

Housing Allocations and Strategic Sites

Comparison of Assumptions

Within this note we provide a summary of the assumptions applied within the Housing Allocations and Strategic Sites assessments.

It should be recognised that the assessment of the strategic sites was undertaken in dialogue with the planning and commercial agents acting on behalf of the landowner consortiums. By virtue of this engagement the assessment was able to draw on live/ market facing evidence to inform the assessment. This meant that some of the assumptions in the assessment of the strategic sites were different to those applied in the assessment of the housing allocations.

The table overleaf provides a summary of the assumptions applied within both assessments and, where relevant, a rationale for why the assumptions differ between the assessments.

Item	Housing Allocations Assessment (August 2020)	Woodhouse and Thornhill (Strategic Sites) Viability Assessment	Notes
Open Market Sales Revenue Assumptions	<ul style="list-style-type: none"> £2,745psm (£255psf) for houses £2,099psm (£195psf) for apartments <p><u>See note 1</u></p>	<ul style="list-style-type: none"> £2,799psm (£260psf) for 2 and 3 bed dwellings (houses) £2,691psm (£250psf) for 4 bed dwellings (houses) No apartments <p><u>See note 2</u></p>	<p>Note 1. The Housing Allocations Assessment assumed an average unit size of 92.9sq.m (1,000sq.ft) for houses and 85sq.m (912sq.ft) for apartments across all the allocations (refer to section 3.4 to 3.7 of this report for further details). For comparison purposes the Woodhouse and Thornhill strategic sites are located within the Brighouse Local Plan area which correlates with Zone 8 within the housing allocations assessment (refer to Table 3.7 (page 14) of the assessment).</p> <p>Note 2 The housing mix for the strategic sites was agreed between the Council and the planning and commercial agents representing the majority landowner consortiums. The mix comprised 2,3 and 4 bed dwellings (refer to Table 2 (page 8) of the Strategic Sites Assessment. This mix is considered to represent a fair position between the Councils most recent evidence of need and the expectations of what the market is seeking to deliver on these sites.</p> <p>The average sales value on both strategic sites equates to £254psf.</p>
Affordable Housing	<ul style="list-style-type: none"> 25% of Total Dwellings 10% Starter Homes (40% of affordable dwellings) 15% traditional affordable (60% of affordable dwellings) 	<ul style="list-style-type: none"> 25% of Total Dwellings 10% Starter Homes (40% of affordable dwellings) 15% traditional affordable dwelling (60% of affordable dwellings) 	Within both assessments the Starter Homes are valued at 80% of their market value and the affordable housing is valued at £800psm (£74psf). This is in line with the transfer values set out within the Councils Affordable Housing Supporting Guidance Document (August 2018).
Construction Costs	<ul style="list-style-type: none"> £975psm (£91psf) for Housing £1,253psm (£116psf) for apartments 	<ul style="list-style-type: none"> £975psm (£91psf) for Housing No apartments 	Both assessments are based on lower quartile cost data from BCIS, rebased to the third quarter 2020 and adjusted to reflect local sensitivities in Calderdale.
External Works (% of construction costs)	<ul style="list-style-type: none"> 15% for housing 10% for apartments 	<ul style="list-style-type: none"> 15% for housing No apartments 	
Accessible and Adaptable Homes (Policy HS4)	<ul style="list-style-type: none"> £722 per market house £289 per market apartment £1,805 per affordable house £722 per affordable apartment 	<p><u>Market Housing</u></p> <ul style="list-style-type: none"> 2 bed dwellings - £578 3 bed dwellings - £866 4 bed dwellings - £866 <p><u>Affordable Housing</u></p> <ul style="list-style-type: none"> 2 bed dwellings - £1,444 3 bed dwellings - £2,166 4 bed dwellings - £2,166 <p>No apartments</p> <p><u>See Note 3</u></p>	<p>Note 3 The assumptions are different in the assessment of the strategic sites because the assessment is based on a defined housing mix whereas the housing allocations assessment assumed average unit sizes for housing and apartments. Therefore, the strategic sites assessment was able to more accurately reflect the costs specific to each unit typology.</p>

