
BRIEFING NOTE

SEFTON LOCAL PLAN – MATTERS AND ISSUES

QUESTION 6.1 AND 6.8 CLARIFICATIONS

November | 2015

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SEFTON LOCAL PLAN – MATTERS AND ISSUES – QUESTIONS 6.1 AND 6.8 CLARIFICATIONS

1.0 INTRODUCTION

At the Examination Hearing Session relating to Matter 6: Housing and Communities the Inspector raised a question about the impact of the new housing standards on viability. In particular as a result of these changes what assumptions should now be made about construction costs, and with reference to the Local Plan Economic Viability Study (LPEVS) where did viability now sit in the context of the viability testing that was previously undertaken. Clarification was also sought by way of a comparison of the previous Lifetime Homes Standards against the Building Regulation Requirement M4(2) 'accessible and adaptable dwellings' in terms of the impact on viability.

2.0 VIABILITY TESTING ASSUMPTIONS

For completeness we have provided below a summary table identifying how Sefton Local Plan policy requirements have been taken into account in the viability testing undertaken in the LPEVS.

Policy	Requirements	How Addressed
HC1 Affordable and Special Needs	15 units or more 30% affordable housing by bed spaces 80% social/affordable rented 20% intermediate In Bootle and Netherton 15% affordable provision split 50/50 between tenures	Specific Viability Testing undertaken based on differing thresholds and mixes inc 30% and 80/20% split. Testing didn't include affordable rented however this would be more viable as an alternative to social rent. Specific testing undertaken.
HC2 Housing Type, Mix and Choice	15 or more dwellings mix of new houses:- 25% (min) market dwellings - 1 and 2 bed 40% (min) market dwellings - 3 bed Requirement for 20% of all new homes in developments of 15 or more dwellings to be designed to meet Lifetime Homes	The overall and affordable mixes that we have adopted mean that this criteria is fulfilled even at 30% affordable were percentages of market dwellings are:- 1-2b generally 30-36% 2b generally 49-54% WYG base construction cost assessments and hence baseline viability testing includes provision for Lifetime Homes.

Policy	Requirements	How Addressed
HC3 Residential Development and Development in Primarily Residential Areas	New Residential Development must achieve a minimum density of 30 dwellings per hectare	Generic testing undertaken at densities of 30 and 40 dph. Site specific testing undertaken primarily at 35dph in accordance with allocations information from Sefton
IN1 Infrastructure and Developer Contributions	<p>Where appropriate contributions sought to enhance and provide infrastructure to support new development. Secured as planning obligation, CIL or other agreements.</p> <p>Where appropriate the Council may require developers to provide necessary infrastructure as part of their development proposals.</p>	<p>Within the generic testing undertaken we have made an allowance for S106/S278 site specific contributions of £500 per dwelling.</p> <p>For the Strategic sites we have had regard to requirements of Transportation Team and any known policy requirements, and have included specific cost assessments within the appraisals.</p>
EQ2 Design	The design of high quality, well-connected and well-maintained POS	Developments of 15 units or greater include on site POS, and cost assessments include for laying out and capitalised future maintenance.
EQ7 Energy Efficient and Low Carbon Design	Includes for major development energy efficiency measures etc	<p>Construction cost assessments prepared based on Building Regulations at July 2014.</p> <p>Specific testing undertaken to model the impact of additional costs associated with code compliance, based on the following costs per dwelling:-</p> <ul style="list-style-type: none"> Level 3-£1,620 Level 4-£5,850 Level 5-£24,150 Level 6-£41,100

Policy	Requirements	How Addressed
EQ8 Managing Flood Risk and Surface Water	Includes requirements for new development to incorporate SuDs	The construction cost assessments prepared by WYG incorporate an allowance for surface water attenuation. The form of development tested and in particular the inclusion of open spaces addresses the requirements for SuDs, and the costs assessed by WYG make provision for any associated costs.
EQ 9 Provision of Public Open Space, Strategic Paths and Trees in development	Proposals for 50 dwellings or more must provide appropriate high quality POS. Incorporate suitable arrangements for long term management and maintenance. Requirement 40 sq. per home	Schemes of 15 units and above include POS and WYG have included associated costs in their assessments. Also includes for capitalised maintenance costs.

