

# Appendix I: Assumptions Summary





**Mid Devon District Council- Appendix I - Viability Update - Residential Assumptions Overview Sheet (Sheet 1 of 2)**

Scenario Size Appraised	Type	Site type	Density	Net Land Area (ha)	Build Period (Months)
4	Houses	Greenfield / PDL	30	0.13	6
9	Houses	Greenfield / PDL	35	0.26	9
15	Mixed	Greenfield / PDL	40	0.38	12
30	Mixed	Greenfield / PDL	40	0.75	18
30	Flats (sheltered)	PDL	125	0.24	18
100	Mixed	Greenfield / PDL	50	2.00	24
100	Mixed 10% Low Cost Home Ownership	Greenfield / PDL	50	2.00	24

\*Fully applied policy position. Actual percentage will vary due to numbers rounding.

Affordable housing mix based on MDDC SHMA 2015

NOTE: Densities vary from 25 to 55 dph

**Dwelling mix principles (based on the Exeter Housing Market Area SHMA (2015))**

Market Housing: 60% 1-Beds, 2-Beds, 40% 3-Beds, 4-Beds

Affordable Rented: 45% 1-Beds, 40% 2-Beds, 15% 3-Beds

Shared Ownership (Intermediate): 50% 1-Beds, 50% 2-Beds

January 2018 Assumptions (Nationally Described Space Standards)

Unit Sizes (sq. m)*	Affordable	Private (market)
1-bed flat	50	50
2-bed flat	70	70
2-bed house	79	79
3-bed house	93	100
4-bed house	112	130

2016 Study Value Assumptions

Open Market Value	VL1	VL2	VL3	VL4	VL5	VL6	VL7+
Location (Range)				Rural Mid Devon			
				Bampton		Upper MDDC+	
	Lowest MDDC	(Tiverton, Cullumpton, Crediton)					
1 Bed Flat	£112,000	£126,000	£140,000	£154,000	£168,000	£182,000	£196,000
2 Bed Flat	£156,800	£176,400	£196,000	£215,600	£235,200	£254,800	£274,400
2 Bed House	£176,960	£199,080	£221,200	£243,320	£265,440	£287,560	£309,680
3 Bed House	£224,000	£252,000	£280,000	£308,000	£336,000	£364,000	£392,000
4 Bed House	£291,200	£327,600	£364,000	£400,400	£436,800	£473,200	£509,600
<b>Value House (£/m2)</b>	<b>£2,240</b>	<b>£2,520</b>	<b>£2,800</b>	<b>£3,080</b>	<b>£3,360</b>	<b>£3,640</b>	<b>£3,920</b>

January 2018 Study Value Assumptions - updated by Land Registry since 2016 Update Study

Market Value	VL1	VL2	VL3	VL4	VL5	VL6	VL7+
Location (Range)				Rural Mid Devon			
				Bampton		Upper MDDC+	
	Lowest MDDC	(Tiverton, Cullumpton, Crediton)					
1 Bed Flat	£121,296	£136,458	£151,620	£166,782	£181,944	£197,106	£212,268
2 Bed Flat	£169,814	£191,041.20	£212,268	£233,495	£254,722	£275,948	£297,175
2 Bed House	£191,648	£215,604	£239,560	£263,516	£287,472	£311,427	£335,383
3 Bed House	£242,592	£272,916	£303,240	£333,564	£363,888	£394,212	£424,536
4 Bed House	£315,370	£354,791	£394,212	£433,633	£473,054	£512,476	£551,897
<b>Value House (£/m2)</b>	<b>£2,426</b>	<b>£2,729</b>	<b>£3,032</b>	<b>£3,336</b>	<b>£3,639</b>	<b>£3,942</b>	<b>£4,245</b>

**January 2018 Affordable Housing Revenue Assumptions (based on average of the Exeter, Mid & East Devon BRMA)**

Unit	LHA (Average) Cap
1BF	£106.74
2BF	£133.78
2BH	£133.78
3BH	£158.15
4BH	£205.46

