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Runnymede BC – Viability Response to Representations

1 Background

This paper is a response to the representations made in response to the Council's Local Plan. The paper focuses specifically on viability matters.

The main areas covered in the representations were:

- Sustainable features of new development not included. By this was meant in particular Policies SD8 and SD9 which relate to renewables, water efficiency and EV Charging points;
- Accessibility – in particular, Standards M4 (2), M4 (3a) and M4 (3b);
- The costs of SAMMs and SANGs to be included;
- The impact of self build on viability;
- The impact of gypsy and traveller plots.

2 Quantifying the impacts

The table below summarises the impacts identified in the representations:

Policy	Per Dwelling Allowance	Notes
SANGs/SAMMs	£2,683	
EV Charging Point	£1,500	
Water Efficiency	£6	
Accessibility		
M4 (2)	£1,000	Policy applies to 95% of Dwellings
M4 (3a)	£400	Equivalent per DW - Policy applies only to 4% of Dw
M4 (3b)	£250	Equivalent per DW - Policy applies only to 1% of Dw
10% Renewables	£2,000	
Total per Dwelling	£7,839	
Say	£10,000	

The key sources for these assumptions are:

'Housing Standards Review: Cost Impacts (2014) EC Harris on behalf of CLG. Available at: <https://www.gov.uk/government/publications/housing-standards-review-final-implementation-impact-assessment>

EV charging point costs were obtained from the Energy Savings Trust at <http://www.energysavingtrust.org.uk/scotland/grants-loans/domestic-charge-point-funding>

<https://chargemasterplc.com/for-home?gclid=CIrkyd2ZvdQCFRMz0wod7WgGgg>

As the table states, I have allowed a sum of £10,000 per unit for these additional costs.

I comment further on later, on Self Build and gypsy and traveller impacts.

3 Updated analysis

The table below sets out the residual values on a per hectare basis for the individual sub markets.

These reflect a split (within the Affordable Housing element) of:

60% Affordable Rent; 20% Social Rent; 10% Shared Ownership and 10% Discount Market (capped at £250,000 per unit).

30 DPH	20%	25%	30%	35%	40%	45%	50%
Wentworth	£24.16	£22.66	£21.17	£19.67	£18.18	£16.68	£15.19
Virginia Water	£10.66	£9.96	£9.25	£8.54	£7.83	£7.12	£6.41
Englefield Green	£7.69	£7.16	£6.62	£6.09	£5.52	£5.02	£4.48
Ottershaw	£6.89	£6.40	£5.91	£5.43	£4.94	£4.45	£3.96
Woodham	£5.95	£5.52	£5.09	£4.65	£4.22	£3.78	£3.35
Chertsey	£5.56	£5.15	£4.74	£4.33	£3.92	£3.51	£3.10
Egham	£5.55	£5.14	£4.73	£4.32	£3.91	£3.50	£3.09
Addlestone	£4.58	£4.22	£3.87	£3.52	£3.17	£2.81	£2.45
Staines Border & North	£4.40	£4.05	£3.72	£3.37	£3.03	£2.68	£2.34

40 DPH	20%	25%	30%	35%	40%	45%	50%
Wentworth	£29.49	£27.68	£25.87	£24.06	£22.25	£20.44	£18.63
Virginia Water	£12.99	£12.15	£11.29	£10.45	£9.60	£8.75	£7.91
Englefield Green	£9.36	£8.72	£8.09	£7.45	£6.81	£6.18	£5.54
Ottershaw	£8.38	£7.80	£7.22	£6.65	£6.07	£5.49	£4.91
Woodham	£7.24	£6.73	£6.21	£5.70	£5.19	£4.68	£4.17
Chertsey	£6.76	£6.28	£5.79	£5.31	£4.82	£4.34	£3.85
Egham	£6.75	£6.27	£5.78	£5.30	£4.81	£4.33	£3.84

Addlestone	£5.55	£5.14	£4.73	£4.31	£3.89	£3.48	£3.07
Staines Border & North	£5.34	£4.94	£4.54	£4.13	£3.73	£3.33	£2.93

80 DPH	20%	25%	30%	35%	40%	45%	50%
Wentworth	£47.98	£45.11	£42.23	£39.36	£36.48	£33.61	£30.74
Virginia Water	£21.07	£19.77	£18.47	£17.16	£15.85	£14.55	£13.24
Englefield Green	£15.15	£14.19	£13.23	£12.27	£11.31	£10.35	£9.39
Ottershaw	£13.57	£12.69	£11.83	£10.96	£10.09	£9.23	£8.36
Woodham	£11.69	£10.93	£10.17	£9.41	£8.66	£7.89	£7.14
Chertsey	£10.91	£10.19	£9.48	£8.77	£8.07	£7.34	£6.63
Egham	£10.87	£10.16	£9.45	£8.74	£8.03	£7.31	£6.60
Addlestone	£8.94	£8.34	£7.74	£7.15	£6.55	£5.95	£5.35
Staines Border & North	£8.61	£8.03	£7.45	£6.87	£6.29	£5.71	£5.13

The results in the table show huge residual values which may correspond broadly to land value. These apply even at relatively high levels of Affordable Housing (tested here up to 50%).

