

## **Wyre Forest District – Local Plan**

### **Pre-Submission Viability Note**

#### **Scope and Introduction**

- 1.1 This note has been prepared by HDH Planning & Development Ltd (HDH), prior to the submission of the Local Plan to the Secretary of State for examination in public (i.e. after the Regulation 19 consultation). The purpose of this note is to:
- a. consider the changes to the National Planning Policy Framework, Planning Practice Guidance and CIL Regulations.
  - b. consider the effect of new RICS Guidance.
  - c. assess the impact of the updated information concerning the Strategic Sites to be included in the Plan (including the impact of the Council's policy changes).
- 1.2 HDH has produced two reports for WFDC:
- a. *Local Plan Viability Assessment (with CIL scoping), May 2017* (the 2017 Viability Assessment). The purpose of this study was to inform the plan-making process and to assess and test the policies contained within the draft Local Plan and to advise on the scope for Community Infrastructure Levy (CIL).
  - b. *Local Plan Viability Assessment UPDATE, October 2018* (the 2018 Viability Update). This update considered the new National Planning Policy Framework (2018 NPPF) and replaced sections of the Planning Practice Guidance (PPG) that relate to viability and to consider the deliverability of the development sites in the emerging Plan, to consider how the development environment may have changed.
- 1.3 This note does not update the above documents, rather has been prepared to assist with the finalisation of the Local Plan.

#### **National Planning Policy Framework, Planning Practice Guidance and CIL Regulations**

- 2.1 After the 2017 Viability Assessment was published the Government published new National Planning Policy Framework (2018 NPPF) and replaced sections of the Planning Practice Guidance (PPG) that relate to viability. These changes were considered in the 2018 Viability Assessment. The NPPF and PPG were further updated in February 2019, although those changes did not relate to plan-wide viability testing.
- 2.2 In May 2019 a range of further changes relating to viability were made to the PPG. The main changes related to establishing the Benchmark Land Value (BLV). A particular change has been in relation to the starting point of the assessment. This is now defined as only being the Existing Use Value (EUV), with most references to Alternative Use Value (AUV) removed.
- 2.3 These recent changes do not impact on the 2017 Viability Assessment or the 2018 Viability Update, rather they confirm the shift in emphasis in viability testing. Under the 2012 NPPG the test was (as set out in paragraphs 173 and 174) that:

*... the sites and the scale of development identified in the plan should not be subject to such a scale of obligations and policy burdens that their ability to be developed viably is threatened. To ensure viability, the costs of any requirements likely to be applied to development, ... provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable. Local planning authorities ... should assess the likely cumulative impacts on development in their area of all existing and proposed local standards, ... and policies ..., when added to nationally required standards. In order to be appropriate, the cumulative impact of these standards and policies should not put implementation of the plan at serious risk, and should facilitate development throughout the economic cycle.*

- 2.4 The purpose of viability testing was to ensure that cumulative impact of the policy requirements do not put implementation of the Plan at serious risk, in the context of providing a competitive return to a willing landowner and willing developer. Now, under the updated PPG, (paragraph 10-010-2018072) viability testing is to ensure that the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission has been met.

*In plan making and decision making viability helps to strike a balance between the aspirations of developers and landowners, in terms of returns against risk, and the aims of the planning system to secure maximum benefits in the public interest through the granting of planning permission.*

- 2.5 In May 2019 the CIL Regulations were further amended<sup>1</sup>. These changes do not directly impact on the setting of CIL or how to undertake a viability assessment. The principle practical change for WFDC now is that CIL Regulation 123 is to be deleted. As a result, the requirement for an authority that introduces CIL to publish a Regulation 123 List has been removed. Key for Wyre Forest (who do not have CIL) is that the s106 pooling restrictions are likely to be lifted from September 2019.

### **Financial viability in planning: conduct and reporting. 1st edition, May 2019**

- 3.1 HDH is a firm regulated by the Royal Institution of Chartered Surveyors so it is necessary to have regard to RICS Professional Standards and Guidance. The appropriate guidance at the time of the 2017 Viability assessment and the 2018 Viability Update was *Financial Viability in planning (1st edition), RICS guidance note 2012*.
- 3.2 *Financial Viability in planning (1st edition), RICS guidance note 2012* is currently subject to a full review to reflect the changes in the 2019 NPPF and the updated PPG (May 2019). As part of the updating *Financial viability in planning: conduct and reporting. 1st edition, May 2019* was published on 28<sup>th</sup> May 2019. This includes mandatory requirements for RICS members and RICS-regulated firms.
- 3.3 Whilst 2017 Viability Assessment and the 2018 Viability Update were published well before *Financial viability in planning: conduct and reporting. 1st edition, May 2019*, this opportunity is taken to confirm as follows:

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<sup>1</sup> **SI 2019 No. 966** COMMUNITY INFRASTRUCTURE LEVY, ENGLAND The Community Infrastructure Levy (Amendment) (England) Regulations 2019. Made - 22nd May 2019. **2014 No. ###** COMMUNITY INFRASTRUCTURE LEVY, ENGLAND AND WALES The Community Infrastructure Levy (Amendment) Regulations 2014 Made - - - - - \*\*\*. Coming into Force 1st September 2019.