Unit	Market Size	Average AH Transfer Price (LHA Cap)
1BF	50	£77,741
2BF	70	£97,435
2BH	79	£97,435
3BH	100	£115,189
4BH	130	£149,643

*SO assumed at 60% of Market Value*

DSP (2018)

**Mid Devon District Council- Appendix I - Viability Update - Residential Assumptions Overview Sheet (Sheet 2 of 2)**

<b>Development / Policy Costs</b>	<b>MDDC 2016</b>	<b>MDDC 2018</b>	<b>Notes</b>
<b>RESIDENTIAL BUILDING, MARKETING &amp; S106 COSTS</b>			
Build Costs Mixed Developments - generally (£/sq. m) <sup>1</sup>	£1,011	£1,083	
Build Costs Estate Housing - generally (£/sq. m)	£980	£1,058	11+ dwellings
Build Costs Estate Housing - generally (£/sq. m)	£980	£1,206	Only applicable to scenarios <10 units. Increased by 14% from updated base figures - adjustment based on BCIS FSB report. <sup>2</sup>
Build Costs Flats - generally (£/sq. m)	£1,150	£1,235	
Build Costs (Sheltered Housing - 3-storey) (£/sq.m) <sup>1</sup>	£1,198	£1,311	
External Works	10%	10% (Flats) 15% (Houses)	added to build costs
Site Works	£4,500/unit	£300,000/net developable ha	
Contingencies (% of build cost)	5%	5%	
Professional & Other Fees (% of build cost)	10.0%	10.0%	
Sustainable Design / Construction Standards (average £ per unit E/O cost) - CfSH L4 <sup>2</sup>	2.00%	2.00%	Latest data suggests allowances in the range of 1% to 1.5% to meet building regulations
Allowance Policy DM5 <sup>5</sup> (1 no. charging point every 10 units)	£1,400	£500	Policy DM5 relating to electric vehicle charging points is residential development
Residual s.106 /non-CIL costs (£ per unit) - small scale PDL / Greenfield sites	£3,000	£3,000	In addition to CIL rates applied - taken from s106 costs assumed still to apply after introduction of CIL (site specific mitigation)
Building Regs M4 (2) Compliance (30% of dwellings) <sup>4</sup>	£1,646 (Flats) £2,447 (Houses)	£1,646 (Flats) £2,447 (Houses)	per unit (applicable units only) - 30% of units
Building Regs M4 (3) Compliance (5% of dwellings) <sup>4</sup>	£15,691 (Flats) £26,816 (Houses)	Not tested - MDDC policy DM12 only refers to M4(2).	
Technical Housing Standards - nationally described space standard			
Open Space Strategy Allowance (£ per dwelling - Market units only)	£3,386	£3,386	Applies to Market units only
Community Infrastructure Levy (£/m <sup>2</sup> )	£0	£0	i Strategic sites and Affordable Housing
	£100	£100	ii Dwellings (except for an Affordable Dwelling), on a site which falls below the adopted Local Plan threshold for the provision of affordable homes.
	£40	£40	iii Dwellings in Tiverton, Cullompton and Crediton which do not fall into ii above.
	£60	£60	iv Dwellings which do not fall into Uses i, ii or iii above
Marketing & Sales Costs (%of GDV)	3%	3%	
Legal Fees on sale (£ per unit)	£750	£750	
<b>DEVELOPER'S RETURN FOR RISK AND PROFIT</b>			
Open Market Housing Profit (% of GDV)	20.0%	20.0%	
Affordable Housing Profit (% of GDV)	6.0%	6.0%	
<b>FINANCE &amp; ACQUISITION COSTS</b>			
Agents Fees (% of site value)	1.50%	1.50%	
Legal Fees (% of site value)	0.75%	0.75%	
Stamp Duty Land Tax (% of site value)	0% to 5%	0% to 5%	HMRC scale
Finance Rate - Build (%)	6.0%	6.5%	
Finance Rate - Land (%)	6.0%	6.5%	

**Notes:**

<sup>1</sup> Build cost taken as "Median" figure from BCIS for that build type - 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 Tiverton has been used. Includes allowance for uplift to build costs based on BCIS / FSB research for sites of 10 or fewer dwellings. External works added separately - 10% of base build costs.

