



Lancaster Climate Emergency Review of the Local Plan Examination in Public: Hearing Statement

Matter 8: Viability and Finance

On behalf of Taylor Wimpey UK Limited
September 2022

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1 INTRODUCTION

- 1.1 Asteer Planning LLP ('Asteer') has been instructed by Taylor Wimpey UK Limited ('Taylor Wimpey') to prepare this Hearing Statement in relation to the Lancaster Climate Emergency Review of the Local Plan ('CCLPR') Examination in Public (EiP) and the Matters, Issues and Questions ('MIQs') posed by the Inspector.
- 1.2 Taylor Wimpey has submitted representations to each stage of consultation on the Climate Emergency Review of the Local Plan. This statement, like the representations submitted to date, is made in the context of Taylor Wimpey's interest in the North Lancaster Strategic Site, which is allocated for residential-led development in the Lancaster Local Plan (Strategic Policies and Land Allocations DPD - adopted July 2020) under Policy SG9.
- 1.3 This Statement responds directly to the Inspector's MIQs in relation to Matter 8 'Viability and Finance'.
- 1.4 Taylor Wimpey is also part of a consortium of housebuilders/developers who have engaged Cushman and Wakefield ('C&W') to prepare a separate hearing statement relating to Matter 8. This statement refers, where necessary to C&W's Matter 8 hearing statement and also to the letter of representation prepared by Roger Hannah on behalf of Taylor Wimpey and submitted to Lancaster City Council's ('City Council') to provide a response to the Climate Change Local Plan Review Viability Assessment ('CCLPRVA') in September 2021 (**Appendix 1**).
- 1.5 Separate statements have been prepared in respect of the following matters and should be read in conjunction with this Statement:
 - **Matter 3** 'Sustainable Design, Energy Efficiency and Renewable Energy';
 - **Matter 4** 'Transport';
 - **Matter 6** 'Water Management'; and,
 - **Matter 7** 'Green and Blue Infrastructure'.

2 VIABILITY AND FINANCE

Q8.1 - Is the Council's approach to viability consistent with national policy, the PPG, and RICS guidance?

- 2.1 As set out in C&W's Matter 8 hearing statement (Question 8.1), the CCLPRVA does not fully accord with the National Planning Policy Framework ('NPPF'), the Planning Practice Guidance ('PPG'), and the Royal Institute of Chartered Surveyors ('RICS') guidance and therefore the Council's approach to viability is **not consistent with national policy**.
- 2.2 The C&W Matter 8 hearing statement identifies three core (and other related) aspects where the CCLPRVA is non-compliant. The Table at 2.4 of C&W's Matter 8 hearing statement lists several areas in which CCLPRVA is lacking but in summary:
1. **Meaningful stakeholder engagement** is required by both the PPG and RICS but has not been carried out.
 2. Many key appraisal assumptions are **inappropriate and/or insufficiently evidenced**, with many important omissions in the evidence base; and,
 3. There is a **lack of clarity and transparency** in respect of the appraisal modelling, evidence base, assumptions and results.
- 2.3 The PPG¹ advises that:
- "The inputs and findings of any viability assessment should be set out in a way that aids clear interpretation and interrogation by decision makers. Reports and findings should clearly state what assumptions have been made about costs and values"*
- 2.4 Despite these key issues and evidential gaps being highlighted by C&W on behalf of the consortium at earlier stages of the CCLPR process, including the provision of robust local market evidence to assist Three Dragons ('3D') in refining its assumptions, 3D has not amended any appraisal inputs. This does not accord with the collaborative and iterative approach to viability testing required by the PPG and RICS guidance.
- 2.5 Rather, 3D provided an annotated appraisal summary and example cash flows, which was welcomed by Taylor Wimpey, but which is still lacking in several areas requiring further explanation to enable proper analysis and interpretation of results.

