



**CUSHMAN &
WAKEFIELD**

LOCAL PLAN VIABILITY STUDY

Prepared for

**HUNTINGDONSHIRE
DISTRICT COUNCIL**

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Table of Contents

| | | |
|--------|---|----|
| 1. | Introduction | 3 |
| 1.1. | Background | 3 |
| 1.2. | Report Structure | 3 |
| 2. | Consultation and Engagement | 5 |
| 2.1. | Introduction | 5 |
| 3. | Summary Development Assumptions | 6 |
| 3.1. | Introduction | 6 |
| 3.2. | Dwelling Sizes | 6 |
| 3.3. | Transfer Value for Affordable Housing | 7 |
| 3.4. | Development Phasing (35 dph typology) | 7 |
| 3.5. | Development Phasing (50 dph and 60 dph typologies) | 8 |
| 3.6. | Construction Costs (Houses) | 9 |
| 3.7. | Construction Costs (Apartments) | 10 |
| 3.8. | Community Infrastructure Levy, S106 Commuted Sums and other Site Infrastructure | 10 |
| 3.8.1. | CIL Assumptions (35dph typologies)..... | 11 |
| 3.8.2. | CIL Assumptions (50dph typologies)..... | 12 |
| 3.8.3. | CIL Assumptions (60dph [All apartment] typologies) | 13 |
| 3.8.4. | CIL Timing | 13 |
| 3.8.5. | Section 106 Assumptions | 14 |
| 3.8.6. | Other Site Infrastructure | 14 |
| 3.9. | Policy Assessment | 15 |
| 3.10. | Profit and Other Development Overheads | 15 |
| 4. | The Viability testing Process & Modelling Results | 17 |
| 4.1. | Introduction..... | 17 |
| 4.2. | 35dph Typology Testing – Benchmark Land Values..... | 17 |
| 4.3. | 35dph Typology Testing | 18 |
| 4.4. | 50dph Typology Testing | 20 |
| 4.5. | 60dph Typology Testing | 21 |
| 4.6. | Policy regarding accessibility standards | 22 |
| 5. | Conclusions of Viability Modelling | 26 |
| 5.1. | Introduction..... | 26 |
| 5.1.1. | St Neots East SEL..... | 26 |
| 5.1.2. | Alconbury Weald SEL | 26 |
| 5.2. | Outline Cumulative Impact | 27 |
| 5.3. | Summary and Conclusion | 27 |
| 5.3.1. | Key Issues for Huntingdonshire District Council | 28 |
| 6. | Appendix One: Consultation Response Summary | 30 |

1. Introduction

1.1. Background

Huntingdonshire District Council (HDC) has appointed Cushman & Wakefield (CW) to assist in the preparation of its emerging local plan, Huntingdonshire Local Plan 2036 (HLP 2036) through an iterative process of testing viability (Growth Viability Assessment), including:

- a) Policy development viability testing
- b) Affordable housing requirement viability testing
- c) Site-specific viability testing
- d) Viability testing on a range of site types

The primary objectives of the Growth Viability Assessment are to:

- a) Support the deliverability of the HLP2036, by ensuring that the Local Plan vision, allocations and policies are viable and deliverable; and
- b) Enable the Council to maximise gain through planning obligations in order to improve delivery of infrastructure and affordable housing, whilst balanced against the desire to encourage growth and delivery across the district

This report is submitted as part of the evidence base for the Local Plan to 2036 Consultation Draft 2017.

The report picks up on the viability testing process initiated for HDC by Deloitte Real Estate (DRE) in 2014, recognising the continued changes in the residential development market since that time. Accordingly, the modelling supporting this report has tested a range of residential development across a variety of value areas, ranged to be representative of the character of the District and the proposed sites in HLP 2036.

1.2. Report Structure

The following sections of the report consider:

- Section 2: Outlines the consultation and engagement on the proposed modelling approach to be used.
- Section 3: A summary of development assumptions identified for the typologies tested.
- Section 4: Presents the viability testing process, setting out the residual land values for the typologies tested, comparing them with the assumed Benchmark Land Values (i.e. target returns for a willing landowner) and setting out the affordable housing % that may be viable. This section also considers the potential scope for supporting access standards, on top of the potential affordable housing provision, through the consideration of the remaining “headroom” between the residual land value for the typologies and the assumed benchmark land values.
- Section 5: Considers the modelling results of Section 4, including:
 - a “whole plan cumulative assessment”. This applies the results of the typology testing at a high level and on a “best fit” basis, to the sites featured in the consultation draft local plan. The result of this is a high level estimate of the overall level of affordable housing provision (expressed as a % of total dwellings) that the results of the modelling imply.

- an evaluation of the results of the modelling, providing:
 - a recommendation (from the angle of viability) on Affordable Housing % targets
 - a recommendation regarding the possible headroom for accessibility standards

This evaluation will also take into account the progress with a number of the Strategic Expansion Locations (SEL), already on site or where negotiations with HDC regarding viability are underway, as regards the potential affordable housing contributions from these key sites.

2. Consultation and Engagement

2.1. Introduction

The Growth Viability Assessment has been undertaken following the principles of the guidance 'Viability Testing Local Plans – Advice for planning practitioners' document issued in June 2012 by the Local Housing Delivery Group chaired by Sir John Harman, known as the Harman Review.

The consultation process involved several key stages:

- The preparation of a viability modelling assumptions paper by Cushman & Wakefield. This drew on local and national market information and intelligence researched by C&W along with the policies of the draft HLP2036, the CIL Charging Schedule, the Developer Contributions Supplementary Planning Document (SPD) and analysis of recent Section 106 agreements.
- The publication of the viability modelling assumptions paper for consideration by industry stakeholders alongside a questionnaire inviting the submission of comments and suggested, appropriately evidenced, amendments to the viability modelling assumptions.
- A stakeholder workshop setting out:
 - the local plan process and the role and importance of the viability review within this;
 - the modelling assumptions and approach; and
 - a question and answer session providing further opportunity for comment and potential amendment
- Analysis and consideration of the stakeholder responses and evidence. The preparation of a detailed stakeholder representation and responses schedule, (Refer to Appendix 1).

As a result of the consultation, the following amendments were made and incorporated into the modelling analysis detailed in the next sections:

- Extension of Construction lead in for the 500, 750, and 1,500 dwelling typologies;
- Extension of Construction period for 11 and 25 dwelling typologies;
- Increase in brownfield benchmark land value to a minimum of £250,000 per net acre;
- The inclusion of an allowance for site promotion costs (equivalent to a further 4% on fees) for the 1,500 dwelling typology;
- The creation of a separate S106 cost line, specifically for education costs, setting these contributions apart from other S106 costs in view of their large scale for the typologies of 250 dwellings and over;
- The introduction of an “abnormals” cost allowance for the apartment typologies, consistent with the housing typologies; and
- Where the BCIS Median build cost is referenced, the use of the “5 year” BCIS build cost dataset as opposed to the “default” “15 year” dataset.

3. Summary Development Assumptions

3.1. Introduction

Drawing on individual site assessments undertaken through an Environmental Capacity and Land Availability Assessment, HLP 2036 includes a packages of sites proposed as capable of delivering the development strategy for the district up to 2036. For each site, HLP 2036 has assumed certain development densities, and the viability modelling has sought to reflect this by way of the typologies tested. On this basis, a number of different typologies have been tested to reflect the different circumstances of sites across Huntingdonshire District, including:

Development Density:

- 60 dwellings per hectare (dph)
- 50 dwellings per hectare (dph)
- 35 dwellings per hectare (dph)

Market Area (expressed through different assumptions regarding sales values and benchmark land values)

- Development context
 - Greenfield
 - Previously Developed Land
- Development Size
 - A range from 11 dwellings, through to 1,500 dwellings

3.2. Dwelling Sizes

These are sensitive to the development density tested, as follows:

| Density | Average Dwelling Size | |
|---------|-----------------------|--|
| 35dph | 1,050 sqft (market) | <p>For market dwellings, drawing on an analysis of market new build data, and C & W market experience, an average size of 1,050 sqft was assumed. This was cross checked with the range suggested by C&W analysis of the SHMA recommendations (circa 1,040sqft to 1,100sqft).</p> <p>For the affordable dwellings, an average size of 750sqft was agreed with the HDC Policy and Enabling Officer.</p> |

| Density Tested | Average Dwelling Size | |
|----------------|-----------------------|--|
| 50dph | 885 sqft | Assumes a blend of apartments (25%) and townhouses (75%). Assumes all apartments average 600sqft net. This assumes a net to gross ratio of 85%, for the purposes of calculating Gross Internal Area. Assumes the town houses average 975sqft. The blended (Net Internal Area) average of the apartments and townhouses is 885sqft |
| 60dph | 600 sqft | Assumes all apartments (600sqft net, assuming a net to gross ratio of 85%, for the purposes of calculating Gross Internal Area) |

3.3. Transfer Value for Affordable Housing

It was agreed that the affordable housing policy would be tested on the basis of a tenure split of 70% Affordable Rented, and 30% Shared Ownership. On the basis of this, and transfer values agreed with the Policy and Enabling Officer (after his consultation with a number of providers), a blended transfer value rate of 54.5% of market value was agreed to test.

3.4. Development Phasing (35 dph typology)

The schedule below, sets out our assumptions regarding development phasing, for the 35dph and 40 dph typologies.

| Phasing | Development Timetable (Months, unless otherwise stated) | | | | | | | | |
|-----------------------|---|-----|-----|-----|-----|-----|-----|-----|------|
| | 11 | 25 | 50 | 75 | 150 | 250 | 500 | 750 | 1500 |
| Start on Site | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Construction Phase | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Sales Phase Start | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Construction Complete | 10 | 10 | 17 | 23 | 42 | 67 | 67 | 98 | 192 |
| Sale Complete | 13 | 16 | 23 | 29 | 48 | 73 | 73 | 104 | 198 |
| | | | | | | | | | |
| | Construction Phase and Completions | | | | | | | | |
| Construction Phase | 0.5 | 0.5 | 1.0 | 1.6 | 3.1 | 5.2 | 5.0 | 7.5 | 15.1 |
| Completions per annum | 48 | 48 | 48 | 48 | 48 | 48 | 100 | 100 | 100 |
| | Infrastructure Phasing | | | | | | | | |
| Infrastructure Start | | | | | | 1 | 1 | 1 | 1 |
| Duration | | | | | | 24 | 36 | 48 | 96 |
| Infrastructure End | | | | | | 25 | 37 | 49 | 97 |

Construction is assumed to begin after an initial development lead in period, with sales six months after the commencement of the construction phase. The length of the construction phase assumes around 48 dwellings per annum for the typologies of 250 dwellings and under, where it is assumed there will be one development point, and up to 100 dwellings per annum (on average) for the larger typologies, where there will be two (or potentially more for the 1,500 dwelling typology) development points.

For the 1,500 dwelling typology, there may be up to 3 development points on site, during the peak development period, and arguably a higher average rate of around 120 dwelling completions per annum might be appropriate. A cautious approach has been taken, on the basis that the modelling is not site specific, and an “in the round” approach on development rate alongside the consideration of infrastructure phasing and the effect this can have on the timing of residential development phasing. For most sites C & W have been involved in, at least one development point is able to begin prior to, or at the same time as, the infrastructure development phase, which is reflected in the phasing assumption, above.

With regard to the timing and duration of the infrastructure phasing, we have taken a cautious approach, with essentially all infrastructure investment complete by between halfway and two thirds through the scheme. Also, the infrastructure investment is complete earlier for the 250 dwelling typology, in relative terms, when considered against the length of the residential development period, compared to the other strategic site typologies. This is due to certain elements of infrastructure (such as a major utilities connection) likely be required early on in a scheme irrespective of its size.

3.5. Development Phasing (50 dph and 60 dph typologies)

60 dph typology (50 dwellings)

This is an apartment based typology, and the development phasing reflects the nature of apartment development, for which sale completions can only be achieved on completion of the construction phase. On this basis, a twelve month construction phase is followed by a twelve month sales period. This could be achieved earlier in the event of some units being sold off-plan.

50 dph typology (25, 50 and 100 dwellings)

This typology is a blend of apartments and houses, and the development phasing reflects this.

- 100 dwellings
 - ☰ The apartment (25 dwellings) element spans a 2 year build period, with open market sales beginning after twelve months (at a rate of 3 per month) on completion of the apartment block. The affordable apartments are disposed of in the month after completion of the apartments.
 - ☰ The housing element (75 dwellings) assumes a 2 year build period, with sales beginning six months into the construction period at a rate of 3 per month.
- 50 dwellings
 - ☰ The apartment (12 dwellings) element assumes a 1 year build period, with open market sales beginning after 12 months (at a rate of 3 per month) on the completion of the apartment block. The affordable apartments are disposed of in the month after completion of the apartments.

- ☞ The housing element (38 dwellings) assumes a 1 year build period, sales begin with the construction completion of the apartment element. (the small size of the scheme meaning it would be impractical for sales completions on the houses whilst the apartment block is still under construction) at a rate of 3 per month
 - 25 dwellings
 - ☞ The apartment (6 dwellings) element assumes a 1 year build period, with open market sales beginning after 12 months with the completion of the apartment block over a period of six months The affordable apartments are disposed of in the month after completion of the apartments.
 - ☞ The housing element (19 dwellings) is phased such that sales (at a rate of 3 per month) only begin with the practical completion of the apartment element (the small size of the scheme meaning it would be impractical for sales completions on the houses whilst the apartment block is still under construction)

3.6. Construction Costs (Houses)

The schedule below sets out the construction cost assumptions used (including garages) for houses. The highest cost typologies are the smaller typologies of 11 and 25 dwellings, and which directly relate to the BCIS median (5 year) build cost for Estate Housing, weighted for Cambridgeshire (as of Quarter 4 2016, when the regional cost weighting was 100). Typologies of this size represent small sites that will only appeal to smaller housebuilders, whilst sites of 50 dwellings and over will tend to appeal to larger national housebuilders, and we have adjusted costs based on our current understanding of such costs.

The all-in cost rate applied to the “strategic site” typologies of 250 - 750 dwellings is reduced to £109.5/sqft on the basis that the cost build up excludes the 10% abnormal uplift applied to the smaller typologies. This is to avoid an element of double counting as special provision is already separately made for strategic site costs (refer to 2.8, below), and also brings the all in build costs (£109.5/sqft) more in line (but still higher) with recent schemes we have assessed. The 1,500 typology all-in cost is £113.30 as it is inclusive of an additional allowance (equivalent to 4%) made for site promotion costs.