<sup>2</sup>BCIS report for the Federation of Small Businesses - Housing development: the economics of small sites - the effect of project size on the cost of housing construction (August 2015)

<sup>3</sup> The above costs are based on the DCLG Housing Standards Review Impact Assessment costings assuming equivalent CFSH L4 energy costs only base. Appraisals assume cost uplift in line with figures above assuming average cost uplift from each unit type (£1,932 per unit average, equating to the 2% assumed above).

<sup>4</sup> Sensitivity tested allowance to meet Building Regs M4 Category 2 and Category 3 (adaptable) acknowledged within report as potential variable cost issue (depending on design etc.). EC Harris DCLG Housing Standards Review Cost Impact indicate average extra over cost to be £1,646 (Cat.2) and £15,691 (additional space cost (Cat. 3)) for flats and £2,447 (Cat.2) and £26,816 (additional space cost (Cat.3 adaptable)) for houses.

<sup>5</sup>DSP have assumed £1,400 every 10 units to cover MDDC policy DM5 for electric vehicle charging points based on information provided by the Energy Savings Trust.

Scheme Typology		0% AH																		Total Check	AR 75% Check	SO 25% Check	Overall AH % Check
		1-BF			2-BF			3-BF			2-BH			3-BH			4-BH						
		Market	AR	SO	Market	AR	SO	Market	AR	SO	Market	AR	SO	Market	AR	SO	Market	AR	SO				
4	Houses																			4	0.00%	0.00%	0.00%
9	Houses									3										9	0.00%	0.00%	0.00%
15	Mixed	5			2					2						3				15	0.00%	0.00%	0.00%
30	Mixed	9			4					5						6				30	0.00%	0.00%	0.00%
30	Flats (Sheltered)	14			16															30	0.00%	0.00%	0.00%
100	Mixed	30			15					15						20				100	0.00%	0.00%	0.00%

Scheme Typology		25% AH																		Total Check	Total AR	Total SO	AR 75% Check	SO 25% Check	Overall AH % Check
		1-BF			2-BF			3-BF			2-BH			3-BH			4-BH								
		Market	AR	SO	Market	AR	SO	Market	AR	SO	Market	AR	SO	Market	AR	SO	Market	AR	SO						
4	Houses																		0			0.00%	0.00%	0.00%	
9	Houses																		0	n/a	n/a	0.00%	0.00%	0.00%	
15	Mixed	3	1	1	1	1				1	1		3			3			15	3	1	75.00%	25.00%	26.67%	
30	Mixed	5	3	1	2	1	1			4	1		5	1		6			30	6	2	75.00%	25.00%	26.67%	
30	Flats (Sheltered)	11	2	1	11	4	1												30	6	2	75.00%	25.00%	26.67%	
100	Mixed	18	9	3	9	4	2			10	4	1	18	2		20			100	19	6	76.00%	24.00%	25.00%	
100	Mixed 10% LCHO	18	7	5	9	3	3			10	3	2	18	2		20			100	15	10	60.00%	40.00%	25.00%	



