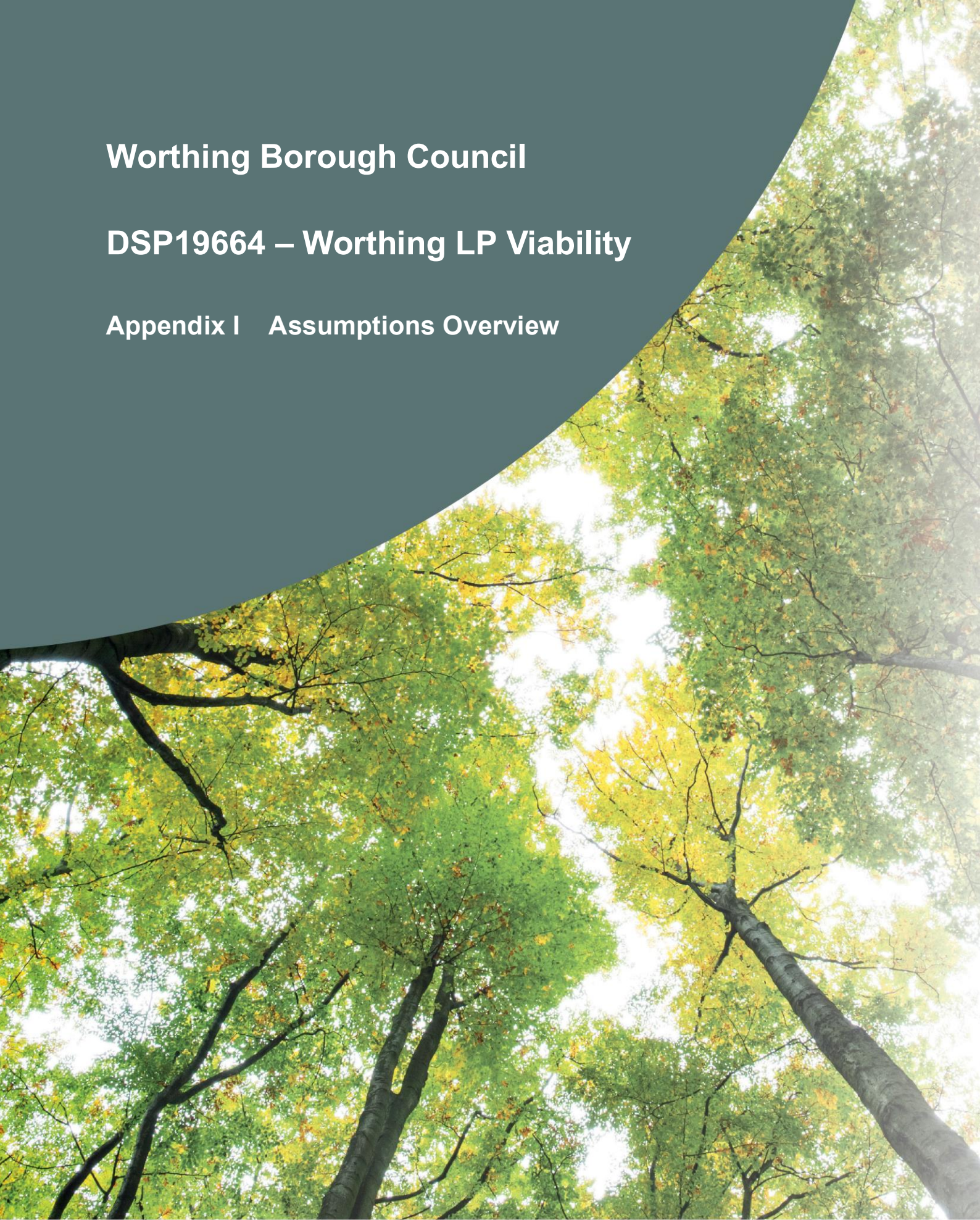


Worthing Borough Council

DSP19664 – Worthing LP Viability

Appendix I Assumptions Overview



Worthing Borough Council - Appendix I - Local Plan Viability Assessment - Residential Assumptions
(Sheet 1 of 3)

