

**Appendix I:
Assumptions Summary**



West Berkshire Council - Final Appendix I - Affordable Housing Viability Assessment - Residential Assumptions (Sheet 1 of 2)

Scheme Size Appraised	Type	Site type	DSP Updated Density (set with reference to WBC Pattern Book (published in September 2019))	Net Land Area (ha)	Gross Land Area (ha)	Build Period (Months)
1	Houses	PDL	30	0.033	0.038	6
2	Houses	PDL	30	0.07	0.08	6
3	Houses	PDL	30	0.10	0.12	6
4	Flats	PDL	75	0.05	0.05	6
5	Houses	PDL/Greenfield	30	0.17	0.19	6
6	Houses	PDL/Greenfield	30	0.20	0.23	6
10	Houses	PDL/Greenfield	35	0.29	0.33	12
15	Flats	PDL	75	0.20	0.20	12
15	Houses	PDL/Greenfield	35	0.43	0.49	12
25	Houses	PDL/Greenfield	40	0.63	0.72	18
30	Flats (Sheltered)	PDL	125	0.24	0.24	18
50	Mixed	Greenfield	55	0.91	1.05	18
50	Flats	PDL, town centre, small site	115	0.43	0.43	18
100	Mixed	PDL, town centre, large site	90	1.11	1.28	24
250	Mixed	Greenfield	40	6.25	7.19	24
1000	Mixed	Greenfield	40	25.00	37.50	48*

*assumes multiple developers

Notes:

The above Scenarios tested at 20%, 30% and 40% on-site AH on sites of 10+ units. In addition on site and AH financial contributions tested at 20% on sites of 5-9, based on policy CS6. Assumes fully applied policy position - actual percentage will vary due to policy requirement. Additional sensitivity testing carried out for enhanced sustainability standards and developer's profit.

Affordable Housing tenure split assumed as 70% Social Rented and 30% Intermediate based on Policy CS6. Additional sensitivity testing to be carried out on Affordable tenure and proportion. Land Area Adjustment - 15% added (50% added on largest sites). Open space costs from Topic Paper 7 are within CIL charge (see policy analysis tab)

Unit Sizes (sq. m)*	Affordable	Private
1-bed flat	50	50
2-bed flat	70	70
2-bed house	79	79
3-bed house	93	100
4-bed house	112	130

*Retirement/sheltered 1-beds @ 55 sq. m
*Retirement/sheltered 2-beds @ 75 sq. m
*Large Houses @ 175sq.m (1 House only)

*based on nationally described space standards

Dwelling mix principles - for building up assumptions based on the 2016 Berkshire SHMA

Market Housing: 5-10% 1-beds, 25-30% 2-beds, 40-45% 3-beds, 20-25% 4-beds

Affordable Housing - 30-35% 1-beds, 30-35% 2-beds, 25-30% 3-beds, 5-10% 4-beds

Note: All subject to 'best fit scenario'. Intermediate mix adjusted across 1 and 2-beds only

Value Levels - West Berkshire Council

Market Value (MV) Private units	VL1	VL2	VL3	VL4	VL5	VL6	VL7	VL8	VL9	
Indicative Relevance of VLs by CIL Spatial Zone	<< Lowest end re-sale values	Lower end new build values			Typical new build values range			Upper-end new build values		>>Highest-end new build values/ bespoke design / high-end re-sale values
					AONB					
					East Kennet Valley					
					Newbury & Thatcham					
1-bed flat	£150,000	£162,500	£175,000	£187,500	£200,000	£212,500	£225,000	£237,500	£250,000	
2-bed flat	£210,000	£227,500	£245,000	£262,500	£280,000	£297,500	£315,000	£332,500	£350,000	
2-bed house	£237,000	£256,750	£276,500	£296,250	£316,000	£335,750	£355,500	£375,250	£395,000	
3-bed house	£300,000	£325,000	£350,000	£375,000	£400,000	£425,000	£450,000	£475,000	£500,000	
4-bed house	£390,000	£422,500	£455,000	£487,500	£520,000	£552,500	£585,000	£617,500	£650,000	
MV (£ / m ²)	£3,000	£3,250	£3,500	£3,750	£4,000	£4,250	£4,500	£4,750	£5,000	