Table 2.1: Sefton Local Plan Cumulative Policy Requirements

We have provided at Appendix 1 a clarification note prepared by WYG which outlines the assumptions made in their base construction cost assessments, and considers the mandatory changes that have taken place since this time to Building Regulations and also the optional standard M4 (2) 'Accessible and Adaptable Dwellings'.

It is understood that Sefton are seeking a modification to the Local Plan to replace the requirement for Lifetime Homes for 20% of all homes in developments of 50 or more dwellings with the optional Building Regulation Requirement M4 (2).

3.0 IMPACT OF NEW HOUSING STANDARDS AND M4(2)

The clarification note prepared by WYG indicates that in the context of the base construction cost assessments that they have prepared the mandatory changes to building regulations for security measures result in a very limited increase in construction costs of only £1.10 per sq.m.

In terms of the optional standard M4(2) the costs of achieving this standard are broadly equivalent to those associated with the former Lifetime Homes and as a result no further adjustment is required to their base construction cost assessment to meet the requirements of the proposed policy modification.

For completeness we have updated the viability testing results from the LPEVS to reflect the adjustments for the new security requirements under building regulations. For ease of reference we have also combined the adjusted baseline surplus with the policy requirement for affordable housing provision to show one single development surplus for each development based on the policy compliant position at either 30% or 15% affordable housing provision dependent on location.

These results tables are contained at Appendix 2 and contain for each site tested the development surplus per sq.m of built floor space. The cells marked red indicate that the scheme is not viable at the level of affordable housing assumed. All other schemes tested are considered to be viable and the development surplus per sq.m is shown. Where the scheme is viable but the development surplus is a sum equivalent to less than 5% of GDV we have shaded the cell yellow, following the methodology in the LPEVS.

In relation to the specific allocations that have been tested, the evolving policies and capacities for these sites mean that for a number of them we have undertaken several viability assessments as amendments have been made. As a consequence the results of our viability testing are contained in several different tables in the LPEVS as changes have been made to the allocations. In addition we have also prepared an additional briefing note in relation to the modified policies for Maghull East and Moss Lane. The table at Appendix 2 relating to these allocations therefore draws out from the various viability tests undertaken the most up to date results based on the current plan policy requirements. In each case we have presented the development surplus per sq.m of built floorspace based on the combined Local Plan policies including 30% affordable housing. In the event that the result at 30% or 20% is unviable or if it is viable but the surplus is equivalent to less than 5% of GDV we have also shown the result for the next threshold of affordable housing tested

Keppie Massie

KEPPIE MASSIE

30 NOVEMBER 2015

APPENDIX 1

WYG CLARIFICATION NOTE



SEFTON COUNCIL – LOCAL PLAN ECONOMIC VIABILITY STUDY

Clarification of construction costs prepared by WYG

Construction Cost Assessment Prepared for Original Study

The construction costs for both residential and non-residential developments were undertaken in mid 2014. Those costs reflected construction cost levels at that time and included for Building Regulation standards then applicable. In relation to residential development, Building Regulations at that time broadly required energy efficiency requirements equivalent to Level 3 of the Code for Sustainable Homes. The base construction cost assessments and hence the baseline testing that was undertaken reflected these requirements.

In terms of the other aspects of Code Level 3 namely:-

- Surface water run-off
- Waste
- Health and Well-being
- Water usage
- Environmental Impact of Materials
- Control of Pollution
- Management
- Ecology

These were not covered by Building Regulation requirements at that time. As a result we prepared an assessment of the additional cost per dwelling of including these requirements to achieve Level 3. This additional cost was £1,620 per dwelling. Keppie Massie undertook separate viability testing to model the impact of these additional Code Level 3 requirements and the impact of this over and above the base position is shown in the results tables contained in Keppie Massie's Local Plan Economic Viability Study.