Scheme Size Appraised	Type	Site Type	Density	Gross Land Area (ha)	Net Land Area (ha)	Open Space Contribution (£) <i>(based on OS Study March 2020)</i>	CIL Rate £/sq. m. (DCS March 2020)	Build Period (Months)
6	Houses	PDL	35	0.20	0.17	£16,921	£125	6
6	Flats (Town Centre)	PDL	75	0.09	0.08	£16,921	£125	6
10	Houses	PDL	35	0.33	0.29	£28,202	£125	9
15	Houses	PDL	35	0.49	0.43	£42,303	£125	12
15	Flats	PDL	100	0.17	0.15	£42,303	£25	12
25	Mixed	GF / PDL	75	0.38	0.33	£70,505	£125 (houses only) / £25 (flats only)	18
25	Flats	PDL	100	0.29	0.25	£70,505	£25	18
30	Sheltered Flats	PDL	125	0.28	0.24	£84,605	£25	18
40	Mixed	GF / PDL	75	0.61	0.53	£112,807	£125 (houses only) / £25 (flats only)	18
50	Mixed	GF / PDL	75	0.77	0.67	£141,009	£125 (houses only) / £25 (flats only)	18
60	Flats Extra Care	PDL	125	0.55	0.48	£169,211	£0	21
75	Flats (3-5 Storey)	PDL	150	0.58	0.50	£211,514	£25	24
100	Mixed	GF	55	2.09	1.82	£282,018	£125 (houses only) / £25 (flats only)	24
100	Flats (6+ Storey)	PDL	220	0.52	0.45	£282,018	£25	24
300	Mixed	GF	55	6.27	5.45	£846,054	£125 (houses only) / £25 (flats only)	32

Additional sensitivity testing as follows:-
75 Flats (3-5 storey) with basement parking
100 Flats (6+ storey) with basement parking
100 Flats (6+ storey) with basement parking and additional/other communal areas up to 55%

Notes:
The above scenarios tested at 0% AH on sites 1-9, tested at 0%, 20%, 30% and 40% AH on-site provision on scenarios of 10+ units (major development). The appraisals have been completed in each case to the point at which a negative result 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 75% Affordable Rented / Social Rented and 25% Intermediate. 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.

Land area adjustment - 15% added (30% added on largest sites e.g. 100 Mixed, 300 Mixed)) to allow for the gross site area in addition to the OS financial contributions.

Unit Sizes - Affordable and Private Market

Unit Sizes (sq.m)*		
1-bed flat	50	*Note: Retirement/sheltered typology: 1-beds @ 55 sq. m; 2-beds @ 75 sq. m (Note 25% communal area content within retirement/sheltered typology) *Note: Extra care typology: 60 units typology 1-beds @ GIA 58.5 sq. m; 2-beds @ 76 sq. m (excluding communal areas - 35% communal area content).
2-bed flat	61	
2-bed house	79	
3-bed house	93	
4-bed house	106	

**based on range set out in the Nationally Described Space Standards (NDSS).*

Dwelling mix principles

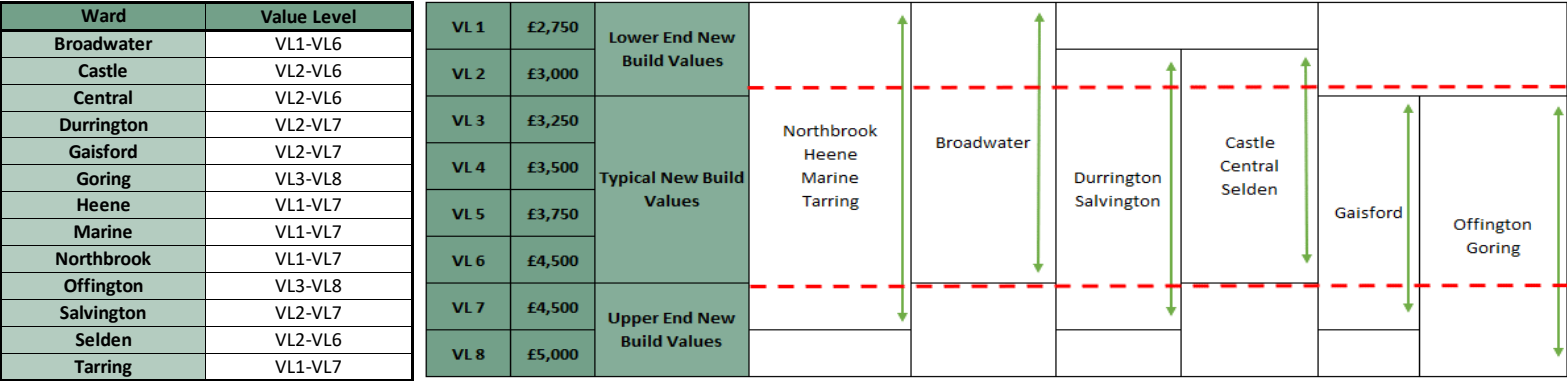
Type	Market Housing	Affordable Housing	
		Social/Affordable Rented	Intermediate
1-beds	5-15%	40-45%	30-40%
2-beds	40-45%	25-30%	35-45%
3-beds	35-40%	20-25%	15-25%
4-beds	10-20%	5-10%	0-10%

