

For: Winchester City Council



Local Plan Viability Report

Appendix 1 – Assumptions Summary

(DSP21766)

July 2024

**Winchester City Council - Appendix 1: Local Plan Viability Assessment - Residential Assumptions
- Table 1a: High-Level Site Typologies and Value Levels / Revenue Assumptions**

High-Level Typology Sensitivity Tests

Scheme Size Appraised	Type	Site Type	Density (dph)	Net Land area (ha)	Gross Land Area (ha)*	Main Build Period (Months)
1	House	PDL / GF	35	0.03	0.03	6
5	Houses	PDL / GF	35	0.14	0.16	6
10	Houses	GF	35	0.29	0.33	12
10	Houses	PDL	35	0.29	0.33	12
15	Flats	PDL	125	0.12	0.14	18
15	Houses	GF	40	0.38	0.43	12
15	Houses	PDL	55	0.27	0.31	12
30	Houses	GF	40	0.75	0.86	18
30	Houses	PDL	55	0.55	0.63	18
50	Mixed (Houses/Flats)	GF	40	1.25	1.44	18
50	Mixed (Houses/Flats)	PDL	55	0.91	1.05	18
50	Flats	PDL	125	0.40	0.46	18
100	Mixed (Houses/Flats)	PDL	55	1.82	2.36	24
100	Mixed (Houses/Flats)	GF	40	2.50	3.25	24
500	Mixed (Houses/Flats)	GF	40	12.50	16.25	24*

*assumes multiple sales outlets

Notes:

The above scenarios tested at 0% AH on sites of 1-9 and 20%, 25%, 30%, 35%, 40% on-site AH on sites of 10+ units. The appraisals have been completed in each case to the point at which a negative results is returned - we consider there to be no merit in extending testing beyond the points where there is a negative residual land value. Affordable Housing tenure split assumed at 65% Affordable Rented and 35% Affordable Home Ownership - includes 25% First Homes. 10% Low Cost / Affordable Home Ownership (AHO) of total overall requirements. The above assumes fully applied policy position - actual percentage will necessarily vary due to policy requirement. 6% self/custom-build plots required on sites 50+ dwellings assuming plot values of £150,000 per plot (based on DSP research data). See Table Table 1c for Sheltered/Extra Care Typologies, Table 1d for Strategic Site Allocations and Table 1e for Build to Rent TBC.

Land Area Adjustment - 15% added (30% added on largest sites)

Unit sizes and dwelling mix assumptions

Property Type	Assumed Unit Sizes*		Dwelling Mix (%)**		
	Market Units	Affordable Units	Market Units	Affordable Units - Affordable Rent	Affordable Units - Affordable Home Ownership
1-bed flat	50	50		20.0%	20.0%
2-bed flat	61	61	30.0%		
2-bed house	79	79		40.0%	45.0%
3-bed house	93	93	45.0%	30.0%	
4-bed house***	130	106	25.0%	10.0%	35.0%

*Based on Nationally Described Space Standard October 2015

**based on Winchester Strategic Housing Market Assessment Update (April 2024)

***1-house typology tested at 200sq.m.

Affordable Housing Revenue Assumptions

Unit Type	Affordable Rent (% MV)	First Homes	Shared Ownership
		% Market Value	% Market Value
1-Bed Flat	55%	70%	65%
2-Beds Flat			
2-Bed House			
3-Bed House			
4-Bed House			

Note: % MV based on VL4 £4,750 (below).

Residential Sales Value Level (VL) Assumptions - Indicative relevance by area within District

Market Values (MV)	VL1	VL2	VL3	VL4	VL5	VL6	VL7	VL8	VL9	VL10	VL11
		Typical New Build Value - District					Typical New Build Value - Winchester City				
1-bed flat	£200,000	£212,500	£225,000	£237,500	£250,000	£262,500	£275,000	£287,500	£300,000	£325,000	£350,000
2-bed flat	£244,000	£259,250	£274,500	£289,750	£305,000	£320,250	£335,500	£350,750	£366,000	£396,500	£427,000
2-bed house	£316,000	£335,750	£355,500	£375,250	£395,000	£414,750	£434,500	£454,250	£474,000	£513,500	£553,000
3-bed house	£372,000	£395,250	£418,500	£441,750	£465,000	£488,250	£511,500	£534,750	£558,000	£604,500	£651,000
4-bed house	£520,000	£552,500	£585,000	£617,500	£650,000	£682,500	£715,000	£747,500	£780,000	£845,000	£910,000
MV (£ / sq. m.)	£4,000	£4,250	£4,500	£4,750	£5,000	£5,250	£5,500	£5,750	£6,000	£6,500	£7,000