Changes to Building Regulations

Since our cost assessments in 2014 changes to Building Regulations have been introduced in relation to security measures. A new security document Q has been introduced. The requirement provides that reasonable provision must be made to resist unauthorised access to any dwelling; and any part of a building from which access can be gained to a flat within the building. The approved document sets out reasonable standards for doors and windows to resist physical attack by a casual or opportunist burglar by being both sufficiently robust and fitted with appropriate hardware. Our original cost assessments do not reflect this requirement, however the additional cost associated with achieving this requirement are minimal, and based on the requirements we have assessed an additional cost of £1.10 per sq m would need to be added to our original base construction cost assessment.



Optional Technical Standards

We understand that the Council wishes to introduce a new policy that

In developments of 50 or more dwellings, at least 20% of new market properties must be designed to meet Building Regulation Requirement M4 (2) 'accessible and adaptable dwellings'

This will replace the requirements for 20% of dwellings to achieve Lifetime Homes Standards. We have considered the requirements of Part M4(2) and their costs. The requirements are similar to those of Lifetime Homes and include details in respect of

- Car Parking and paved entrance platform
- Thresholds
- Door and hallway widths
- Staircase width
- Accessibility and circulation within Living rooms, Kitchens and Bedrooms
- Measures to allow fitting of grab rails in the future
- Measures to allow fitting of level access shower in the future
- Services (heights of sockets, switches etc)
- Window handles heights.

We consider that the costs of compliance with these requirements are similar to those assessed for Lifetime Homes which are included within the base testing costs.

Conclusions

Since our original construction cost assessments were prepared, the mandatory changes to Building Regulations would add approximately £1.10 per sq.m to the original construction cost assessments. In relation to the Optional Building Regulation M4(2) the costs of achieving compliance are similar to those for Lifetime Homes and would not materially alter our base construction cost assessments.

In terms of the viability testing that was undertaken for the Local Plan Viability Study, this would mean that taking a very simplistic approach the baseline surplus would reduce by around £1.10 per sq.m. This is significantly less than the reduction due to meeting the additional costs of Code Level 3, which results in a reduction to the baseline development surplus of around £20 per sq.m.

WYG

30 November 2015

APPENDIX 2

**CUMULATIVE LOCAL PLAN POLICIES
RESULTS TABLES**

APPENDIX 2

SEFTON LOCAL PLAN CUMULATIVE POLICY TESTING RESULTS

Tables: 11.2 and 11.3 Affordable Housing Policy at 15% - Bootle and Netherton (development surplus per sq.m)

Scheme	Density		Bootle	Netherton
3 (15 Units)	30	Brownfield		£30
	40	Brownfield		£144
4 (20 Units)	30	Brownfield		£54
	40	Brownfield		£135
5 (50 Units)	30	Brownfield		£33
	40	Brownfield		£114
6 (100 Units)	30	Brownfield		£51
	40	Brownfield		£134

Table 6.3: Zone 2 (Litherland, Orrell & Waterloo) Residential Viability Testing Results (development surplus per sq.m)

Scheme	Density		30%	20%	10%
3 (15 Units)	30	Brownfield			£96
	40	Brownfield	£14	£92	£198
4 (20 Units)	30	Brownfield		£42	£95
	40	Brownfield	£29	£120	£178
5 (50 Units)	30	Brownfield			£50
	40	Brownfield		£49	£132
6 (100 Units)	30	Brownfield		£1	£71
	40	Brownfield	£8	£84	£154

Table 6.4: Zone 3 (Aintree, Thornton & Rural Hinterlands) Residential Viability Testing Results (development surplus per sq.m)

Scheme	Density		30%	20%	10%
3 (15 Units)	30	Brownfield			£49
	40	Brownfield		£85	£203
4 (20 Units)	30	Brownfield			£41
	40	Brownfield			£117
5 (50 Units)	30	Brownfield			
	40	Brownfield		£28	£120
6 (100 Units)	30	Brownfield			£3
	40	Brownfield		£62	£140

Scheme	Density		30%
3 (15 Units)	30	Greenfield	£167
	40	Greenfield	£252
4 (20 Units)	30	Greenfield	£205
	40	Greenfield	£268
5 (50 Units)	30	Greenfield	£144
	40	Greenfield	£207
6 (100 Units)	30	Greenfield	£168
	40	Greenfield	£233