Even in the weakest sub market (Staines), residual values are in excess of £2 million per hectare at 30 dph. At higher density, this rises to over £5 million per hectare.

To be consistent with the main report, I have adopted the same land value benchmarks (LVBs) as previously. As before I have highlighted the viable policy positions using both benchmarks looked at.

The table below sets out the viable policy positions:

30 DPH	20%	25%	30%	35%	40%	45%	50%		- No Affordable Housing
Wentworth	£24.16	£22.66	£21.17	£19.67	£18.18	£16.68	£15.19		£13,314,262
Virginia Water	£10.66	£9.96	£9.25	£8.54	£7.83	£7.12	£6.41		£7,096,119
Englefield Green	£7.69	£7.16	£6.62	£6.09	£5.52	£5.02	£4.48		£5,732,673
Ottershaw	£6.89	£6.40	£5.91	£5.43	£4.94	£4.45	£3.96		£5,360,824
Woodham	£5.95	£5.52	£5.09	£4.65	£4.22	£3.78	£3.35		£4,927,000
Chertsey	£5.56	£5.15	£4.74	£4.33	£3.92	£3.51	£3.10		£4,751,405
Egham	£5.55	£5.14	£4.73	£4.32	£3.91	£3.50	£3.09		£4,741,075
Addlestone	£4.58	£4.22	£3.87	£3.52	£3.17	£2.81	£2.45		£4,296,922
Staines Border & North	£4.40	£4.05	£3.72	£3.37	£3.03	£2.68	£2.34		£4,224,618
30 DPH	20%	25%	30%	35%	40%	45%	50%		Adjusted LVB
Wentworth	£24.16	£22.66	£21.17	£19.67	£18.18	£16.68	£15.19		£8,106,918
Virginia Water	£10.66	£9.96	£9.25	£8.54	£7.83	£7.12	£6.41		£4,320,755
Englefield Green	£7.69	£7.16	£6.62	£6.09	£5.52	£5.02	£4.48		£3,490,566
Ottershaw	£6.89	£6.40	£5.91	£5.43	£4.94	£4.45	£3.96		£3,264,151
Woodham	£5.95	£5.52	£5.09	£4.65	£4.22	£3.78	£3.35		£3,000,000
Chertsey	£5.56	£5.15	£4.74	£4.33	£3.92	£3.51	£3.10		£2,893,082
Egham	£5.55	£5.14	£4.73	£4.32	£3.91	£3.50	£3.09		£2,886,792
Addlestone	£4.58	£4.22	£3.87	£3.52	£3.17	£2.81	£2.45		£2,616,352
Staines Border & North	£4.40	£4.05	£3.72	£3.37	£3.03	£2.68	£2.34		£2,572,327

It will be remembered from the Viability Report that two main LVBs were offered: first assuming that Affordable Housing impacts were not to be included (incorrect viability practice) and second, where Affordable Housing impacts were to be included (correct viability practice).

Under this second benchmark, it can be seen that Affordable targets of between 45% and 50% are viable across the Borough.

The analysis of the larger sites has also been considered in the light of potential additional costs. The residual values (in the blue cells) are shown in the table on the following page which shows substantial surpluses at 50% Affordable Housing over the EUVs.