Value Levels - Locations by ward area

Ward Area	Value Level Range
District-wide typical new build values range	VL3 - VL6
Alesford and Itchen Valley	VL4 - VL8
Badger Farm and Oliver's Battery	VL7 - VL10
Bishop's Waltham	VL4 - VL8
Central Meon Valley	VL4 - VL8
Colden Common & Twyford	VL4 - VL7
Denmead	VL2 - VL4
Southwick and Wickham	VL3 - VL5
The Worthys	VL4 - VL7
Upper Meon Valley	VL5 - VL8
Whiteley and Shedfield	VL3 - VL6
Wonston and Micheldever	VL5 - VL8
Winchester City typical new build values range	VL6 - VL10
St Barnabas (Winchester City)	VL6 - VL10
St Bartholomew (Winchester City)	VL8 - VL11
St Luke (Winchester City)	VL4 - VL8
St Paul (Winchester City)	VL8 - VL11
St Michael (Winchester City)	VL7 - VL11

*data residing within the South Downs National Park Authority area have been excluded from the above analysis

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**Winchester City Council - Appendix 1: Local Plan Viability Assessment - Residential Assumptions
- Table 1b: Development Cost Assumptions & Key Sensitivity Testing Parameters**

See Table 1c for Older Persons typologies/assumptions

Base Appraisal Cost Description	Cost Assumption	Notes
Build cost - Mixed Developments (generally - houses/flats)	£1,626/sq. m. (LQ £1,457/sq. m.)	
Build cost - Estate housing (generally)	£1,600/sq. m.	Based on BCIS 'median' rebased to a Winchester location factor (5yr data sample), excludes external works. Lower Quartile (LQ) rates applied to specific/strategic site testing.
Build cost - Flats (generally)	£1,851/sq. m.	
Build cost - Flats (6-storey)	£2,182/sq. m.	
Build cost - 'One-off' housing detached (3 units or less)	£2,744/sq. m.	
External Works	10% (Flats) 15% (Houses)	
Site Prep Contingency (on gross land area)	£500,000/ha	Non-strategic scale typology test Further bespoke assumptions apply to specific site allocations - see Table 1d
Contingency (% of build cost)	5%	
Professional Fees (% of build cost)	8-10%	variable depending on scale of development
CIL Rates testing scope	Tested at indexed rates plus trial rates from £0 - £500/sq. m. at £25/sq. m. increments	Indexed CIL Rates as follows:- • Zone 1 (Strategic Allocations and South Hampshire Urban Areas) - £0/sq. m. (indexed) / (Adopted Rate £0) • Zone 2 (Winchester Town) - £192.91/sq. m. (indexed) / (Adopted Rate £120) • Zone 3 (All other areas) - £128.61/sq. m. (indexed) / (Adopted Rate £80)
Residual s106/Contingency	£5,000/dwelling	based on analysis of s106 monitoring data provided by the Council.
Climate Change Response (% of build cost)	5% (Flats / mixed) 5.8% (Houses)	Assumes Part L 2021 Building Regulations baseline. Cost data based on 'Net Zero Carbon Targets Evidence Base for Winchester Council' by Elementa, Currie & Brown and Etude (2022). Embodied Carbon Assessment - assumed overall nominal cost.
Electric Vehicle Charging Points (£/unit) ¹	£865/unit (houses) £1,961 (flats)	Houses only typologies - assumes 1x EVCP per dwelling Flats typologies - assumes 1x EVCP per dwelling Mixed (Houses/Flats) typologies - cost weighted by dwelling mix, assumes 1x EVCP per dwelling
Water efficiency standards	100 litres per person per day	Assumed nominal cost (forming part of overall cost allowance) based on DSP research and analysis.
Nitrates (nutrient neutrality) / Phosphates	Variable by Catchment Area	Itchen Catchment - £11,250/dwelling (total for nitrates and phosphates) East Hampshire Catchment - £5,365/dwelling (nitrates only)
SPA - Solent Recreation Mitigation	£777/dwelling	Assume SPA mitigation costs only as fully applied base position - majority of planned development identified to come forward within that zone of influence. Flate rate applied per net additional dwelling as confirmed by the Council.
Biodiversity Net Gain (BNG) (% of build cost)	2.4% (Greenfield) 0.5% (PDL)	Assuming 10%, variable by site type. Costs based on Impact Assessment (Scenario C) ² plus uplift for latest information from the 10% minimum baseline.
M4(2) Accessible and adaptable dwellings compliance	£15.5/sq. m.	100% provision on all dwellings for M4(2)
M4(3-a) Wheelchair user dwellings compliance	£115/sq. m.	5% provision for M4(3-a) on market dwellings on schemes of 10+ dwellings only. 10% provision for M4(3-b) on affordable homes on schemes of 10+ dwellings. High-level costs based on the analysis as described in the 'Raising accessibility standards in new homes' consultation document ²
M4(3-b) Wheelchair user dwellings compliance	£180/sq. m.	
Marketing & Sales Costs (% of GDV)	3%	
Legal Fees on sale (£ per unit)	£750	
Developer's Return for Risk & Profit		
Open Market Housing Profit (% of GDV)	Range of 15-20%	DSP assumed testing at mid-point of range at 17.5%. First Homes at 12%. Build to Rent at 10%. Sensitivity Test at 20% for Sheltered/Extra Care typologies and Strategic Sites.
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 (%)	6.50%	
Finance Rate - Land (%)	6.50%	

