

## Technical Note

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### CYC Local Plan Viability Assessment Technical Note on Site ST14

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<b>Quality Statement:</b>	In preparing this Technical Note, the authors have acted with objectivity, impartially, without interference and with reference to all appropriate available sources of information. No performance-related or contingent fees have been agreed, and there is no known conflict of interest in advising the client group about the viability of the proposed CYC Local Plan.
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### Introduction

1. This Technical Note assesses the viability implications of the Local Plan under changes that have occurred since document CD018 - City of York Local Plan Viability Assessment Update Study (April 2018) and Local Plan Examination Matter 6 Document HS/P2/M6/IR/1b App 2 City of York Council (29 Mar 2022) have been produced. It relates specifically to reviewing and testing the site trajectory and infrastructure phasing for Strategic site SS12 Land West of Wigginton Rd (ST14). This is based on the Council's trajectory and/or, where relevant, the statements of common ground for ST14 to be discussed through the Local Plan Hearings Phase 3<sup>1</sup>.
2. The main purpose of this supplementary plan viability assessment technical note is to address the requirements of the National Planning Policy Framework (NPPF) 2012. That is that the policy requirements in the proposed Local Plan should not undermine the deliverability of the plan.

### Viability Testing Revisions

3. The testing in this note follows the same approach and method as followed in CD018. It also uses the same assumptions tested in CD018 as updated in Matter 6 Document HS/P2/M6/IR/1b App 2. The only changes considered in this note are the Council's housing trajectory and anything different in the statement of common ground for ST14, for which there will be a viability impact.

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<sup>1</sup> For helpful details on ST14 phasing matters see: <https://www.york.gov.uk/downloads/file/7940/ex-socg-12-cyc-and-barratt-and-tw-fields-re-st14-16-may-22-incl-appendix-a>

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### ST14's Housing Trajectory

4. To help better understand the potential impact of infrastructure delivery on the viability cashflow, the following phasing based on the Council's trajectory and/or, where relevant, the statements of common ground for ST14 have been tested:
- **Period 1 (Pre-submission stage)** - January 22 to December 22: No costs assumed
  - **Period 2 (Post-submission stage)** - January 23 to December 23: Land payments, land purchaser costs and Stamp Duty Land Tax are phased into the cashflow as a straight line monthly payment over 12 months.
  - **Period 3 (Post-submission stage)** - January 24 to June 25: Site opening up costs, site abnormalities and the following transport items are phased into the cashflow as straight line monthly payments over 18 months.
    - Access road and junctions to Wigginton Road at a total cost of £3,000,000 (£2,226 per unit);
    - Access road to spur off Great North Way junction Road at a total cost of £5,000,000 (£3,709 per unit);
    - Bus Enhancements at a total cost of £1,000,000 (£742 per unit); and
    - WalkCycle scheme at a total cost of £2,000,000 (£1,484 per unit).
  - **Period 4 (Build period) - January 2026 to December 2035:** Build costs, Externalities, Professional Fees, Biodiversity Net Gain, Electric Vehicle Charging Points, Policy GI2a (Stenshall SAC), Policy H15 (Gypsy & Traveller Provision) and Climate change policies (CC1, CC2 & CC3) are phased over 120 months (10 years) following the trajectory in the Statement of Common Ground Appendix A, which is also copied in **Appendix A1** of this document.
  - **Period 5: (Sales period) - June 2026 to May 2036:** Sales values and marketing costs follow the same timeframes and phasing as for the build costs (as shown in **Appendix A1** of this document), with a 6 month lag between when a property is built and when it is sold.
  - **Period 6: (Education & community contributions) - January 2030 to December 2031:** Education and community facilities costs are phased into the cashflow as straight line monthly payments over 24 months from January 2030 to December 2031. This is taken from the GANT chart in advance of when a primary school is most likely to be required. The Statement of Common Ground also acknowledges that the scheme might be required to provide a community facility at a cost of £0.9m that is likely to be provided at a similar timeframe as the primary school. Therefore, the following costs have been assumed in this period:
    - A total education figure of £21,568,055 (£16,000 per unit); and
    - A community facility at a cost of £900,000 (£668 per unit)
  - **Period 7: (All other developer contributions) - January 2023 to June 2029:** Beyond the transport infrastructure costs in Period 3 and the education/community costs in Period 6, it is unknown when the remainder of the s106 requests are likely to be required. It is, however, thought that there may be a greater degree of cost phasing than the other s106 items.