**based on the SHMA 2020. All subject to 'best fit scenario'*

DSP Value Levels

Market Value - Private	VL1	VL2	VL3	VL4	VL5	VL6	VL7	VL8+
1-bed flat	£137,500	£150,000	£162,500	£175,000	£187,500	£200,000	£225,000	£250,000
2-bed flat	£167,750	£183,000	£198,250	£213,500	£228,750	£244,000	£274,500	£305,000
2-bed house	£217,250	£237,000	£256,750	£276,500	£296,250	£316,000	£355,500	£395,000
3-bed house	£255,750	£279,000	£302,250	£325,500	£348,750	£372,000	£418,500	£465,000
4-bed house	£291,500	£318,000	£344,500	£371,000	£397,500	£424,000	£477,000	£530,000
MV (£ / m²)	£2,750	£3,000	£3,250	£3,500	£3,750	£4,000	£4,500	£5,000

Retirement (Sheltered and Extra Care) tested at £4,500, £5,500, and £6,500/sq. m.



Affordable Housing Revenue Assumptions

Unit	Market Size (sq..)	Affordable Rent		Social Rent	
		LHA Cap* Weekly Rent	Average AH Transfer Price	Weekly Rent* <i>based on the SHMA 2020</i>	Average AH Transfer Price
1BF	50	£144.00	£117,969	£94.00	£77,007
2BF	61	£185.00	£151,557	£107.00	£87,657
2BH	79	£185.00	£151,557	£107.00	£87,657
3BH	93	£224.00	£183,507	£138.00	£113,053
4BH	106	£288.00	£235,937	£130.00	£106,499

**plus 1% inflationary allowance*
Shared Ownership Value assumes an average of 60% of market value

Worthing Borough Council - Appendix I - Local Plan Viability Assessment - Residential Assumptions