Note: Sheltered Housing tested at VL7 £4,500 VL8 £4,750 and VL9 £5,000

Affordable Housing Revenue Assumptions

Unit	Affordable Rent	Social Rent
	Newbury LHA Cap	Average across W Berks
1BF	£127.29	£100.00
2BF	£161.07	£115.00
2BH	£161.07	£125.00
3BH	£193.98	£130.00
4BH	£271.92	£140.00

Note: Social Rent assumptions taken from info on Choice Based Lettings provided by WBC with reference to average/median rents.

Unit	Market Size	Affordable Rent	Social Rent
		Average AH Transfer Price (LHA Cap)	Social Rent transfer price
1BF	50	£104,278	£81,923
2BF	70	£131,954	£94,211
2BH	79	£131,954	£102,403
3BH	100	£158,910	£106,499
4BH	130	£222,764	£114,692

Dixon Searle Partnership (October 2019 - Final Issue March 2020)

West Berkshire Council
Final Appendix I - Affordable Housing Viability Assessment - Residential Assumptions (Sheet 2 of 2)

Development / Policy Costs	West Berkshire Council	Notes / variances
RESIDENTIAL BUILDING, MARKETING & S106 COSTS		
Build Costs 'One-off' housing detached (3 units or less) - generally (£/sq.m)	£1,964	BCIS figures are exclusive of external works Increased by 14% based on FSB report.
Build Costs Mixed Developments - generally (£/sq. m) ¹	£1,364	
Build Costs Estate Housing - generally (£/sq. m) ²	£1,522	1 - 10 units only. Increased by 14% based on FSB report.
Build Costs Estate Housing - generally (£/sq. m) ¹	£1,335	>10 units
Build Costs Flats - generally (£/sq. m) ¹	£1,555	
Build Costs Flats - generally (£/sq. m) ¹	£1,629	1 - 10 units only. Reduced by -5% based on FSB report.
Build Costs (Sheltered Housing - Generally) (£/sq.m) ¹	£1,640	
External Works	10% (Flats) 15% (Houses)	added to build costs
Site Works	£300,000/net developable ha	Additional cost allowances for larger site typologies
Contingencies (% of build cost)	5%	
Professional & Other Fees (% of build cost)	10%	
Sustainable Design / Construction Standards (% of build cost) ³	2% (base) 4% and 7% (additional sensitivity tests zero carbon)	Base appraisal testing at 2% with additional zero carbon sensitivity testing as follows: 4% - representing a combination of on-site renewables and offsetting 7% - representing an enhanced standard for on-site renewables only Note: we have not included any extra for M4 (2) or M4 (3) compliance because this is not required by WBC policy
Adopted CIL rate	£92/m2 (Newbury, Thatcham and Eastern Urban area) and £154/m2 elsewhere	Adopted rates of £75 and £125 have been indexed: uplifted by TPI in accordance with Regulation 40 using 1 Nov 2018 rate (315) vs 1 Nov 2014 rate (256).
Water Efficiency Standards	110 litres per person per day	based on the Housing Standards Review
Residual s.106 /non-CIL costs (£ per unit) - small scale PDL / Greenfield sites	£3,000	
Residual s.106 /non-CIL costs (£ per unit) - larger scale greenfield sites	n/a	s106 scope explored through running appraisals as s106 surplus residual above BLV
Marketing & Sales Costs (%of GDV)	3%	
Legal Fees on sale (£ per unit)	£750	
DEVELOPER'S RETURN FOR RISK AND PROFIT		
Open Market Housing Profit (% of GDV)	15% - 20%	Base appraisals tested at 20% GDV. Additional sensitivity testing carried out at 17.5% representing the mid-point in the range suggested by NPPF.
Affordable Housing Profit (% of GDV)	6%	
FINANCE & ACQUISITION COSTS		
Agents Fees (% of site value)	1.50%	
Legal Fees (% of site value)	0.75%	
Stamp Duty Land Tax (% of site value)	0% to 5%	HMRC scale
Finance Rate - Build (%)	6.5%	
Finance Rate - Land (%)	6.5%	