¹ Paragraph 20, Reference ID: 10-020-20180724

- 2.6 In relation to the North Lancaster Strategic Site, Roger Hannah’s letter (**Appendix 1**) sets out how The CCLPRVA reports to test the site on an individual basis, which is a requirement of the PPG: However, it is unclear how many of the appraisal inputs are based on a site-specific assessment and how many are based on wider typology assumptions being applied to the site. As per the PPG², Taylor Wimpey we would expect all appraisal inputs to be assessed on a site specific basis.
- 2.7 Taylor Wimpey would like to emphasise the need for site specific testing at the subject site because it is a significant strategic site, and the likely infrastructure and site costs are largely unknown at this stage. It may be that the costs associated with development are higher than those envisaged in the CCLPRVA.
- 2.8 Taylor Wimpey, both individually and as a consortium member, remains of the view that, in order for the viability evidence to be found sound, **significant amendments to the CCLPRVA are required** as set out in our C&Ws Matter 8 hearing statement.

Q8.2 Does the Council’s viability work adequately reflect local circumstances? Were appraisal inputs appropriate?

- 2.9 As set out in Taylor Wimpey’s response to Q8.1 above, the CCLPRVA has a distinct lack of transparent local market evidence and justification for assumptions made. It is imperative that all inputs are based on up-to-date, locally-specific evidence relevant to Lancaster to ensure that the viability testing reflects the market in this location.
- 2.10 The appraisal inputs are not all appropriate for the purposes of testing residential viability in Lancaster, with insufficient evidence and concerns relating to build costs, external works, developer’s profit, policy costs including building standards and BLV in particular.
- 2.11 This means that the CCLPRVA **is not justified, consistent with national policy** and the **Local Plan will not be effective** as the policy requirements have not been robustly tested as viable and deliverable.
- 2.12 As set out in C&W’s Matter 8 hearing statement, 3D has repeatedly overlooked the local evidence and stakeholder concerns, and have utilised less relevant and/or inappropriate evidence including from much wider geographies. In this respect, 3D have consistently highlighted that their in-house viability model and certain proposed assumptions have been found sound “elsewhere”, therefore implying that the same assumptions should be

² Paragraph: 005 Reference ID: 10-005-20180724

accepted for the CCLPRVA, irrespective of the concerns raised by established local stakeholders and their submitted local market evidence.

- 2.13 Whilst 3D's model and certain assumptions may have been found sound elsewhere, that does not necessarily mean that the assumptions remain appropriate in current market conditions in Lancaster.
- 2.14 3D have departed from the Council's existing Local Plan viability evidence which was found sound in Summer 2020 under the national viability regime prevailing at that time, which is very similar to the current regime. No explanation has been provided for this and it is contradicted/confused by the statement from 3D that it has relied on the previous sound viability evidence to inform other assumptions in the CCLPRA.
- 2.15 In summary, it is inappropriate for 3D to disregard stakeholder concerns and their submitted evidence based on detailed local market knowledge and to continue to adopt unjustified assumptions. By consequence, the viability evidence is not regarded as robust and is not based on a proportionate assessment of the cumulative cost of all relevant policies.
- 2.16 Taylor Wimpey, both individually and as a consortium member, remains of the view that, in order for the viability evidence to be found sound, **significant amendments to the CCLPRVA are required** to accurately reflect local circumstances as set out in our C&Ws Matter 8 hearing statement.

Q8.3 - Has there been meaningful engagement with stakeholders on viability assumptions?

