

LAND RELEASE FUND - ECONOMIC CASE 'Technical Annex'

Notes and Instructions

This is a tool for calculating the approximate economic benefits generated by new housing development. It makes use of broad assumptions, and will not be able to account for site specific characteristics. It will provide an approximate measure of the economic benefits and costs of a project applying for the Land Release Fund. Please note this also does not cover the other main assessment criteria on taking a strategic approach and the delivery of the scheme and homes. Also refer to the prospectus for information on other aspects of the Value for Money assessment such as non-monetised benefits and GVA.

The detailing and evidencing of market failures is a crucial part of the assessment process. Please provide this information in row 50 and refer to the MHCLG appraisal guidance (link at bottom of the page) for more details.

Further information can be obtained from your local OPE contact.

To Use: complete all sections in red. The economic benefits are estimated using the residential land value of a typical site in each local authority, and the current use values of agricultural or industrial land. House prices are calculated from the UK house price index.

Project details

Project Name Please ensure that the project name matches the project name on the Basic Details Form
Project Type

Summary

Present Value Benefits (£m)	4.55	
Present Value Costs (£m)	1.01	
Net Present Public Value (£m)	3.54	
Indicative Benefit-Cost Ratio	4.50	Before non-monetised benefits assessment is considered
Additionality level required to give BCR above 1	17%	
Additionality level required to give BCR above 1.5	25%	

Data input

Select lower tier authority from dropdown:

GVA per hour worked £ (2018) 29.52 Estimated at NUTS2 level
England average GVA per hour worked £ (2018) 35.57

Gross housing unlocked by infrastructure (homes)

How many hectares will be produced on brownfield sites? %
Total hectares 0.6 100%

Please could you outline and evidence the market failures that this project is intended to address?

Year	LRF funding required (£m, nominal terms)	LRF funding required (£m, real terms)	Other central government funding required (outside of LRF funding) (£m, nominal terms)	Other central government funding required (outside of LRF funding) (£m, real terms)	BLRF dwellings completed (Homes)	Estimated economic benefits (£m)
2021/22	1.01	1.01	0.00	0.00	0	0.00
2022/23			0.00	0.00	0	0.00
2023/24			0.00	0.00	0	0.00
2024/25			0.00	0.00	10	0.80
2025/26			0.00	0.00	36	3.00
2026/27			0.00	0.00	36	3.14
2027/28			0.00	0.00	4	0.37
2028/29			0.00	0.00	0	0.00
2029/30			0.00	0.00	0	0.00
2030/31			0.00	0.00	0	0.00
2031/32			0.00	0.00	0	0.00
2032/33			0.00	0.00	0	0.00
2033/34			0.00	0.00	0	0.00
2034/35			0.00	0.00	0	0.00
2035/36			0.00	0.00	0	0.00
2036/37			0.00	0.00	0	0.00
2037/38			0.00	0.00	0	0.00
2038/39			0.00	0.00	0	0.00
2039/40			0.00	0.00	0	0.00
2040/41			0.00	0.00	0	0.00
2041/42			0.00	0.00	0	0.00
2042/43			0.00	0.00	0	0.00
Total (undiscounted)	1.01	1.01	0.00	0.00	86.00	7.31
HM Treasury Discount Rate	3.5%					

Additionality estimate - Brownfield

Select planning additionality **Planning additionality guidelines**
Local area average house prices (October 2020) £265,479 High *Unlocking this site will increase overall land supply in the LA over the counterfactual.*
Risk of market displacement Low Medium *Unlocking this site will displace some sites elsewhere in the LA.*
Estimated overall additionality 75% Low *Unlocking this site will have little net impact on the quantity of housing land supply in the LA.*
Additionality to use in calculation of the benefit cost ratio This may be higher or lower than the estimated additionality, dependent on local site specific factors.

Sources

Land Value Estimates <https://www.gov.uk/government/publications/land-value-estimates-for-policy-appraisal-2019>
House Prices <https://www.gov.uk/government/statistics/uk-house-price-index-england-october-2020/uk-house-price-index-england-october-2020>
MHCLG Appraisal Guide https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/576427/161129_Appraisal_Guidance.pdf