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Therefore, the remaining s106 figure of £5,661,600 (£4,200) is phased as a straight line across the first half of the development period, as previously tested in the CD018.

- **June 2036:** Profit is accounted for at the end of the development, as previously tested in the CD018
5. It should also be noted that all the strategic sites, including ST14, are tested with lower quartile build costs. This was tested in the previous work and has since been agreed with the site promoters that this would reflect the likelihood of the site developers being national and large volume housebuilders, who are able to achieve economies of scale in their costs.

## Viability Testing Results

6. Based on the noted changes to the viability testing assumptions, this section reviews the viability results to identify and assess the risk to the future delivery of strategic site ST14 in meeting the full emerging Local Plan policies requirements.
7. The result is summarised by using a RAG 'traffic light' system, as follows:
- Green means that the development is viable with financial headroom that could be used for further planning gain;
  - Amber is marginal in that they fall within a 20% range (i.e., 10% above or below) around the benchmark land value; and
  - Red means that a viable position may not be reached if required to be policy compliant and all other assumptions such as land value remain unchanged.

## Viability Results and Conclusion

8. Site ST14's viability result at full policy requirements is shown in **Table 1**, with the full development appraisal included in **Appendix A2**.
9. Under the proposed site trajectory and infrastructure finding, the viability appraisal results show that the available financial headroom would be less when compared with the previous testing result in CD018, as updated in Matter 6 Document HS/P2/M6/IR/1b App 2. As such, site ST14 would be considered marginal in terms of viability, but still viable and therefore is a deliverable site.

**Table 1 CYC Local Plan viability result at full policy, plus headroom per dwelling**

ID	Typology	Viability and headroom per dwg
36a	SS12 Land West of Wigginton Rd (ST14)	-£9

## Conclusions

10. Based on the revisions and revised viability findings in this technical note, we would conclude the strategic site ST14 would be able to meet the full policy requirements and identified developer

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contributions in the emerging Local Plan. As such, it should not require any flexibility in the policy ask to avoid undermining its delivery or the delivery of the emerging CYC local plan.

## *Appendix A1*

### *ST14 Agreed Housing Trajectory*



**Site Ref. ST14 – Agreed Housing Trajectory**

**Current Local Plan Allocation**

Total	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
1348	0	0	0	0	60	60	160	160	160	160	160	160	160	108
Cumulative	0	0	0	0	80	120	280	440	600	760	920	1080	1240	<b>1348</b>

## *Appendix A2*

*DVA for strategic site SS12 Land West of Wigginton Rd (ST14) under full cumulative Local Plan policies*