- 2.17 As set out in C&W's matter 8 hearing statement in relation to Question 8.3, whilst there has been consultation on the viability assumptions, there does not appear to have been meaningful engagement. 3D has not made any changes to its approach and/or appraisal assumptions despite repeated wide-ranging stakeholder concerns at the Regulation 18 and 19 consultation stages. Furthermore, 3D has not provided sufficient justification for maintaining its assumptions in this context.
- 2.18 This approach does not accord with the NPPF, PPG and RICS guidance in respect of stakeholder engagement and full justification for the inputs. It is highly concerning that 3D appear intent on maintaining the assumptions irrespective of local stakeholder concerns and evidence and **the viability evidence is not justified, consistent with national policy and the Local Plan will not be effective and deliverable.**

- 2.19 3D/the City Council have not provided a response or any updated evidence following the Regulation 19 consultation where stakeholders reinforced their concerns and highlighted new issues associated with the CCLPRVA Addendum.
- 2.20 The Regulation 18 and 19 consultations are crucial aspects of the iterative process envisaged in the PPGV. The RICS guidance note further emphasises the importance of stakeholder engagement in supporting LPAs to reach sound judgements on viability. The guidance is clear that assessors should update the FVA if consultees provide new information that causes the assessor, using their professional judgement, to adjust their assumptions.
- 2.21 It is not clear the above processes have been followed in preparing the CCLPRVA.

Q8.4 Taking account of the Council's viability work, would the requirements of the Plans' policies put the viability of the implementation of the Plans at serious risk? Have all of the Plans' policy requirements, including requirements of Policies CC1, T2, T4, SC4, SP8, DM29, DM30a, DM30b, DM30c, DM33, DM34, DM45, DM59, and DM62 been factored in?

- 2.22 As set out in Roger Hannah's letter (Appendix 1), the CCLPRVA concludes that the North Lancaster Strategic Site ('SG9'/Res8') is marginal with Part L (2021) costs and unviable with Future Homes Costs (2025), but that it can support 30% affordable housing and £4,592,701 of Section 106 contributions. It also suggests a CIL rate of £0 per sq m for strategic sites. This suggests that the North Lancaster Strategic Site will need to balance other planning policy requirements (i.e. those that the CCLPR seeks to introduce) in order to be delivered with the Part L building regulations and Future Homes standards.
- 2.23 The total of £4,592,701 equates to £6,568 per unit across a 700 unit site. These costs are not consistent with the s106 costs anticipated for the site in the adopted Local Plan and the CCLPRVA does not appear to set out robust evidence of how these costs have been arrived at, in particular the 'primary' school contribution (£2,510,794), which has increased substantially from the equivalent figure in the adopted Local Plan evidence base. TW have not been informed of, or specifically consulted with regarding these proposed contributions. Discussions on highways and education contributions as part of the hybrid planning application for Phase 1 of the North Lancaster Strategic Site (currently under determination) remain ongoing after several months. This demonstrates the uncertainty around site specific s106 costs even at the application stage and raises further uncertainty around the s106 costs tested in the CCLPRVA.
- 2.24 In this context, as an absolute minimum, relevant policies (as set out in this hearing statement and Taylor Wimpey's hearing statements relating to other matters) must have

appropriate transition arrangements and/or mechanisms to relax requirements based on viability. In any case, the above is not an accurate assessment of the residential development viability of the site. As set out in C&W's Matter 8 hearing statement, the CCLPRVA is not an accurate assessment of residential development viability in Lancaster and the results which suggest that development is viable with the full existing policy burden and the costs of Part L of the Building Regulations 2021, the First Homes Scheme ('FHS') and Biodiversity Net Gain ('BNG') in the Environment Act 2021, are misleading.