Scheme Typology		28% AH																		Total Check	Total AR	Total SO	AR 75% Check	SO 25% Check	Overall AH % Check
		1-BF			2-BF			3-BF			2-BH			3-BH			4-BH								
		Market	AR	SO	Market	AR	SO	Market	AR	SO	Market	AR	SO	Market	AR	SO	Market	AR	SO						
4	Houses																			0			0.00%	0.00%	0.00%
9	Houses																			0	n/a	n/a	0.00%	0.00%	0.00%
15	Mixed																			0	0	0	#DIV/0!	#DIV/0!	0.00%
30	Mixed																			0	0	0	#DIV/0!	#DIV/0!	0.00%
30	Flats (Sheltered)																			0	0	0	#DIV/0!	#DIV/0!	0.00%
100	Mixed	18	10	4	8	4	2				9	4	1	17	3		20			100	21	7	75.00%	25.00%	28.00%
100	Mixed 10% LCHO	18	10	5	8	3	3				9	2	2	17	3		20			100	18	10	64.29%	35.71%	28.00%

Scheme Typology		30% AH																		Total Check	Total AR	Total SO	AR 75% Check	SO 25% Check	Overall AH % Check
		1-BF			2-BF			3-BF			2-BH			3-BH			4-BH								
		Market	AR	SO	Market	AR	SO	Market	AR	SO	Market	AR	SO	Market	AR	SO	Market	AR	SO						
4	Houses																		0			0.00%	0.00%	0.00%	
9	Houses									3	F/C		3	F/C		3	F/C		9	n/a	n/a	0.00%	0.00%	0.00%	
15	Mixed	2	2	1	1	1				1	1		3			3			15	4	1	80.00%	20.00%	33.33%	
30	Mixed	5	3	1	1	2	1			4	1		5	1		6			30	7	2	77.78%	22.22%	30.00%	
30	Flats (Sheltered)	10	3	1	11	4	1												30	7	2	77.78%	22.22%	30.00%	
100	Mixed	16	10	4	9	5	1			8	5	2	17	3		20			100	23	7	76.67%	23.33%	30.00%	
100	Mixed 10% LCHO	16	9	5	9	4	2			8	4	3	17	3		20			100	20	10	66.67%	33.33%	30.00%	