With particular regard to the allowances made for contingency costs and fees, a cautious approach has been taken, in line with the approach advocated by Harman (Viability Testing Local Plans) and then National Planning Practice Guidance, to plan for “changing” markets over the Local Plan period. C & W would normally, for example, expect to see contingency allowances, particularly for greenfield development to be around 2.5%.

| Build Costs | Number of Dwellings | | | | | | | | |
|---|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------------|
| | 11 | 25 | 50 | 75 | 150 | 250 | 500 | 750 | 1500 |
| Base Construction | £98.4 | £98.4 | £85.0 | £85.0 | £85.0 | £85.0 | £85.0 | £85.0 | £85.0 |
| Externals @ 12% | £11.7 | £11.7 | £10.2 | £10.2 | £10.2 | £10.2 | £10.2 | £10.2 | £10.2 |
| Sub Total | £110.1 | £110.1 | £95.2 | £95.2 | £95.2 | £95.2 | £95.2 | £95.2 | £95.2 |
| 10% buffer/uplift for other site works/ abnormals (typologies under 250 dwellings) | | £11.0 | £9.5 | £9.5 | £9.5 | | | | |
| Total Build | £121.2 | £121.2 | £104.7 | £104.7 | £104.7 | £95.2 | £95.2 | £95.2 | £95.2 |
| Contingency @ 5% | £6.1 | £6.1 | £5.2 | £5.2 | £5.2 | £4.8 | £4.8 | £4.8 | £4.8 |
| Fees @ 10% (except for the 1,500 typology where an additional allowance (equivalent to 4%) made for site promotion costs) | £12.1 | £12.1 | £10.5 | £10.5 | £10.5 | £9.5 | £9.5 | £9.5 | £13.3 ¹ |
| All in | £139.3 | £139.3 | £120.4 | £120.4 | £120.4 | £109.5 | £109.5 | £109.5 | £113.3 |

3.7. Construction Costs (Apartments)

A build cost of £128.81per sqft has been adopted. This is based on the BCIS Median (5 year) for Cambridgeshire as of Quarter 4, 2016 (£117.1per sqft / £1,260per sqm), with a 10% allowance added for external works.

As with the houses, a contingency of 5%, a fees allowance of 10%, and an abnormals allowance of 10% have been allowed.

3.8. Community Infrastructure Levy, S106 Commuted Sums and other Site Infrastructure

The schedule below, sets out the calculation process (the 40% affordable scenario is used as an example) for each of the 35dph typologies, assuming the current CIL rate of £104.82 persqm, which was applicable at the base date of the cost and sales assumptions research (2016), underpinning the viability modelling.

As CIL is chargeable against garage floor space, assumptions have been made regarding the possible quantum of garage space. We have assumed up to around 60% of private dwellings would have a garage, reflecting our experience of the typical upper end of the range for suburban sites. The adoption of the upper range figure reflects a cautious approach, allowing for a viability buffer as advocated in the National Planning Practice Guidance.

3.8.1. CIL ASSUMPTIONS (35DPH TYPOLOGIES)

| Tenure | Number of Dwellings | | | | | | | | | |
|---|---------------------|----------------|-----------------|-----------------|-----------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| | 11 | 25 | 50 | 75 | 150 | 250 | 500 | 750 | 1500 | |
| Private | 6 | 15 | 30 | 45 | 90 | 150 | 300 | 450 | 900 | |
| Affordable (@40%) | 4 | 10 | 20 | 30 | 60 | 100 | 200 | 300 | 600 | |
| CIL Calculation | | | | | | | | | | |
| A. Number of Garages (for calculating CIL) Assume 60% of private houses | 4 | 9 | 18 | 27 | 54 | 90 | 180 | 270 | 540 | |
| B. Aggregated sqft garages (Assume 194sqft per garage) | 776 | 1,746 | 3,492 | 5,238 | 10,476 | 17,460 | 34,920 | 52,380 | 104,760 | |
| C. sqft private (excluding garages) | 6,300 | 15,750 | 31,500 | 47,250 | 94,500 | 157,500 | 315,000 | 472,500 | 945,000 | |
| D. sqft CIL chargeable (B+C) | 7,076 | 17,496 | 34,992 | 52,488 | 104,976 | 174,960 | 349,920 | 524,880 | 1,049,760 | |
| E. sqm CIL chargeable | 657 | 1,625 | 3,251 | 4,876 | 9,753 | 16,254 | 32,509 | 48,763 | 97,526 | |
| F. CIL Charged @ £104.82/sqm | £68,907 | £170,378 | £340,755 | £511,133 | £1,022,266 | £1,703,777 | £3,407,553 | £5,111,330 | £10,222,660 | |
| CIL Phasing | | | | | | | | | | |
| CIL 1 | 25% | £17,227 | £42,594 | £85,189 | £127,783 | £255,566 | £425,944 | £851,888 | £1,277,832 | £2,555,665 |
| CIL2 | 50% | £34,453 | £85,189 | £170,378 | £255,566 | £511,133 | £851,888 | £1,703,777 | £2,555,665 | £5,111,330 |
| CIL 3 | 25% | £17,227 | £42,594 | £85,189 | £127,783 | £255,566 | £425,944 | £851,888 | £1,277,832 | £2,555,665 |
| Total | | £68,907 | £170,378 | £340,755 | £511,133 | £1,022,266 | £1,703,777 | £3,407,553 | £5,111,330 | £10,222,660 |

3.8.2. CIL ASSUMPTIONS (50DPH TYPOLOGIES)

The 25, 50 and 100 dwelling typologies were tested at 50dph. A further reduction in the proportion of dwellings with garages (to 25% of private dwellings) has been assumed, on the basis that most of the private houses will be townhouses of no more than 3 bedrooms.

| Tenure | | Number of Dwellings | | |
|---|-----|---------------------|-----------------|-----------------|
| | | 25 | 50 | 100 |
| Private | | 15.00 | 30.00 | 60.00 |
| Affordable e.g. @ 40% | | 10.00 | 20.00 | 40.00 |
| CIL Calculation | | | | |
| A. Garages (for CIL) Assume 25% of private have garages | | 3.8 | 7.5 | 15.0 |
| B. sqft garage | | 728 | 1,455 | 2,910 |
| C. sqft private | | 14,625 | 29,250 | 58,500 |
| D. sqft CIL chargeable | | 15,353 | 30,705 | 61,410 |
| E. sqm CIL chargeable | | 1,426 | 2,853 | 5,705 |
| F. CIL Charged @ £104.82/sqm | | £149,504 | £299,008 | £598,016 |
| CIL Phasing | | | | |
| CIL 1 | 25% | £37,376 | £74,752 | £149,504 |
| CIL 2 | 50% | £74,752 | £149,504 | £299,008 |
| CIL 3 | 25% | £37,376 | £74,752 | £149,504 |
| Total | | £149,504 | £299,008 | £598,016 |

3.8.3. CIL ASSUMPTIONS (60DPH [ALL APARTMENT] TYPOLOGIES)

The 50 dwelling typology was also tested at 60dph, assuming all dwellings as apartments. No dwellings are assumed to have garages, and CIL is calculated on the gross internal area of the development (assuming an 85% net to gross internal area ratio, or the equivalent of 706sqft GIA/dwelling)

| Tenure | | Number of Dwellings | |
|--|-----|----------------------|-----------------------|
| Dwellings | | e.g. @20% Affordable | e.g. @ Nil Affordable |
| Private | | 40 | 50 |
| Affordable | | 10 | 0 |
| CIL Calculation | | | |
| A. Garages (for CIL) Assume 0% of private have garages | | 0 | 0 |
| B. sqft garage | | 0 | 0 |
| C. sqft private | | 28,240 | 35,300 |
| D. sqft CIL chargeable | | 28,240 | 35,300 |
| E. sqm CIL Chargeable | | 2,624 | 3,279 |
| F. CIL Charged @ £104.82/sqm | | £275,004 | £343,755 |
| CIL Phasing | | | |
| CIL Instalment 1 | 25% | £68,751 | £85,939 |
| CIL Instalment 2 | 50% | £137,502 | £171,877 |
| CIL Instalment 3 | 25% | £68,751 | £85,939 |

3.8.4. CIL TIMING

The schedule below, sets out the calculation process for scheduling the timing of CIL Payments in the residual development appraisal cashflows. This is based on the HDC CIL Instalment Policy.

| Days | Assumed [Cashflow] Month that CIL Charge Falls into (Always three instalments for the development typologies being tested) | | | | | | | | |
|------|---|----|----|----|----|----|----|----|-----|
| | 11 | 25 | 50 | 75 | 15 | 25 | 50 | 75 | 150 |
| 120 | | | | | | | | | |
| 150 | 5 | 5 | | | | | | | |
| 180 | | | 6 | 6 | 6 | 6 | 18 | 18 | 18 |
| 210 | | | | | | | | | |
| 240 | | | | | | | | | |
| 270 | | | | | | | | | |
| 300 | 10 | 10 | | | | | | | |
| 365 | | | | | | | | | |
| 450 | 15 | 15 | 15 | 15 | 15 | 15 | 27 | 27 | 27 |
| 720 | | | 24 | 24 | 24 | 24 | 36 | 36 | 36 |

3.8.5. SECTION 106 ASSUMPTIONS

The schedule below, sets out the assumptions regarding Section 106 requirements for the typologies. The step up from £1,000/dw, to £12,000/dw for the 250 dwelling and larger typologies is based on the assumed possible site specific S106 requirements (assumed as £12,000/dw) for larger sites of more than 200 dwellings. This is due to the approach set out in the HDC Developer Contribution SPD (2011).

Clearly the timing of the requirement of such infrastructure, particularly large capital items such as schools and strategic highway infrastructure, will have a notable effect on viability, and as the timing of such payments is site specific the modelling has taken a cautious approach, with regards timing, as below.

| Number of Dwellings | 11 | 25 | 50 | 75 | 150 | 250 | 500 | 750 | 1,500 |
|--|----------------|----------------|----------------|----------------|-----------------|-------------------|-------------------|-------------------|--------------------|
| S106 per dwelling | £1,000 | £1,000 | £1,000 | £1,000 | £1,000 | £12,000 | £12,000 | £12,000 | £12,000 |
| Total | £11,000 | £25,000 | £50,000 | £75,000 | £150,000 | £3,000,000 | £6,000,000 | £9,000,000 | £18,000,000 |
| S106 Instalments (Timing by Month) | | | | | | | | | |
| 1st tranche (General) | 11 | 11 | 11 | 11 | 11 | 19 | 37 | 37 | 37 |
| 2nd tranche (General) (equal to 1 st tranche) | | | | | | 50 | 68 | 84 | 148 |
| Education 1 st Tranche | | | | | | | | 14 | 14 |
| Education 2 nd Tranche | | | | | | | | 26 | 26 |
| Education | | | | | | | | 38 | 38 |

With regard to the education payments:

- For the 750dw archetype, a 1 Form Entry (FE) school @£4.3m has been assumed,
- For the 1,500dw archetype, a 2FE school @ £8.6 million has been assumed.

The following payment schedule has been used:

- o 10%, on Start on Site (Construction Phase)
- o 65%, 12 months after the date of start on site
- o 25%, 24 months after the date of start on site

3.8.6. OTHER SITE INFRASTRUCTURE

A sum of £20,000 / dwelling has been allowed, for strategic infrastructure (e.g. primary and secondary access roads, utility connections and infrastructure, open space), for the typologies of over 250 dwellings and higher. This is the mid-point of the benchmark range cited in *Viability Testing Local Plans*.

3.9. Policy Assessment

In addition to reviewing and making allowances for S106 and CIL, above, we have sifted and reviewed all policies in HLP 2036 for their potential bearing on development costs, and the results of this analysis, setting out how relevant policies, which might have a direct cost bearing in development, have been considered.

| Policy | C&W Commentary |
|---|--|
| LP 2 Green Infrastructure | Typologies <200 dw: CIL Contribution Strategic Sites: Through S106 and infrastructure allowances |
| LP3 Contributing to Infrastructure Delivery | CIL and S106 costs covered in assumptions |
| LP4 Waste Water Management | Cost Implications for SUDs included in abnormals/infrastructure allowance of build cost |
| LP10 Design Context | Build specification requirements included in build costs |
| LP11 Design Implementation | All new homes to comply with the optional building regulations requirement for water efficiency (110 litres per day), as set out in Approved Document G. Included within build cost allowance |
| LP14 Surface Water | Cost Implications for SUDs included in abnormals/infrastructure allowance of build cost |
| LP23 Affordable Housing Provision | Included in build costs |

3.10. Profit and Other Development Overheads

Blended rates of developer profit have been applied reflecting a level of 20% on GDV for market units, and 6% for affordable. The lower rate on the affordable housing reflects the different risk profile for affordable units which are transferred on a pre-sale basis and therefore effectively justifying a contractor's profit level as opposed to a developer's profit. The blended rate therefore varies according to the affordable housing scenario that is applied

3.10.1. PROFIT

| % Affordable Scenario | Blended Profit on Value (Rounded) |
|-----------------------|-----------------------------------|
| 40% | 17% |
| 35% | 17.5% |
| 30% | 18.0% |
| 25% | 18.5% |
| 20% | 19% |
| 15% | 19% |
| 10% | 19% |

3.10.2. FINANCE

A rate of 6.5% has been adopted to apply to borrowing costs when the development cashflow is in deficit, such that finance costs are specific to each appraisal.

3.10.3. MARKETING AND SALES

A rate of 3.5% has been adopted and applied to the gross development value of the market dwellings only. This rate is at the upper end of the range that Cushman & Wakefield experience, and our cautious approach is consistent with that advocated by Harman (Viability Testing Local Plans) and then National Planning Practice Guidance, to allow for “changing” markets over the Local Plan period when considering development assumptions.

4. The Viability testing Process & Modelling Results

4.1. Introduction

Based on the assumptions set out above, a residual development value was calculated for each typology tested, based on an iterative process of testing decreasing (from 40%) levels of affordable housing until one was found that was equal to or above a benchmark land value considered high enough to be sufficient for the landowner to bring the land forward for development.

As well as for different value areas, the process was carried out for different density typologies (as applicable) and for both greenfield and brownfield development contexts. Whilst the residual development appraisal inputs remain the same for greenfield and brownfield development contexts, the benchmark land values are different, resulting in different viable affordable housing percentages.

4.2. 35dph Typology Testing – Benchmark Land Values

These benchmark land values are set out below (on a net basis), for the typologies assuming a greenfield and previously developed land, development contexts¹. These values are based on Cushman & Wakefield's experience in similar development contexts and value areas. These are considered to be at the higher end of levels achievable taking a cautious approach.

| Site Size | Dwellings @ 35dph | Net to Gross | £ NET Acre (Greenfield) | | | | | |
|------------------|----------------------|-----------------|-----------------------------|----------|----------|----------|----------|----------|
| | | | Sales £/sqft v's £/net acre | | | | | |
| | | | £290 | £270 | £240 | £230 | £220 | £200 |
| SUE ² | 1500 + | 50.0% | £200,000 | £200,000 | £200,000 | £200,000 | £200,000 | £200,000 |
| 2 ha plus | 43+ | 62.5% | £345,000 | £300,000 | £219,000 | £219,000 | £219,000 | £219,000 |
| 0.4-2ha | 14-42 | 82.5% | £316,250 | £275,000 | £200,750 | £200,750 | £200,750 | £200,750 |
| under 0.4ha | Under 14 | 100.0% | £230,000 | £200,000 | £146,000 | £146,000 | £146,000 | £146,000 |

¹ . Whilst distinct modelling is presented for greenfield and previously developed land (PDL) scenarios (based on different benchmark land values), it is important that the results are considered in context. In practice, in any one given market area, benchmark land values are likely to vary within the range suggested, across greenfield and PDL contexts. For example, in the case of a 2ha (+) site in the £290/sqft value area, benchmark land values on a site by site basis might vary in the range of £276,000 - £345,000/net acre (the range suggested by the greenfield and PDL scenarios), depending on the circumstances of the landowner (longer or shorter term investment horizons) and the site itself (level of abnormals).