- 3.4 HDH confirms that in preparing the 2017 Viability Assessment and the 2018 Viability Update the firm has acted with objectivity, impartially and without interference, and with reference to all appropriate available sources of information.
- 3.5 The HDH confirms it had no conflicts of interest in undertaking the 2017 Viability Assessment and the 2018 Viability Update. HDH confirms that in preparing the 2017 Viability Assessment and the 2018 Viability Update, no performance-related or contingent fees were agreed.
- 3.6 The presumption is that a viability assessment should be published in full. HDH has prepared the 2017 Viability Assessment and the 2018 Viability Update on the assumption that they will be published in full (and they have been published in full by the Council).
- 3.7 HDH confirms that a non-technical summary has been provided in the form of Chapter 12 of the 2018 Viability Update which was written as a stand-alone summary. Viability in the plan-making process is a technical exercise that is undertaken specifically to demonstrate compliance (or otherwise) with the NPPF and PPG. It is firmly recommended that the 2017 Viability Assessment and the 2018 Viability Update report only be published and read in full.
- 3.8 The derivation of the BLV is set out in Chapter 6 of the 2017 Viability Assessment and the 2018 Viability Update. This is in accordance with the requirements of the PPG.
- 3.9 The 2018 Viability Assessment includes appropriate sensitivity testing in Chapter 10. This includes the effect of different tenures, different affordable housing requirements against different levels of developer contributions, and the impact of price and cost change.
- 3.10 Consultation with the development industry formed part of the 2017 Viability Assessment. Both the 2017 Viability Assessment and the 2018 Viability Update have been subject to formal consultation through the 'Regulation 18' and 'Regulation 19' stages of the WFDC plan-making process.
- 3.11 Both the 2017 Viability Assessment and the 2018 Viability Update are dated but do not include a formal sign off. This opportunity is taken to confirm that the final versions of both reports were approved by RS Drummond-Hay MRICS ACIH in his capacity of a director of HDH and as an experienced and appropriately qualified professional in the field of undertaking plan-wide viability assessments.
- 3.12 The Guidance includes a requirement that, '*all contributions to reports relating to assessments of viability, on behalf of both the applicants and authorities, must comply with these mandatory requirements. Determining the competency of subcontractors is the responsibility of the RICS member or RICS-regulated firm*'. Much of the information that informed the 2017 Viability Assessment and the 2018 Viability Update (and this note) has been provided by WFDC, some of which had been provided to them by others (such as Worcestershire County Council, and other statutory providers). This information was not provided in a subcontractor role, and in accordance with HDH's instructions this information has not been challenged or independently verified.

3.13 HDH confirms that ample time was allowed for to undertake both the 2017 Viability Assessment and the 2018 Viability Update.

### Strategic Sites

4.1 The 2018 Viability Update considered the following Strategic Sites:

<b>Table 4.1 Strategic Sites for Testing – 2018</b>		
<b>Site Reference</b>	<b>Name</b>	<b>No of Dwellings</b>
<b>Kidderminster East</b>		
OC/13	Land at Stone Hill North	900
OC/6	R/O Offmore	300
<b>Kidderminster North</b>		
WFR/WC/15	Lea Castle Hospital	600
WFR/WC/32	Lea Castle East	360
WFR/WC/33	Lea Castle West	470
WFR/WC/34	Lea Castle North	0 - Employment Allocation
<b>Kidderminster Town</b>		
BW/1	Churchfields	300
BW/2	Limekiln Bridge	80
<b>Stourport</b>		
AKR/20	Carpets of Worth	170
MI/38	School Site Coniston Crescent	100
<b>Bewdley</b>		
WA/BE/1	Stourport Road Triangle	100
WA/BE/3	Catchems End	76
<b>Total</b>		<b>3,456</b>