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Net Biodiversity Gains (Policy BT3)	<ul style="list-style-type: none"> £207 per dwelling 	<ul style="list-style-type: none"> £207 per dwelling 																					
Electric Car Charging Points (Policy IM4)	<ul style="list-style-type: none"> Assumed 1 charging point per dwelling Assumed cost of £100 per charging point 	Cost not included <u>See Note 4.</u>	<p>Note 4</p> <p>This is an oversight and the costs for Policy IM4 were not included in the assessment. However, this omission needs to be viewed in the context of the inherent in-built viability cushions, particularly with regard to build costs. As set out above we have 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 £91psf). Assuming the higher 'market rate' of £570psm (£53psf) this results, as demonstrated in the table below, in a potential viability cushions ranging between £28,500 and £45,600.</p> <table border="1"> <thead> <tr> <th>House Type</th> <th>Size (sq. ft)</th> <th>Average Unit Build Cost (BCIS)</th> <th>Average Unit Build Cost (Market)</th> <th>Difference / Inherent Build Cost Cushion</th> </tr> </thead> <tbody> <tr> <td>2 bed house</td> <td>750sq.ft</td> <td>£68,250</td> <td>£39,750</td> <td>-£28,500</td> </tr> <tr> <td>3 bed house</td> <td>1,000sq.ft</td> <td>£91,000</td> <td>£53,000</td> <td>-£38,000</td> </tr> <tr> <td>4 bed house</td> <td>1,200sq.ft</td> <td>£109,200</td> <td>£63,600</td> <td>-£45,600</td> </tr> </tbody> </table>	House Type	Size (sq. ft)	Average Unit Build Cost (BCIS)	Average Unit Build Cost (Market)	Difference / Inherent Build Cost Cushion	2 bed house	750sq.ft	£68,250	£39,750	-£28,500	3 bed house	1,000sq.ft	£91,000	£53,000	-£38,000	4 bed house	1,200sq.ft	£109,200	£63,600	-£45,600
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Remediation / Abnormal Costs	<ul style="list-style-type: none"> £77,400 per gross hectare (flats / apartments) £120,400 per gross hectare (housing with private gardens) Mixed housing with gardens and apartments £98,900 per gross hectare <u>See Note 4.</u> 	Woodhouse - £884,653 per net developable hectare Thornhill- £432,442 per net developable hectare <u>See Note 5.</u>	<p>Note 4</p> <p>Within the housing allocations assessment these costs were only applied to the Brownfield sites. In the absence of scheme specific information, we based the costs on guidance issued by the Homes and Communities Agency (now trading as Homes England). Refer to section 3.23 to 3.28 (inclusive of table 3.5) for further information.</p> <p>Note 5</p> <p>For the purpose of this assessment we have referred to information obtained by Savills following their market engagement. This highlighted potential abnormal costs on Woodhouse garden suburb of circa £358,000 per net developable acre (£884,653 per net developable hectare) and a cost of circa £175,000 per net developable acre (£432,442 per net developable hectare) on Thornhill garden suburb.</p> <p>For comparison purposes the costs equate to £234,227 per gross hectare on Thornhill and £503,347 per gross hectare on Woodhouse.</p>																				
Site Preparation	<ul style="list-style-type: none"> £390,000 per hectare (Brownfield) £195,000 per hectare (Mixed Greenfield/Brownfield) £0 per hectare for Greenfield 	<ul style="list-style-type: none"> Woodhouse - £2,606,900 Thornhill - £12,250,000 <u>See Note 6</u>	<p>The strategic sites are greenfield sites and within the assessment of the housing allocations no costs were included for site preparation on Greenfield sites.</p> <p>However, in the assessment of strategic sites we included costs for the Spine Road, which we have classed as site preparation for the purpose of this exercise. The costs equate to £40,682 per gross hectare on Woodhouse and £87,189 per gross hectare on Thornhill.</p>																				
Professional fees	<ul style="list-style-type: none"> 8% for small developments (< 50 dwellings) 5% for larger sites (>50 dwellings) 	<ul style="list-style-type: none"> 6% 																					