² Assuming a 50% net to gross ratio, the £/gross acre equivalent is £100,000/acre for the SUE typology. Site specific circumstances, do of course, vary, and this is especially pertinent with regard to Sustainable Urban Extensions, which may be exposed to particularly high infrastructure costs that challenge viability. In certain circumstances, landowners have been prepared to respond to such circumstances by bringing their land forward for development at rates below the £100,000 / gross acre benchmark rate adopted for the purposes of this Local Plan Viability Study. We have, however, adopted the rate of £100,000 / gross acre for the purpose of viability testing the Huntingdonshire Local Plan, on the basis that a generic SUE typology is being tested, and also to be consistent with the National Planning Practice Guidance, which states that Plan makers should not plan to the margin of viability but should allow for a buffer to respond to changing markets and to avoid the need for frequent plan updating. These are important considerations which sets the approach regarding Benchmark Land Value at the Plan making stage apart from that which may be adopted when considering the viability case for a specific site at the planning application stage.

| Site Size | Dwellings @ 35dph | Net to Gross | £ NET Acre (Previously Developed Land) | | | | | |
|----------------|----------------------|-----------------|---|----------|----------|----------|----------|----------|
| | | | Sales £/sqft v's £/net acre | | | | | |
| | | | £290 | £270 | £240 | £230 | £220 | £200 |
| 2 ha plus | 43+ | 62.5% | £276,000 | £250,000 | £250,000 | £250,000 | £250,000 | £250,000 |
| 0.4-2ha | 14-42 | 82.5% | £253,000 | £250,000 | £250,000 | £250,000 | £250,000 | £250,000 |
| Under 0.4ha | Under 14 | 100.0% | £250,000 | £250,000 | £250,000 | £250,000 | £250,000 | £250,000 |

4.3. 35dph Typology Testing

The percentage levels of affordable housing, consistent with producing a residual land value equal to or greater than the benchmark land values set out above, are shown below³.

| Headline Maximum Affordable Housing Contribution by Typology (Greenfield) | | | | | | | | | |
|---|---------------------|------|------|-----|-----|------|------|------|------|
| Value Area | Number of Dwellings | | | | | | | | |
| | 11 | 25 | 50 | 75 | 150 | 250 | 500 | 750 | |
| £290/sqft | 40% | 40% | 40% | 40% | 40% | 40% | 40% | 40% | 40% |
| £270/sqft | 40% | 40% | 40% | 40% | 40% | 40% | 35% | 35% | 40% |
| £240/sqft | 40% | 30% | 40% | 40% | 40% | 15% | 15% | 15% | <10% |
| £230/sqft | 15% | <10% | 40% | 40% | 40% | <10% | <10% | <10% | <10% |
| £220/sqft | <10% | <10% | 40% | 40% | 35% | <10% | <10% | <10% | <10% |
| £200/sqft | <10% | <10% | <10% | | | | | | |

³ Here, and throughout the report, a colour scheme has been adopted to aid interpretation of the modelling results. Green represents viability at 40% affordable housing, amber represents viability in the range of 11%-39% affordable housing, and blue represents viability only at 10% or less affordable housing

| Headline Maximum Affordable Housing Contribution by Typology (Previously Developed Land) | | | | | | | | | |
|---|---------------------|------|------|-----|-----|------|------|------|------|
| | Number of Dwellings | | | | | | | | |
| | 11 | 25 | 50 | 75 | 150 | 250 | 500 | 750 | 1500 |
| Value Area | | | | | | | | | |
| £290/sqft | 40% | 40% | 40% | 40% | 40% | 40% | 40% | 40% | 40% |
| £270/sqft | 40% | 40% | 40% | 40% | 40% | 40% | 40% | 35% | 35% |
| £240/sqft | 40% | 15% | 40% | 40% | 40% | 15% | 10% | 10% | <10% |
| £230/sqft | <10% | <10% | 40% | 40% | 40% | <10% | <10% | <10% | <10% |
| £220/sqft | <10% | <10% | 30% | 35% | 30% | <10% | <10% | <10% | <10% |
| £200/sqft | <10% | <10% | <10% | | | | | | |

For transparency, the supporting residual development values (at the affordable housing percentages tested), are set out below.

| £/net acre: Residual Development Values for Typologies assuming % affordable, above (except 10% or less) GREENFIELD | | | | | | | | | |
|--|---------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Number of Dwellings | | | | | | | | |
| | 11 | 25 | 50 | 75 | 150 | 250 | 500 | 750 | 1500 |
| Value Area | | | | | | | | | |
| £290/sqft | £465,157 | £504,063 | £757,391 | £761,246 | £734,900 | £445,126 | £427,11 | £424,487 | £355,374 |
| £270/sqft | £317,001 | £350,245 | £600,516 | £557,880 | £586,413 | £303,658 | £330,624 | £321,009 | £217,269 |
| £240/sqft | £289,690 | £252,386 | £377,325 | £374,899 | £365,093 | £255,251 | £243,511 | £231,648 | |
| £230/sqft | £168,965 | | £297,357 | £295,896 | £289,374 | | | | |
| £220/sqft | | | £220,450 | £219,919 | £239,573 | | | | |
| £200/sqft | | | | | | | | | |

| £/net acre: Residual Development Values for Typologies assuming % affordable, above (except 10% or less) PREVIOUSLY DEVELOPED LAND | | | | | | | | | |
|---|---------------------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Number of Dwellings | | | | | | | | |
| | 11 | 25 | 50 | 75 | 150 | 250 | 500 | 750 | 1500 |
| Value Area | | | | | | | | | |
| £290/sqft | £465,157 | £504,063 | £757,391 | £761,246 | £734,900 | £445,126 | £427,11 | £424,487 | £355,374 |
| £270/sqft | £317,001 | £350,245 | £600,516 | £557,880 | £586,413 | £303,658 | £292,402 | £321,009 | £254,227 |
| £240/sqft | £289,690 | £252,386 | £377,325 | £374,899 | £365,093 | £255,251 | £280,992 | £263,706 | |
| £230/sqft | | | £297,357 | £295,896 | £289,374 | | | | |
| £220/sqft | | | £274,677 | £250,843 | £268,472 | | | | |
| £200/sqft | | | | | | | | | |

4.4. 50dph Typology Testing

Consistent with the range of sites proposed in the Local Plan, a range of size typologies, 25, 50, and 100 dwellings, representing a range of value areas, at a density of 50 dph on Previously Developed Land have been tested.

Sites potentially capable of accommodating a density of 50 dwellings per hectare have been identified at various locations across the District, and a range of typologies reflecting the size range and the value areas they fall in has been tested, as follows.

| Value Point (£/sqft) | Density |
|----------------------|---|
| | 50dph: (Town Houses (75% of mix), and Apartments (25% of mix)) |
| £300 | |
| £295 | |
| £290 | |
| £270 | |
| £260 | |
| £240 | |
| £235 | |
| £230 | |
| £225 | |
| £220 | |
| £200 | |

Note, the specific value bands that apply to this typology (which are distinct to those adopted for the 35dph testing) is a blended rate, allowing for:

- the smaller average size of the houses that has been assumed for the 50dph testing (averaging 885sqft for the 50dph density, compared to 1,050sqft for the 35dph); and
- the inclusion of apartments (600sqft net, assuming a net to gross ratio of 85% in the development mix (25%))

The percentage levels of affordable housing, consistent with producing a residual land value equal to or greater than the benchmark land values set out in Section 3.5, are presented below.

| Value Area | Number of Dwellings | | |
|------------|---------------------|-----|-----|
| | 25 | 50 | 100 |
| £295 | - | 40% | - |
| £235 | 0% | 0% | 35% |
| £225 | 0% | 0% | 25% |

For transparency, the supporting residual development values (£/net acre) (at the affordable housing percentages, above), are set out below.

| £/net acre Residual development value, assuming % affordable, above | | | |
|---|---------------------|----------|----------|
| Value Area | Number of Dwellings | | |
| | 25 | 50 | 100 |
| £295 | - | £569,414 | - |
| £235 | £213,277 | £228,337 | £271,182 |
| £225 | | £0 | £254,643 |

4.5. 60dph Typology Testing

Consistent with the range of sites proposed in the Local Plan, a 50 dwelling (60dph) apartment based typology (on previously developed land) in the Spatial Planning Area value areas have been tested.

| Value Point (£/sqft) | Density |
|----------------------|---------------------------------------|
| | 60dph: (Apartments (100% of mix),) |
| £300 | |
| £295 | |
| £290 | |
| £270 | |
| £260 | |
| £240 | |
| £235 | |
| £230 | |
| £225 | |
| £220 | |
| £200 | |

Note, the specific value bands that apply to this typology (which are distinct to those adopted for the 35dph and 50dph testing) is a rate specific to apartments in the value areas tested, based on an average size of 600sqft net (assuming a net to gross ratio of 85%)

None of the typologies tested were shown to be capable of delivering affordable housing. The results are notably inferior to the 50dph typology. This is essentially due to the 60dph archetype being composed entirely of apartments, whilst the 50dph typology is composed of 25% apartments and 75% townhouses. Apartment development is, on a like for like basis, typically less viable than housing development due to a combination of higher build cost rates (£/sqft), and the additional build costs associated with the gross internal area always being larger than the net sales area, due to circulation and servicing area requirements.

The effect of this is clearly most pronounced on schemes that are entirely of apartments (which the 60dph typology represents), whilst the housing development of mixed apartment and housing schemes (which the 50dph archetype represents) are able to “cross subsidise” the apartment element to an extent.

4.6. Policy regarding accessibility standards

C & W were also asked to consider the potential viability implications of the implementation of the following Government Standards.

- M4(2) Category 2 - Accessible and Adaptable dwellings
- M4(3) Category 3 – Wheelchair Adaptable

A review of the EC Harris report Housing Standards Review, Cost Impacts (Department for Communities and Local Government, September 2014) has been undertaken with regard to the development viability implications of the implementation of disability access standards. Alongside this, the draft HDC paper, Optional Accessibility Standards in Huntingdonshire, Evidence of Need, September 2016 has also been considered.

The EC Harris report considers the impact of implementing these standards at two levels.

- Extra over costs relating to specification
- Additional Space requirements

First, the Study considers the “extra over” costs (in relation to industry standards) of implementing the standards, as below (per dwelling), as below

| | 1Bed Apartment | 2Bed Apartment | 2Bed Terrace | 3Bed Semi-detached | 4Bed Detached |
|------------------------------|----------------|----------------|--------------|--------------------|---------------|
| M4(2) Accessible & Adaptable | £940 | £907 | £523 | £521 | £520 |
| M4(3) Wheelchair Adaptable | £7,607 | £7,891 | £9,754 | £10,307 | £10,568 |

The provenance of these figures has not been re-examined, which is beyond the scope of this study. There is no obvious reason to question their continued soundness, and C & W are not aware of any changes in practice that will have changed the cost basis of the figure.

Second, the EC Harris report also considers the additional dwelling space requirements of the standards, over and above what it considers as the average size of dwelling.

The additional space requirements, and EC Harris' view on the associated costs, for M4(2)Category 2 and M4(3)Category 3, are set out, in a table extracted directly from the report, below.

Table 45a – Access related space cost summary

| | 1B Apartment | | 2B Apartment | | 2B Terrace | | 3B Semi-detached | | 4B Detached | |
|--|--------------|--------|--------------|---------|------------|---------|------------------|---------|-------------|---------|
| Cost increase for additional m2 | | | | | | | | | | |
| Category 2 | + 1 sq.m | £722 | + 1 sq.m | £722 | + 2 sq.m | £1,444 | + 3 sq.m | £2,166 | + 3 sq.m | £2,166 |
| Category 3 | + 8 sq.m | £5,776 | + 14 sq.m | £10,108 | + 21 sq.m | £15,162 | + 24 sq.m | £17,328 | + 24 sq.m | £17,328 |

The results of the viability modelling, above, in terms of its potential impact on Local Plan policy, particularly affordable housing, are considered further below.

The table below outlines, on a £/net acre basis, the apparent headroom between the residual land values produced for the affordable housing quantum tested (40%, where shaded green), and the benchmark land values as shown at the beginning of Section 4. Such headroom is of interest when considering the potential for introducing additional policy standards that will have a material bearing on the development cost of housing.

The headroom figures for the Greenfield typology testing are set out below

| GREENFIELD £/net acre: Notional "Headroom" for Greenfield Typologies (except 10% or less) | | | | | | | | | |
|---|---------------------|----------|----------|----------|----------|----------|---------|---------|----------|
| | Number of Dwellings | | | | | | | | |
| | 11 | 25 | 50 | 75 | 150 | 250 | 500 | 750 | 1500 |
| Value Area | | | | | | | | | |
| £290/sqft | £235,157 | £187,813 | £412,391 | £416,246 | £389,900 | £100,126 | £82,111 | £79,487 | £155,374 |
| £270/sqft | £117,001 | £75,245 | £300,516 | £257,880 | £286,413 | £3,658 | £30,624 | £21,009 | £17,269 |
| £240/sqft | £143,690 | £51,636 | £158,325 | £155,899 | £146,093 | £36,251 | £24,511 | £12,648 | |
| £230/sqft | £22,965 | | £78,357 | £76,896 | £70,374 | | | | |
| £220/sqft | | | £1,450 | £919 | £20,573 | | | | |
| £200/sqft | | | | | | | | | |

To give these headroom figures some context, they are presented on a per dwelling basis, as below.

| GREENFIELD Notional "Headroom"/dwelling (assuming 35dph/14.159dpa) | | | | | | | | | |
|--|---------------------|---------|---------|---------|---------|--------|--------|--------|---------|
| | Number of Dwellings | | | | | | | | |
| | 11 | 25 | 50 | 75 | 150 | 250 | 500 | 750 | 1500 |
| Value Area | | | | | | | | | |
| £290/sqft | £16,608 | £13,265 | £29,126 | £29,398 | £27,537 | £7,072 | £5,799 | £5,614 | £10,974 |
| £270/sqft | £8,263 | £5,314 | £21,224 | £18,213 | £20,228 | £258 | £2,163 | £1,484 | £1,220 |
| £240/sqft | £10,148 | £3,647 | £11,182 | £11,011 | £10,318 | £2,560 | £1,731 | £893 | |
| £230/sqft | £1,622 | | £5,534 | £5,431 | £4,970 | | | | |
| £220/sqft | | | £102 | £65 | £1,453 | | | | |
| £200/sqft | | | | | | | | | |

The headroom figures for the Previously Developed Land typology testing are set out below

| PREVIOUSLY DEVELOPED LAND £/net acre: Notional "Headroom" for Typologies (except 10% or | | | | | | | | | |
|---|---------------------|----------|----------|----------|----------|----------|----------|----------|---------|
| | Number of Dwellings | | | | | | | | |
| | 11 | 25 | 50 | 75 | 150 | 250 | 500 | 750 | 1500 |
| Value Area | | | | | | | | | |
| £290/sqft | £215,157 | £251,063 | £481,391 | £485,246 | £458,900 | £169,126 | £151,111 | £148,487 | £79,374 |
| £270/sqft | £67,001 | £100,245 | £350,516 | £307,880 | £336,413 | £53,658 | £42,402 | £71,009 | £4,227 |
| £240/sqft | £39,690 | £2,386 | £127,325 | £124,899 | £115,093 | £5,251 | £30,992 | £13,706 | |
| £230/sqft | | | £47,357 | £45,896 | £39,374 | | | | |
| £220/sqft | | | £24,677 | £843 | £18,472 | | | | |
| £200/sqft | | | | | | | | | |

To give these headroom figures some context, they are presented on a per dwelling basis, as below

| PREVIOUSLY DEVELOPED LAND Notional "Headroom"/dwelling (assuming | | | | | | | | | |
|--|-----------|---------|---------|---------|---------|---------|---------|---------|--------|
| | Number of | | | | | | | | |
| | 11 | 25 | 50 | 75 | 150 | 250 | 500 | 750 | 1500 |
| Value Area | | | | | | | | | |
| £290/sqft | £15,196 | £17,732 | £33,999 | £34,271 | £32,410 | £11,945 | £10,672 | £10,487 | £5,606 |
| £270/sqft | £4,732 | £7,080 | £24,756 | £21,744 | £23,760 | £3,790 | £2,995 | £5,015 | £299 |
| £240/sqft | £2,803 | £169 | £8,993 | £8,821 | £8,129 | £371 | £2,189 | £968 | |
| £230/sqft | | | £3,345 | £3,241 | £2,781 | | | | |
| £220/sqft | | | £1,743 | | | | | | |
| £200/sqft | | | | | | | | | |

Based on evidence of need, HDC proposes a policy for M4(2) across all dwellings, subject to viability.

