent the assumptions set out in the table below were used, following the consultation.

Table 4.4 Affordable housing assumptions

Type	Assumption
Affordable housing rent	
Affordable Rent	100% LHA rate
Social rent	75% LHA rate
Management & maintenance (annual)	£1,250
Voids/bad debts	2.5%
Repairs reserve (annual)	£600
Capitalisation	5%
Service charges (weekly)	Flats and houses - £6
Affordable housing – shared ownership	
Share size	30%
Rental share	2.75%
Capitalisation	5%
Repairs	£4,000

4.16 The affordable housing assumptions were discussed at the developer workshop and with local Registered Providers (RPs) in one-to-one interviews and checked against the accounts referred to in paragraph 4.13 above (where the information was quoted). No significant alternatives to our approach were identified but some adjustments were made with increases to the capitalisation rates and a decrease in the initial shared ownership share purchased, to account for a changing market.

4.17 There has been no change to LHA rates since the previous study or to the other affordable housing assumptions, therefore, unlike house prices, values for the rented affordable housing have not been increased from the EVA 2025. Values for shared ownership however have increased to account for the increase in house prices on which the share is derived.

4.18 The table below summarises the values attributed to the affordable housing property types included in the testing, using these assumptions.

Table 4.5 Affordable homes values – without grant (figures are rounded)

Value per unit	Value for social rent	Value for shared ownership
1 bed maisonette	£52,000	
2 bed house	£74,000	£220,500
3 bed house	£90,000	£260,000
3 / 4 bed house	£126,000	

4.19 RPs and local authorities reported that grant would be assumed to be available for all affordable homes in the Park Authority Area that were not delivered through s106. We have tested such sites with and without grant, to demonstrate a worst-case scenario as well as the status quo. Where grant is modelled we have applied

- Social rent = £100k unit
- Affordable rent = £85k unit
- Shared ownership = £60k unit.

The grant levels used are an average as reported to Three Dragons by locally developing RPs.

4.20 There is potential for further grant to be available, provided by the housing authorities.

Development costs

Build costs

4.21 The Build Cost Information Service (BCIS) provides benchmarking information for build costs, adjusted for the location. Residential build costs and conversion costs are based on actual tender prices and the tender price data for the EVA 2026 is rebased to 4th Quarter 2025 (in line with values). BCIS provides indexes by local authority and, as a National Park, there is not a separate cost index for PDNPA therefore we have rebased the location factor to Derbyshire Dales as most development in the Authority comes under the local authority area for Derbyshire Dales.

4.22 We understand from work with housebuilders and cost consultants that volume and regional house builders can comfortably operate within the BCIS lower quartile cost figures, especially given that they are likely to achieve significant economies of scale in the purchase of materials and the use of labour. Many smaller and medium sized developers of houses, such as develop in the Park Authority Area, are usually unable to attain the same economies, so their construction costs may be higher although this will vary between housebuilders and sites. We have worked with BCIS to identify how costs change according to the size of the development. We have used this analysis by BCIS to inform our approach to testing for PDNPA. The variable build costs by site size have been applied to houses only, as flat build costs primarily vary by height.

4.23 In addition, our testing accounted for the higher build costs reported by developers for the Park Authority Area which has to take account of the specified design requirements for items such as stone, roof materials, fenestration, boundary treatment etc. To account for this we have used upper quartile costs for both new build and conversions. (We note that the BCIS upper quartile indices are approximately 9-10% higher than for the mean index for this area.) Build costs have increased by between 1.4% and 2.9% for new build housing and 7% for conversions since the EVA 2025. These increases have been applied to the base build costs, plot, infrastructure and garage costs used in modelling, and will also have the effect of increasing the total of professional fees which are based on a percentage of build costs.

Table 4.6 Residential development costs

Type	Base build cost – upper quartile New Build £/sq m	Base build cost – upper quartile Conversions £/sqm	Site sizes (number homes)
Estate housing (index +5%)	£2,010	£1,450	2-5
Estate housing (as per index)	£1,914	£1,380	6-9
Estate housing (index x 95%)	£1,819	£1,312	10-50
Estate housing (index x 92%)	£1,761	£1,270	51-100
Flats 1-2 storey	£2,431	£3,653	All

Source: BCIS – see Appendix V for BCIS report

Other residential development costs

4.24 A range of other standard costs have been used in the viability testing. These were discussed with the development industry at the workshop and are based on PPG and experience of other high level plan making viability testing, including in National Parks. Further information providing background to some of the costs is set out in the following table, 4.7.