Notes:

¹ Build cost taken as "Median" figure from BCIS for that build type unless otherwise stated - e.g. flats ; houses storey heights etc. and then rounded. Median figure gives a better figure than the Mean as it is not so influenced by rogue figures that can distort the mean on small sample sizes. The BCIS figure for Newbury has been used and averaged across the area. Includes allowance for uplift to build costs based on BCIS / FSB research for sites of 10 or fewer dwellings. Externals added separately at 10-15%. Site works added separately.

² BCIS report for the Federation of Small Businesses - Housing development: the economics of small sites - the effect of project size on the cost of housing construction (August 2015)

³ The above costs are based on the DCLG Housing Standards Review Impact Assessment costings assuming equivalent CF5H L4 energy costs only base. Appraisals assume cost uplift in line with figures above assuming average cost uplift from each unit type (£1,932 per unit average, equating to the 2% assumed above).

West Berkshire Council - Final Appendix I - Affordable Housing Viability Assessment - Policy Analysis based on Core Strategy (2006-2026)

West Berkshire Council Core Strategy 2006 to 2026 (adopted 2012)		
Policy No. / Name	Addressed where applicable through specific study approach / assumptions - associated commentary	Cost / specific allowance within assumptions?
Spatial policies		
The Area Delivery Plan Policies (ADPP) currently set out the spatial strategy for the District. A hierarchy of settlements is identified in Policy ADPP1 with the majority of growth taking place in the urban areas, followed by the Rural Service Centres and the Service Villages. (contd.) The District is divided into 4 geographical areas, each with an Area Delivery Plan Policy, which reflect the distinct characteristics of the different parts of West Berkshire.		Site types / development scenarios, locations, densities, dwelling mixes, affordable housing requirements designed to reflect WBC strategy. Build cost / sales value assumptions reflect development typologies.
Area Delivery Plan Policy 1 - Spatial Strategy	More of a planning and land use implication than for viability consideration.	Reflected in the overall assumptions and typologies used by DSP for this study.
ADP Policy 2 - Newbury	No specific cost implications. The effect of this policy will be covered by the range of typologies and other assumptions in the DSP appraisals.	Reflected in the overall assumptions and typologies used by DSP for this study.
ADP Policy 3 Thatcham	No specific cost implications. The effect of this policy will be covered by the range of typologies and other assumptions in the DSP appraisals.	Reflected in the overall assumptions and typologies used by DSP for this study.
ADP Policy 4 Eastern Area	No specific cost implications. The effect of this policy will be covered by the range of typologies and other assumptions in the DSP appraisals.	Reflected in the overall assumptions and typologies used by DSP for this study.
ADP Policy 5 North Wessex Downs AONB	Reflected in the overall assumptions and typologies used by DSP for this study.	Reflected in the overall assumptions and typologies used by DSP for this study.
ADP 6 - The East Kennet Valley	No specific cost implications. The effect of this policy will be covered by the range of typologies and other assumptions in the DSP appraisals.	Reflected in the overall assumptions and typologies used by DSP for this study.
CIL	RESI: Newbury, Thatcham and Eastern Urban Area = £75 and elsewhere £125. COMMERCIAL (Retail A1 to A5): £125 everywhere. Currently indexed to BCIS TPI.	£92/m2 (Newbury, Thatcham and Eastern Urban area) and £154/m2 elsewhere.
Core Policies		