This policy requirement is considered in the context of the viability headroom figures, above, and in the context of Paragraph 008 (Reference ID: 10-008-20140306, Revised 6/3/2014), regarding the need to “allow for a buffer to respond to changing markets and to avoid the need for frequent plan updating.”.

With regard to the headroom, and the need to allow for a buffer, it is noted that the ability for this policy to be viably delivered, at the maximum 100% rate proposed in the policy, clearly varies, both by value area, and by size of development. For the very highest value area (£290/sqft), there is scope within the viability headroom to absorb the £500/dw extra over costs of M4(2), across the size typologies (even allowing for 40% affordable housing), and potential additional space costs of circa £1,500-£2,000 / dwelling. There is progressively less ability to absorb the policy costs in the lower value typology areas, and for schemes outside the 50-150 dwelling band.

On this basis, it is important that the policy is subject to viability, which the policy wording proposes. A more definitive response may be possible following more detailed analysis.

Based on evidence of need, HDC proposes a policy for M4(3) across 10% of market dwellings on sites of 10 or more dwellings, subject to viability.

Over cost of M4(3) - £10,000 / dw

- Over cost of M4(3) assuming 10% of dw - £1,000/dw (A)
- Over cost, and space costs of M4(2) - £2,500/dw (B)
- Total additional costs - £3,500/dw

A comparison with the headroom figures shows there is also some scope within the highest value areas, in addition to the requirement for M4(2), for implementing M4(3) on the basis that the cost of £3,500 per dwelling falls within the headroom shown for some of the typologies. Noting the above, the evidence of need, and the fact that further analysis will enable a more definitive view to be taken, the policy is proposed being set at the level set out above, subject to viability.

5. Conclusions of Viability Modelling

5.1. Introduction

This section considers the results of the viability modelling, above, in terms of its potential impact on Local Plan policy, particularly affordable housing.

First, the terms of reference of this consideration is made on the basis of the two Strategic Expansion Locations (SELs), namely St Neots East and Alconbury Weald, which account for some 8,800 dwellings between them, being at varying stages of development and on that basis, have commenced subject to the resolution of site specific viability negotiations.

The typology modelling and the associated consideration of affordable housing policy has not directly considered the site specific considerations of these two sites, which are already being taken forward, irrespective of the progress of the Local Plan, as outlined below.

5.1.1. ST NEOTS EAST SEL

This Strategic Expansion Location (SEL) comprises two elements:

- Loves Farm II: The application for 1,020 homes (alongside around 7.6 ha of mixed use employment land) is currently pending consideration by the LPA and site specific viability work is ongoing. This will be reported further once the outcome of that is known as part of the planning process.
- Wintringham Park: This application for 2,800 homes (alongside 63,500 sqm of employment space, a district centre with ancillary uses and two primary schools), was subject to an appeal process, which has recently been withdrawn. Urban & Civic (U & C) have recently acquired a one third partnership stake in this key site from the Nuffield Charitable Trusts, for £13.3 million, phased over the next four years with provision for early payments to fund the Trusts' share of accelerated infrastructure investment. U & C has been appointed Master Developer and will take forward the delivery of the site as a whole, together with the sale of fully serviced land parcels adopting its now proven model. They have publically stated that they anticipate infrastructure provision will commence from early 2018.

5.1.2. ALCONBURY WEALD SEL

This Strategic Expansion Location (SEL) comprises two elements:

- Former Alconbury Airfield and Grange Farm: This site of 5,000 dwellings (alongside 290,000 sqm of employment space, 7,000 sqm of retail space, one secondary school and at least three primary schools) has had a full viability assessment and now has permission, is delivering and has a signed S106 agreement with a review mechanism in place regarding affordable housing provision.
- RAF Alconbury: This site is currently operational, but has been declared surplus to military requirements and is expected to be available for development from around 2023. No viability assessment has been undertaken to date. The site is incorporated in the typologies used for this viability study.

5.2. Outline Cumulative Impact

The results of the viability modelling were also applied on a “best fit” basis to the site allocations in the Local Plan, taking into account the size, broad market location and proposed density for each of the sites.

This produces a high level, cumulative estimate of the affordable housing potentially deliverable across the Local Plan site allocations as a whole.

The approach:

- first, takes, for each site, the % affordable housing (to the nearest 5%) (A),
- then, a total approximation of the quantum of affordable housing that is deliverable across the sites is calculated by converting the % deliverable at each site (A), to an actual number of affordable dwellings, and totalling this across all the sites (B),
- the total number of affordable dwellings deliverable (B) is divided by the total number of dwellings to arrive at the approximations of affordable housing

This high level approach results in a cumulative figure of 30%, with over half of the sites “tested” in this way being “estimated” as being able to support 30-40%.

Whilst the above, “aggregated consideration”, is of interest as regards the potential overall delivery of affordable housing through HLP 2036, it is also important to look at patterns of viability across different value areas, and of different sizes. This is considered in the section below.

5.3. Summary and Conclusion

This section considers the typology modelling results recognizing the range of value areas throughout the district and the implications it may have for the affordable housing policy of HLP2036. The modelling results are also considered in the context of the pattern being shown in the S106 agreements, which have been reviewed across the geography of the District.

In analysing the performance of the typologies consideration needs to be had in the round, referencing the “patterns” of viability suggested by the modelling. The highest value area typology (£290/sqft) is shown to be able deliver the 40% affordable housing target, across the across the size typology range, whilst the performance of the £270/sqft value typology at 500 dwellings and above suggests delivery in the region of 35%- 40% affordable housing.

The intermediate value area typologies (£220/sqft to £240/sqft) are shown generally to be able to deliver in the region of 35-40% affordable housing, assuming sites in the region of 50-150 dwellings, which are sites large enough to attract national housebuilders. For typologies of 25 dwellings and under in these value areas there is a trend towards a lower level of deliverable affordable housing provision, reflecting the typically higher build costs that smaller, more local developers are exposed to, and which has a negative bearing on viability.

Likewise, for the strategic site typologies (250 dwelling typologies and above) 35 – 40% affordable housing is shown as achievable. It is noted that in the low value areas, there is a decline in viability. This reflects that under the terms of the Developer Contributions SPD (2011), schemes of 200 dwellings and more, are exposed to additional Section 106 liabilities for community infrastructure not covered through CIL, in addition to the strategic enabling infrastructure costs typical of schemes of this size. It should be borne in mind, however, that these large schemes are very sensitive to the timing of infrastructure and S106 requirements. The assumptions set out in the modelling have taken a cautious approach with regard to development cost assumptions and timing.

In addition, the analysis below considers sites on the basis of their proposed dwelling number and the relationship to the approach of the Developer Contributions SPD (2011). As noted in the Assumptions Paper (April 2017), the SPD makes a clear distinction between sites of under 200 dwellings, and those of 200 dwellings and over. Whilst being liable for CIL, the community infrastructure of sites of 200 or more dwellings require to be supported through site specific S106 contributions. This has been reflected in the different assumptions set. This is a distinct and unambiguous threshold pertinent to viability, and on this basis, the site typologies have been considered on this basis.

The performance of the typologies of under 250 dwellings, is consistent with the pattern of 40% affordable housing achieved within S106 agreements (since the introduction of CIL) at sites across the district, including in Fenstanton, Warboys, St Neots, Bury(RAF Upwood), Houghton, Brampton, Ramsey, and Sawtry

For sites of this size, for standard suburban (c 35dph) schemes, it seems that not achieving the policy 40% (or within 5% of it) is the exception, and these exceptions being towards the lower end of the value scale.

The sense testing across the strategic site typologies (250 dwelling typologies and above), shows a different pattern to those under 250 dwellings. Notwithstanding this, the modelling suggests that affordable housing in the region of 35-40% is achievable in the higher value area typologies.

We also note that for these strategic sites (250 dwelling typologies and over), which are liable for the higher, site specific S106 contributions modelled at £12,000 per dwelling, there are a number of S106 agreements of interest including:

- Land North West of Bearscroft Farm (750dw), which was for 40%, though we understand reduced 35% affordable was agreed on the basis of an “over provision” of infrastructure contributions relative to that required by the scheme, which it was agreed could be offset by way of the reduced affordable housing contribution
- Alconbury Weald (5,000 dwellings in total), , with an affordable housing review at each key phase pending performance of the previous phases up to 40% affordable housing delivery
- Gidding Road, Sawtry (295 units) 40% affordable agreed

Viability negotiations are also ongoing at the St Neots SEL (Wintringham Park and Loves Farm II).

5.3.1. KEY ISSUES FOR HUNTINGDONSHIRE DISTRICT COUNCIL

It is important that the affordable housing % applied in policy would not cause an unnecessary incidence of challenge on viability grounds from applicants, thus delaying housing delivery.

Sites in good market areas which are well represented in the local plan, and many in the attractive 50-150dw bracket, generally perform well in the typology testing (and supported by S106 agreements) at 40%.

The modelling has revealed a weaker performance for the higher density typologies of 50dph and 60dph, broadly due to the assumption that these typologies will include (50dph) or consist entirely (60dph), of apartments. Such high density sites form a minority of sites in the proposed HLP2036, and it is reasonable their viability should be considered on a site by site basis as sites progress through the development management process.

The excellent performance of Alconbury Weald SEL, achieving around £300/sqft, in its initial stages, is noted.

The market in Huntingdonshire is clearly very strong, and there is confidence in sustained market growth, exemplified by acquisition of a one third partnership stake of Wintringham Park by Urban & Civic, who are also taking on the role of master developer.

This strength is also reflected in the projected step change in proposed completions in future years, according to the Annual Monitoring Report 2015/16 (December 2016), from 567 expected in 2016/17, to 1,135 in 2017/18, rising to 1,576 in 2021/22, then gradually falling to circa 900 per annum over the period to 2027/28.

The number of sites in HLP2036 of 200 dwellings or above without consent for the quantum proposed (and hence possibly subject to future viability negotiations) is six (RAF Alconbury, Ermine Street, St Ives South, RAF Upwood, Hinchingsbrooke Health Campus and George Street). Whilst clearly accounting for a large number of dwellings, their complex, possibly multi-phased nature, may likely warrant dialogue regarding viability and delivery between HDC and the applicant as a matter of course. The proposed policy allows HDC flexibility, during such negotiations, in particular, we note the apparent willingness of site promoters of large and complex sites (exemplified by Alconbury Weald) to enter into S106 agreements concerning affordable housing delivery, allowing for affordable housing of up to 40%, subject to phase by phase viability reviews.

The modelling suggests that the rate of 40% affordable housing is viable for most typologies. In light of this, it is recommended that a policy relating to the requirement of up to 40% affordable housing across all residential developments is included in the HLP2036 subject to viability.

6. Appendix One: Consultation Response Summary

| Comments | | Response | Amendment Made |
|---------------------|--|--|--|
| Respondent 1 | <p><u>BenchmarkLandValue(1,500typologyonly)</u> (email response only)</p> <p>All of my work is with more than 1500 units so therefore outside the scope of your study however as requested the evidence for transacted land values which directly affects your benchmark land values can be collected from places like CoStar and Egi. C&W will have access to all this data, in fact when I employed them they used use it for me. This will give you solid transaction evidence which will demonstrate that residential land, industrial land is more than £100k an acre.</p> | <p><u>BenchmarkLandValue(1,500typologyonly)</u> There is local evidence from Financial Viability Assessments (FVA) submitted to HDC that £100,000 per gross acre is acceptable for Sustainable Urban Extensions (SUE's), which is also the experience of C&W at other SUE sites</p> | None required. |
| Respondent 2 | <p>Dwelling Sizes</p> <p>@35dph - Market Ave size more realistically - 1250 sq. ft. Affordable Ave size more realistically - 900 sq. ft. @ 40dph - Market Ave size more realistically - 1050 sq. ft. Affordable Ave size more realistically - 850 sq. ft. Based on actual schemes developed by xxxx in last 4 years</p> | <p>Dwelling Sizes</p> <p>Noted, but adjusting these upwards may generally enhance viability through increasing development coverage on a per acre basis</p> <p>Affordable Housing dwelling sizes sourced via HDC from the Enabling Officer's research with RPs.</p> | None required. |
| Respondent 2 | <p>Affordable Housing Transfer Values</p> <p>In the highest value parts of the district this may be appropriate, but in the lower value areas the transfer values will be too low and may not deliver the affordable housing policy aspirations for those lower value areas.</p> | <p>Affordable Housing Transfer Values</p> <p>Prior to the main stakeholder consultation, HDC contacted a number of Registered Providers (RP's) regarding their views of transaction costs. Data was taken from across the District and an average approach was taken.</p> | None required. Each case will be considered on its particular circumstances. |