Large Sites	£ million								Dwellings	Additional Costs		20%	25%	30%	35%	40%	45%	50%	EUV
	20%	25%	30%	35%	40%	45%	50%	EUV		Cost per Dw	Cost								
											(£ million)								
Addlestone West	£6.61	£6.24	£5.99	£5.74	£5.48	£5.23	£4.77	£0.60	70	£10,000	0.7	£5.91	£5.54	£5.29	£5.04	£4.78	£4.53	£4.07	£0.60
Addlestone East	£3.04	£6.26	£6.00	£5.75	£5.49	£5.24	£4.98	£0.60	70	£10,000	0.7	£2.34	£5.56	£5.30	£5.05	£4.79	£4.54	£4.28	£0.60
Egham Gateway West	£0.72	£1.08	£1.44	£1.79	£2.15	£2.51	£2.87	£1.60	200	£10,000	2	-£1.28	-£0.92	-£0.56	-£0.21	£0.15	£0.51	£0.87	£1.60
Hanworth Lane	£35.70	£33.01	£30.44	£27.80	£25.17	£22.53	£19.89	£0.20	195	£10,000	1.95	£33.75	£31.06	£28.49	£25.85	£23.22	£20.58	£17.94	£0.20
Brox End Nursery	£9.07	£8.44	£7.80	£7.17	£6.54	£5.91	£5.28	£0.03	40	£10,000	0.4	£8.67	£8.04	£7.40	£6.77	£6.14	£5.51	£4.88	£0.03
Coombelands Lane	£5.91	£5.44	£4.96	£4.49	£4.02	£4.01	£3.07	£0.03	43	£10,000	0.43	£5.48	£5.01	£4.53	£4.06	£3.59	£3.58	£2.64	£0.03
Ottershaw East	£50.70	£47.08	£43.45	£39.83	£36.21	£32.58	£28.96	£0.26	230	£10,000	2.3	£48.40	£44.78	£41.15	£37.53	£33.91	£30.28	£26.66	£0.26
St Peter's Hospital	£73.27	£68.18	£62.85	£60.67	£52.56	£47.35	£42.26	£0.24	400	£10,000	4	£69.27	£64.18	£58.85	£56.67	£48.56	£43.35	£38.26	£0.24
Chersey Bittams A	£94.01	£87.07	£80.13	£73.19	£66.25	£59.31	£53.37	£0.26	175	£10,000									£0.26
Chertsey Bittams B									110	£10,000									
Chertsey Bittams C									35	£10,000	0.35	£93.66	£86.72	£79.78	£72.84	£65.90	£53.02	£53.02	
Chertsey Bittams D									125	£10,000									
Chertsey Bittams E									70	£10,000									
Vet Labs Parcel B	£19.58	£17.98	£16.37	£14.76	£13.16	£11.55	£9.94	£0.09	150	£10,000	1.5	£18.08	£16.48	£14.87	£13.26	£11.66	£10.05	£8.44	£0.09
Thorpe Lea Road North	£10.76	£9.94	£9.13	£8.31	£7.49	£6.68	£5.86	£2.00	85	£10,000	0.85	£9.91	£9.09	£8.28	£7.46	£6.64	£5.83	£5.01	£2.00
Thorpe Lea Road West	£36.45	£33.73	£31.04	£28.36	£26.67	£22.99	£20.31	£5.00	200	£10,000	2	£34.45	£31.73	£29.04	£26.36	£24.67	£20.99	£18.31	£5.00
Virginia Water North	£42.93	£40.28	£37.63	£34.98	£32.32	£29.68	£27.03	£10.00	120	£10,000	1.2	£41.73	£39.08	£36.43	£33.78	£31.12	£28.48	£25.83	£10.00
Virginia Water South	£53.33	£50.00	£46.68	£43.35	£40.02	£36.69	£33.37	£0.10	150	£10,000	1.5	£51.83	£48.50	£45.18	£41.85	£38.52	£35.19	£31.87	£0.10
Chilsey Green Farm	£40.91	£37.88	£34.86	£31.83	£28.81	£25.78	£22.76	£0.14	225	£10,000	2.25	£38.66	£35.63	£32.61	£29.58	£26.56	£23.53	£20.51	£0.14

4 Other impacts

Representors suggested that Self Build schemes should be tested. I cannot however see how the economics of these scheme differ significantly from mainstream development since they are likely to incur similar selling prices or values, and similar costs. It might be argued that costs are higher for 'one-off' schemes but then there may also be an offsetting in the premium value that these schemes frequently achieve. It is also the case these schemes are contract build, and not developed without a specific end user in mind and hence a builder may well be prepared to develop these houses at a lower margin.

Gypsy and traveller plots are difficult to 'test' as in some instances they will be operated on a profit basis, enabling operators to pay for the plots. Even however, where they are provided on a free basis, the impact will be largely to lower the density of a scheme.

The foregoing results however show that even at lower densities, residual values remain very high and it seems unlikely therefore that this provision will make the delivery of the Plan unviable.

5 New DCLG Guidance

The new Draft Planning Practice Guidance:

<https://www.gov.uk/government/consultations/draft-revised-national-planning-policy-framework>

looks at viability practice. This stresses the importance of using EUV as the land value benchmark and of utilising strategic site assessment as a way of making sure plans are viable. It is believed that the Runnymede viability assessment accords with this approach.