Development /Policy Costs	Worthing	Notes / variances
RESIDENTIAL BUILDING, MARKETING & S106 COSTS		
		BCIS (5yr period) figures
Build Costs 'One-off' housing detached (3 units or less) - generally (£/sq.m)	£2,335	
Build Costs Mixed Developments - generally (£/sq. m) ¹	£1,348	
Build Costs Estate Housing - generally (£/sq. m) ¹	£1,335	
Build Costs Flats - generally (£/sq. m) ¹	£1,509	
Build Costs Flats - 3-5 Storey (£/sq. m) ¹	£1,495	
Build Costs Flats - 6+ Storey (£/sq. m) ¹	£1,760	
Build Costs (Supported Housing - Generally) (£/sq.m) ¹	£1,919	
External Works	10% (Flats) 15% (Houses & Mixed)	Added to build costs. Reduced allowance for sheltered / extra care development at 7.5%
Site Works (on gross site area)	£500,000/ha	Bespoke costs assumed where applicable for specific site testing
Contingencies (% of build cost)	3-15%	<i>See Sheet 3 for bespoke contingency allowances for Site Allocations.</i>
Professional & Other Fees (% of build costs)	8-10%	
Sustainable Design / Construction Standards (% of build cost) ²	5%	Includes additional allowance for biodiversity net gain where applicable.
Tested at the 2020 DCS CIL rate(s)	Range Tested as set out in the DCS	10 dwelling or less (all dwelling types) = £125/sq. m. More than 10 dwellings (excluding Flatted development) = £125/sq. m. Flatted development of more than 10 dwellings = £25/sq. m. Extra Care Housing = £0/sq. m. Greenfield housing development (as depicted in accompanying map to the DCS) = £200/sq. m. Note: For mixed use schemes on PDL, of more than 10 dwellings, we have assumed the flatted part of the development would be charged at £25/sq. m. and the housing part of the development would be charged at £125/sq. m.
Water Efficiency Standards	110 Litres per person per day	
M4(2) Accessible and adaptable dwellings (per unit)	£1,646 (Flats) £2,447 (Houses)	All new build dwellings (Policy CP1)
M4(3) Wheelchair user dwellings (per unit)	£15,691 (Flats) £26,816 (Houses)	10+ developments - 10% of new dwellings (Policy CP1)
Open Space Contributions	Variable	based on WBC Open Space Study (2020). Contributions set out in Sheet 1 of this document.
Residual s.106 / non-CIL costs (£ per unit) - small scale PDL/GF sites	£3,000	
Empty Property Costs (Sheltered / Extra Care only)	£2,000/unit (Sheltered) £5,000/unit (Extra Care)	
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%	
Affordable Housing Profit (% of GDV)	6%	
FINANCE & ACQUISITION COSTS		
Agents Fees (% of site value)	1.50%	HMRC Scale
Legal Fees (% of site value)	0.75%	
Stamp Duty Land Tax	0% to 5%	
Finance Rate - Build (%)	6.5%	
Finance Rate - Land (%)	6.5%	

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 Worthing has been used and averaged across the area. External's added separately at 10-15%. Site works added separately.

² DSP conducted variable levels of sustainability testing as part of an earlier policy development project phase.

Worthing Borough Council - Appendix I - Local Plan Viability Assessment - Site Allocations: Assumptions
(Sheet 3 of 3)

Site Allocations - Bespoke Testing	Existing Use	Site Area (ha)	Indicative Capacity (approx. no. of dwellings)	Indicative Residential Market Value (£/sq. m.)	Residential Contingency Allowance (% of cost)	Assumed Non-Residential Element	
Centenary House (WLP Ref: A3)	6-storey Office building / Police Custody Suite (PDL)	3.88	250 (Mixed Development - Houses/Flats)	VL4 £3,500 - VL6 £4,000	10%	10,000sq.m.	Office/community uses @ £85/sq.m. (BCIS £2,042/sq.m.), 6% Yield
Decoy Farm (WLP Ref: A5)	Former Landfill/scrubland (PDL)	7.3	N/A	N/A	10%	18,000sq.m.	Industrial/Storage and distribution @ £60/sq.m. (BCIS £858/sq.m.), 6.5% Yield
Grafton (WLP Ref: A7)	Multi-storey car park and bowling ally (PDL)	0.76	150 (Flats 6+ storey)	VL5 £3,750 - VL7 £4,500 Upper end assuming sea-views	15%	3,000sq.m.	Commercial @ £215/sq.m. (BCIS £1,800/sq.m.), 5.5% Yield
Martlets Way (WLP Ref: A10)	Vacant, former wastewater treatment plant, former gasholder site (PDL)	4.18	N/A	N/A	10%	10,000sq.m.	Employment @ £60/sq.m. (BCIS £858/sq.m.), 6.5% Yield
Stagecoach, Marine Parade (WLP Ref: A11)	Bus depot (PDL)	0.69	60 (Flats 3-5 storey)	VL5 £3,750 - VL7 £4,500	10%	2,000sq.m.	Leisure/commercial @ £215/sq.m. (BCIS £1,800/sq.m.), 5.5% Yield
Union Place (WLP Ref: A14)	Cleared site and car park (PDL)	1.12	150 (Flats 3-5 storey)	VL4 £3,500 - VL6 £4,000	15%	700sq.m.	Leisure/commercial @ £215/sq.m. (BCIS £1,800/sq.m.), 5.5% Yield

Note: The full list of site allocations are described in Appendix IIb and the main report text - a number of the identified site allocations were excluded from the bespoke testing.