| Comments | | Response | Amendment Made |
|----------------------------|---|--|--|
| <p>Respondent 2</p> | <p>Development Phasing</p> <p>There are a number of fundamental issues with this as pointed out by all who attended the seminar.</p> <p>The attempt to achieve a "one size" fits all does not work. Our comments on each part are as follows:-</p> <p>Construction Phase Start- a 5 month lead in to house build for all sizes is unachievable, particularly on larger sites.</p> <p>Sales Phase Start (assume this is the first occupation) Sales Complete & Completions per Annum -A completion rate of 48 per annum on sites up to 50 units is unachievable and unrealistic even in a very good market.</p> <p>Construction Complete & Construction Phase - See Above. Totally unrealistic expectations in the modelling.</p> <p>SME's like us will look at up to 50 unit sites and resources of all types are unavailable to achieve the expectations of the model.</p> <p>There are discrepancies and inconsistencies especially when comparing rate of construction to rate of completions.</p> <p>We noted that this table was questioned by all at the seminar as to its validity of this model across all sizes of development.</p> <p>35 Years ' experience in industry.</p> <p>Suggestions:-</p> <p>11 - 25 unit sites = sales rate 24pa and construction period of 18+months</p> <p>50 unit sites = sales rate 36pa and construction period of 24+months</p> | <p>Development Phasing</p> <p><u>Construction lead-in from start on site</u></p> <p>The lead in for the smaller typologies is a standard C&W assumption that has been accepted elsewhere for typology testing, and commonly found in viability assessments.</p> <p>The observation regarding lead in for the larger typologies is noted and a one year lead in for the 500, 750 and 1,500 has been adopted.</p> <p><u>CompletionRate:11-25units</u></p> <p>The 48 dwellings per annum rate is a <u>completion rate not a market sales rate, and includes affordable housing</u>. Hence a rate of 4 completions per month, including affordable housing, is in our experience, reasonable. If the site has policy compliant affordable housing, then the open market sales rate would be around 2.4 dwellings per month (28 per year), which is reasonable even at small, more rural locations, and similar to the sales rate proposed by the consultee.</p> <p><u>Completion Rate:50units</u></p> <p>The suggestion of a rate of 36 pa for 50 unit sites is not accepted, as these sites are in more accessible locations, where a completion rate (including affordable) the equivalent of 3 per month would be unlikely as it would not be commercially viable.</p> | <p><u>ConstructionLead-in</u></p> <p>Lead in extended to one year for the 500, 750 and 1500 dwelling typologies</p> <p><u>CompletionRate</u></p> <p>For the 11, and 25 dwelling typologies, an additional six months has been added to the construction period extending the development period from beginning of construction to final completion of 15 months for 11 dwellings and 18 months for 23 dwellings.</p> |

| Comments | | Response | Amendment Made |
|---------------------|--|---|----------------|
| Respondent 2 | <p>Build Costs – External Works</p> <p>Confusion - Externals not fully defined and verbal definition given in contradiction to industry wide understanding of the term.</p> <p>The verbal explanation given at the seminar was that the "Externals @ 12%" includes a portion of the Estate Road and Foot Path not just the works within the curtilage of the dwelling.</p> <p>This makes estimating the validity of 12% impossible to assess/benchmark. Roads, Sewers, Infrastructure should be separated out in line with industry practice and the modelled on the basis of the time honoured and industry wide use of the Residual Land Appraisal Process. Base Construction -the BCIS rates need to be published and then which classification is used.</p> | <p>Build Costs – External Works</p> <p>External works are commonly assumed in financial viability assessment as, on plot / curtilage costs, estate/tertiary roads (and their associated standard utilities infrastructure).</p> <p>On this basis, the allowance for external works is typically in the range of 10-15%, depending on site specific circumstances including layout. A mid-range figure of 12% has been adopted for the purposes of this Local Plan Viability Study.</p> <p>There are different ways of approaching the classification of external costs, hence our “all-in” approach to construction costs as presented in the Assumptions Paper.</p> | None required. |
| Respondent 2 | <p>Permeable Roads</p> <p>Nearly all roads are permeable to allow for the SUDS solution and the cost to deliver this is 25-30% more expensive than standard road costs. The assumptions need to stand the test of time and percentages will not.</p> | <p>Permeable Roads</p> <p>Permeable roads are not a requirement of the HDC Design Guide.</p> | None required. |
| Respondent 2 | <p>10% abnormal buffer</p> <p>10% Buffer- too vague and accurate definition required, with the flexibility to use specific abnormal costs from contaminated sites or where abnormal foundations and so extra costs occur.</p> | <p>10% abnormal buffer</p> <p>This is a reasonable additional contingency (and the rounded % approach), which Cushman & Wakefield have adopted in the past.</p> | None required. |
| Respondent 2 | <p>CIL Timings</p> <p>CIL timings are too aggressive and the first payment should be in line with first occupation. The later payments similarly should be tied to occupations not timescales.</p> | <p>CIL Timings</p> <p>The CIL payments are in line with regulatory requirements and the HDC Instalment Policy.</p> | None required. |

| Comments | | Response | Amendment Made |
|---------------------|--|---|----------------|
| Respondent 2 | <p>Sliding Scale for Affordable Housing</p> <p>Affordable housing provision should also be on a sliding scale with the smaller sites having a lower percentage. This would enable delivery of smaller sites and more affordable housing where it is needed in the smaller settlements. We believe it would also mean less viabilities would be necessary.</p> | <p>Sliding Scale for Affordable Housing</p> <p>This is a policy consideration, and is something that will be considered and determined by HDC through this viability work.</p> | None required. |
| Respondent 2 | <p>Developers Return</p> <p>Reasonable assumptions and blended margins realistic, although 6% on affordable is low. 8-10% is more realistic and more likely to encourage affordable housing delivery.</p> | <p>Developers Return</p> <p>6% return on value for affordable is a standard assumption that is widely accepted</p> | None required. |
| Respondent 2 | <p>Benchmark Land Values</p> <p>Greenfield Sites- Especially under 14 units- Land Values are too low. Majority of sites in the smaller settlements will be smaller sites and land owners will not bring sites forward if this is all they can expect to achieve. This will lead to even fewer dwellings being delivered in smaller settlements either private or affordable, making these settlements even less sustainable than they are now. Brownfield Land Values - these are even worse as they are lower than current commercial land values, thus making them undeliverable as land owners unlikely to come forward.</p> <p>XX are pleased to be part of the process and seminars and happy to be of more help in the future and happy to share our wealth of experience and evidence if required.</p> <p>We trust our observations and comments will be reviewed and taken on board.</p> <p>All our observations and comments are based on actual developer experience of over 30 years. Most recently as a SME and previously as the MD of a national developer.</p> <p>We are not land agents and it was disappointing that we were the only developer represented on Monday, so feel our feedback is even more relevant.</p> | <p>Benchmark Land Values</p> <p>The greenfield range, broadly from £200,000/net acre to £345,000/net acres for sites of 2 ha plus (except SUE's) is considered reasonable, given the residential value areas.</p> <p>The range of £146,000 - £230,000 / net acre for greenfield sites of under 0.4ha reflects the difficulties (such as inefficient layouts due to site configuration) often effecting the smallest sites.</p> | None required. |

| Comments | | Response | Amendment Made |
|---------------------|--|---|----------------|
| Respondent 3 | <p>Density (Mix and Range of Typologies)</p> <p>DPH methodology needs defining further – what is definition of a developed hectare? (Green spaces, roads, boundaries?) Current village DPH is 21 DPH overall. Surely there should be methodology for this type of village average density. Density at the levels suggested would be in appropriate for edge of village locations. We are unable to comment on any of the rest of the document until this is further defined.</p> | <p>Density (Mix and Range of Typologies)</p> <p>The standard definition of net developable acre does include estate roads and incidental open space, excludes POS.</p> <p>The densities tested are derived from the Local Plan site based evidence from the Housing & Economic Land Availability Assessment (HELAA).</p> | None required. |
| Respondent 4 | <p>Mix and Range of Typologies - SUEs</p> <p>We consider that there is a good range of typologies but there is no scheme larger than 1,500 dwellings and we are aware of at least one site in the District which is larger than this. The viability of very large schemes could therefore be affected.</p> <p>We consider that the mix of dwellings sizes and mix is appropriate</p> | <p>Mix and Range of Typologies – SUEs</p> <p>The 1,500 typology relates to allocations, larger sites are already coming forward in the development management process.</p> | None required. |
| Respondent 4 | <p>Affordable Housing Transfer Values</p> <p>There does not appear to be any evidence of affordable housing sales transactions to the support the revenue assumptions. We understand that the affordable values have been estimated following a consultation with the Council and adopting 65% of Market Value for Shared Ownership units and 50% of Market Value for Affordable Rented units. We have discussed this with our affordable housing team and they consider the percentage applied for the Affordable Rented units could be slightly high.</p> | <p>Affordable Housing Transfer Values</p> <p>Prior to the main stakeholder consultation, HDC contacted a number of RPs regarding their views of transaction costs. Data was taken from across the District and an average approach was taken.</p> | None required. |

| Comments | | Response | Amendment Made |
|----------------------------|---|---|---|
| <p>Respondent 4</p> | <p>Phasing – Construction and Sales</p> <p>We have concerns over the timings of the sales start date, particularly for larger sites. Cushman & Wakefield has assumed that the first housing sales completion would occur in month 11 for every housing typology. Whilst a 10 month lead-in time to the first sales completion may be appropriate for the 11 and 25 unit typologies, however it is unrealistic to assume such a short lead- in period for the larger schemes. The suggestion that sales completions could commence within 11 months of the site purchase on a 1,500 unit scheme is completely unrealistic. We strongly recommend that the lead-in periods are reviewed for the 50+ dwelling typologies. For the larger schemes of 500, 750 and 1,500 units, it would be normal for there to be a substantial pre- construction period to allow for the necessary infrastructure and services to be installed. We suggest that a pre-construction / infrastructure period is added to the appraisals and that this period is made progressively longer as the typologies get larger.</p> | <p>Phasing Construction and Sales</p> <p><u>ConstructionLead-in from start on site</u></p> <p>The lead in for the smaller typologies is a standard C&W assumption that has been accepted elsewhere for typology testing, and commonly found in viability assessments.</p> <p>The observation regarding lead in for the larger typologies is noted and a one year lead in for the 500, 750 and 1,500 has been adopted.</p> <p><u>CompletionRate:11-25units</u></p> <p>The 48 dwellings per annum rate is a <i>completion rate not a market sales rate</i>, and <u>includes affordable housing</u>. Hence a rate of 4 completions per month, including affordable housing, is in our experience, reasonable. If the site has policy compliant affordable housing, then the open market sales rate would be around 2.4 dwellings per month (28 per year), which is reasonable even at small, more rural locations, and similar to the sales rate proposed by the consultee.</p> <p><i>Completion Rate: 50 units</i></p> <p>The suggestion of a rate of 36 pa for 50 unit sites is not accepted, as these sites are in more accessible locations, where a completion rate (including affordable) the equivalent of 3 per month would be unlikely as it would not be commercially viable.</p> | <p>Phasing Construction and Sales</p> <p><u>ConstructionLead-in</u></p> <p>Lead in extended to one year for the 500, 750 and 1500 dwelling typologies</p> <p><u>CompletionRate</u></p> <p>For the 11, and 25 dwelling typologies, an additional six months has been added to the construction period extending the development period from beginning of construction to final completion of 15 months for 11 dwellings and 18 months for 23 dwellings.</p> |

| Comments | | Response | Amendment Made |
|---------------------|--|--|----------------|
| Respondent 4 | <p>Phasing - Infrastructure</p> <p>Regarding the timing of the infrastructure works, we note from the Modelling Assumptions Paper that the infrastructure costs have been distributed over the front half I two thirds of the scheme and earlier for the 250 dwelling typology. From our experience we recommend that the infrastructure works are weighted further towards the front of the projects, particularly for the largest schemes. It is often the case that the upfront infrastructure costs are a key hurdle to viability particularly for strategic urban extensions (SUE's) so the phasing of the 1,500 unit typology should be considered in greater detail.</p> | <p>Phasing - Infrastructure</p> <p>From our experience of SUEs, the assumptions we have made in distributing <u>all</u> the infrastructure costs in the front half / two thirds of the schemes (500 dw plus), and even earlier for the 250 dwelling typology is cautious, so we would not consider phasing the costs any earlier. Not directly related to the particular comment, however, but material to the area of consideration regarding timing, we have extended the lead in period for the 500,750 and 1,500 dwelling typologies (See above).</p> | None Required |
| Respondent 4 | <p>Sales Rate</p> <p>We consider that the sales rates adopted generally appear to be reasonable. We understand that for sites of 250 units or less 4 sales per month has been assumed (across open market and affordable tenures).</p> <p>We would caution that a slower rate may be applicable to lower value or more isolated settlements.</p> | <p>Sales Rate</p> <p>Noted, though the “rate” we have used refers to completions (which includes affordable housing) rather than “sales”, so the rate of sales is actually more conservative to those which Respondent 4 broadly agrees with.</p> | |
| Respondent 4 | <p>Build Costs – 50 to 1,500 dwelling sites</p> <p>From our recent experience we consider that 'all-in' build costs for national housebuilders on serviced sites (i.e. with no abnormal costs and or infrastructure costs) are in the region of £120sq ft. We therefore consider that the build cost allowances made for the 50 to 1,500 unit typologies are low.</p> <p>No evidence appears to have been provided to support the build cost assumption of £85sq ft. for these typologies. We recommend that BCIS median build costs should be adopted throughout unless specific evidence is provided to suggest that BICS median costs are not appropriate.</p> | <p>Build Costs - 50 to 1,500 dwelling sites</p> <p>Drawing on an interpreting appropriate evidence, we tend to adopt a figure tracked below the BCIS Median build cost base. These larger sites tend to be developed by national housebuilders and benefit from economies of scale.</p> | None required |

| Comments | | Response | Amendment Made |
|---------------------|--|---|---|
| Respondent 4 | <p>Profit</p> <p>Cushman & Wakefield has adopted a profit margin of 20% for the private housing and 6% for the affordable housing. This is not consistent with the market as housebuilders would generally target at least 20% on GDV across the entire scheme.</p> <p>Savills has prepared a paper on house builder margins shows that the typical site level net profit margin for larger housebuilders is 20-25% of GOV. For SMEs the target profit margin will be higher (in the region of 25-30%) to reflect their higher project finance costs.</p> <p>Savills paper on profit margins attached.</p> | <p>Developers Return</p> <p>6% return on value for affordable is a standard assumption that is widely accepted.</p> | Non required |
| Respondent 4 | <p>Benchmark Land Value: Brownfield</p> <p>We consider that the benchmark land values adopted are generally low when compared to minimum prices we are aware have recently been negotiated in option and promotion agreements. You will appreciate that we are not able to disclose specific details of such agreements due to confidentiality.</p> <p>We consider that the benchmark land value for urban sites (£150,000 per gross acre) is low. This is below commercial land values in the district and does not take into account that most commercial sites will have some existing buildings. Consequently we do not consider this benchmark land value would give land owners sufficient incentive to release urban sites for housing. We consider that the benchmark land values adopted are generally low when compared to minimum prices we are aware have recently been negotiated in option and promotion agreements. You will appreciate that we are not able to disclose specific details of such agreements due to confidentiality.</p> <p>As an example of urban land values, Anglian House in Huntingdon (2.5 acres) sold for £2.85m in November 2014 which reflects £1,140,000 per gross acre. The site is located in the centre of Huntingdon and at the time of sale was occupied by a 50,000 sqft vacant office building.</p> | <p>Benchmark Land Value: Brownfield</p> <p>In response, and to add to the overall viability buffer, we have increased the minimum rate to £250,000/net acre, bringing the range of consideration to between £250,000 and £276,000 per net acre</p> <p>The brownfield/PDL sites in the local plan vary considerably in terms of size and quality as employment sites and in view of their current potential allocation would not necessarily be considered prime. No evidence has been presented regarding views on appropriate existing use value for PDL sites.</p> <p>This was a <u>conversion</u> scheme to apartments, so not an appropriate comparable.</p> | <p>Benchmark Land Value: Brownfield</p> <p>We have increased the minimum rate from £150,000 to £250,000 per acre,</p> <p>None Required</p> |