Policy CS 1 Delivering New Homes and Retaining the Housing Stock	States that provision will be made for the delivery of at least 10,500 net additional dwellings and associated infrastructure over the period 2006 to 2026 and also sets out the requirements for an update to the SHMA. Notes that the HSA DPD will identify specific sites to accommodate the broad distribution of housing set out in the ADPPs. Greenfield sites will need to be allocated adjoining settlements in all four of the spatial areas to accommodate the required housing. The policy also states that settlement boundaries will be reviewed in the HSA DPD. Will be reviewed in light of amendment to national policy re: assessment of local housing need.	Reflected in the overall assumptions and typologies used by DSP for this study.
West Berkshire Core Strategy (2006 - 2026) West Berkshire Council: Adopted July 2012		
Policy CS 2 Newbury Racecourse Strategic Site Allocation	Allocation of a mixed use development for up to 1500 dwellings at Newbury Racecourse.	Planning permission granted and development underway with a large proportion of the site complete (717 completed, 783 outstanding at March 2018)
Policy CS 3 Sandford Strategic Site Allocation	Allocation of a mixed use development for up to 2000 dwellings to the south of Newbury Not yet built out and will be carried forward.	Deliverability will be considered as part of the Local Plan Review
Policy CS 4 Housing Type and Mix	Ensures that there is a wide choice and mix of housing to meet local needs and help secure mixed and balanced communities. DSP mix is based on SHMA.	Reflected in the overall assumptions and typologies used by DSP for this study.
Policy CS 5 Infrastructure Requirements and Delivery	Covered by general DSP cost assumptions.	Covered by general DSP cost assumptions.
Policy CS 6 Provision of Affordable Housing (And TP-1 of Delivering Sustainable Development SPD)	20% affordable housing on sites of 5 to 9, 30% on 10 to 14, 30% on PDL over 15 and 40% on greenfield over 15. DSP test a range of percentages from zero to 40%.	Affordable housing policy taken into account across sites of differing sizes / thresholds. Policy compliant position on all typologies with assumption of social rent. Sensitivity testing around Affordable Rent and new tenures recently specified in national policy. Off site financial contributions are calculated by GDV/number of units = average MV per unit. Then policy compliant number of affordable units multiplied by 50% of average MV per unit.
Policy CS 7 Gypsies, Travellers and Travelling Showpeople	Not relevant for viability testing purposes.	
Policy CS 11 Hierarchy of Centres	Retail centres hierarchy. We have also considered emerging HELA information to assist in the range of typologies.	Not relevant to the study.
Policy CS 13 Transport	Included within general cost assumptions.	Covered by general DSP cost assumptions.
Policy CS 14 Design Principles	This is a general planning/design issues and does not warrant additional cost - would only occur in exceptional circumstances.	Included within general cost assumptions, part of normal development management scope.
Policy CS 15 Sustainable Construction and Energy Efficiency	Govt has withdrawn Code for Sustainable Homes. BREEAM standards remain extant. DSP has made an allowance in assumptions equivalent to level 4 of the Code, consistent with Building Regulations.	SUDS requirements - assumed within build costs; standard FRA within fees. New SuDS SPD for West Berks adopted in 2018.
Policy CS 16 Flooding	Costs are site specific and are included within the overall professional fees linked to planning.	Included within professional fees. Any other costs would be in response to specific site characteristics.
Policy CS 17 Biodiversity and Geodiversity	Strategic policy to conserve and enhance the District's biodiversity and geodiversity assets. No specific mitigation required.	This will be included in the general build costs.
Policy CS 18 Green Infrastructure	Included within normal assumptions.	Included within normal assumptions.
ADPP5: North Wessex Downs Area of Outstanding Natural Beauty (AONB) CS19: Historic Environment and Landscape Character	More of a planning and land use implication than for viability consideration. No cost impact for the purposes of this study.	No cost impact for this study - more of a planning/design/land use issue.