4.25 Allowances are made for an additional 15% on build costs for plot costs, site infrastructure works and contingency. These are industry standards on which we monitor what is happening elsewhere in similar locations in the UK as well as consulting with the local development industry. Plot costs include allowance for items such as (inter alia) gardens, fencing, walls, drainage, external services trench. Site infrastructure includes allowance for highways, drainage, lighting, utilities (including digital infrastructure), landscaping, adoption + 'normal' site clearance and preparation along with contingency allowances for those items.

4.26 Separate allowances are made for garages and we have allowed for a single garage for all detached homes and half of the semi detached. This is on the basis that not all detached homes will have a garage but some may have a double. No allowances are made for garages for terraces or flats as is usual for the Authority.

National and local policy requirements

- 4.27 Future Homes Standard** – In March 2026, the government announced the standard for Future Homes and Future Buildings which will be effective from March 2027, subject to transitional provisions. We have therefore included the Future Homes Standard in the modelling and used the figures in accompanying [Impact Assessment 2026](#), adjusted for typical house sizes in the Park Authority Area, in the EVA 2026.
- 4.28 Building Safety Levy** – The government has announced that a new levy will be charged to market development to contribute to fixing building safety defects across England. The [Building Safety Levy Regulations and Guidance](#) set out that the levy will apply to market development on sites of 10 or more dwellings on a per sqm metre basis, applied to new residential floorspace. We have used the rates for Derbyshire Dales as a separate rate is not published for the PDNPA – they are £14.51 per sqm for brownfield development and £29.02 per sqm for greenfield development.
- 4.29 Biodiversity net gain** – The allowance for biodiversity net gain (BNG) is drawn from the government’s impact assessment (MHCLG/ DEFRA, 2019, [Biodiversity net gain and local nature recovery strategies impact assessment](#)) which was published with the consultation on the amendments to the Environment Act. The costs used in the testing are shown in Table 4.7 above. Note that following [government announcement](#) on 15th April 2026, BNG is no longer applicable to sites of below 0.2 ha. A cross-typology allowance, split by greenfield and brownfield is used for sites over 0.2 ha.
- 4.30** However, it should be noted that, as biodiversity net gain is site specific depending on 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 ([Biodiversity in new housing developments RSPB / NHBC April 2021](#)). This suggests that, whilst an allowance is included, the actual cost could be much lower and therefore the testing allowances are a conservative estimate. It is also relevant that the government Impact Assessment (page 42) highlights research findings about the costs of new policies to development stating that “development costs are passed back through to land prices” and over time it is therefore land values that absorb these costs.
- 4.31 Part S EV charging** - An allowance for ‘fast charge’ electric vehicle charging points is made for all dwellings at a ratio of 1 per dwelling for general housing. On this basis the total allowance on a site basis is considered sufficient to meet need and both national and local policy. It is recognised that there is also a desire for rapid chargers, however these are generally operated (and brought forward) on a commercial basis and therefore have not been included within the

costs. The EV charger costs are based upon the impact assessment produced by the government (DfT/MHCLG, 2021, Residential charging infrastructure provision impact assessment).

- 4.32 Part M Accessibility** - The accessibility costs for M4(2) are applied to every unit in accordance with the Peak District Design Vision Principles (Appendix 2 of the draft Local Plan).
- 4.33** An allowance for s106 has been made based on recent collection and contributions that the Authority expects to collect going forward.
- 4.34 Nutrient neutrality** – Development in certain areas of the Authority falls within the nutrient neutrality catchment area of the Upper Wye. Development will require mitigation before it can go ahead. As this covers only a small part of the Park Authority Area, we have commented on headroom available for this mitigation using the costs of credits which, based on assessments some of the districts provided through the consultation process, is £3,500 per dwelling, although this can vary in practice.

