

# Woodhouse [LP1451] and Thornhill [LP1463] Strategic Sites

## Viability Addendum – Policy HS4 Sensitivity

Policy HS4 of the Calderdale Local Plan Publication Draft 2018 sets out the Councils requirements with respect to housing for independent Living. Bullet iii of the policy states that proposals for residential development should ensure that 100% of units are adaptable and accessible homes. A footnote to the policy states that adaptable and accessible homes are those that meet requirement M4(2) of the Building Regulations 2015, or any subsequent government standard.

However, the draft policy also makes it clear that the proportion can be reduced in appropriate circumstances.

Within our viability assessment of the strategic sites it was agreed, with the Council, that our appraisals should assume that 30% of the dwellings would be developed to adaptable and accessible standards.

The purpose of this sensitivity is to consider the impact on viability with respect to alternative scenarios around the proportion of M4(2) houses within the Woodhouse and Thornhill Strategic sites.

Within this addendum we consider the impact on viability of 100%, 75% and 50% of all homes being developed to M4 (2).

For consistently with our original report our sensitivity analysis is inclusive of all the other local plan policy requirements within the Calderdale Local Plan Publication Draft 2018.

As set out within our main report the viability of the strategic sites is based on the ‘residual surplus’ which is the amount available for a roof tax which when divided by the total number of dwellings provides an indication of what the viable roof tax would be within each of the garden suburbs. This is then compared to the level of roof tax that is required to fund the developer obligations associated with the garden suburbs. To recap the level of roof tax that is required from each garden suburb is set out in Table 1.

Table 1 – Required Roof Tax

	Woodhouse Garden Suburb	Thornhill Garden Suburb
Transport Elements	£4,137.11	£1,970.71
Education Elements (A) <sup>1</sup>	£9,020.79	£9,020.79
Education Element (B) <sup>2</sup>	£4,460	£4,460
<b>Total Roof Tax including Education Elements A</b>	<b>£13,158</b>	<b>£10,992</b>
<b>Total Roof Tax including Education Elements B</b>	<b>£8,597</b>	<b>£6,431</b>

The results of our analysis is set out in Table 2 and demonstrates that even if 100% of the dwellings are constructed to M4 (2) requirements the residual roof tax for both sites, despite falling by around £800 per

<sup>1</sup> This assumes the application by the Trinity Multi Academy is not acceptable and secondary educations contributions are expected from developments (including the garden suburbs) in south east Calderdale.

<sup>2</sup> This assumes the application by Trinity Multi Academy is successful meaning there will no longer be a need for a contribution from developments (including the garden suburbs) in south east Calderdale.

dwelling, are still higher than the required roof tax contributions when including both Education Elements A and B (refer to Table 1).

Table 2 – Policy M4 (2) Sensitivity

Scenario	Woodhouse [LP1451] Residual Roof Tax	Thornhill [LP1463] Residual Roof Tax
Base Case – cumulative local plan inclusive of Policy HS4 with 30% M4 (2)	£17,950	£14,300
Sensitivity 1 – cumulative local plan inclusive of Policy HS4 with 50% M4 (2)	£17,745	£14,070
Sensitivity 2 – cumulative local plan inclusive of Policy HS4 with 75% M4 (2)	£17,450	£13,780
Sensitivity 3 – cumulative local plan inclusive of Policy HS4 with 100% M4 (2)	£17,150	£13,485

In addition, we have also run the same sensitivities in Table 2 but layered on the added impact of the proposed changes to Part L and F of the Building Regulations. As set out in our previous report<sup>3</sup> two options are proposed for the uplift of Part L Standards:

- Option 1. - ‘Future Homes Fabric’. This would deliver a 20% reduction in CO2 from new dwellings, compared to the current standards. On average this would add £2,870 to the build-cost of a new home; and
- Option 2 - ‘Fabric plus technology’. This is the governments preferred option and would deliver a 31% reduction in CO2 from new dwellings, compared to the current standards. On average this would add £4,620 to the cost of a new home.

In practice, the Government expects that some developers would choose less costly ways of meeting the standard, such as putting in low-carbon heating now, which would reduce the average cost to £3,130 per dwelling (we have referred to this as Option 2a).