¹Costs adopted from the DfT Residential Charging Infrastructure Provision Impact Assessment (September 2021)

²<https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes/raising-accessibility-standards-for-new-homes-html-version#raising-accessibility-standards-of-new-homes>

**Winchester City Council - Appendix 1: Local Plan Viability Assessment - Residential Assumptions
- Table 1c: Older Persons accommodation**

Scheme Size Appraised	Type	Site type	Density <i>(based on residential net developable area)</i>	Net Land Area (ha)	Gross Land Area (ha)	Build Period (Months) <i>(6-month lead-in)</i>	Sales Rate ¹
30	Flats (Sheltered)	PDL	150	0.20	0.23	18	1.5 unit / month 20 month (total)
60	Flats (Extra Care)	PDL	150	0.40	0.46	18	1.5 unit / month 40 month (total)

¹ Sales rate based on average across the sales period and is considered a cautious assumption. In practice sales will be weighted towards the earlier months and may include some off-plan sales

Unit sizes and dwelling mix assumptions

Property Type	Assumed Unit Sizes	Non-Saleable Floor Area Allowance <i>(net to gross ratio)</i>	Dwelling Mix (%)
1-bed flat (Sheltered)	55	75%	60%
2-bed flat (Sheltered)	75		40%
1-bed flat (Extra Care)	58.5	65%	60%
2-bed flat (Extra Care)	76		40%

Note: We see a range of different levels of communal facilities and the above assumptions represent the upper end of communal areas seen at application stage viability assessment.

Value Levels - Winchester district

Market Value (MV) - Private units	VL8	VL9	VL10	VL11	VL12
	Typical New Build "Sheltered" Values Range			Upper VL Sensitivity Tests	
1-bed flat (Sheltered)	£316,250	£330,000	£357,500	£385,000	£412,500
2-bed flat (Sheltered)	£431,250	£450,000	£487,500	£525,000	£562,500
MV (£/sq. m.)	£5,750	£6,000	£6,500	£7,000	£7,500

Market Value (MV) - Private units	VL8	VL9	VL10	VL11	VL12
	Lower VL Sensitivity Tests		Typical New Build "Extra Care" Values Range		
1-bed flat (Extra Care)	£351,000	£380,250	£409,500	£438,750	£468,000
2-bed flat (Extra Care)	£456,000	£494,000	£532,000	£570,000	£608,000
MV (£/sq. m.)	£6,000	£6,500	£7,000	£7,500	£8,000

Bespoke Cost Assumptions

Note: Base cost assumptions set out in Table 1b

Base Build Cost - Supported Housing	£1,943	Based on BCIS - Median rebased to the Winchester location factor (5yr data sample), excludes external works.
External Works	7.50%	
Legal Fees	£750/unit	
Empty Property Costs - Sheltered	£2,000/unit	
Empty Property Costs - Extra Care	£5,000/unit	17.5% represents base position with sensitivity test at 20%.
Open Market Housing Profit (% of GDV)	17.5% and 20%	

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