| Comments | | Response | Amendment Made |
|---------------------|---|---|--|
| Respondent 5 | <p>Dwelling Sizes and Mix</p> <p>Generally acceptable although apartments are too small for OM sale purposes</p> | <p>Dwelling Sizes and Mix</p> <p>The apartment sizes are a blended rate, allowing for an element of one bedroom apartments, which brings the average size down.</p> | None required. |
| Respondent 5 | <p>Transfer Values for Affordable Housing</p> <p>Absence of the rent escalator for socially rented stock has increased OM RP development vehicles to cross subsidise mixed tenure schemes leading to improved offers typically at 60%.</p> | <p>Transfer Values for Affordable Housing</p> <p>Noted, we have taken a cautious approach.</p> | None required. |
| Respondent 5 | <p>Development Phasing</p> <p>Considerable debate in the room on Monday 24th that phasing is unrealistic particularly with regard to lead in times. This should be revisited generally, with consideration given to projects requiring significant upfront infrastructure.</p> | <p>Development Phasing</p> <p><u>ConstructionLead-in from start on site</u></p> <p>The lead in for the smaller typologies is a standard C&W assumption that has been accepted elsewhere for typology testing, and commonly found in viability assessments.</p> <p>The observation regarding lead in for the larger typologies is noted and a one year lead in for the 500, 750 and 1,500 has been adopted.</p> <p><u>CompletionRate:11-25units</u></p> <p>The 48 dwellings per annum rate is a completion rate <u>not</u> a market sales rate, and <u>includes affordable housing</u>. Hence a rate of 4 completions per month, including affordable housing, is in our experience, reasonable. If the site has policy compliant affordable housing, then the open market sales rate would be around 2.4 dwellings per month (28 per year), which is reasonable even at small, more rural locations, and</p> | <p>Development Phasing</p> <p><u>ConstructionLead-in</u></p> <p>Lead in extended to one year for the 500, 750 and 1500 dwelling typologies</p> <p><u>CompletionRate</u></p> <p>For the 11, and 25 dwelling typologies, an additional six months has been added to the construction period extending the development period from beginning of construction to final completion of 15 months for 11 dwellings and 18 months for 23 dwellings.</p> |

| Comments | | Response | Amendment Made |
|---------------------|---|--|----------------|
| | | reasonable. If the site has policy compliant affordable housing, then the open market sales rate would be around 2.4 dwellings per month (28 per year), which is reasonable even at small, more rural locations, and similar to the sales rate proposed by the consultee. | |
| Respondent 5 | <p>Construction Costs</p> <p>This will always be scheme specific and provision for directly related QS cost build up and or tendered prices should be included.</p> <p>The expectation that all large sites will benefit from a reduced contingency rate should be treated with caution. Flexibility is required to enable a site by site analysis, given that large sites can have both multiple and extensive anomalies. Furthermore, the phasing and parceling of large schemes can reduce economies of scale per phase, with each housebuilder applying an increased contingency on individual land sales.</p> | <p>Construction Costs</p> <p>Noted, hence our “all in approach”, which for the strategic sites (250 dwellings and above) the rate is £110/sqft, which is comparable with our recent experience (See previous responses). We recognise there is potential for abnormal costs, and this is included in the £20,000 / dwelling infrastructure allowance, which we view as being at the top end of the range.</p> | None required. |
| Respondent 5 | <p>CIL</p> <p>Whilst affordable housing is generally excluded shared tenure units in excess of 75% attract CIL payments. Existing provision for negotiated payment schedules should continue as well as land being provided in lieu on larger sites.</p> | <p>CIL</p> <p>Assumed Shared ownership transfer values are 65% of OMV. Notwithstanding this, there is no additional charge for such shared tenure units in the HDC CIL Charging Schedule.</p> | None required. |
| Respondent 5 | <p>Profit</p> <p>As discussed at the meeting major house builders are increasingly arguing for 20% across all tenure types without regard to HCA toolkit rates of 6% for affordable tenure and notwithstanding inspectors appeal decisions concerning blended margins. A survey of the National house builders will confirm accordingly.</p> <p>Major Housebuilders are seeking a greater return than 20% on the OM sales, in recent cases we believe this could now be closer to 25%.</p> | <p>Developers Return</p> <p>6% return on value for affordable is a standard assumption that is widely accepted</p> | None required. |

| Comments | | Response | Amendment Made |
|---------------------|---|---|---|
| Respondent 5 | <p>Benchmark Land Values</p> <p>Largest bone of contention in that suggested benchmark values for both undeveloped and previously developed land are all without reference to comparable transaction analysis for the locality and appear entirely arbitrary and unrealistic.</p> <p>The Cushman & Wakefield benchmark land value assumptions are likely to be based on scenarios experienced towards the end of the site promotion process, where significant sums of money and time will have been invested into the promotion of sites and a reduced return is more likely to be accepted to avoid significant losses.</p> <p>However, to encourage landowners to bring forward land at the outset of the promotion process is likely to require a greater return than £100,000 per acre.</p> | <p>Benchmark Land Values</p> <p>The greenfield range, broadly from £200,000/net acre to £345,000/net acres for sites of 2 ha plus (except SUEs) is considered reasonable, given the residential value areas, of the District- highlighted in the report at 2.10. No evidence to the contrary has been supplied.</p> <p>The range of £146,000 - £230,000 / net acre for the sites of under 0.4ha reflects the difficulties (such as inefficient layouts due to site configuration) often affecting the smallest sites.</p> <p>There is local evidence from FVAs submitted to HDC that £100,000 / gross acre is acceptable for SUEs.</p> | <p>None required (Greenfield), but minimum benchmark for Previously Developed Land raised to £250,000/acre</p> |
| Respondent 5 | <p>Gross to Net for SUEs</p> <p>A 50% gross to net development ratio on most Sustainable Urban Extensions would be an optimum figure, often circa 45% net is more common once infrastructure, POS and site constraints are considered.</p> | <p>Gross to Net for SUEs</p> <p>50% ratio is reasonable in our experience of appraising SUE's, including for infrastructure, POS and site constraints.</p> | <p>None required</p> |
| Respondent 5 | <p>Planning Promotion Costs</p> <p>No consideration is given by C&W towards the planning promotion costs incurred prior to the preparation and submission of a planning application. It is not uncommon to find significant sums (upwards of £1,000,000 in some cases) are spent demonstrating sites suitability and deliverability in the plan preparation process.</p> <p>Overall the modelling assumptions made by C&W are frequently on the more optimistic spectrum and do not provide the council sufficient flexibility to ensure that sites can be reliably brought forward through the planning process.</p> | <p>Planning Promotion Costs</p> <p>Noted. We have tested the equivalent of an additional 4% on fees for the 1,500 dwelling typology.</p> | <p>Planning Promotion Costs</p> <p>We will test the equivalent of an additional 4% on fees for the 1,500 dwelling typology</p> |

| Comments | | Response | Amendment Made |
|---------------------|--|--|----------------|
| | <p>Mix of Range and Typologies</p> <p>The suggested mix and range seem appropriate for generic modelling</p> | <p>Mix of Range and Typologies</p> <p>Noted</p> | None required. |
| Respondent 6 | <p>Dwelling Sizes and Mix</p> <p>The average dwelling size for the various schemes are noted.</p> <p>We would expect the mix to be based on the Council's 2011 Developer Contributions SPD (26% 1-2 beds; 30% 2 beds; 34% 4 beds; 10% 5 beds) as updated by its refreshed OAN evidence base.</p> <p>Regarding affordable housing, The Spires scheme at St Ives is currently under construction. Assessment of the planning permission suggests that the average affordable unit is 758sqft so an assumption of 750sqft average dwelling size is reasonable.</p> | <p>Dwelling Sizes and Mix</p> <p>The dwelling size and mix is based around the SHMA, the most up to date evidence base regarding mix.</p> | None required. |
| Respondent 6 | <p>Affordable Housing Transfer Values</p> <p>The assumed 54.5% transfer value rate is noted.</p> | <p>Affordable Housing Transfer Values</p> <p>Noted</p> | None required. |
| Respondent 6 | <p>Development Phasing</p> <p>The scheme absorption rate of 48 dwellings per annum seems reasonable for generic modelling.</p> | <p>Development Phasing</p> <p>Noted</p> | None required. |

| Comments | Response | Amendment Made |
|----------------------------|---|--|
| <p>Respondent 6</p> | <p>Build Costs</p> <p>The suggested construction costs using BCIS median build cost for estate housing is considered appropriate for generic testing. However, we disagree that this should be discounted for strategic site typologies of 250 units and above. No evidence has been supplied to justify the lower level. Also, BCIS does not include garages. A separate allowance should be made and it is reasonable to assume £9,000 per garage for generic testing.</p> <p>On the understanding that the plot externals includes estate roads, 12% appears too low.</p> <p>10% abnormals should still be applicable to sites above 250 units. We do not consider this is reflected in any 'special provision' within the site-wide infrastructure cost. A buffer should be applied to strategic sites.</p> <p>We agree that a 5% contingency should be applied throughout.</p> <p>We fundamentally object to the comment that larger strategic sites should have an assumed lower baseline for professional fees of 4%. The cost of promoting and obtaining planning permission for the strategic sites need to be properly recognised. We support the use of 10% throughout the range of typologies and do not consider this cautious for generic testing.</p> | <p>Build Costs - 50 to 1,500 dwelling sites</p> <p>Drawing on an interpreting appropriate evidence, we tend to adopt a figure tracked below the BCIS Median build cost base. These larger sites tend to be developed by national housebuilders and benefit from economies of scale.</p> <p>Garage figure included within "All in" construction costs.</p> <p>Garages</p> <p><u>50 dwellings and above:</u></p> <p>Included in all in build costs, as expressed in the text of the Assumptions Paper. Also, it is not necessarily the case for garages to be set out separately as standard</p> <p><u>Less than 50 dwellings</u></p> <p>Taking the 5 year Median £98.4/sqft BCIS figure (Cambridgeshire, Q4 2016), we - adjust this (£7.88/sqft) for subcontractor profit, gives an adjusted base figure of £90.5/sqft, or circa £95,000/dw (assuming a 1,050sqft dwelling)</p> <ul style="list-style-type: none"> - allow £17,500 /dw for external works (including £2,500/dw plot connections) - allow £7,000 / dw for garage construction - Gives a build cost of £120,000 / dwelling (or £114/sqft) if all have garages - The build cost of a dwelling without a garage (on a like for like basis) would be £112,500 (£107/sqft), so a blended rate assuming half of all the dwellings on a site have garages would be around £110.5/sqft, which is similar to the £110/sqft construction cost (including externals) we have modelled for the |

| Comments | Response | Amendment Made | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|----------------------------------|--------------------------|-----------|---------------|----------------------------------|----------------------------------|-------------|----------------------|---------------------------|------------------------------|-----------------|-----|-----|-----|---------------------------------|-----------------|---------------------------|----------------------------------|--------|-----|-----|------|-------|-----------------------|-------------------------------|----------------------------------|--------------------|----|----|-----|-------|------------------------|------------------------|---------------------------|--------------------|-----|-----|-----|-------|--------------------------|--------------------------------|------------------------------|-------|----|----|-----|-------|----------------|-----------------------------|----------------------------------|---------|----|----|------|-------|---|--|
| | <p>schemes of less than 50 dwellings.</p> <p>Abnormal Costs on Strategic Sites</p> <p>We recognise there is potential for abnormal costs, and this is included in the £20,000 / dwelling infrastructure allowance, which we view as being at the top end of the range, based on sites we have assessed.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Respondent 6 CIL</p> <p>The CIL rate is a fixed liability and whilst the 2017 rate is £109.01 per sqm (£10.13 per sqft) we note the reason for maintaining the 2016 rate for consistency.</p> <p>The percentage of garages at 60% of private units is not a cautious approach as suggested. We consider this should be at least 70% for the larger sites (750 units and above) to reflect comparable schemes in similar value areas and potentially higher on smaller schemes. Some examples are set out below:</p> <table border="1" data-bbox="320 831 1025 1209"> <thead> <tr> <th>Scheme</th> <th>Location</th> <th>Local Planning Authority</th> <th>Developer</th> <th>Garages</th> <th>Private Units</th> <th>% of private units with a garage</th> <th>Decisi date</th> </tr> </thead> <tbody> <tr> <td>Phase 2, Potton Road</td> <td>Biggleswade, Bedfordshire</td> <td>Central Bedfordshire Council</td> <td>Bloor / Bellway</td> <td>143</td> <td>148</td> <td>97%</td> <td>29-Mi (resol to gra subje S106)</td> </tr> <tr> <td>Alconbury Weald</td> <td>Alconbury, Cambridgeshire</td> <td>Huntingdonshire District Council</td> <td>Redrow</td> <td>210</td> <td>185</td> <td>114%</td> <td>24-Fe</td> </tr> <tr> <td>Parcel 10, Bearscroft</td> <td>Godmanchester, Cambridgeshire</td> <td>Huntingdonshire District Council</td> <td>David Wilson Homes</td> <td>52</td> <td>57</td> <td>91%</td> <td>18-De</td> </tr> <tr> <td>Phase 1 Overstone Leys</td> <td>Overstone, Northampton</td> <td>Daventry District Council</td> <td>David Wilson Homes</td> <td>136</td> <td>170</td> <td>80%</td> <td>27-Au</td> </tr> <tr> <td>Phase 1 Morteyne Meadows</td> <td>Marston Mortaine, Bedfordshire</td> <td>Central Bedfordshire Council</td> <td>Bovis</td> <td>71</td> <td>87</td> <td>82%</td> <td>27-Fe</td> </tr> <tr> <td>Eaton Crescent</td> <td>Eaton Socon, Cambridgeshire</td> <td>Huntingdonshire District Council</td> <td>Bellway</td> <td>27</td> <td>27</td> <td>100%</td> <td>25-Fe</td> </tr> </tbody> </table> | Scheme | Location | Local Planning Authority | Developer | Garages | Private Units | % of private units with a garage | Decisi date | Phase 2, Potton Road | Biggleswade, Bedfordshire | Central Bedfordshire Council | Bloor / Bellway | 143 | 148 | 97% | 29-Mi (resol to gra subje S106) | Alconbury Weald | Alconbury, Cambridgeshire | Huntingdonshire District Council | Redrow | 210 | 185 | 114% | 24-Fe | Parcel 10, Bearscroft | Godmanchester, Cambridgeshire | Huntingdonshire District Council | David Wilson Homes | 52 | 57 | 91% | 18-De | Phase 1 Overstone Leys | Overstone, Northampton | Daventry District Council | David Wilson Homes | 136 | 170 | 80% | 27-Au | Phase 1 Morteyne Meadows | Marston Mortaine, Bedfordshire | Central Bedfordshire Council | Bovis | 71 | 87 | 82% | 27-Fe | Eaton Crescent | Eaton Socon, Cambridgeshire | Huntingdonshire District Council | Bellway | 27 | 27 | 100% | 25-Fe | <p>CIL - Assumption for % of Garages (Private Units)</p> <p>Recent evidence gathered for HDC for a large site suggests closer to 50% garages, whilst C&W consider a general average of 60% is reasonable, bearing in mind the proportion can vary.</p> | |
| Scheme | Location | Local Planning Authority | Developer | Garages | Private Units | % of private units with a garage | Decisi date | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Phase 2, Potton Road | Biggleswade, Bedfordshire | Central Bedfordshire Council | Bloor / Bellway | 143 | 148 | 97% | 29-Mi (resol to gra subje S106) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Alconbury Weald | Alconbury, Cambridgeshire | Huntingdonshire District Council | Redrow | 210 | 185 | 114% | 24-Fe | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Comments | | Response | Amendment Made |
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| Respondent 6 | <p>S106</p> <p>On-site mitigation and delivery of key infrastructure (education, roads, open spaces) is necessary in developments to make them attractive places to live and help create communities. S106 items are effectively non-negotiable and the use of £12,000 per dwelling as an appraisal input is reasonable for generic testing. However, the timing of payments for the larger strategic sites (750 and above) needs to reflect Cambridgeshire County Council's (CCC) delivery requirements for primary school provision. The draft LP2036 policies state where additional school provision is expected and it is those larger sites. CCC's standard requirement for the provision of the school upon commencement of the development is well documented and this approach needs to be reflected within the modelling. For the two larger site scenarios of 750 units and 1500 units, the s106 payment structure should be different to recognise this issue. We recommend that the first equal tranche is payable within the first 6 months and the second tranche within 24 months of implementation.</p> | <p>S106</p> <p>The potential timing impact of the CCC requirement is noted, and timing adjustments are proposed for the 750 and above size typologies, involving separate timing for education elements.</p> | <p>With regard to these education payments:</p> <ul style="list-style-type: none"> - For the 750dw archetype we have assumed a 1 Form Entry (FE) school @£4.3m, - For the 1,500dw archetype we have assumed a 2FE school @ £8.6 million - Payment scheduling as follows: - 10%, on Implementation of site - 65%, 12 months after the date of Implementation of site - 25, 24 months after the date of Implementation of site |
| Respondent 6 | <p>Infrastructure</p> <p>The use of a generic cost for Local Plan modelling is acceptable, providing that it is recognised by the Council that individual sites are unlikely to exactly fit into the parameters of the generic model when determining the viability of individual schemes. Generally, a £20,000/dw cost for Other Site Infrastructure over 250 dwellings is low in our view. It is noteworthy that the Harman report is now some 4-5 years old and the site infrastructure costs cited should be uplifted to November 2016 to be consistent.</p> | <p>Infrastructure</p> <p>In our experience of viability assessing strategic sites, the strategic infrastructure costs (expressed on a £/dwelling basis, as of 2016) are generally lower than the £20,000/dwelling cited by Harman.</p> | <p>None required.</p> |