Changes to Part F are proposed principally to simplify and clarify the guidance. It is proposed to increase the minimum background ventilation rate to accommodate a likely occupancy level for bedrooms. The changes propose that the minimum whole dwelling ventilation rates are amended. It is estimated that these changes will result in a capital cost of £17 per dwelling.

We have modelled the impact of these additional costs in addition to the proportional increases in M4 (2) dwellings and present our findings in Tables 3 to 5.

In all scenarios the residual roof tariffs within both garden suburbs exceed the required roof tax contributions on the assumption that the application by Trinity Multi Academy is successful meaning there will be no need for a secondary education contribution from developments (including the garden suburbs) in south east Calderdale. In this scenario the required roof tax is £8,597 and £6,431 per dwelling on the Woodhouse and Thornhill garden suburbs respectively. As demonstrated in Tables 3 to 5 both suburbs generate residual roof taxes which are substantially higher than these required tariffs even after considering the potential cost impacts of Changes to Part L and Part F of the Building regulations. Assuming the most expensive Part L changes (Option 2) the residual roof tax on Woodhouse is £12,100 assuming 100% of the dwellings are built to M4 (2) standards which is £3,503 more than the required roof tax (£8,597). On Thornhill the residual roof tax is £8,425 assuming 100% of the dwellings are constructed to M4 (2) standards which is £1,994 higher than the required roof tax (£6,431).

In the scenarios where a secondary education contribution is required (i.e. Education Elements A) our analysis shows that:

<sup>3</sup> Refer to Section 5

- When layering on the impact of Part L (Option 1) and Part F changes the residual roof tax on Woodhouse is £14,000 per dwelling if 100% of the dwellings are constructed to M4 (2) standards. This is £842 higher the required roof tax (£13,158). As the proportional requirement for M4 (2) dwellings decreases the residual roof tax increases. However, when layering on the impact of Part L (Option 1) and Part F changes the residual roof tax on Thornhills reduces to £10,335 per dwelling. This is £657 lower than the required roof tax (£10,992). The required roof tax is only exceeded on the Thornhills garden suburb if M4 (2) dwellings are restricted to 30% of the total number of dwellings, generating a roof tax of £11,150, which is £158 higher than the required roof tax. If 50% of dwellings are built to M4 (2) standards the residual roof tax on Thornhill is £10,920 which is marginally below (i.e. £72) the required roof tax of £10,992.
- The impact of Option 2 with respect to the proposed changes to Part L (the governments preferred approach) and Part F means the residual roof taxes fall below the required roof tax levels. Whilst the residual roof tax on Woodhouse is only £258 below the required roof tax of £13,158 this assumes 30% of dwellings are constructed to M4(2) standards. The residual roof tax reduces further the more dwellings are constructed in line with M4 (2) standards. If 100% of the dwellings are constructed to M4 (2) standards the residual roof tax is £12,100 which is £1,058 short of the required roof tax (£13,158). The residual roof tax on Thornhill's is £1,742 below the required roof tax of £10,992 on the assumption that 30% of the dwellings are constructed to M42 standards. The residual roof tax reduces to £8,425 if 100% of the dwellings are built to M4 (2) standards. This is £2,567 short of the required roof tax (£10,992).
- If less costly ways of delivering Option 2 Part L changes are adopted (i.e. Option 2a) the residual roof tax on Woodhouse assuming 100% of dwellings are built to M4 (2) Standards is £13,725 per dwelling which is £567 higher than the required roof tax (£13,158). The residual roof tax on Thornhills is £10,050 again if 100% of the dwellings are constructed to M4 (2) standards, which is £942 lower than the required roof tax (£10,992). Assuming only 30% of the required dwellings are built to M4 (2) standards increases the residual roof tax to £10,850, which is only £142 below the required roof tax.

