



Winchester City Council - CIL Examination

Summary of extra costs allowed for Code for Sustainable Homes

September 2013

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Winchester City Council requirement looks for Code 4 - Water and Code 5 - Energy, in addition to a base cost that would correspond to Code 3.

We will compare the cost allowances in our appraisals with the costs set out in the CLG document "Cost of Building to the Code for Sustainable Homes Updated Cost Review August 2011, Appendix B". Appendix B provides the costs per unit for the extra code levels required by the Council.

At the examination we quoted, as examples, from two of the appraisals that were used in the study, as follows:

1. 20 units rural density £120 CIL
2. 7 units urban density £80 CIL

We stated that our build costs consist of a base cost plus an element for renewables. This gives the total cost per sqm that has been allowed to cover the Council's requirements for Code 4 - Water and Code 5 - Energy.

In example 1, 20 units, the total floor area is 1,908 sqm and our costs are:

Base build for Code 4/5	£2,560,422 = £1,342 per sqm
Renewables allowance	<u>£ 70,000 = £ 37 per sqm</u>
Total costs excl abnormals	£2,630,422 = £1,379 per sqm

Code 3 cost for houses in the report is	<u>£1,205 per sqm</u>
Therefore the e/o cost for Code 4/5 is	£ 174 per sqm

The average e/o cost per unit in example 1 is:

£174 x 1,908 sqm/20 units is **£16,600** per unit.

Compare to allowances in the CLG report. The 3-bed average Code 5 - Energy cost is £15,405.

The 4-bed average Code 5 - Energy cost is £17,623, but they assume houses of 118 sqm, not 110 sqm as in our report.

From this example, based on a lower density scheme, we would conclude that our allowance of £16,600 per unit is reasonable.

In example 2, 7 units, the total floor area is 501 sqm and our costs are:

Base build for Code 4/5	£677,193 =	£1,352 per sqm
Renewables allowance	<u>£ 24,500</u> =	<u>£ 49 per sqm</u>
Total costs excl abnormal	£701,693 =	£1,401 per sqm

Code 3 cost for houses and flats, blended, say	<u>£1,240 per sqm</u>
Therefore the e/o cost for Code 4/5 is	£ 161 per sqm

The average e/o cost per unit in example 2 is:

£161 x 501sqm/7 units is **£11,523** per unit.

The 7 unit scheme consists of 2 bed flats with 2 and 3 bed houses.

Compare to allowances in the CLG report.

The 2-bed flat average Code 5 - Energy cost is £8,075 per unit.

The 2-bed house average Code 5 - Energy cost is £14,016.

The 3-bed house average Code 5 - Energy cost is £15,405 per unit.

On the basis of this higher density example, we believe that our extra costs are reasonable.

In connection with both these examples, we would make the following comments:

First, the costs of achieving the required code levels will vary with unit sizes and housing mixes, so that the costs per unit will be lower for a higher density scheme than for a lower density scheme.

Second, it is widely acknowledged that the overall costs of implementing Code for Sustainable Homes will come down, as a result of both improved technologies and the economies of scale arising from increased demand.

Winchester

Table showing land value buffer at £120 CIL

Assuming 40% affordable and s106 costs at £2,000 per unit

Assumes affordable rent at 70% market rent.

No units		£120 CIL		
		Rural	Suburban	Urban
7	Land value	£528,400	£291,760	£262,164
	Land value per ha	£1,887,143	£1,458,800	£1,872,598
20	Land value	£1,359,000	£1,046,000	£734,000
	Land value per ha	£2,039,000	£2,092,000	£2,200,000
50	Land value	£3,660,000	£2,361,000	£1,685,000
	Land value per ha	£2,196,000	£1,889,000	£2,022,000
100	Land value	£6,213,000	£4,164,000	£2,742,000
	Land value per ha	£1,864,000	£1,665,000	£1,645,000

Average land value per hectare: £1,902,545

% buffer over Winchester employment threshold of £1,500,000 per ha: 27%

% buffer over agricultural threshold of £450,000 per ha: 323%

Winchester

Table showing land value buffer at £80 CIL

Assuming 40% affordable and s106 costs at £2,000 per unit

Assumes affordable rent at 70% market rent.

No units		£80 CIL		
		Rural	Suburban	Urban
7	Land value	£306,406	£197,112	£176,572
	Land value per ha	£1,094,306	£985,558	£1,261,228
20	Land value	£831,000	£679,000	£482,000
	Land value per ha	£1,264,000	£1,359,000	£1,445,000
50	Land value	£2,117,000	£1,520,000	£1,063,000
	Land value per ha	£1,270,000	£1,216,000	£1,275,000
100	Land value	£3,471,000	£2,596,000	£1,645,000
	Land value per ha	£1,041,000	£1,038,000	£987,000

Average land value per hectare: £1,186,341

% buffer over towns and villages employment
threshold of £900,000 per ha: 32%

% buffer over agricultural
threshold of £450,000 per ha: 164%

Winchester**Table showing land value buffer at £120 CIL****Assuming 40% affordable and s106 costs at £4,000 per unit****Assumes affordable rent at 70% market rent.**

No units		£120 CIL		
		Rural	Suburban	Urban
7	Land value	£516,000	£280,000	£250,000
	Land value per ha	£1,844,000	£1,398,000	£1,786,000
20	Land value	£1,326,000	£1,013,000	£700,000
	Land value per ha	£1,989,000	£2,026,000	£2,101,000
50	Land value	£3,581,000	£2,281,000	£1,605,000
	Land value per ha	£2,148,000	£1,824,000	£1,927,000
100	Land value	£6,065,000	£4,016,000	£2,594,000
	Land value per ha	£1,819,000	£1,606,000	£1,556,000

Average land value per hectare: £1,835,333

% buffer over Winchester employment threshold of £1,500,000 per ha: 22%

% buffer over agricultural threshold of £450,000 per ha: 308%

Winchester**Table showing land value buffer at £80 CIL****Assuming 40% affordable and s106 costs at £4,000 per unit****Assumes affordable rent at 70% market rent.**

No units		£80 CIL		
		Rural	Suburban	Urban
7	Land value	£294,000	£185,000	£166,000
	Land value per ha	£1,051,000	£924,000	£1,184,000
20	Land value	£797,000	£646,000	£448,000
	Land value per ha	£1,196,000	£1,293,000	£1,345,000
50	Land value	£2,037,000	£1,440,000	£983,000
	Land value per ha	£1,222,000	£1,152,000	£1,179,000
100	Land value	£3,323,000	£2,448,000	£1,497,000
	Land value per ha	£997,000	£979,000	£898,000

Average land value per hectare:

£1,118,333

% buffer over towns and villages employment
threshold of £900,000 per ha:

24%

% buffer over agricultural
threshold of £450,000 per ha:

149%

Winchester

Table showing CIL as a percentage of GDV in different scenarios.

Assuming 40% affordable and s106 costs at £2,000 per unit

Assumes affordable rent at 70% market value.

No units	CIL as % of GDV at £120/sqm			CIL as % of GDV at £80/sqm		
	Rural	Suburban	Urban	Rural	Suburban	Urban
7	2.5%	2.4%	2.5%	1.9%	1.8%	1.9%
20	2.5%	2.4%	2.6%	1.9%	1.9%	1.9%
50	2.4%	2.4%	2.6%	1.9%	1.8%	1.9%
100	2.4%	2.4%	2.5%	1.9%	1.8%	1.9%



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