- 2.25 Taylor Wimpey fully recognises and embraces the importance of sustainable construction and homes and for both to strive to meet improved environmental standards. At the same time, there are cost implications associated with more stringent standards and as such, the additional requirements need to be balanced against development viability to ensure that housing supply and its deliverability is not compromised and/or unnecessarily restrained.
- 2.26 Taylor Wimpey has substantial concerns that the introduction of more stringent climate-related policies will result in other policy requirements being compromised (e.g. affordable housing, for which there is an adopted policy mechanism for relaxation on viability grounds), as it has not been robustly demonstrated that development can viably support all new proposed standards in addition to existing policy requirements. The results for all typologies would be different, potentially significantly different, if more reasonable, accurate assumptions were adopted as recommended in previous representation by C&W on behalf of the consortium.
- 2.27 C&W's work (Matter 8 hearing statement and previous consortium representations) clearly demonstrates that not all policy requirements – both new and existing – have been factored into the viability testing. This includes the building standards cost being understated with significant concerns relating to Passivhaus and net zero carbon costs in particular, the design requirements in Policy DM29 and DM30a, the new standards relating to water efficiency (DM30b), sustainable design and construction (Policy DM30c), drainage (DM34) and vehicle charging (DM62). Taylor Wimpey makes specific comments on these policies in its hearing statements relating to other matters and C&W's Matter 8 hearing statement includes a useful summary table at 2.44 setting out the policies and issues.
- 2.28 Given that none of the currently adopted local policy requirements (e.g. affordable housing) are being varied/relaxed as part of the Local Plan Review, Taylor Wimpey has serious concerns that there is insufficient flexibility in the relevant policies to prevent

development and delivery from stalling due to viability constraints (see Question 8.6 below).

- 2.29 It is crucial that the CCLPRVA assumptions are fully re-considered based on the issues identified in C&W's Matter 8 hearing statement. All new proposed policy requirements need to be reviewed in light of the revised findings and only those aspects which have been robustly demonstrated as viable and deliverable should be maintained, subject to the addition of a viability clause in all relevant policies to provide the necessary flexibility where site-specific circumstances result in additional viability constraints that prevent compliance with base policy requirements.

Q8.6 - Is there scope for any requirements to be relaxed in instances where development would not be viable? Is the appropriate mechanism for this Q8.7 Q8.7 - within Policy DM58 or should it be included in other policies throughout the Plans?

- 2.30 In terms of the City Council's general approach to the CCLPR, as a case in point, Taylor Wimpey notes that the wording of Policy CC1 is proposed to be amended to read, "*All development will (Asteer emphasis) integrate the principles of sustainable design and construction into the design of proposals*". Whilst the CCLPR does not seek to introduce and new requirements to this particular policy, the proposed amended wording removes the flexibility that is necessary to ensure that policy requirements can be relaxed if viability is threatened. Consequently, the policy as worded could impact on the viability of new housing development, thus reducing the rate of housing delivery. Therefore, Taylor Wimpey considers that Policy CC1 would not be effective if amended in this way and that the original wording (*'All development should take opportunities to...'*) should be retained.
- 2.31 Other policies (as set out in this statement and Taylor Wimpey's other hearing statements) which do seek to introduce additional policy requirements, must have a more specific flexibility mechanism included. For example, as adopted, Policy DM58 allows a developer to submit a Financial Viability Assessment ('FVA') to ensure the viability and deliverability of a development. Taylor Wimpey supports this aspect of the policy, and it is essential that this principle remains an integral part of Policy DM58, and is also introduced to other relevant policies.
- 2.32 The CCLPRVA does not represent a robust and credible assessment of viability and policy requirements have not been adequately demonstrated as viable. Whether or not these deficiencies are corrected, it is imperative that all relevant policies which could threaten viability and deliverability of housing, include a robust mechanism to enable the requirements to be relaxed on viability grounds through submission of a site-specific FVA

at the application stage. This is largely because a plan-wide FVA cannot account for every eventuality or the changing circumstances over the plan period which means that it will still be necessary for site viability to be assessed at the application stage in some instances, to account for site-specific circumstances where these differ from the CCLPRVA. This is consistent with the NPPF and the PPG³ which recognise that there could be sound reasons for site-specific viability evidence to be brought forward at the delivery stage as part of ultimately finalising the development details and the quantum of planning obligations that can be supported.