SS12 Land West of Wigginton Rd VA1		1,348 Units		TECHNICAL CHECKS:		DVA SUMMARY:		TIMING						
Gross	55.00	Private	Affordable	Sqm/ha	2,976	RLV	£17,313,333							
Net	38.50	Nr of units	944	Dwgs/ha	35	BLV	£17,325,000							
Land type:	Greenfield	Intermediate	81	Units/pa	136	Viable?	Marginal							
LV description:	Strategic Site	Affordable rent	162	AH rate	30.0%	Headroom	-£11,667							
		Social rent	162	GDV=Total costs	-	Headroom per net ha	-£303							
		First Homes	-	Profit/total GDV	17.6%	Headroom per dwg	-£9							
						Headroom psm flsp	-£0							
						Headroom psm CL li	-£0							
<b>1.0</b>	<b>Site Acquisition</b>													
1.1	Net site value (residual land value)					£17,313,333	Jan-23	Dec-23		11				
1.2	Stamp Duty Land Tax					£0	Jan-23	Dec-23		11				
	Category: Commercial land					£855,167	Jan-23	Dec-23		11				
1.3	Purchaser costs					£311,640	Jan-23	Dec-23		11				
	1.80% on land costs													
	<b>Total Site Acquisition Costs</b>					<b>£18,480,139</b>								
<b>2.0</b>	<b>Developer's Profit</b>													
2.1	Private units					20.0% on OM GDV	£61,277,777	May-36	Jun-36		1			
2.3	Affordable units					6% on AH transfer values	£3,713,353	May-36	Jun-36		1			
	<b>Total Developer's Profit</b>					<b>£64,991,131</b>								
<b>3.0</b>	<b>Development Value</b>													
3.1	Private units						Total Value							
3.1.2	2 bed house	Nr of units	462.36	Size sqm	74.5	Total sqm	34,446	Epsm	£3,750	Total Value	£129,172,943	Jun-26	May-36	119
3.1.3	3 bed house		377.44		93.0		35,102		£3,750		£131,632,200	Jun-26	May-36	119
3.1.4	4+ bed house		103.80		117.1		12,156		£3,750		£45,583,743	Jun-26	May-36	119
			943.6				81,704							
3.2	Social rent						Total Value							
3.2.2	2 bed house	Nr of units	118.08	Size sqm	74.5	Total sqm	8,797	Epsm	£1,500	Total Value	£13,195,976	Jun-26	May-36	119
3.2.3	3 bed house		37.20		93.0		3,460		£1,500		£5,190,070	Jun-26	May-36	119
3.2.4	4+ bed house		6.47		117.1		758		£1,500		£1,136,634	Jun-26	May-36	119
			161.8				13,015							
3.3	Affordable rent						Total Value							
3.3.2	2 bed house	Nr of units	118.08	Size sqm	74.5	Total sqm	8,797	Epsm	£1,875	Total Value	£16,494,971	Jun-26	May-36	119
3.3.3	3 bed house		37.20		93.0		3,460		£1,875		£6,487,587	Jun-26	May-36	119
3.3.4	4+ bed house		6.47		117.1		758		£1,875		£1,420,792	Jun-26	May-36	119
			161.8				13,015							
3.4	Intermediate						Total Value							
3.4.2	2 bed house	Nr of units	49.34	Size sqm	74.5	Total sqm	3,676	Epsm	£2,625	Total Value	£9,648,428	Jun-26	May-36	119
3.4.3	3 bed house		21.84		93.0		2,031		£2,625		£5,331,104	Jun-26	May-36	119
3.4.4	4+ bed house		9.71		117.1		1,137		£2,625		£2,983,663	Jun-26	May-36	119
			80.9				6,843							
3.5	First Homes						Total Value							
3.5.2	2 bed house	Nr of units	0.00	Size sqm	74.5	Total sqm	-	Epsm	£2,625	Total Value	£0	Jun-26	May-36	119
3.5.3	3 bed house		0.00		93.0		-		£2,625		£0	Jun-26	May-36	119
3.5.4	4+ bed house		0.00		117.1		-		£2,625		£0	Jun-26	May-36	119
			-				-							
	<b>Gross Development Value</b>					<b>£368,278,110</b>								
<b>4.0</b>	<b>Development Costs</b>													
<b>4.1</b>	<b>Sales Cost</b>													
4.1.1	Private units					3.00% on OM GDV	£9,191,667	Jun-26	May-36		119			
4.1.3	Affordable units					£500 affordable housing	£202,200	Jun-26	May-36		119			
	<b>Total Sales Costs</b>					<b>£9,393,867</b>								
<b>4.2</b>	<b>Build Costs</b>													
4.2.1	Private units						Total Cost							
4.2.1.2	2 bed house	Nr of units	462.36	Size sqm	74.5	Total sqm	34,446	Epsm	£1,130	Total Cost	£38,924,113	Jan-26	Dec-35	119
4.2.1.3	3 bed house		377.44		93.0		35,102		£1,130		£39,665,170	Jan-26	Dec-35	119