Table 6.5: Zone 4 (Southport, Ainsdale, Hightown, Crosby & Maghull) Residential Viability Testing (development surplus per sq.m)

Scheme	Density		30%	20%	10%
3 (15 Units)	30	Brownfield			£75
	40	Brownfield	£31	£122	£247
4 (20 Units)	30	Brownfield		£1	£69
	40	Brownfield	£46	£126	£223
5 (50 Units)	30	Brownfield			£7
	40	Brownfield		£57	£154
6 (100 Units)	30	Brownfield			£23
	40	Brownfield	£2	£91	£173

Scheme	Density		30%
3 (15 Units)	30	Greenfield	£133
	40	Greenfield	£246
4 (20 Units)	30	Greenfield	£170
	40	Greenfield	£259
5 (50 Units)	30	Greenfield	£103
	40	Greenfield	£191
6 (100 Units)	30	Greenfield	£125
	40	Greenfield	£217

Table 6.6: Zone 5 (Birkdale, Formby & Blundellands) Residential Viability Testing Results (development surplus per sq.m)

Scheme	Density		30%	20%	10%
3 (15 Units)	30	Brownfield	£5	£105	£242
	40	Brownfield	£172	£272	£409
4 (20 Units)	30	Brownfield	£36	£155	£230
	40	Brownfield	£82	£301	£376
5 (50 Units)	30	Brownfield		£48	£155
	40	Brownfield	£107	£195	£302
6 (100 Units)	30	Brownfield		£78	£168
	40	Brownfield	£130	£228	£318

Scheme	Density		30%
3 (15 Units)	30	Greenfield	£274
	40	Greenfield	£388
4 (20 Units)	30	Greenfield	£312
	40	Greenfield	£401
5 (50 Units)	30	Greenfield	£233
	40	Greenfield	£356
6 (100 Units)	30	Greenfield	£253
	40	Greenfield	£345

Table 6.7: Southport (Greenfield Development inclusive of Dynamic Compaction Costs) Residential Viability Testing Results (development surplus per sq.m)

Scheme	Density		30%
3 (15 Units)	30	Greenfield	£239
	40	Greenfield	£323
4 (20 Units)	30	Greenfield	£277
	40	Greenfield	£338
5 (50 Units)	30	Greenfield	£209
	40	Greenfield	£272
6 (100 Units)	30	Greenfield	£233
	40	Greenfield	£297

Allocated Sites - Tables 6.8, 11.8,11.11 and Briefing Note 25 November 2015 (development surplus per sq.m)

Policy Ref	Address	30%	20%	10%
MN2.2	Land at Bankfield Lane, Churchtown	£102		
MN2.3	Former Phillips Factory, Balmoral Drive, Southport	£6	£81	£159
MN2.4	Land at Moss Lane, Churchtown	£53	£133	
MN2.5	Land at Crowland Street, Southport	£44	£111	
MN2.6	Land at Broome Road, Southport	£65	£147	
MN2.8	Former Ainsdale Hope School, Ainsdale	£129		
MN2.11	Land south of Moor Lane, Ainsdale	£41	£128	
MN2.12	Land north of Brackenway, Formby	£142		
MN2.16	Land at Liverpool Road, Formby	£152		
MN2.19	Land at Andrew's Close, Formby	£240		
MN2.24	Land at Holgate, Thornton	£123		
MN2.25	Land at Lydiate Lane, Thornton	£75	£150	
MN2.26	Land south of Runnells Lane, Thornton	£57	£139	
MN2.28	Land North of Kenyons Lane	£98		
MN2.30	Land east of Waddicar Lane, Melling	£60	£134	
MN2.31	Wadacre Farm, Chapel Lane, Melling	£60	£139	
MN2.41	Former St Wilfred's School, Bootle			£34
MN2.46	Land east of Maghull	£38	£108	

Table 11.11 Safeguarded Sites (development surplus per sq.m)

Policy Ref	Address	30%
MN8.1	Land North of Lambshear Lane	£174
MN8.2	Land Adjacent to Ashworth Hospital, Maghull	£121