- 2.33 The Council provided a response to stakeholder comments but this does not resolve the ambiguity in that there is currently no clarity in several relevant policies that the requirements can be relaxed where robustly justified on viability grounds.
- 2.34 The existing mechanism in Policy DM58, or similar, should be applied to all new policy requirements with viability implications to provide the necessary flexibility for the requirements to be relaxed, therefore ensuring that delivery is not compromised.
- 2.35 **All relevant policies must have appropriate transition arrangements and a sufficiently flexible mechanism to relax any requirements where they would impact on viability and/or deliverability.** This is particularly the case for phased strategic sites which are critical for the City Council to meet its housing requirement over the plan period (further detail provided at Q8.7 below).

Q8.7 - Was consideration given in the Council's viability work to the phasing of strategic sites and any consequential effects on viability?

- 2.36 As set out in Roger Hannah's letter (**Appendix 1**), one factor relating to the site that appears to be ignored in the CCLPRVA is the phasing of the North Lancaster Strategic Site ('SG9'). The nature of large strategic sites means that they are inevitably phased, and it is therefore likely that initial capital outlay at the beginning of the development process will impact on viability, and this will need to be considered as the site is progressed through the planning system at the decision making stage.
- 2.37 A detailed Statement of Common Ground was prepared (jointly by Taylor Wimpey, Hollins Strategic Land, and the City Council) during the examination of the Lancaster Local Plan in April 2019 and included an indicative 10 year timescale for all dwellings to be delivered. In addition, Taylor Wimpey has since submitted a Comprehensive Masterplan for the North Lancaster Strategic Site as part of a hybrid planning application for the first phase

³ NPPF Paragraph 58 and PPGV Paragraph 7 Reference ID: 10-007-20190509

of development. The Comprehensive Masterplan includes a detailed phasing plan showing 4 phases and an indicative timescale 7-8 years to deliver all dwellings.

- 2.38 Roger Hannah's letter (**Appendix 1**) provided a detailed analysis of the CCLPRVA's treatment of the North Lancaster Strategic Site (labelled as 'Res8') and the associated costs. In summary, costs in respect of the North Lancaster Strategic Site are largely unknown at this time and it may be that the costs associated with development are higher than envisaged in the CCLPRVA, particularly for later phases. This will give rise to the need to test the viability of this strategic site (and other similar sites) at the decision making stage when more information is known.
- 2.39 The CCLPRVA concludes that the site is marginal with Part L (2021) costs and unviable with Future Homes Costs (2025), but that it can support 30% affordable housing and £4,592,701 of Section 106 contributions. It also suggests a CIL rate of £0 per sq m for strategic sites. This suggests that the North Lancaster Strategic Site will need to balance other planning policy requirements (i.e. those that the CCLPR seeks to introduce) in order to be delivered with the Part L building regulations and Future Homes standards.
- 2.40 Taylor Wimpey awaits the City Council's response to the Inspector's Question 8.7 and reserves the right to respond further at the relevant hearing session.
- 2.41 In any case, given the phased nature of strategic sites (including the North Lancaster Strategic Site), **all relevant policies must have appropriate transition arrangements and a sufficiently flexible mechanism to relax any requirements where they would impact on viability and/or deliverability**, particularly on strategic sites which are critical for the City Council to meet its housing requirement over the plan period.

Q8.8 - Should there be any transitional arrangements for the introduction of additional policy requirements for viability reasons? Issue: Is the approach to First Homes consistent with national policy?

- 2.42 Taylor Wimpey considers that transition arrangements are necessary to avoid the viability and practical difficulties which will inevitably arise without such arrangements. This is particularly the case should the additional policy requirements not be demonstrated as viable and deliverable but the plan adopted anyway.
- 2.43 The City Council's proposed immediate introduction of policy requirements without transition arrangements contradicts the Government's approach to the building regulations, where transition arrangements do apply. The Government, in its response to the Part L consultation in 2019, highlighted a number of issues which could arise without transition arrangements as set out in C&W's previous representations on behalf of the

consortium. The Government's response went on to note the importance of transition arrangements for providing certainty to developers.