| Comments | | Response | Amendment Made |
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| Respondent 6 | <p>Profit and Finance</p> <p>Profit: 17.5% on GDV blended rate (20% market/6% affordable) is noted for generic modelling.</p> <p>Finance: We note a 6.5% rate on borrowing costs is to be used for generic modelling.</p> | <p>Profit and Finance</p> <p>Noted</p> | None required. |
| Respondent 6 | <p>Marketing and Sales</p> <p>Marketing and Sales: A rate of 3.5% sales and marketing fees for the market units is reasonable for this purpose albeit it at the lower end of the 3% to 5% allowance suggested by the Harman Report.</p> | <p>Marketing and Sales</p> <p>Noted, though in our experience of reviewing viability appraisals, 3.5% is at the top end.</p> | None required. |
| Respondent 6 | <p>Benchmark Land Value</p> <p>The range of BLVs when applied per gross acre of a site are reasonable provided they are recognised as a minimum competitive return to a landowner of a site. The Council should maintain these values as a minimum within the appraisals.</p> | <p>Benchmark Land Value</p> <p>Noted</p> | None required. |
| Respondent 6 | <p>Other</p> <p>The viability of the Local Plan is fundamental to its deliverability.</p> <p>Affordable housing is the main input that is sufficiently flexible to help improve deliverability over the planned development period. The Council should consider a range of affordable housing levels to reflect the range of typologies.</p> <p>xx welcomes further collaboration and discussion on the ongoing viability work.</p> | <p>Other</p> <p>This is a policy consideration, not for this stage of the study.</p> | None required. |

| Comments | Response | Amendment Made |
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| <p>Respondent 7</p> <p>Mix and Range of Typologies Tested</p> <p>We note Cushman & Wakefield (“C&W”) propose to test only dwelling typologies up to 1,500 dwellings, whereas we are aware of developments of far in excess of this size within Huntingdonshire, such as the St Neots expansion (at over 3,800 dwellings). We would suggest it would be important to test larger typologies than 1,500 units to reflect the obvious differences attached to such sizable developments, primarily relating to the greater infrastructure costs and Section 106 (S.106) requirements.</p> <p>In relation to the table included on the bottom of page 4 where C&W state that “<i>Broadly reflecting the location of the allocations that the typologies tested seek to reflect, the following value points are proposed to be tested, by density typology</i>”, we would consider it too crude to apply a value point against each tested density. We would suggest that (dwelling) values are driven less by the density of development and more by location, quality of development, surrounding environment and the product.</p> <p>Furthermore, we note that C&W also propose to test Greenfield & Brownfield (previously developed) land, however it appears that the only section where their assumptions change between these two site contexts is the Benchmark Land Value (BLV). We would have expected that the S106 and Infrastructure costs would vary between greenfield and brownfield sites – as well as the timescales involved in site works. We would therefore suggest it would be important to look at the differences to infrastructure & S106 costs and development timescales / phasing to fully test greenfield & brownfield sites.</p> | <p>Mix and Range of Typologies Tested</p> <p>The 1,500 typology relates to allocations, larger sites are already coming forward in the development management process. The overall report will consider the viability and delivery of the Local Plan taking into consideration the current position of such larger sites.</p> <p>Density and Value Relationship</p> <p>A range of value points have been tested, and matched with development density typologies to reflect the range of sites proposed to come forward through the Local Plan.</p> <p>Different Assumptions for PDL and Greenfield</p> <p>HDC policy regarding S106 contributions does not differentiate between greenfield and PDL sites.</p> <p>The infrastructure specification requirements of PDL and Greenfield sites may vary, but not necessarily the overall cost and this cannot reasonably be defined at the level of typology testing, and likewise the timing.</p> | <p>None required</p> |

| Comments | | Response | Amendment Made |
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| Respondent 7 | <p>Transfer Values for Affordable Housing</p> <p>C&W state <i>“in consultation with the Huntingdonshire District Council Policy and Enabling Officer (after his consultation with a number of [affordable housing] providers), a blended transfer value rate of 54.5% has been proposed to be tested.”</i> Whilst we would not consider this to be an unreasonable blended affordable housing benchmark (as an assumed percentage of equivalent Open Market Value), we would expect the value of the Affordable Rented and Shared Ownership units to be expressed separately, again - as percentages of equivalent Open Market Value (OMV). This would enable C&W to test different affordable housing tenures, which is important, as in our experience it is very common for the agreed tenure split between Affordable Rented and Shared Ownership housing to be different from the policy requirement of 70%;30%.</p> | <p>Transfer Values for Affordable Housing</p> <p>It is the policy requirement for tenure balance that is tested e.g. 70%/30%.</p> | Non required |
| Respondent 7 | <p>Development Phasing</p> <p>Completions Rate: Section 2.4 of the Cushman & Wakefield report shows the anticipated completions rate for developments of 750-1,500 dwellings to be 100 completions per annum. It is not clear whether this is the ‘all-in’ completions rate (including market units and affordable units) or whether this is only for the market units. Clarity on this would be welcomed, as in our experience the completions rate needs to be based upon the rate of market sales (rather than market and affordable homes).</p> | <p>Development Phasing – Dwelling Completions</p> <p>It is all in, i.e. inclusive of affordable housing. Including affordable housing, this works out at just over 4 completions per development point, per month, which is not unreasonable.</p> | Non required |
| Respondent 7 | <p>Development Phasing - Infrastructure</p> <p>Infrastructure: Section 2.4 of the C & W report also states that <i>“With regard to the timing and duration of the infrastructure phasing, we have taken a cautious approach, with essentially all infrastructure investment complete by between halfway and two thirds through the scheme.”</i> It is important when modelling</p> | <p>Development Phasing - Infrastructure</p> <p>Phasing - Infrastructure</p> <p>From our experience of SUE's, the assumptions we have made in distributing <u>all</u> the infrastructure costs in the front half / two thirds of the schemes (500 dw</p> | Non required |

| Comments | | Response | Amendment Made |
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| | <p>large – especially “greenfield” developments - to ensure that assumptions about Infrastructure spend reflect the reality of the situation.</p> <p>We mean by this that large proportions of the Infrastructure normally need to be constructed at the earliest stages of development – sometimes even before a single dwelling is occupied – with the profile of spending then tapering off over the duration of the development. It is impossible to tell from the C & W work & report what assumptions they have made about the pattern of Infrastructure spending.</p> <p>Lead-in times: There is currently no proposed allowance for lead-in times which we would suggest is important to reflect on the larger dwelling typologies, as the time incurred on site clearance/preparation/ remediation/ archaeology/ surveys etc. would need to be reflected in order to truly reflect the effects on development costs and therefore viability.</p> <p>The above comment is based upon numerous experiences including advice given in relation to:-xxxxx</p> | <p>plus), and even earlier for the 250 dwelling typology is cautious, so we would not consider phasing the costs any earlier.</p> <p>Phasing - Infrastructure</p> <p>From our experience of SUE’s, the assumptions we have made in distributing <u>all</u> the infrastructure costs in the front half / two thirds of the schemes (500 dw plus), and even earlier for the 250 dwelling typology is cautious, so we would not consider phasing the costs any earlier.</p> <p>Not directly related to the particular comment, however, but material to the area of consideration regarding timing, we have extended the lead in period for the 500,750 and 1,500 dwelling typologies (Refer to response to Respondent 2 regarding infrastructure).</p> | |
| <p>Respondent 7</p> | <p>Build Costs</p> <p>Our comments in this section have been broken down into 4 elements:-</p> <ol style="list-style-type: none"> 1. Plot Abnormals 2. Garages 3. Maximum Age of Results (for BCIS data), and 4. Gross-to-net Allowance for Flats <p>Plot Abnormals</p> <ol style="list-style-type: none"> 1. Plot Abnormals: The report makes reference to a 10% “buffer/uplift for other site works/abnormals” applied to houses (only) on sites of under 200 dwellings, whereas no such allowance has been assumed for larger sites of over 200 dwellings: “<i>The highest cost typologies are the smaller typologies of 11 and 25 dwellings and which directly relate to the</i> | <p>Abnormal Costs on Strategic Sites(200+ dwellings)</p> <p>We recognise there is potential for abnormal costs, and this is included in the £20,000 / dwelling infrastructure allowance, which we view as being at the top end of the range, based on sites we have assessed.</p> | <p>None required</p> |

| Comments | | Response | Amendment Made |
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| | <i>BCIS median build cost for Estate Housing...</i> | | |
| Respondent 7 | <p><i>Typologies of this size represent small sites that will only appeal to smaller housebuilders, whilst site of 50 dwellings and over will tend to appeal to larger housebuilders, and we have adjusted costs based on our current understanding of such costs. The cost rate applied to 'strategic site' typologies of 250 dwellings and above is reduced to £109.5/sq. ft. on the basis that the cost build up excludes the 10% abnormal uplift applied to the smaller typologies...." <u>We would welcome a detailed explanation of the reason and evidence for this subjective 10% deduction to BCIS cost data on large sites.</u></i></p> | <p>Abnormal Costs on Strategic Sites(200+ dwellings)</p> <p>The "10% deduction" relates to the provision for abnormal in the £20,000 / dwelling infrastructure allowance, which we view as being at the top end of the range, based on sites we have assessed.</p> | None required |
| Respondent 7 | <p>Apartments</p> <p>The report goes on to say that "<i>We have not provided for a further cost buffer for the apartments as in our opinion this is already provided for in the externals allowance, which on a proportionate basis in relation to the base build costs for apartments is high.</i>" We would welcome clarification on this point as plot externals (roads, footways, fencing highway drainage etc.) and plot abnormal are very separate cost heads which should not be confused or regarded as interchangeable.</p> <p>Garages</p> <p>2. Garages: At 2.6 of the report it states "<i>The schedule below sets out the construction cost assumptions used (including garages) for houses</i>". We take from this that the costs that have been embedded within the C & W modelling are assumed to be inclusive of the cost of garages, whereas we would expect the cost of garages to be identified separately. We have attached an email from BCIS stating that standalone garages should be measured</p> | <p>Garages</p> <p><u>50 dwellings and above:</u></p> <p>Included in all in build costs, as expressed in the text of the Assumptions Paper.</p> <p>Also, it is not necessarily the case for garages to be set out separately as standard</p> | <p>Apartments</p> <p>We have amended the Viability Modelling to allow for a 10% cost buffer to apartments.</p> <p>Garages</p> <p>Non required</p> |

| Comments | | Response | Amendment Made |
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| | and priced separately: <i>“Adjacent or stand-alone garages should be measured and priced separately.”</i> | <p><u>Lessthan50dwellings</u></p> <p>Taking the 5 year Median £98.4/sqft BCIS figure (Cambridgeshire, Q4 2016), we</p> <ul style="list-style-type: none"> - adjust this (£7.88/sqft) for subcontractor profit, gives an adjusted base figure of £90.5/sqft, or circa £95,000/dw (assuming a 1,050sqft dwelling) - allow £17,500 /dw for external works (including £2,500/dw plot connections) - allow £7,000 / dw for garage construction - Gives a build cost of £120,000 / dwelling (or £114/sqft) if all have garages - The build cost of a dwelling without a garage (on a like for like basis) would be £112,500 (£107/sqft), so a blended rate assuming half of all the dwellings on a site have garages would be around £110.5/sqft, which is similar to the £110/sqft construction cost (including externals) we have modelled for the schemes of less than 50 dwellings. | |
| Respondent 7 | <p>Maximum age of BCIS results</p> <p>Having looked up the Median Average BCIS data for November 2016 which is the dataset said to have been reflected within the report, it is apparent that C&W have adopted a 15 year maximum age of results whereas it is normal practice to adopt a 5 year maximum age of results.</p> <p>Plainly the older the adopted dataset the less reliable it will be in predicting the costs likely to be expended in housing developments to be carried out AFTER the C&W report has been published.</p> <p>BCIS has a default setting whereby it takes into account all projects from the last 15 years. The BCIS guidance explains that the reason the default dataset is for 15 years is to enable a greater number of projects to be used to calculate the average covering situations</p> | Noted, refer to amendment made, for the purposes of this Local Plan Viability Study | <p>Maximum age of BCIS results</p> <p>For the typologies of under 50 dwellings we have tested using the 5 year BCIS Median dataset</p> |