Table 4.7 Other non-base-build costs included in the testing

Type	Cost	Metric
Site costs		
Plot costs, site infrastructure works and contingency – all typologies	15%	On build cost
2021 updates to Building Regulations (as recommended by BCIS August 2025 – note this is a reduction from 2023 as these costs are gradually absorbed into the main index)	2.34%	On build costs Part L 1.68% Part F 0.24% Part O 0.42%
Garages	£8,677 per single garage	All detached and half of semis
Fees and finance costs		
Professional fees	10% 15%	New Build Conversions - of build costs including plot costs/contingency
Finance	8%	of total development costs including land purchase
Marketing/legal/sales fees	3%	of market GDV
Affordable home legal fee	£500	per affordable unit
Developer return	17.5% 6%	market GDV (mid point of the range set out in the PPG) affordable homes GDV
Agents and legal	1.75%	land cost (BLV)
Stamp duty	prevailing rate	land cost (BLV)
Policy and mitigation costs		
Biodiversity net gain (10%)	£1,062 £301	per unit (greenfield) per unit (brownfield) includes 5% service charge sites over 0.2ha only
EV charging points Part S	£865	per dwelling
Accessibility M4(2)	£1,400	per unit except for those with M4(3)
General s106	£2,700	per unit
Future Homes Standard 2026	Market house £6,250 Affordable house £4,500	Per unit
Building Safety Levy	Brownfield £14.51 Greenfield £29.02	Per sqm – based on rate for Derbyshire Dales

Benchmark land value

4.35 National guidance on setting benchmark land values (BMLVs) is clear that BMLVs should not be based on market values (although these can be used as a sense-check), or indeed the price paid for a particular site, but rather on the existing value of land plus an uplift to provide an incentive

to the landowner. The appropriate scale of the uplift is not set out in any of the current guidance, although PPG does define that a ‘premium’ for a landowner should:

“Provide a reasonable incentive, in comparison with other options available, for the landowner to sell land for development while allowing a sufficient contribution to fully comply with policy requirements. Landowners and site purchasers should consider policy requirements when agreeing land transactions” (PPG Paragraph: 014 Reference ID: 10-014-20190509).

4.36 However, a landowner premium of 10-30% for brownfield land and 10-20 x agricultural value for greenfield land is well established as an industry norm for strategic high level viability studies (see Homes and Communities Agency, 2010, Appendix 1 (Transparent Viability Assumptions p9). More recent research from [Lichfields \(2020\)](#) has a similar finding.

“Unsurprisingly, the level of uplift was found to vary, with an increase of 20% common for brownfield sites and a multiplier of 15-20 times above EUV or an uplift of 20% plus an additional allowance of between £250,000 and £650,000/ha being applied in respect of greenfield sites.”

4.37 In arriving at a benchmark land value for the EVA, we have reviewed data for existing use values as well as checking against land values used in previous viability studies for the PDNPA and for the housing districts (both area wide and site specific) and known values achieved within and adjacent to the Park Authority Area. Participants at the stakeholder workshop commented upon the variety and scarcity of sites across the Park Authority Area and shared examples of recent sales of agricultural land. Wider consultation found that for the Park Authority Area, Exception Sites will transact at higher plot values than often found elsewhere and examples were shared.

4.38 Based on this research, for the testing, we have therefore used £375,000 per gross ha for a greenfield site, based on a value of £15,000 per plot. For previously developed / brownfield land we have used £500,000 per gross ha. (These are higher than the values presented to the workshop and take account of comments received.) It is important to note that where the market is able to pay a higher premium, it will do so. However, the guidance in the PPG is clear that benchmark land values should not be based on market values.

4.39 The table below shows the benchmark land values used in the study. Where a site is of poorer quality, is particularly remote or has marginal viability then we would expect there could be lower values. There will be some premium sites where a higher value point can be reached.

Table 4.8 Benchmark Land Values

Site type	Main BMLV per gross ha	Basis
Greenfield sites	£375,000	Agricultural value (MHCLG) x 15 + inflation @ 10% Also plot value of £15,000 per plot
Brownfield sites	£500,000	Existing use value (MHCLG) + 20% uplift Local appraisals

* note MHCLG refers to 'Land Value estimates for Policy Appraisal' MHCLG 2019 and 2023

** Savills (Rural Land Values June 2024) estimate a greenfield land value inflation of 10%

4.40 Land values were sense checked with the market, noting that details of local transactions were limited.

Residential sensitivity testing

4.41 A number of sensitivity tests were carried out to consider the effect of possible alternative market scenarios and were:

- Affordable homes with and without Homes England grant
- Lower market sales value as may be applicable in parts of the Park Authority Area
- Higher build costs, above upper quartile, which the development industry suggest may be applicable to some conversions.