- 2.44 Taylor Wimpey's strong view, both as part of the consortium and individually is that similar to the Government's approach to the building regulations, **transition arrangements should be included in all relevant policies, notably Policies 30a-c**, to provide the industry with sufficient time to adjust to the new requirements and to minimise adverse impact on build quality, saleability and pace of delivery.

Q8.9 - Is Policy DM3 justified or consistent with national policy and the PPG's advice?

AND

Q8.10 - Are Policy DM3 and the supporting text consistent in how First Homes are dealt with?

- 2.45 In relation to Q8.9 and Q8.10, Taylor Wimpey wishes to reserve the right to comment (either individually or as part of the consortium) at the relevant hearing session in response to the Council's response to these questions in its Matter 8 hearing statement.

**APPENDIX 1 – ROGER HANNAH EPRESENTATION LETTER TO
REGULATION 19 CONSULTATION**

Lancaster City Council
c/o Avison Young
Norfolk House
7 Norfolk Street
Manchester
M2 1DW

17 September 2021

Dear Sir/Madam

Climate Change Local Plan Review Viability Assessment – Lancaster City Council

We have been instructed by Taylor Wimpey (TW) to provide a response to the Climate Change Local Plan Review Viability Assessment (CCVA), which has been produced by Three Dragons on behalf of Lancaster City Council (LCC). We are providing our response with specific reference to the strategic site allocation, North Lancaster, which is referred to as Res8 in the CCVA. The site has been allocated for 700 homes.

The CCVA concludes that site Res8 is viable with 30% affordable housing and £4,592,701 of Section 106 contributions, with the scheme becoming marginal when the costs of Part L Building Regulations (2021) are included, and unviable when the costs of Future Homes Standards (2025) are included. It also suggests a CIL rate of £0 per sq m for strategic sites.

We will address our key areas of concern in respect of the site specific testing, also outlining requests for clarification or amendments where relevant. It should be noted that our lack of comment on other aspects of the CCVA does not imply our agreement with them and we reserve the right to make further representations or comments at a later stage where relevant.

In line with RICS reporting requirements, we can confirm that we have acted with objectivity, impartiality and without interference. We are not aware of any conflicts of interest that affect our independent opinion being provided. We can also confirm that we are not acting on the basis of any performance related or contingent fees in respect of this instruction.

Strategic Site Testing

The CCVA reports to test site Res8 on an individual basis. This is a requirement of the PPG:

“It is important to consider the specific circumstances of strategic sites. Plan makers can undertake site specific viability assessments for sites that are critical to delivering the strategic priorities of the plan. This could include, for example, large sites, sites that provide a significant proportion of the planning supply, sites that enable or unlock other development sites or sites within priority regeneration areas.” (Paragraph 005).

Whilst the CCVA states that appraisals have been undertaken on site Res8, it is unclear how many of the appraisal inputs are based on a site-specific assessment and how many are based on wider typology assumptions being applied to site Res8. As per PPG guidance, we would expect all appraisal inputs to be assessed on a site specific basis.

It is important to stress that there is also a need for decision making viability assessments, despite recent evidence bases, with the PPG stating the following circumstances when viability should be assessed at this stage:

“Such circumstances could include, for example where development is proposed on unallocated sites of a wholly different type of those used in viability assessment that informed the plan; where further information on infrastructure or sites costs is required; where particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent or housing for older people); or where a recession or similar significant economic changes have occurred since the plan was brought into force.” (Paragraph 007).

We would emphasise the need for site specific testing at the subject site because it is a significant strategic site, and the likely infrastructure and site costs are largely unknown at this stage. TW are currently in the process of preparing technical due diligence for the site, and it may be that the costs associated with development are higher than those envisaged in the CCVA.

This is further corroborated by the RICS Guidance Note (2021), which states:

“The level of uncertainty regarding both valuations and market cyclicity, the use of generic typologies and less fine-grained data in plan making, and the number of other factors that drive development values make it particularly important to treat the FVA as indicative rather than definitive in terms of the viability of development when assessing the level of contributions across a plan area” (Section 2.3.15).