| Comments | Response | Amendment Made |
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| <p>where the sample size (for say the most recent 5 year period) would be too small to be reliable: “There are not always results available for each building function/type of work combination, so if a category you requested is not displayed it will be because there are no figures available... If you have changed the 'Maximum age of results' from Default period then selecting a longer period (or default) may also show additional categories...To change the age limit for including projects in the results, use the 'Maximum age of result' pulldown list. This list is in five year bands, starting with the first period where any results would be displayed and ending with the period containing the oldest project available.”</p> <p>BCIS also explains: “The default cut-off period of 15 years was chosen as a compromise between wanting just the latest projects included and having a sample size large enough to fairly represent the average cost of the category.” BCIS provides the user with the ability to vary the default age range to one that is more appropriate. It is suggested – in relation to housing - that the most recent 5-year average age of results is almost certain to be the best and most relevant in terms of housebuilding AND its sample size can be expected to be more than large enough (compared to datasets relating to other land uses). To illustrate, we have attached two datasets for Median Average BCIS Data for November 2016; one based upon a 5-year Maximum</p> <p>Average Age of Results, and the other based on a 15-Year Age of Results. It will be apparent that the average price for the 5-year data set is based upon a sample size of 723 projects - more than enough to provide a robust average price.</p> | | |
| <p>Although the costs of these ‘out of date’ projects may have been indexed up it be appreciated and as BCIS explains in the guidance: “Proposals to select a more recent sub-set of projects for inclusion in the studies [i.e. 5 / 10 year maximum age of results rather than the 15 year default] have existed for over 10 years, driven by the concern that adjusting project costs using a tender</p> | | |

| Comments | | Response | Amendment Made |
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| | <p>client requirements, new technologies or even fashion.” By selecting a 15 year average the assumed build cost is very likely to be below the situation actually encountered.</p> <p>It is clear that the above-quoted BCIS guidance is advising that one can use the 15 year/10 year data period, however this Cushman & Wakefield’s report (adopting a 15-year age of results) is based upon a sample size of 1,856 projects – meaning that 1,133 out of the 1,856 projects (61%) used to inform the assumed build cost is between 5 and 15 years old.</p> <p>Although the costs of these ‘out of date’ projects may have been indexed up it be appreciated and as BCIS explains in the guidance: <i>“Proposals to select a more recent sub-set of projects for inclusion in the studies [i.e. 5 / 10 year maximum age of results rather than the 15 year default] have existed for over 10 years, driven by the concern that <u>adjusting project costs using a tender price index does not take into account changes due to regulation, client requirements, new technologies or even fashion.</u>”</i> By selecting a 15 year average the assumed build cost is very likely to be below the situation actually encountered.</p> <p>It is clear that the above-quoted BCIS guidance is advising that one can use the 15 year/10 year data period, however this should only be in circumstances where there is insufficient ‘samples’ within the 5 year data period. Such does not apply to the house build cost dataset.</p> | | |
| Respondent 7 | <p>Gross to Net Ratios for Flats</p> <p>4. Gross-to-net allowance for Flats: Within the C & W report no allowance for “Gross-to-Net” for flats (which I would typically expect to be c.15%) appears to have been made. Such allowance is required to reflect build costs associated with communal areas such as corridors, staircases & other risers, entrance halls etc. The areas information quoted by housebuilders (in relation to</p> | <p>Gross to Net Ratios for Flats</p> <p>The allowance is made, assuming 15%.</p> | None required |

| Comments | Response | Amendment Made |
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| <p>“comparable” developments – from which assumed unit revenues will have been derived) will be the GIA of each individual residential unit hence the cost of constructing the other areas within a block will not be reflected if BCIS rates are applied to the aggregate of the GIAs. [Please see attached]</p> | | |
| <p>Respondent 7 Infrastructure Costs</p> <p>Infrastructure: Cushman & Wakefield have made an overarching assumption that £20,000 per dwelling for strategic infrastructure (e.g. primary and secondary access roads, utility connections and infrastructure, open space) would be an adequate allowance for sites of over 250 units. Our experience on large strategic sites is that infrastructure costs will be “bespoke” but in any event are often significantly higher at perhaps £20,000 to £30,000 per plot (<u>excluding</u> additional plot abnormal costs and other matters such as design code enhancements). In overview, the C & W assumption appears to be at the very bottom of (or even lower) the ‘typically-seen’ range. Plainly, if a conservative cost assumption, that does match reality, is made then some sites will be assessed as viable when in fact they are not.</p> | <p>Infrastructure</p> <p>In our experience of viability assessing strategic sites, the, strategic infrastructure costs (expressed on a £/dwelling basis, as of 2016) are generally lower than the £20,000/dwelling cited by Harman.</p> | <p>None required</p> |
| <p>Respondent 7 Section 106</p> <p>S106: The assumed S.106 rate for large 250-1,500 unit sites embedded within the C & W report is £12,000 per dwelling/plot (excluding CIL) with the report stating <i>“this is due to the approach set out in the HDC Developer Contribution SPD (2011).”</i> It is our experience on numerous sites in the Cambridgeshire region, that S.106 costs can be much higher often £15,000-£20,000 per dwelling AFTER CIL. Again, the C&W assumption is likely to result in a flawed conclusion so we would suggest that rather than base the assumed cost on the indicative Developer Contribution SPD it would be more reliable to analyse evidence arising from actual S.106 agreements.</p> | <p>S106 Timing</p> <p>The potential timing impact of the CCC requirement is noted, and timing adjustments are proposed for the 750 and above size typologies, involving separate timing for education elements.</p> <p>Section 106 Contributions</p> <p>This allowance is based on HDC analysis of contributions at sites of 200 dwellings or more.</p> | <p>Section 106 Timing</p> <p>With regard to these education payments:</p> <ul style="list-style-type: none"> - For the 750dw archetype we have assumed a 1 Form Entry (FE) school @£4.3m, - For the 1,500dw archetype we have assumed a 2FE school @ £8.6 million |

| Comments | | Response | Amendment Made |
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| | | | <ul style="list-style-type: none"> - Payment scheduling as follows: - 10%, on Implementation of site - 65%, 12 months after the date of Implementation of site - 25%, 24 months after the date of Implementation of site |
| Respondent 7 | <p>Benchmark Land Value</p> <p>Whilst we would consider C&W's adopted Benchmark Land Value (BLV) for Greenfield SUE's (of £100,000 per gross acre) to be within the 'typical range' which we have seen agreed on numerous viabilities on large greenfield sites in Cambridgeshire, it is at the bottom end of the £100,000 - £150,000 (per gross acre) range.</p> | <p>Benchmark Land Value</p> <p>HDC have evidence that for greenfield £100,000 / gross acre is accepted by SUE promoters in Huntingdonshire.</p> | None required. |
| Respondent 7 | <p>Benchmark Land Value</p> <p>Furthermore, we would contest the statement on the bottom of page 13 where C&W state <i>"In our experience of negotiating with SUE landowners regarding financial viability at the planning application stage, they have been prepared to respond to such circumstances by bringing their land forward for development at rates significantly below the £100,000 / gross acre we have adopted for the viability testing [of] the local plan"</i> with our experience on numerous large strategic sites in Cambridgeshire, which is that landowners often require values well <u>in excess</u> of £100,000 per gross acre, in some cases requiring a land value of over £150,000 per gross acre.</p> | <p>Benchmark Land Value</p> <p>HDC have local evidence to suggest this is reasonable, and C&W have also encountered such Benchmark Land Values.</p> | None required. |

| Comments | | Response | Amendment Made |
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| <p>Respondent 7</p> <p>Benchmark Land Value</p> <p>Viability Testing Local Plans (2012) by the Local Housing Delivery Group (the “Harman Report”) discusses at pages 28-31</p> <p>Threshold Land Values. The last paragraph on page 30 states “...it will be necessary to make greater use of benchmarks, taking account of local partner views on market data and information on typical minimum price provisions used within developer/site promoter agreements for sites of this nature.” As per the above comments, our experience on large greenfield SUE’s in Cambridgeshire is that the is that the Minimum Price provisions contained in the Option Agreements can be in excess of £150,000 per gross acre which is clearly important when arriving at an appropriate Benchmark Land Value (or “Threshold Land Value”).</p> | <p>Benchmark Land Value</p> <p>HDC have local evidence to suggest this is reasonable, and C&W have also encountered such Benchmark Land Values.</p> | | |
| <p>Respondent 7</p> <p>Promotion Costs</p> <p>Paragraphs 5 & 6 on page 31 of the Harman Report discuss the need to also reflect site promotion costs: “...the Threshold Land Value (at which the landowner will release the land for development) is unlikely to represent the assessed value that will bring land forward for development. <u>It will be necessary to take account of planning promotion costs and the return required by the promoters of such sites.</u> Such costs and returns are an intrinsic part of developer/landowner contractual arrangements. They reflect the time, resources and risk associated with the site assembly and planning promotion of such developments housebuilders so we suggest this should be considered.</p> <p><i>They can add significantly to the Threshold Land Value which a land owner may regard as a minimum acceptable return. This should be borne in mind when considering the benchmark land value adopted for large sites and, in turn, the risks to delivery of adopting too low a benchmark that does not adequately and</i></p> | <p>Promotion Costs</p> <p>Noted,</p> | <p>Promotion Costs</p> <p>We will test the equivalent of an additional 4% on fees for the 1,500 dwelling typology</p> | |

| Comments | | Response | Amendment Made |
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| | <p><i>reasonably reflect the economics of site promotion and development.</i>” The C&W report does not currently make reference to a ‘Promoter’s Return’ which is often required on large greenfield SUE’s which are assembled/promoted and then parcelled-up to housebuilders so we suggest this should be considered.</p> | | |
| <p>Respondent 7</p> | <p>We note the report does not contain any information on the following inputs / assumptions:</p> <ol style="list-style-type: none"> Market Revenues: The only references to market revenues are on:- <ul style="list-style-type: none"> Page 4 - where it is stated that a density of 40DPH on a 1,500 unit greenfield site has been tested with “£240/sq. ft. value band” – however the evidence in support of the £240 psf assumption is not produced. Further, it is not clear whether this is an average market revenue or blended (market and affordable) revenue. Page 4 – where C & W state “Value Points: Broadly reflecting the location of the allocations that the typologies tested seek to reflect, the following value points are proposed to be tested, by density typology.” As we have explained above in relation to 2.1 (mix and range of typologies tested), we believe that the value points tested should not purely be based upon the density of development, and that further justification of these selected revenues should be provided, in addition to confirmation that these relate to market (only) revenues. <p>Page 13 - where it is stated that the adopted Benchmark Land Values are based upon sales values £/sqft which range from £200 psf to £290 psf. We assume this comment relates to simply sensitivity testing rather than an opinion of an appropriate level of market revenues, but would welcome clarification.</p> | <p>Market Revenues and Relationship with between Market Revenue Value Points and Benchmark Land Values</p> <p>The rates are open market revenues, expressed on a £/sqft basis taking into account the blended average size of the dwellings modelled. The source data is the Land Registry.</p> <p>A range of value points have been tested, and matched with development density typologies to reflect the range of sites proposed to come forward through the Local Plan (which cover a range of market areas and proposed densities).</p> <p>For the purposes of the typology testing, we have varied Benchmark land values such that they reflect the strength of local markets (expressed through £/sqft sales rate value points).</p> | <p>None required.</p> |

| Comments | | Response | Amendment Made |
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| Respondent 7 | <p>Ground Rents</p> <p>Ground Rents on Market Flats</p> | <p>Ground Rents</p> <p>Noted, not included.</p> | None required. |
| Respondent 7 | <p>Affordable Housing Transaction Costs</p> <p>Affordable Housing Transaction Costs (the cost of transferring the affordable units to the RP)</p> | <p>Affordable Housing Transaction Costs: We have made a generous allowance, for marketing, sales agents and legal costs sales for the overall scheme (including affordable), calculated on the basis that the equivalent of 3.5%(which is around the high end in our experience) of the value of the open market housing serves as a reasonable and appropriate proxy.</p> <p>Affordable Housing Transfer Values</p> <p>Prior to the main stakeholder consultation, HDC contacted a number of RPs regarding their views of transaction costs. Data was taken from across the District and an average approach was taken.</p> | None required. |
| Respondent 7 | <p>Abnormal Costs</p> <p>Plot Abnormal Costs (as previously mentioned)</p> | <p>Abnormal Costs on Strategic Sites(200+ dwellings)</p> <p>We recognise there is potential for abnormal costs, and this is included in the £20,000 / dwelling infrastructure allowance, which we view as being at the top end of the range, based on sites we have assessed.</p> <p>10% abnormal buffer on other sites</p> <p>This is a reasonable additional contingency (and the rounded % approach), which Cushman & Wakefield have adopted in the past.</p> | None required. |

| Comments | | Response | Amendment Made |
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| Respondent 7 | <p>Design Extra Over Costs</p> <p>Design Code Extra Over Costs (as previously mentioned)</p> | <p>Design Extra Over Costs</p> <p>Design Extra overcosts: Captured within all in build cost allowance.</p> | None required. |
| Respondent 7 | <p>Purchasers Costs</p> <p>Purchaser's Costs on the Benchmark Land Value (including Stamp Duty & Legal Fees).</p> | <p>Purchasers Costs</p> <p>Included</p> | None required. |
| Respondent 7 | <p>Employment / Non Residential Land at Large Strategic Sites</p> <p>Large strategic sites usually include various non-residential land uses. It would be beneficial to include within an area wide viability assessment the assumptions that have been made relating to the non-residential elements including:</p> <ul style="list-style-type: none"> · Land Values for Employment / Non-Residential Land (typically expressed on a rate per net acre basis) · Marketing Fees on Employment / Non-Residential (typically expressed as a percentage of the Employment Land Gross Land Value) · Profit on Employment / Non-Residential (typically expressed as a percentage of Employment Land Gross Land Value) · CIL on Non-Residential / Employment (based on the CIL Charging Schedule) <p>This response draws on our experience acting for developers and local authorities across the country including a large number of viability instructions within the Cambridgeshire region (the contents of which have to remain private and confidential but have been used to inform the above comments).</p> <p>It is important to underline that representations of a similar nature (on behalf of Gallagher) were made in relation to the previous Deloitte Local Plan Viability Testing in circa 2013.</p> | <p>Employment / Non Residential Land at Large Strategic Sites</p> <p>The study is based on residential typologies, and does not consider site specific circumstances regarding employment allocations. If there is a local centre, common practice at this level of assessment is to consider them "cost neutral".</p> | None required |

| Comments | | Response | Amendment Made |
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| Respondent 7 | Attached: 1. Email from BCIS regarding Garage costs 2. BCIS Dataset with 5 Year Maximum Age of Results 3. BCIS Dataset with 15 Year Maximum Age of Results 4. Extract from the Harman report (2012) | | |



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