4.42 The EVA also comments on capacity of development to meet other local higher environmental requirements as may be required, through the Local Plan and/or national policy.

4.43 Background to the cost assumptions used in the testing can be found at Appendix V.

Chapter 5 Results of modelling

5.1 Using the assumptions discussed in the previous chapters, the results for the viability testing are presented in this chapter of the EVA. The results are presented as a residual value (RV) per unit and take account of all costs and values including the payment for land; if the RV is positive then the typology can be said to be viable.

5.2 The results are presented in three sections to take account of the differing potential policies that guide development dependent upon the present land use:

- a) Greenfield/ Rural Exception sites – Policy H13 Provision of Affordable Housing restricts these sites to delivering affordable housing only to meet local needs; the starting point for viability testing is therefore 100% affordable housing.
- b) Brownfield sites – Policy H13 requires new build housing on previously developed land to deliver
 - 20% of the housing development as affordable housing on developments of between 2-9 residential units, and
 - 30% of the housing development as affordable housing on developments of 10 or more residential units.

These percentages are therefore the starting point for the viability testing.

- c) Conversion sites – For the conversion of heritage assets, the redevelopment of other redundant or disused buildings and sub-division of existing residential buildings, Policy H13 requires net additional units to provide:
 - 40% of the housing development as affordable housing on developments of 2 or more residential units in the main market value area, and
 - 30% of the housing development as affordable housing on developments of 2 or more residential units in the rest of the National Park.

These percentages are set out in the viability testing. Enhancement sites are assumed to fall within one of the categories above, dependent upon existing land use.

5.3 Greenfield sites were tested with a benchmark land value of £0.375m per hectare and for brownfield sites this was increased to £0.5m per hectare. Build costs are different for conversions than for new build and this is also reflected in the testing. A full description was provided in Chapter 4.

5.4 Where results are within £5,000 per unit either way then we would consider that the typology is 'marginal'. This is an arbitrary definition but is useful because we would expect that viability

could be improved by a relatively simple adjustment e.g. a change to the type of market housing in a scheme (where relevant), a change to the tenure mix for affordable housing or employing flexibility within the land value.

- 5.5** In noting the range of viability outcomes we refer to PPG which states that “assessing the viability of plans does not require individual testing of every site or assurance that individual sites are viable”. (PPG Paragraph: 003 Reference ID: 10-003-20180724)
- 5.6** In presenting the results, the case study reference is shown in the first column and the number of units in the typology is shown in the second column. Negative results are in red font. The results are shown on a per unit basis to aid comparison between results for different sized typologies. (To arrive at this figure, the result for the whole typology has been divided by the total number of units, market and affordable.) The results on a per typology basis can be found in Appendix VI along with the fuller details of the results.

a) Greenfield typologies / Rural Exception Sites

- 5.7** The results for the greenfield/ rural exception typologies with 100% affordable housing are shown in the following table. The results are shown for the typology both without and with grant at the average levels reported by the housing associations.

Table 5.1 Results of the viability modelling for 100% affordable housing on greenfield sites (without and with grant) – residual value per unit (RV)

Scheme reference	Number units	RV per unit Without grant	RV per unit With average grant
T2a	3	-£149,300	-£55,500
T3a	6	-£141,600	-£47,800
T4a	12	-£132,700	-£38,900
T5a	25	-£137,500	-£40,400

- 5.8** Residual values, both without and with grant, are negative and the typologies were not viable. Viability has reduced since the previous 2025 EVA. This is because whilst build costs have increased the value of rented affordable housing has stagnated, reflecting that Local Housing Allowance rates, from which affordable rents are derived, have been frozen.
- 5.9** To produce viable schemes, grant would be required to meet the per unit deficit – so between £132,000 and £149,000 per unit depending on the scheme. This is higher than the assumed average grant levels, therefore there was still a deficit when we modelled with grant and higher levels of grant (or housing association cross subsidy) would be required to produce a viable scheme.

b) Brownfield typologies

5.10 Typologies representative of schemes of new build units on brownfield sites, where market housing is permitted, were tested with a range of affordable housing percentages, starting at 30%. It was assumed that no grant would be available for these typologies with affordable housing secured through a s106 agreement. The results are shown in the following table.