Policy No. / Name	Addressed where applicable through specific study approach / assumptions - associated commentary	Cost / specific allowance within assumptions?
Delivering Sustainable Development SPD		
Topic Paper 1 - Affordable Housing	As above (policy CS 6)	As above (policy CS6)
Topic Paper 2 - Transport	Other Housing Developments 2.20 The majority of household developments will not be large enough to generate the enhanced provision of public transport expected for large housing developments. However, the cumulative impact of smaller developments taken together will have an impact on the transport system requiring improvements. Other Forms of Development 2.21 Contributions will be sought from other forms of development that will benefit from, and rely upon, service improvements	Reflected in the overall assumptions used by DSP for this study.
Topic Paper 3 - Education	Contributions assessed according to size of property on a by-bed basis using DIC (Development Impact Calculator). Housing for over 55s is exempt.	Covered by CIL (except for very large sites)
Topic Paper 4 - Public Libraries	Cost Per Dwelling [1 bed = £157] [2 bed flat = £239] [2 bed house = £248] [3 bed = £307] [4 bed = £374] [5 bed = £409] Commercial developments will contribute £34.16 per person.	Covered by CIL
Topic Paper 5 - Community Facilities	Residential schemes of 1 dwelling or more will make a contribution.	Covered by CIL
Topic Paper 6 - Health Care Provision	Cost Per Dwelling [1bed = £103] [2bf = £157] [2bh = £163] [3bh = £202] [4bh = £245] [5bh = £269] This methodology is intended only as a starting point for negotiations; each development must be considered in view of the prevailing local circumstances and its impact assessed in consultation with the relevant health agency.	Covered by CIL
Topic Paper 7 - Open Space	For residential: Cost Per Dwelling for off site contribution [1bf = £440] [2bf = £765] [2bh = £943] [3bh = £1,177] [4bh = £1,596] [5bh = £1,910].	Included within CIL.
Topic Paper 8 - Waste Management	£56.20 per household, or £255 per five flats.	Included within normal assumptions.
Topic Paper 9 – Environmental Enhancements	On a scheme by scheme basis. Although each planning application will be assessed individually, it is acknowledged that in general the larger the development the greater the cumulative impacts, e.g. public art being provided.	Included within normal assumptions.
Topic Paper 10 - Archaeology, Conservation and the Historic Environment	On a site by site basis. Developer pays for all archaeology work if it is identified as necessary. Included within general cost/risk of development.	Included within normal assumptions.
Topic Paper 11 - Provision of Fire and Rescue Infrastructure	Must ensure adequate provision of fire hydrants - if required they are £650 each.	Covered by CIL
Topic Paper 12 - Preventing Crime and Disorder	All residential developments will contribute.	Covered by CIL
Topic Paper 13 - Adult Social Care	Developer contributions required at a rate of: [One bedroom unit = £473] [Two bed = £662] [Three bed = £591] [Four bed = £783] [Five+ bed = £754]	CIL (except for very large sites, over 1000)
Quality Design SPD part 2 (Residential Development)	1 and 2 bedroom houses and bungalows, gardens from 70 sq.m; 3 or more bedroom houses and bungalows from 100 sq.m. Flats from 25 sq.m communal space for 1 and 2 bed flats. 3 or more bed flats from 40 sq.m. communal space. Covered by standard assumptions in DSP appraisal.	Refer also to saved policy RL1 / RL2 of the West Berkshire District Local Plan 1991-2006
Quality Design SPD part 4 (Sustainable Design)	10% renewables on site. SUDs. Greywater re-use.	WBC have confirmed that this is currently being applied. Contained within sustainability-related cost assumption (2% of build cost).

Note: Policies relating to commercial development have been removed as they are outside the scope of the project.

Dixon Searle Partnership (October 2019 - Final Issue March 2020)