One factor relating to the site that appears to be ignored in the CCVA is the phasing of the site. The nature of large strategic sites means that they are inevitably phased, and it is therefore likely that initial capital outlay at the beginning of the development process will impact on viability, and this will need to be considered as the site is progressed through the planning system at the decision making stage.

Housing Mix

We note the following mix has been adopted:

House Type	Market Mix	Affordable Mix
1 bed flat	-	35%
2 bed flat	-	-
2 bed bungalow	10%	10%
2 bed terrace	15%	30%
3 bed semi	40%	30%
4 bed detached	35%	5%

We assume that there is some flexibility with the mixes and that any scheme that maximises housing need/demand at the time of application will be accepted. We do not consider the proposed mixes to be entirely market facing/ appropriate to cater for RP demand. Additional comments in this regard are made in the consortium response that TW is a part of, which is also due to be submitted as part of the wider consultation response.

Gross Development Value

It is not entirely clear what GDV assumptions have been adopted for the site. The CCVA provides an overview of value assumptions by house type for each value area, but does not provide any GDV assessment for the strategic sites in the main body of the report.

The appendices report the results for the strategic sites separately but it is unclear if the generic typology assumptions for the value area the site falls in have been adopted, or if a site specific assessment of GDV has been undertaken. We would welcome more clarity in this regard and would be happy to engage further on this matter.

Benchmark Land Value

The CCVA adopts the following BLV for large greenfield sites:

EUV/ha = £18,100

Premium = 10 - 20 times EUV

Total BLV per ha = £181,000 - £362,000

Total BLV per acre = £73,250 - £146,500

We find the multiplier approach to assessing the minimum premium problematic for a number of reasons:

- It is not an accepted method of valuation based on RICS best practice and the RICS guidance note (2021) on viability in planning sets out a need to follow best valuation practice where applicable
- It is not possible to evidence the multiplier adopted, with the use of fixed arbitrary multipliers becoming commonplace in Local Plan viability assessments, despite the contradiction with best valuation practice
- It does not reflect the workings of the market on the basis that landowners do not have regard to this methodology when deciding whether or not to release land for development. It therefore ignores the need to consider the minimum level of return a reasonable landowner would expect, as set out by the PPG

The result of this approach is that BLVs are reduced to an unreasonable level, whereby landowners are not incentivised to release land for development.

The CCVA BLV assumptions are inconsistent with market evidence. This is supported by the current adopted viability evidence base for LCC, dated 2018, which states that BLVs should range between £250,000 - £425,000 per net acre depending on the value area a site is located in. This evidence base looks at market evidence as one of the factors to inform these BLVs, and the current approach adopted in the CCVA contradicts this. The current LCC evidence base also assesses BLV based on a typology approach based on value area (or the individual strategic sites), which is compliant with the PPG requirement for a typology approach, and the CCVA does not follow this. We would expect the BLV assumptions to be reconsidered on these grounds.

Construction Costs

We outline below the cost assumptions that are relevant to site Res8 as set out in the CCVA, in addition to our comments:

Item	Cost	Comments
Standard build	£953 per sq m/ £88.54 per sq ft	The use of BCIS lower quartile costs is unevidenced and this cost is considered low
Plot externals	10%	This is a particularly low
Contingency	No allowance	All prudent development cost plans include a contingency, and excluding a contingency does not conform with best practice across Local Plan and CIL examinations. We would expect an allowance of at least 5% for plan-making viability testing when the true extent of costs is unknown and an appropriate margin for error is required.
Garages	£7,700 per garage across 20% of units	Cost allowance seems reasonable but these costs are likely to be across over 20% of the units on site Res8.
Site development costs (land prep, site infrastructure)	£26,000 per plot	We accept a higher costs for site development/'opening up' costs for larger sites but note that the true extent of such costs for site Res8 are unknown at this stage.