General Non-Residential Development Cost Assumptions:	
BREAAM / other enhancements addition contingency (% of cost)	5%
Professional Fees (% of cost)	10%
Contingencies (% of cost)	5%
Planning / Building Regs etc / insurances (% of cost)	2%
Site survey / preparation costs / S106	Variable
CIL	Tested as per DCS
Finance Costs	
Finance rate p.a. (including over lead-in and letting / sales period)	6.50%
Arrangement / other fees (% of cost)	2%
Marketing Costs	
Advertising Fees (% of annual income)	1%
Letting Fees (% of annual income)	10%
Purchaser's costs	5.75%
Developer Profit (% of GDV)	15%
Yields	Variable applicability from 5% to 8%
Site Acquisition Costs	
Agents Fees (% of site value)	1.50%
Legal Fees (% of site value)	0.75%
Stamp Duty (% of value - HMRC scale)	0 to 5%

Policy Name / No.	Cost / Other Impact for Viability		Addressed where applicable through specific study approach / assumptions - associated commentary / Cost allowance
		Yes	
		Potential	
		No	
Strategic Policies			
SP1 - Presumption in favour of sustainable development			Specific cost implications linked to DM16, DM17 and DM18. Generally, 'sustainable development' is assumed to form part of the wider development design/scale/land use implication and therefore more of an indirect cost implication - direct costs discuss as part of DM policies noted above.
SP2 - Climate Change			As above, specific cost implications linked to DM16, DM17 and DM18 - addressed through a specific sustainability allowance also aligning with latest Government consultations on sustainability/Future Homes Standards.
SP3 - Healthy Communities			Considered through a range of S.106 / other costs assumptions where applicable including open space allowance and overall design quality principles.
Spatial Strategy			
SS1 - Spatial Strategy			Specific cost implications are linked to a number of DM policies considered below. Generally the wider spatial strategy is considered through the range of development typologies and specific site allocations tested as part of this study. Associated development costs/scope of DM policies have been development with the Council through this viability tested process.
SS2 - Site Allocations			Site allocations have been specifically tested and also reviewed on the basis of wider site typologies. See Sheet 3 and Appendix lib for further detail.
SS3 - Town Centre			Although more of a planning/land use implication then for viability testing, a number of site typologies are representative of town centre development including those site allocations specifically tested as part of this study.
SS4 - Countryside and Undeveloped Coast			Although more of a planning/land use implication then for viability testing, site typologies represent a variety of areas within the borough.
SS5 - Local Green Gaps			N/A - more of a planning/land use consideration then for viability testing.
SS6 - Local Green Space			N/A - more of a planning/land use consideration then for viability testing.
Site Allocations A1 - A15			Site allocations have been specifically tested and also reviewed on the basis of wider site typologies. See Sheet 3 and Appendix lib for further detail.
Development Management Policies			
DM1 - Housing Mix			Housing type and mix informed through policy, based on most up to date SHMA - represented within residential typologies. Accommodation for aging population to also be considered - DSP to test sheltered and extra care flats. Costs for meeting the M4(2) standard on 100% of new dwellings has been assumed as set out in Sheet 2.
DM2 - Density			Policy indicates suitable densities should be based on the surrounding area and resulting from a design-led approach to determine site capacity. Residential development of family housing noted to be a minimum of 35dph with higher densities >100dph on mixed-use and flatted development typically located in the town centre area. A variety of typologies have been tested with varying levels of density, aligning with the above (see Sheet 1 for further detail).
DM3 - Affordable Housing			As part of this study, a range of AH % tests have been carried out from 20% to 40% across site typologies representing typical site types and development sites expected to come forward over the emerging plan period. AH tenure has been tested based on the SHMA at 75% social/affordable rented and 25% intermediate.
DM4 - Gypsy & Traveller & Travelling Showpeople			N/A - more of a planning/land use consideration then for viability testing.