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Assumptions

Sub Market	Detached			Semi Detached						Flats/Maisonettes			Bungalows	
	5 Bed	4 Bed	3 Bed	4 Bed	3 Bed	2 Bed	4 Bed	3 Bed	2 Bed	3 Bed	2 Bed	1 Bed	3 Bed	2 Bed
Wentworth	£2,170,000	£1,844,000	£1,476,000	£1,603,000	£1,395,000	£1,185,000	£1,483,000	£1,289,000	£1,180,000	£1,127,000	£903,000	£632,000	£1,673,000	£1,423,000
Virginia Water	£1,156,000	£984,000	£787,000	£855,000	£744,000	£631,000	£791,000	£687,000	£629,000	£601,000	£481,000	£337,000	£892,000	£759,000
Englefield Green	£934,000	£794,000	£635,000	£690,000	£600,000	£510,000	£638,000	£555,000	£508,000	£485,000	£388,000	£271,000	£720,000	£613,000
Ottershaw	£874,000	£743,000	£594,000	£646,000	£562,000	£477,000	£597,000	£519,000	£475,000	£454,000	£364,000	£255,000	£674,000	£573,000
Woodham	£804,000	£683,000	£547,000	£594,000	£516,000	£439,000	£550,000	£477,000	£437,000	£417,000	£334,000	£234,000	£619,000	£527,000
Chertsey	£774,000	£659,000	£526,000	£572,000	£498,000	£423,000	£529,000	£460,000	£421,000	£403,000	£322,000	£225,000	£597,000	£508,000
Egham	£773,000	£658,000	£526,000	£571,000	£497,000	£422,000	£528,000	£459,000	£420,000	£402,000	£321,000	£224,000	£597,000	£507,000
Addlestone	£701,000	£596,000	£476,000	£518,000	£450,000	£383,000	£478,000	£416,000	£380,000	£364,000	£291,000	£204,000	£540,000	£460,000
Staines Border &	£687,000	£584,000	£467,000	£508,000	£442,000	£375,000	£469,000	£409,000	£373,000	£358,000	£286,000	£200,000	£530,000	£451,000

	Dwellings per Hectare						
	20	30	40	50	60	80	100
1 Bed Flat			5	5	5	10	15
2 Bed Flat			5	10	10	20	25
2 Bed Terrace	10	20	20	20	20	25	30
3 Bed Terrace	10	10	10	10	20	20	25
3 Bed Semi	15	15	15	15	20	15	5
3 Bed Detached	20	20	20	20	15	10	
4 Bed Detached	25	20	15	15	10		
5 Bed Detached	15	10	5				
3 Bed Bungalow	5	5	5	5			
Totals	100	100	100	100	100	100	100

	Baseline	Externals	Sub Total	Runnymede Factor	Total
2 Storey Houses	£1,080	£162	£1,242	£186	£1,428
Bungalows	£1,207	£181	£1,388	£208	£1,596
Low Rise Flats	£1,246	£187	£1,433	£215	£1,648

Densities (DPH)	20	30	40	50	60	80	100
Wentworth	£1,054,000	£1,000,000	£920,000	£878,000	£845,000	£750,000	£693,000
Virginia Water	£563,000	£533,000	£490,000	£468,000	£451,000	£400,000	£369,000
Englefield Green	£454,000	£431,000	£396,000	£378,000	£364,000	£323,000	£298,000
Ottershaw	£424,000	£403,000	£370,000	£354,000	£340,000	£302,000	£279,000
Woodham	£390,000	£370,000	£341,000	£325,000	£313,000	£278,000	£257,000
Chertsey	£376,000	£357,000	£328,000	£313,000	£302,000	£267,000	£247,000
Egham	£376,000	£356,000	£328,000	£313,000	£301,000	£267,000	£247,000
Addlestone	£340,000	£323,000	£297,000	£283,000	£273,000	£242,000	£224,000
Staines Border & No	£334,000	£317,000	£291,000	£278,000	£268,000	£237,000	£220,000

	SR	AR	SO	SO	Check
Test at:					
20%	4	12	2	2	20
25%	5	15	2.5	2.5	25
30%	6	18	3	3	30
35%	7	21	3.5	3.5	35
40%	8	24	4	4	40
45%	9	27	4.5	4.5	45
50%	10	30	5	5	50

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SANGs/SAMMs	£2,683	
EV Charging Point	£1,500	
Water Efficiency	£6	
Accessibility		
M4 (2)	£1,000	Policy applies to 95% of Dwellings
M4 (3a)	£400	Equivalent per DW - Policy applies only to 4% of Dw
M4 (3b)	£250	Equivalent per DW - Policy applies only to 1% of Dw
10% Renewables	£2,000	
Total per Dwelling	£7,839	
Say	£10,000	