Source: Table 3.1, 2018 Viability Update

4.2 The best estimate of the strategic infrastructure and mitigation costs at that time was:

<b>Table 4.2 Strategic Sites s106 Costs - 2018</b>			
	<b>No of Dwellings</b>		<b>Cost Per Dwelling</b>
<b>Kidderminster East</b>			
Land at Stone Hill North	900	£12,534,791	£13,928
R/O Offmore	300	£4,996,562	£16,655
<b>Kidderminster North</b>			
Lea Castle Hospital	600	£7,075,751	£11,793
Lea Castle East	360	£4,836,575	£13,435
Lea Castle West	470	£6,126,982	£13,036
<b>Kidderminster Town</b>			
Churchfields	300	£2,501,266	£8,338
	<b>2,930</b>	<b>£38,071,927</b>	<b>£12,994</b>

Source: Table 7.1, 2018 Viability Update

- 4.3 These costs were officers' best estimates as at July 2018.
- 4.4 The Council has now refined the list of strategic sites to be taken forward into the Local Plan, and with this the strategic infrastructure and mitigation costs have also been updated.

<b>Table 4.3 Strategic Sites for Testing – 2019</b>		
<b>Site Reference</b>	<b>Name</b>	<b>No of Dwellings</b>
<b>Kidderminster East</b>		
OC/13N	Land at Stone Hill North	1,100
OC/6	R/O Offmore	300
<b>Kidderminster North</b>		
WFR/WC/15	Lea Castle Hospital	600
WFR/WC/32	Lea Castle East	300
WFR/WC/33	Lea Castle West	400
WFR/WC/34	Lea Castle North	100
<b>Total and Averages</b>		<b>2,800</b>

Source: WFDC May 2019

- 4.5 The site WFR/WC/15, Lea Castle Hospital, has been granted planning consent, but is included now for completeness.
- 4.6 The updated best estimate of the strategic infrastructure and mitigation costs is now:

<b>Table 4.4 Strategic Sites s106 Costs - 2019</b>			
	<b>No of Dwellings</b>		<b>Cost Per Dwelling</b>
<b>Kidderminster East</b>			
Land at Stone Hill North	1,100	£22,391,869.44	£20,356.24
R/O Offmore	300	£6,776,939.65	£22,589.80
<b>Kidderminster North</b>			
Lea Castle Hospital	600	£7,967,918.83	£13,279.86
Lea Castle East	300	£4,408,698.42	£14,695.66
Lea Castle West	400	£5,785,585.22	£14,463.96
Lea Castle North	100	£1,653,234.81	£16,532.35
	<b>2,800</b>	<b>£48,984,246.37</b>	<b>£17,494.37</b>

Source: WFDC May 2019

4.7 On a per unit basis there has been a notable increase in the costs for some sites:

<b>Table 4.5 Change in Strategic Sites s106 Costs – 2018 to 2019</b>				
	<b>2018</b>	<b>2019</b>	<b>Difference</b>	
<b>Kidderminster East</b>				
Land at Stone Hill North	£13,928	£20,356.24	£6,428.24	46%
R/O Offmore	£16,655	£22,589.80	£5,934.80	36%
<b>Kidderminster North</b>				
Lea Castle Hospital	£11,793	£13,279.86	£1,486.86	13%
Lea Castle East	£13,435	£14,695.66	£1,260.66	9%
Lea Castle West	£13,036	£14,463.96	£1,427.96	11%
Lea Castle North		£16,532.35	N/A	

Source: May 2019

4.8 The modelling and analysis set out in the 2018 Viability update has been updated based on the above information. All other inputs have been held, unchanged as in the 2018 Viability Update. The following tables are directly comparable to those in the 2018 Viability Update.

4.9 The Lea Castle East element of the Kidderminster North site includes 7ha of employment space. This area has not been included in the modelling. As in the 2018 Viability Update the modelling is based on the assumptions of a density of 35 units/net ha and a net developable area of 60%. The effect of modelling on the basis of a 65% and 70% net developable area are also considered later in this note.

<b>Table 4.5 Strategic Sites Modelling Assumptions - 2019</b>				
	No of Dwellings	Gross Area 60% net	Net Area 35/ha	Total Site Area
<b>Kidderminster East</b>				
Land at Stone Hill North	1,100	52.38	31.43	57.10
R/O Offmore	300	14.29	8.57	28.36
<b>Kidderminster North</b>				
Lea Castle Hospital	600	28.57	17.14	48.40
Lea Castle East	300	14.29	8.57	19.90
Lea Castle West	400	19.05	11.43	24.50
Lea Castle North	100	4.76	2.86	11.50
	<b>2,800</b>	<b>133.33</b>	<b>80.00</b>	<b>189.76</b>

Source: WFDC May 2019

4.10 Several other changes have been made within the emerging Plan, so this opportunity is taken to update the modelling to ensure that these changes are reflected in the analysis.