Policy Name / No.	Cost / Other Impact for Viability		Addressed where applicable through specific study approach / assumptions - associated commentary / Cost allowance
		Yes	
		Potential	
		No	
DM5 - Quality of the built environment			Although more of a planning and land use implication than for viability consideration, an indirect cost implication may exist in relation to scale and form of development - more of a design, development management related consideration. However could have site specific impacts and as such would need to be treated as abnormal costs in weighing up the overall viability.
DM6 - Public Realm			A range of residential and non-residential typologies have been tested including retail developments at varying values representative of different locations including the town centre and seafront areas. As part of those tests, we have made allowances for open space and wider residual s106 contributions. DM5 and overall design will also play an important role in meeting these policy objectives.
DM7 - Open Space, Recreation & Leisure			All typologies make an allowance for 15% non-developable space, increasing to 30% on larger schemes in addition to residual s.106, specific open space financial contributions and CIL - overall appropriate allowances have been made, alongside bespoke assumptions for specific site allocations testing where available.
DM8 - Planning for sustainable communities/community facilities			Although broadly more of a planning/design/land use consideration, we have made an allowance for on-site infrastructure provision through S.106 contributions at £3,000/dwelling alongside CIL testing rates.
DM9 - Delivering Infrastructure			Considered through a range of S.106 / other cost assumptions (in addition to CIL). In practice a range of sites will trigger mitigation requirements (localised works or contributions) but those will vary with the site-specific details. DSP consider £3,000 / dwelling forms an appropriate sum, effectively as a contingency, for such measures. It follows that for all tests at £3,000 per dwelling, the immediate / essential highways mitigation / s.278 works are assumed to be specifically allowed for. CIL tested at the rates within the DCS.
DM10 - Economic growth and skills			Range of commercial (non-residential) typologies in a range of locations including the town centre area tested as part of this study alongside other policy requirements.
DM11 - Protecting and enhancing employment sites			See DM10 above.
DM12 - The visitor economy			More of a land use / planning implication than for viability consideration. However, DSP will consider at a high-level, tourism related development as part of main report text.
DM13 - Retail and Town Centre Uses			Range of commercial (non-residential) typologies in a range of locations including the town centre area tested as part of this study alongside other policy requirements.
DM14 - Digital Infrastructure			No direct impact on viability, rather a planning and land use implication.
DM15 - Sustainable Transport & Active Travel			Although broadly more of a planning/design/land use consideration, we have made an allowance for on-site infrastructure provision through S.106 contributions at £3,000/dwelling alongside CIL testing rates and linked sustainability policies (see below).
DM16 - Sustainable Design			A range of cost assumptions have been made in connection with sustainability and energy efficiency generally to meet the Council's requirements alongside potential future implementation of the new Future Homes Standard - See Sheet 2 and main report for further detail.
DM17 - Energy			
DM18 - Biodiversity			Linked to sustainability above, our assumptions also make a high-level allowance for Biodiversity Net Gain within all site typologies.
DM19 - Green Infrastructure			Any associated cost or land take assumptions considered to be within overall build costs and externals / planning obligations including sustainability allowance in relation to biodiversity off-setting.
DM20 - Flood risk and sustainable drainage			Potential site-specific impact which we consider would need to be treated as abnormal costs in weighing-up overall viability position on a particular site. For a high-level study of this nature, DSP assume this is allowed for within the overall build costs and fees assumptions.

Policy Name / No.	Cost / Other Impact for Viability		Addressed where applicable through specific study approach / assumptions - associated commentary / Cost allowance
		Yes	
		Potential	
		No	
DM21 - Water quality and sustainable water use			Water efficiency standards assumed at 110 litres per person per day by DSP. Costs also associated with general design / development management criteria.
DM22 - Pollution			No direct impact on viability, rather a planning and land use implication. Although this may result in a site-specific cost impact, we have not included generally as part of our high level testing approach unless bespoke costs are known in connection with specific site allocations testing.
DM23 - Strategic Approach to the Historic Environment			Although more of a planning and land use implication than for viability consideration, an indirect cost implication may exist in relation to scale and form of development - more of a design, development management related consideration. However could have site specific impacts and as such would need to be treated as abnormal costs in weighing up the overall viability position on a particular site.
DM24 - The Historic Environment			Linked to the above, although more of a planning/land use consideration than for viability testing, potential indirect cost implication may exist - assumed to be covered as part of overall range of assumptions and considered on a site specific basis where applicable.