Table 3 – Policy M4 (2) Sensitivity with Part L (Option 1) and F Changes

Scenario	Woodhouse [LP1451] Residual Roof Tax	Thornhill [LP1463] Residual Roof Tax
Base Case – cumulative local plan inclusive of Policy HS4 with 30% M4 (2) and Part L (Option 1) and F Changes	£14,800	£11,150
Sensitivity 1 – cumulative local plan inclusive of Policy HS4 with 50% M4 (2) and Part L (Option 1) and F Changes	£14,590	£10,920
Sensitivity 2 – cumulative local plan inclusive of Policy HS4 with 75% M4 (2) and Part L (Option 1) and F Changes	£14,300	£10,630
Sensitivity 3 – cumulative local plan inclusive of Policy HS4 with 100% M4 (2) and Part L (Option 1) and F Changes	£14,000	£10,335

Table 4 – Policy M4 (2) Sensitivity with Part L (Option 2) and F Changes

Scenario	Woodhouse [LP1451] Residual Roof Tax	Thornhill [LP1463] Residual Roof Tax
Base Case – cumulative local plan inclusive of Policy HS4 with 30% M4 (2) and Part L (Option 2) and F Changes	£12,900	£9,250
Sensitivity 1 – cumulative local plan inclusive of Policy HS4 with 50% M4 (2) and Part L (Option 2) and F Changes	£12,765	£9,000
Sensitivity 2 – cumulative local plan inclusive of Policy HS4 with 75% M4 (2) and Part L (Option 2) and F Changes	£12,395	£8,720
Sensitivity 3 – cumulative local plan inclusive of Policy HS4 with 100% M4 (2) and Part L (Option 2) and F Changes	£12,100	£8,425

Table 5 – Policy M4 (2) Sensitivity with Part L (Option 2a) and F Changes

Scenario	Woodhouse [LP1451] Residual Roof Tax	Thornhill [LP1463] Residual Roof Tax
Base Case – cumulative local plan inclusive of Policy HS4 with 30% M4 (2) and Part L (Option 2a) and F Changes	£14,500	£10,850
Sensitivity 1 – cumulative local plan inclusive of Policy HS4 with 50% M4 (2) and Part L (Option 2a) and F Changes	£14,310	£10,640
Sensitivity 2 – cumulative local plan inclusive of Policy HS4 with 75% M4 (2) and Part L (Option 2a) and F Changes	£14,000	£10,345
Sensitivity 3 – cumulative local plan inclusive of Policy HS4 with 100% M4 (2) and Part L (Option 2a) and F Changes	£13,725	£10,050

## Conclusions

Through this sensitivity we have demonstrated the proportional amount of M4 (2) dwellings only has a small impact on viability and even if 100% of the total number of dwellings were to be built to these standards the residual roof tariffs would still exceed the required roof tariffs within both garden suburbs. It is the added layer of costs associated with changes to Part L and F that impacts on viability and reduces the residual roof tariffs below the required levels in certain scenarios.

Despite the conclusions set out within this Addendum our assessment already has an inherent in-built viability cushion. As set out within Section 3.12 to 3.13 of our original assessment we applied build costs based on lower quartile rates from BCIS. However, it is a known fact that house builders (particularly the large PLC's) don't contribute to the BCIS data and it is argued by many practitioners that the actual market rates are often much lower than the costs from BCIS. For example, recent anecdotal evidence suggests that typical build cost range between £505psm (£47psf) and £570psm (£53psf) for estate housing compared to the rates used in our assessment from BCIS of £975psm (circa £90psf). Assuming the higher 'market rate' of £570psm (£53psf) this results, as demonstrated in the table below, in a potential viability cushion of £37,500 per dwelling, which would more than offset any shortfall in the required roof taxes that have been identified within a number of scenarios within this note.

It should also be recognised that Redrow and Bellway who are the housebuilders who will deliver the initial phases of Woodhouse and Thornhill respectively have been consulted about the required roof taxes within both villages and haven't expressed concerns about the level of tariff's proposed, fully in the knowledge of the impending changes to Part L an F of the Building Regulations.

	Average Unit Build Cost (BCIS)	Average Build (Market)	Unit Cost	Difference Inherent Cost Cushion	/ Build
Houses	£90,577.5 <sup>4</sup>	£53,000 <sup>5</sup>		-£37,577.5	

<sup>4</sup> Average dwelling size of 92.9sq.m (refer to Table 3.2 of our original assessment) multiplied by build cost of £975psm for estate housing (refer to section 3.12 of our original assessment).

<sup>5</sup> Average dwelling size of 92.9sq.m (refer to Table 3.2 of our original assessment) multiplied by build cost of £570psm for estate housing (refer to section 3.12 of our original assessment).