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Contingency	<ul style="list-style-type: none"> Brownfield sites 5% Greenfield sites 3% 	<ul style="list-style-type: none"> 3% (Greenfield sites) 	
S106 / S278	<ul style="list-style-type: none"> £9,020.7 per dwelling (Brighouse Local Plan Area Only). <p>See note 6.</p>	<p>See Note 7</p>	<p>Note 6. S106 and S278 (highway contributions) are normally scheme specific and therefore can't be captured in area wide viability assessments which by their very nature are based on hypothetical schemes. To avoid any misplaced assumptions that might prejudice the housing allocations assessment did include an allowance for these costs. However, the assessment did apply a viability cushion of 25% to the benchmark land value (see later) to take matters such as this into account. This said the Council are also considering an education roof tax for allocations within the Brighouse Local Plan area. The cost of this tariff is currently estimated to be £9,020.79 per dwelling but could be reduced to £4,460 if the Multi Trinity Academy is successful in their application to the DfE for funding for a new free School for 11 to 16-year olds. The housing allocations assessment did, therefore, include the education tariff of £9,020.70 per dwelling but this was only applied to the allocations within the Brighouse Local Plan Area.</p> <p>Note 7 As set out within the strategic sites assessment it is proposed to levy a roof tax on the strategic sites with respect to transport and education contributions. The proposed roof taxes are £13,158 on Woodhouse and £10,992 on Thornhill. This assumes secondary education contributions are required. If the Trinity Multi Academy is successful in their application the tariffs will reduce to £8,597 on Woodhouse and £6,431 on Thornhill.</p>
Marketing, Agents and Legal Fees	<ul style="list-style-type: none"> Agents Fees 1% of GDV Legal Fees £1,000 per dwelling Marketing and Promotion at 2% of GDV 	<ul style="list-style-type: none"> Agents Fees 1% of GDV Legal Fees £1,000 per dwelling Marketing and Promotion at 2% of GDV 	
Finance / Interest	<ul style="list-style-type: none"> 100% debt funding at 6.25% 	<ul style="list-style-type: none"> 100% debt funding at 6.25% 	
Profit	<ul style="list-style-type: none"> 20% of GDV 	<ul style="list-style-type: none"> 20% of GDV 	
Benchmark Land Value	<ul style="list-style-type: none"> £127,500 per acre for Greenfield sites 	<ul style="list-style-type: none"> £102,000 per gross acre 	<p>The benchmark land value for the strategic sites is lower than the benchmark included in the housing allocation assessment but the value for the Strategic sites was agreed with the planning and commercial agents acting on behalf of the landowner consortium. Developers normally enter into option agreements for large strategic sites which often stipulate a minimum land value. Typically, these minimum values fall between £100,000 and £150,000 per acre. Whilst the assumption is at the lower end it reflects the significant infrastructure and abnormal costs (see previous) which PGG states need to be reflected in the benchmark land value.</p>
Viability Cushion on BLV	<ul style="list-style-type: none"> 25% (this increases the BLV to £159,000 per acre for Greenfield sites) 	<ul style="list-style-type: none"> No Viability Cushion 	<p>Reflecting the fact that detailed appraisals have been undertaken for the strategic sites no viability cushion has been included.</p>
Stamp Duty on BLV	<ul style="list-style-type: none"> At prevailing HMRC Rates prior to the short term concessions granted in response to the Covid Pandemic 	<ul style="list-style-type: none"> At prevailing HMRC Rates prior to the short-term concessions granted in response to the Covid Pandemic 	
Purchasers Costs on BLV	<ul style="list-style-type: none"> 1.75% 	<ul style="list-style-type: none"> 1.75% 	