We understand that more detailed commentary on the assumed construction costs is provided as part of a consortium response to LCC that TW is a party to.

Cost of Climate Change Related Policy and Other Planning Policies

We understand that Taylor Wimpey are part of a consortium of housebuilders that have provided a general response to the CCVA, and that relevant comments are incorporated within this response that is also due to be submitted to LCC.

Section 106 Contributions

The following Section 106 breakdown is provided for site Res8 in the technical appendices of the CCVA:

Item	Cost
Road/cycle/walk Halton/Aldrens	£200,000
Skerton – cycling/walking	£60,000
Slyne Rd crossing	£60,000
Canal crossing	£40,000
Road upgrades	£100,000
Playing pitch improvements	£60,000
Primary	£2,510,794
secondary	£1,368,976
Health	£192,931
Total	£4,592,701

The total of £4,592,701 equates to £6,568 per unit across a 700 unit scheme. TW have not been informed of these proposed contributions and would welcome additional information and engagement in this regard.

Developer's Return

The CCVA assumptions are too low and unevidenced. On a blended basis the assumed return of 17% on GDV across private housing and 6% on GDV across affordable housing, results in a blended average in the order of 14% on GDV, assuming 30% affordable housing. This is below the 15 – 20% on GDV set out in the PPG. It is also below the blended target of 20% on GDV that is documented in publicly available plc housebuilder company account information. The RICS Guidance Note as discusses the need for a margin to reflect market cyclical risk, as well as development risk, and the CCVA profit margins do not do this as they are not market facing or realistic.

We understand that Taylor Wimpey are part of a consortium of housebuilders that have a more detailed response to the CCVA profit assumptions, which are relevant to sites of scale such as site Res8.

Appraisal Results

The results of the CCVA appraisals are reported on the basis 'BLV headroom per dwelling' using graphs, whilst the appraisal inputs and results are presented in a table format in the technical appendices as a residual land value. This makes it difficult to interpret the results and we would request consistency in the reporting of BLV and the appraisal results within the report and appendices.

We note that the CCVA concludes that the site is marginal with Part L (2021) costs and unviable with Future Homes Costs (2025), but that it can support 30% affordable housing and £4,592,701 of Section 106 contributions. It also suggests

a CIL rate of £0 per sq m for strategic sites. This suggests that site Res8 may need to balance other planning policy requirements in order to be delivered with the Part L building regulations and Future Homes standards.

In light of the above comments, we believe there is merit in appraising the site further based on site-specific assessments of value and cost where available. It is important to note that TW are currently in the process of preparing technical due diligence for the site, and it may be that the costs associated with development are higher than envisaged in the CCVA. This will give rise to the need to test the viability of this strategic site at the decision making stage when more information is known.

Conclusions

We have provided comments in respect of the testing of site Res8. We would welcome further information on the site specific assessment of GDV, in addition to a review of the housing mix assumptions used to test viability. In addition, the approach to BLV is not considered to be wholly compliant with RICS valuation best practice through the use of an arbitrary multiplier approach.

In terms of costs, a more detailed review of these is provided in a wider consortium response, but the costs in respect of the subject site are unknown at this stage. TW are currently in the process of preparing technical due diligence for the site, and it may be that the costs associated with development are higher than envisaged in the CCVA. This will give rise to the need to test the viability of this strategic site at the decision making stage when more information is known.

The CCVA concludes that the site is marginal with Part L (2021) costs and unviable with Future Homes Costs (2025), but that it can support 30% affordable housing and £4,592,701 of Section 106 contributions. It also suggests a CIL rate of £0 per sq m for strategic sites. This suggests that site Res8 may need to balance other planning policy requirements in order to be delivered with the Part L building regulations and Future Homes standards.

I trust the above provides a summary of the CCVA assumptions relevant to site Res8. We would welcome the opportunity for further engagement in respect of this strategic site. Should you require anything further please do not hesitate to contact me using the details below.

Yours sincerely



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For and on behalf of
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