MDDC - Local Plan Review 2013-2033 Proposed Submission (incorporating proposed modifications) January 2017 - Policy Analysis		
Policy No. / Name	Addressed where applicable through specific study approach / assumptions - Y/N - and associated commentary	Cost / specific allowance?
S1 - Sustainable development priorities	Y - but in respect of the general nature and quality of development expected to come forward and be supportable through the usual planning application and development management process. Therefore reflected in the nature of the build and related costs assumptions used for all appraisals.	Reflected in build costs assumptions and location of development scenarios
S2 - Amount and distribution of development	Y - A variety of residential and commercial (non-residential) scenarios have been modelled, also covering a range of values levels overall representing the variety relevant in different areas of the District, all in accordance with the emerging Plan. Affordable housing has been tested at alternative trial levels as part of informing the Plan development. (See Appendix I - Development Assumptions).	Reflected in selection of scheme scenarios, assumptions and interpretation of appraisal results - influence on recommendations. Range of specific allowances made for affordable housing.
S3 - Meeting housing needs	Y - A variety of residential scenarios have been modelled, also covering a range of values levels overall representing the variety relevant in different areas of the District. Affordable housing has been tested at alternative trial levels as part of informing the Plan development. (See Appendix I - Development Assumptions).	Reflected in selection of scheme scenarios, assumptions and interpretation of appraisal results - influence on recommendations. Range of specific allowances made for affordable housing.
S4 - Ensuring housing delivery	Y - see above	
S5 - Public open space	Y - considered through range of s.106/other costs sensitivity testing. In practice a range of sites will trigger mitigation requirements (localised works or contributions) but those will vary sites will vary with the site-specific details.	DSP's view and experience is that say £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.
S6 - Employment	Y - A variety of commercial development scenarios of various types have been considered at an appropriate high level for the study purpose, including those in support of the visitor economy e.g. hotels and other tourism led uses, all covering a range of values representing the variety relevant in different areas and across different scheme/site types. (See main report text)	Reflected in values and costs assumptions used within high level commercial scenarios as considered within the report text.
S7 - Town centres	Y - see above	
S8 - Infrastructure	Y - study allows for appropriate development densities, design, build costs and external works costs and S106 cost assumptions within the development scenarios modelled.	Reflected in the scenarios assumptions on a range of inputs; most directly relevant the build costs assumptions including by means of additions for external and other works - see Appendix I
S9 - Environment	Y - to the extent that the assessment assumptions consider regular design and layout characteristics. Scope of achievable planning obligations packages may be relevant to particular proposals - especially for larger/strategic scale developments where the surplus available to support a planning obligations package is likely to be considered. More of general development management matter and does not inform particular viability assessment assumptions.	No particular additional assumptions that apply across the range of scheme types.
S10 - Tiverton	Y - A variety of residential and commercial (non-residential) scenarios have been modelled, also covering a range of values levels overall representing the variety relevant in different areas of the District, all in accordance with the emerging Plan. Affordable housing has been tested at alternative trial levels as part of informing the Plan development. (See Appendix I - Development Assumptions).	Reflected in selection of scheme scenarios, assumptions and interpretation of appraisal results - influence on recommendations. Range of specific allowances made for affordable housing.
S11 - Cullompton	Y - see above	
S12 - Crediton	Y - see above	
S13 - Villages	Y - see above	
S14 - Countryside	Y - see above	
DM1 - High quality design	Y - Firstly in respect of the general nature and quality of development expected to come forward and be supportable through the usual planning application and development management process. Therefore reflected in the nature of the build and related costs assumptions used for all appraisals. Secondly, additional cost allowances have been made in relation to sustainability to meet Part M of the Building Regulations - see Appendix I Residential Assumptions	Reflected in assumptions - assumed development appropriate as would be permitted under the range of development management criteria. Additional sustainability requirements included as part of build cost assumptions
DM2 - Renewable and low carbon energy	N/A - more of a planning and land use implication than for viability consideration.	N/A
DM3 - Transport and air quality	Y - Generally more of a planning/design related issue but any cost allowance covered by standard build costs and fees so far as normal works extent is concerned. However could have very site specific impacts / mitigation requirements, and as such would need to be treated as abnormal costs in weighing-up the overall viability position on a particular site.	No particular additional assumptions that apply across the range of scheme types.
DM4 - Pollution	Y - see above	
DM5 - Parking	Y - Generally more of a planning/design related issue but any cost allowance covered by standard build costs and fees so far as normal works extent is concerned. However could have very site specific impacts / mitigation requirements, and as such would need to be treated as abnormal costs in weighing-up the overall viability position on a particular site. However, the requirement for electric vehicle charging points has been included as part of our cost assumptions.	No particular additional assumptions that apply across the range of scheme types. Electric Charging Point costs reflected within all residential appraisal sets.
DM6 - Rural exceptions sites	Y - A variety of residential scenarios have been modelled, also covering a range of values levels overall representing the variety relevant in different areas of the District, all in accordance with the emerging Plan. Affordable housing has been tested at alternative trial levels as part of informing the Plan development. (See Appendix I - Development Assumptions).	Reflected in selection of scheme scenarios, assumptions and interpretation of appraisal results - influence on recommendations. Range of specific allowances made for affordable housing.
DM7 - Traveller sites	N/A - more of a planning and land use implication than for viability consideration relevant to this assessment.	N/A