4.2.1.4	4+ bed house		103.80		117.1		12,156		£1,130		£13,735,901	Jan-26	Dec-35	119
			944				81,704							
4.2.2	Affordable units						Total Cost							
4.2.2.2	2 bed house	Nr of units	285.51	Size sqm	74.5	Total sqm	21,270	Epsm	£1,130	Total Cost	£24,035,356	Jan-26	Dec-35	119
4.2.2.3	3 bed house		96.25		93.0		8,951		£1,130		£10,114,618	Jan-26	Dec-35	119
4.2.2.4	4+ bed house		22.65		117.1		2,652		£1,130		£2,996,924	Jan-26	Dec-35	119
			404				32,873							
4.2.3	Garages					Number of units e per garage (sqm)	Total (sqm)	Epsm	£500	Total Cost	£3,383,372	Jan-26	Dec-35	119
			375.930		18		6,767							
	<b>Total Build Costs</b>					<b>£132,855,455</b>								
<b>4.3</b>	<b>Extra-Over Construction Costs</b>													
4.3.1.1	Externals (for houses)					10% extra-over on build cost for houses	£13,285,545	Jan-26	Dec-35		119			
4.3.1.2	Externals (for flats)					10% extra-over on build cost for flats	£0	Jan-26	Dec-35		119			
4.3.2	Site abnormalities (remediation/demolition)					£0 per net ha	£0	Jan-24	Jun-25		17			
4.3.3	Site opening costs					£21,590 per unit	£29,103,320	Jan-24	Jun-25		17			
	<b>Total Extra-Over Construction Costs</b>					<b>£42,388,865</b>								
<b>4.4</b>	<b>Professional Fees</b>													
4.4.1	on build costs (incl: externals)					8%	£11,691,280	Jan-26	Dec-35		119			
	<b>Total Professional Fees</b>					<b>£11,691,280</b>								
<b>4.5</b>	<b>Contingency</b>													
4.4.1	on build costs (incl: externals)					4%	£5,845,640	Jan-26	Dec-35		119			
	<b>Total Contingency</b>					<b>£5,845,640</b>								
<b>4.6</b>	<b>Other Planning Obligations</b>													
4.6.2.1	S106 (Transport Infrastructure)					£8,160 per unit	£11,000,000	Jan-24	Jun-25		17			
4.6.1	S106 (Education & Community)					£16,668 per unit	£22,468,055	Jan-30	Dec-31		23			
4.6.1	S106 (All other developer contributions)					£4,200 per unit	£5,661,600	Jan-23	Jun-29		77			
4.6.3	Electric charging points					£976 per unit (100% of houses; 50% of flats)	£1,315,648	Jan-26	Dec-35		119			
4.6.5.1	Policy G12a Stenshall SAC					£1,000 SAC per house	£1,348,000	Jan-26	Dec-35		119			
4.6.5.2	Policy G12a Stenshall SAC					£500 SAC per flat	£0	Jan-26	Dec-35		119			
4.6.6	Policy H5 Gypsy and Traveller sites					£150,000 per pitch	£600,000	Jan-26	Dec-35		119			
4.6.7.1	Policy CC1, CC2 & CC3					£6,500 per house	£8,762,000	Jan-26	Dec-35		119			
4.6.7.2	Policy CC1, CC2 & CC3					£5,000 per flat	£0	Jan-26	Dec-35		119			
4.6.8	Policy G12 Biodiversity Net Gain					£1,212 per unit	£1,633,776	Jan-26	Dec-35		119			
	<b>Total Developer Contributions</b>					<b>£52,789,079</b>								
<b>5.0</b>	<b>TOTAL DEVELOPMENT COSTS</b>													
						<b>£254,964,186</b>								
<b>6.0</b>	<b>TOTAL PROJECT COSTS [EXCLUDING INTEREST]</b>													
						<b>£338,435,456</b>								
<b>7.0</b>	<b>TOTAL INCOME - TOTAL COSTS [EXCLUDING INTEREST]</b>													
						<b>£29,842,654</b>								
<b>8.0</b>	<b>Finance Costs</b>													
8.1	Finance					APR 6.50% on net costs	PCM 0.526%	£-29,842,654			Opening Balance			
											Interest			
											Net Cashflow in month			
											Closing Balance			
<b>9.0</b>	<b>TOTAL PROJECT COSTS [INCLUDING INTEREST]</b>													
						<b>£368,278,110</b>								

This appraisal has been prepared in line with the RICS valuation guidance. The purpose of the appraisal is to assess the impact of planning policies on site viability at a strategic level. This appraisal is not a formal 'Red Book' (RICS Valuation – Professional Standards UK January 2014 (revised April 2015)) valuation and should not be relied upon as such.