Table 5.2 Results of the viability modelling for brownfield typologies of new build dwellings – residual value per unit

Scheme reference	Number units	RV per unit 30% affordable	RV per unit 20% affordable	RV per unit 10% affordable
T1b	2	-£31,300	-£10,100	£11,100
T2b	3	-£25,400	-£7,700	£8,600
T3b	6	-£1,200	£18,600	
T4b	12	£12,200		
T5b	25	£12,000		
T6	60	£14,200		

5.11 The results for the brownfield typologies show that 30% affordable housing should be achievable on schemes of more than 10 units. The 6-unit typology is marginally unviable with 30% affordable housing, although adjustments could be made to items such as housing mix, developer profit or land value to bring the typology into viability. Smaller typologies of 5-units or less are only viable with 10% affordable housing.

5.12 Compared to the earlier EVA 2025, these results are marginally improved reflecting that house prices have increased slightly more than build costs and that densities have been increased from 25 dph to 30 dph. The overall viability outcomes are nonetheless the same in that non-viable typologies remain non-viable and vice-versa for viable typologies.

5.13 It is also noted that the testing does not assume that there is any existing floorspace on the site. In practice, it is possible that this will be the case and, in these cases, the existing space should be netted off against the affordable housing liability, thus increasing the residual value and strengthening the viability position of the scheme.

c) Conversion typologies

5.14 Typologies representative of conversion from another use and where market housing is permitted, were tested with 40% affordable housing. BCIS reports different build costs for conversions compared to new build. As in all the viability testing, we used the upper quartile BCIS conversion build cost; however as developers reported that costs for conversions could be even higher than this in the Park Authority Area, testing was also undertaken at 20% above this figure as a sensitivity test. A sample of typologies has been tested with the higher build cost. It

was assumed that no grant would be available for these typologies with affordable housing secured through a s106 agreement. The results are shown in the following table.

Table 5.3 Results of the viability modelling for brownfield typologies which are conversions – residual value per unit

Scheme reference	Number units	RV per unit 40% affordable housing	RV per unit 40% affordable housing build cost above UQ
T1c	2	£21,500	
T2c	3	£15,500	
T3c	6	£32,000	£4,700
T4c	12	£42,100	
T5c	25	£42,000	£15,600

- 5.15** The results for conversions demonstrate consistent viability with 40% affordable housing. A sample of typologies (6-units and 25-units) were tested with an additional 20% added to the build costs and these typologies remained viable.
- 5.16** In comparison to the EVA 2025, the results show marginally lower viability, a result of the higher cost increase for conversions which is above the rise in house prices. However the conclusions are not changed in that 40% affordable housing is viable and there is headroom for build costs to be higher than the upper quartile of BCIS.
- 5.17** Again, the testing does not assume that there is any existing floorspace on the site. In practice, it is likely that this will be the case and, in these cases, the existing space should be netted off against the affordable housing liability, thus increasing the residual value and strengthening the viability position of the scheme.

Other factors to consider when interpreting the results

Lower house prices in parts of the Park Authority Area

- 5.18** The house price analysis described in chapter 4 found that values were lower in parts of the Park Authority Area away from the central core and that around one third of development takes place in this lower value area. There was variation across this area which included the villages of Tideswell and Hartington (these were near the top of the range) but on average house prices were 86% of those in the higher value area. A 12-unit typology was tested in the lower value

area to test the effect of the house price reduction and the results are shown in the table below, with 30% affordable housing.

Table 5.5 Results of the viability modelling for a 12-unit typology – both new build brownfield and conversion in the ‘lower value’ area – residual value per unit

Scheme reference	Description	Number units	Residual value per unit
T4b	Brownfield / new build – 30% affordable housing	12	-£25,600
T4c	Brownfield / Conversion – 40% affordable housing	12	£9,700
T4c	Brownfield / Conversion – 40% affordable housing – and build costs 20% above UQ	12	-£16,700

5.19 The results for the 12-unit sensitivity test demonstrate some house price sensitivity with the new build brownfield typology becoming non-viable with 30% affordable housing when a lower price point is applied. The conversion typology however remains viable with 40% affordable housing using just upper quartile build costs but is not viable when an additional 20% is applied to the build costs. These are the kinds of circumstances where the land value may be able to flex to accommodate the lower prices and achieve and viability.