DM8 - Rural workers' dwellings	Y - A variety of residential scenarios have been modelled, also covering a range of values levels overall representing the variety relevant in different areas of the District, all in accordance with the emerging Plan. Affordable housing has been tested at alternative trial levels as part of informing the Plan development. (See Appendix I - Development Assumptions).	Reflected in selection of scheme scenarios, assumptions and interpretation of appraisal results - influence on recommendations. Range of specific allowances made for affordable housing.
DM9 - Conversion of rural buildings	N/A - more of a planning and land use implication than for viability consideration relevant to this assessment.	N/A
DM10 - Replacement dwellings in rural areas	Y - A variety of residential scenarios have been modelled, also covering a range of values levels overall representing the variety relevant in different areas of the District, all in accordance with the emerging Plan. Affordable housing has been tested at alternative trial levels as part of informing the Plan development. (See Appendix I - Development Assumptions).	Reflected in selection of scheme scenarios, assumptions and interpretation of appraisal results - influence on recommendations. Range of specific allowances made for affordable housing.
DM11 - Residential extensions and ancillary development	Y - see above	
DM12 - Housing standards	Y - Firstly in respect of the general nature and quality of development expected to come forward and be supportable through the usual planning application and development management process. Therefore reflected in the nature of the build and related costs assumptions used for all appraisals. Secondly, additional cost allowances have been made in relation to sustainability to meet Part M of the Building Regulations - see Appendix I Residential Assumptions	Reflected in assumptions - assumed development appropriate as would be permitted under the range of development management criteria. Additional sustainability requirements included as part of build cost assumptions
DM14 - Town centre development	Y - A variety of residential and commercial (non-residential) scenarios have been modelled, also covering a range of values levels overall representing the variety relevant in different areas of the District, all in accordance with the emerging Plan. Affordable housing has been tested at alternative trial levels as part of informing the Plan development. (See Appendix I - Development Assumptions).	Reflected in selection of scheme scenarios, assumptions and interpretation of appraisal results - influence on recommendations. Range of specific allowances made for affordable housing.
DM15 - Development outside town centres	Y - see above	
DM16 - Front of shops and business premises	N/A - more of a planning/design and land use implication than for viability consideration relevant to this assessment.	N/A
DM17 - Rural shopping	Y - A variety of commercial development scenarios of various types have been considered at an appropriate high level for the study purpose, including those in support of the visitor economy e.g. hotels and other tourism led uses, all covering a range of values representing the variety relevant in different areas and across different scheme/site types. (See main report text)	Reflected in values and costs assumptions used within high level commercial scenarios as considered within the report text.
DM18 - Rural employment development	Y - see above	
DM19 - Protection of employment land	Y - A variety of residential and commercial (non-residential) scenarios have been modelled, also covering a range of values levels overall representing the variety relevant in different areas of the District, all in accordance with the emerging Plan. Affordable housing has been tested at alternative trial levels as part of informing the Plan development. (See Appendix I - Development Assumptions).	Reflected in selection of scheme scenarios, assumptions and interpretation of appraisal results - influence on recommendations. Range of specific allowances made for affordable housing.
DM20 - Agricultural development	Y - Non-residential scenarios of various types have been considered at an appropriate high level for the study purpose (See report text for detail)	Reflected in values and costs assumptions used within relevant high level appraisal scenarios. See report text for detail.
DM21 - Equestrian development	Y - see above	
DM22 - Tourism and leisure development	Y - see above	
DM23 - Community facilities	Y - see above	
DM24 - Protection of Local Green Space and recreational land/buildings	N/A - more of a planning/design and land use implication than for viability consideration relevant to this assessment.	N/A
DM25 - Development affecting heritage assets	Y - Planning / design issue rather than direct cost impact except in exceptional circumstances. Any costs included within fees assumptions.	No particular additional assumptions that apply across the range of scheme types.
DM26 - Green Infrastructure in major development	Y - considered through range of s.106/other costs sensitivity testing. In practice a range of sites will trigger mitigation requirements (localised works or contributions) but those will vary sites will vary with the site-specific details.	DSP's view and experience is that say £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.
DM27 - Protected landscapes	Y - to the extent that the assessment assumptions consider regular design and layout characteristics. Scope of achievable planning obligations packages may be relevant to particular proposals - especially for larger/strategic scale developments where the surplus available to support a planning obligations package is likely to be considered. More of general development management matter and does not inform particular viability assessment assumptions.	No particular additional assumptions that apply across the range of scheme types.
DM28 - Other protected sites	Y - see above	
DM29 - Planning enforcement	N/A - not relevant for viability consideration for the study purpose.	N/A