

Planning Policy
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09/11/2018

Dear Sir / Madam,

**WEST LANCASHIRE LOCAL PLAN VIABILITY ASSESSMENT: METHODOLOGY
& ASSUMPTIONS CONSULTATION DOCUMENT**

1. Thank you for consulting with the Home Builders Federation on the West Lancashire Local Plan Viability Assessment Methodology and Assumptions consultation.
2. The HBF is the principal representative body of the house-building industry in England and Wales. Our representations reflect the views of our membership, which includes multi-national PLC's, regional developers and small, local builders. In any one year, our members account for over 80% of all new "for sale" market housing built in England and Wales as well as a large proportion of newly built affordable housing.
3. The subsequent comments are provided in response to a number of questions set out within the Methodology and Assumptions Consultation Document. Whilst the Councils have provided some of the data used in the viability assumptions it has not provided all the necessary evidence to support these assumptions or explained how these assumptions were arrived at. This is clearly a fundamental flaw to the consultation and has made any response to these assumptions difficult.

Residual Approach

4. The HBF consider that the residual approach can be an appropriate method for calculating viability. However, it must be remembered that the residual land value model is highly sensitive to changes in its inputs whereby an adjustment or an error in any one assumption can have a significant impact on viability. For example the HBF consider that the cost of development will also need to include an appropriate allowance for abnormals, externals and a contingency

and the lack of their inclusion could have significant impacts on the viability of development.

Sites and Typologies

5. The HBF consider that a range of allocations are to be tested along with a selection of generic typologies. However, larger sites only appear to be tested as allocations rather than site typologies and it may be that if alternate sites come forward it may have been beneficial to have tested some larger site typologies. It is also not entirely clear what is considered to be 'all market areas', and this would benefit from clarification.
6. It is not clear to the HBF how the dwellings sizes have been determined, they do not reflect local information collated or the NDSS, or even reflect the larger of the two across the board. The HBF would recommend that a cautious approach is taken and that the largest of the GIA dwelling sizes is utilised in each instance, it is also noted that it needs to be clear if the dwellings sizes include storage or not.

Development Management Policies

Developer Contributions

7. It is not clear what the S106 costs have been based upon, and whether they accurately reflect the S106 costs seen on recent applications. As with other assumptions the HBF would recommend the use of a cautious approach and potentially a reconsideration of the £1k costs.

Residential Appraisal Assumptions

Residential Values

8. The HBF would always recommend working closely with the development industry when determining residential sales values. Particularly as there appear to be discrepancies in the evidence in relation to sales price and asking prices. It can also be difficult determining the floor area from publicly available information and again this is an area where it can be useful to work directly with the industry.

Land Values

9. As with residential values, the HBF would recommend working closely with the development industry and landowners when determining land values. The HBF agree with the consultation document that the premium should provide a reasonable incentive for a landowner to bring forward the land for development.

Costing Methodology

10. The HBF support the use of the BCIS to calculate build costs as set out in PPG (ID: 10-013). The HBF would recommend that as with other assumptions that a cautious approach is taken to build costs. Without any further information to support the need to vary the build cost utilised the HBF would recommend that the median BCIS cost is used.
11. The HBF support the addition of an externals allowance on top of the base build costs, and the inclusion of fees and contingencies. However, it is not

evident why the difference in developers profit between sites of 10 or less and other schemes.

12. It is also not clear what evidence the sales rates and the site lead in times have been based on, and the report would benefit from more information in relation to these assumptions.

Future Engagement

I trust that the Council will find these comments useful. I would be happy to discuss these issues in greater detail or assist in facilitating discussions with the wider house building industry. The HBF would like to be kept informed of the progress of the document. Please use the contact details provided below for future correspondence.

Yours sincerely,



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