Primary residence

5.20 In addition to testing in the lower value area, we tested the 12-unit scheme with a 2.5% house price reduction in the main value area. This is a cautionary approach to consider what may happen should there be a house value impact from the introduction of a primary residence requirement across the Park Authority Area. In this instance the typologies remained viable with the brownfield new build typology having a positive residual value of £5,400 per unit and the conversion £36,100 per unit.

Potential for additional costs

5.21 Nutrient neutrality – in the [limited areas of the Park Authority Area](#) where this applies research suggest an average amount of £3,500 per dwelling. Again, there is headroom on the new build brownfield sites of more than 11 dwellings and all the conversion typologies to accommodate this cost and provide a policy compliant affordable housing contribution. Where this falls within a lower value area or a smaller site there will be some additional pressure on development.

Conclusions from the modelling

5.22 The modelling has demonstrated a mixed picture of viability across the Park Authority Area.

5.23 Across the Park Authority Area, greenfield typologies were not viable with 100% affordable housing unless significant grant or other cross subsidy was available

5.24 In the main market value area of the Park Authority Area:

- Brownfield typologies of new build housing were viable with 30% affordable housing for major development, i.e. above the 10-dwelling national threshold. For smaller typologies an affordable housing contribution of 10-20% was viable
- Brownfield conversion typologies were viable with 40% affordable housing for all typologies even when build costs were inflated to 20% above the upper quartile BCIS index.

5.25 In areas where house prices are lower (a minority of the Park Authority Area), new build brownfield typologies were not viable with 30% affordable housing but conversions were viable with 40%, except where build costs were above upper quartile.

Chapter 6 Summary and conclusions

- 6.1** To inform the Regulation 19 draft Local Plan, Three Dragons has prepared an Economic Viability Assessment of the plan's policies. We have modelled the viability of a range of typologies across the Park Authority Area. These are representative of the types of development anticipated to come forward during the plan period and include costs attributed to the policies in the plan and relevant national policies. The testing assumptions used have been derived from published sources and consulted upon with the development industry and other key stakeholders. The implications drawn from the results are discussed below, reflecting the circumstances when the Local Plan allows residential and non-residential development.
- 6.2** Compared to the earlier EVA 2025, testing results are marginally improved for brownfield new build typologies reflecting that house prices have increased slightly more than build costs and that densities have been increased from 25 dph to 30 dph. For conversion typologies, results are marginally lower than for the EVA 2025 reflecting that, in the case of building conversion, build costs have risen faster than house prices. For greenfield typologies with 100% affordable housing, viability has also decreased because rent levels have remained the same but build costs have increased. The overall viability outcomes for all typologies are nonetheless the same as in 2025 in that non-viable typologies remain non-viable but the negative value shown has decreased for brownfield typologies and increased for conversions and greenfield typologies.

Policy implications

- 6.3 Greenfield/Rural Exception Sites - with 100% affordable housing** – these were not viable without significant levels of grant. Even with the addition of average levels of grant currently available, ranging from £100,000 per unit for a social rent dwelling to £60,000 for a shared ownership dwelling, greenfield/Rural Exception Sites are not viable.
- 6.4** To produce viable schemes, additional grant would be required to meet the per unit deficit. In practice this is likely to require a combination of Homes England, local housing authority and/or subsidy by the developing housing association to achieve the level of subsidy required to deliver viable schemes. The testing shows a total grant of between c£130,000 and £150,000 per unit would be required to produce viable greenfield/RES development.
- 6.5 Brownfield sites – new build** – the EVA has demonstrated that, across the Park Authority Area, brownfield mixed tenure development can deliver viable schemes, even allowing for the higher level of build costs found in the Park Authority Area. The testing shows that the amount of affordable housing that can be achieved and schemes remain viable, is different for different numbers of dwellings. While 30% affordable housing should be viable on sites of 10 or more dwellings, on smaller sites (of 2 to 9 dwellings) a percentage of 20% affordable housing is more realistic but with flexibility to modify the percentage and/or mix of affordable housing to achieve viability. As demonstrated in the testing some smaller sites that may not be viable with 20% affordable housing, would be viable with 10% affordable housing and likely viable somewhere

between these percentages. Note that shared ownership houses have transfer values of about three times that of a similar sized social rent home (see earlier Table 4.5) and an increase in this tenure would have potential to improve viability where it is marginal.

- 6.6 Brownfield sites – conversions** – All the conversion typologies tested (from 2 to 25 dwellings) with 40% affordable housing were viable. This was with build costs at BCIS upper quartile amounts. Even with an additional 20% added to the upper quartile costs, to reflect comments by consultees that conversion costs could be particularly high, conversions would remain viable with 40% affordable housing.
- 6.7** Some parts of the Park Authority Area potentially have **lower house prices** than in the main value area, used for the bulk of the testing – the main value area includes Bakewell. Around a third of development takes place in the lower value area and additional flexibility could be required over the amount and/or mix of affordable housing to deliver viable new build brownfield housing schemes with a policy requirement of 30% affordable housing. Nevertheless, conversions in the lower house price area should still be expected to achieve 40% affordable housing, unless additional build costs above upper quartile can be evidenced.
- 6.8** The **affordable tenure split** tested was 80% social rent and 20% shared ownership. As noted earlier, shared ownership housing produces a significantly higher value to a scheme than social rent and small shifts in the balance between social rent and shared ownership could significantly improve scheme viability. Although not tested in the EVA, affordable rent as a tenure has a higher value to a scheme than social rent, although rents would be higher for the occupants. Switching social to affordable rent, would be another option where schemes are unable to meet policy requirements with the preferred tenure mix that has been tested for the EVA (80% social rent and 20% shared ownership).
- 6.9** The draft Local Plan includes a requirement that all new housing, including the conversion of buildings to residential use, is subject to a **primary occupancy condition**. There is no definitive evidence about the impact this might have on the value of new homes, but the EVA has taken a cautious approach by undertaking a sensitivity test using a 2.5% reduction in market values. The overall conclusions of the EVA is that this policy will not impact the level of affordable housing that can be achieved.
- 6.10** Increases in development standards in respect of **carbon reduction** through the Future Homes Standard which comes into force in 2027 and was applied to typologies in the testing reduces residual values but does not change EVA conclusions. The **Building Safety Levy** was applied to typologies of 10 or more dwellings but will have a more minimal impact.
- 6.11** It is noted that the EVA has not considered if there are any viability issues with regards policy H8 (Building a dwelling to meet a person(s) own housing need). Such schemes will come forward where land is available, developed as an affordable self-build and do not need to show a profit

for the developer as it is built to individual requirements without gain. We do not consider policies will affect delivery of such sites, from a viability perspective.

6.12 Non-residential development has not been viability tested within this study and we comment that policies that might relate to these types of developments (Future Buildings and Biodiversity Net Gain for example) only represent modest costs and would not, either on their own or in combination, effect delivery of these forms of development.

Conclusion

6.13 The PDNPA is developing a Regulation 19 Local Plan with a number of policies affecting residential development including on greenfield/RES, brownfield sites and conversion of existing buildings. The viability testing undertaken for the EVA has carefully reflected the type of development likely to occur in the Park Authority Area and the policies in the Regulation 19 Local Plan. The evidence in the EVA supports the policies in the emerging Local Plan. For greenfield development (including Rural Exception sites) the policy is that greenfield development is limited to affordable housing only. The EVA has demonstrated the level of subsidy required to achieve viable schemes on greenfield sites.

6.14 For newbuild brownfield development, a policy of requiring 30% affordable housing on larger schemes is appropriate from a viability perspective, although for new build homes on brownfield sites of fewer than 10 dwellings 20% affordable housing is a more realistic policy requirement. In applying this policy some flexibility may be required where there is robust evidence that a particular scheme cannot meet the policy requirements e.g. in a lower value area of the Park Authority Area. Where justified, a lower overall percentage of affordable housing and/or a change in the type of affordable housing may need to be considered. But the overall percentage of affordable housing should not fall below 10% and 10% should not be seen as a default position.

6.15 For conversions, a requirement for higher percentage of affordable housing is justified and 40% should be achievable in the main value area and a slightly lower percentage at 30% would be prudent in the lower value rest of the Park Authority Area.

List of appendices

The report appendices are presented in a separate document

- Appendix I National policy on viability
- Appendix II Notes from the stakeholder workshop
- Appendix III Background slides from consultation with housing associations
- Appendix IV House price information
- Appendix V Build cost information
- Appendix VI Detailed results from the modelling