- a. Development is now required to include electric charging points for cars. Several years ago such points cost in the region of £1,000/unit, however, the costs have dropped substantially, and are now a little under £300/unit. This cost has been modelled.
- b. There is a new policy requirement that new development '*... should incorporate the energy from renewable or low carbon sources equivalent to at least 10% of predicted energy requirements ...*'.

WFDC is not specifically seeking standards that are over and above those set out in National Building Regulations, these requirements do not specifically require construction to increased standards. This policy has been interpreted on a Fabric First basis – whereby building to higher standards, a 10% reduction in usage above the requirements of current Building Regulations is achieved. This is a relatively modest requirement that can be met through a range of solutions, including additional insulation, the installation of solar panels, or the use of district heating schemes.

It is timely to note that building to higher standards that result in lower running costs does result in higher values<sup>2</sup>.

The Government produced regular updates on the costs of building to these increased standards up to when they were cancelled at the time of the Summer 2015 Budget. In this study a cost of £1,750 /dwelling has been modelled in this regard.

- c. In the 2017 Viability Assessment it was assumed that all new development would be to Lifetime Homes standards. This policy requirement has been updated '*... all major*

<sup>2</sup> See *EPCs & Mortgages, Demonstrating the link between fuel affordability and mortgage lending* as prepared for Constructing Excellence in Wales and Grwp Carbon Isel / Digarbon Cymru (funded by the Welsh Government) and completed by BRE and *An investigation of the effect of EPC ratings on house prices* for Department of Energy & Climate Change (June 2013)

*housing development proposals to contribute towards providing 20% of the total housing requirement to meet the higher access standards of Part M Building Regulations (Access to and use of buildings), (Category 2 M4(2), accessible and adaptable dwelling); and a further 1% of the overall number of housing units to meet Category 3 M4(3), wheelchair user dwellings standards ...'.*

The additional costs of the further standards (as set out in the draft Approved Document M amendments included at Appendix B4<sup>3</sup>) are set out below. The key features of the 3 level standard (as summarised in the DCLG publication *Housing Standards Review – Final Implementation Impact Assessment* (DCLG, March 2015)<sup>4</sup> reflect accessibility as follows:

- Category 1 – Dwellings which provide reasonable accessibility
- Category 2 – Dwellings which provide enhanced accessibility and adaptability
- Category 3 – Dwellings which are accessible and adaptable for occupants who use a wheelchair.

The additional cost of a wheelchair adaptable dwelling based on the Wheelchair Housing Design Guide for a 3 bed house, is taken to be £10,111 per dwelling<sup>5</sup>. The additional cost of Category 2 is taken to be £521<sup>6</sup> (this compares with the £1,097 cost for the Lifetime Homes Standard).

The modelling has been updated to reflect this changed requirement.

- 4.11 Before presenting the results, it is important to stress that the results of the appraisals do not, in themselves, determine policy. The results of this update are one of a number of factors that the Council will consider, including the Council's track record in delivering affordable housing.
- 4.12 As in the earlier work, the appraisals use the residual valuation approach – they are designed to assess the value of the site after taking into account the costs of development, the likely income and a developers' return. The Residual Value represents the maximum bid for the site where the payment is made in a single tranche on the acquisition of a site. In order for the proposed development to be described as viable, it is necessary for the Residual Value to exceed the Existing Use Value (EUV) by a satisfactory margin.
- 4.13 The initial appraisals are based on the full policy requirements, including the 30% affordable housing requirement. A range of scenarios are then tested.

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<sup>3</sup> <https://www.gov.uk/government/publications/access-to-and-use-of-buildings-approved-document-m>

<sup>4</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/418414/150327\\_-\\_HSR\\_IA\\_Final\\_Web\\_Version.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/418414/150327_-_HSR_IA_Final_Web_Version.pdf)

<sup>5</sup> Paragraph 153 *Housing Standards Review – Final Implementation Impact Assessment* (DCLG, March 2015).

<sup>6</sup> Paragraph 157 *Housing Standards Review – Final Implementation Impact Assessment* (DCLG, March 2015).



4.14 As set out above, for each development type the Residual Value is calculated. The results are presented per gross hectare to allow comparison between sites. In the tables in this chapter the results are colour coded using a simple traffic light system:

- a. **Green Viable** – where the Residual Value per hectare exceeds the indicative Benchmark Land Value (BLV) per hectare (being the EUV +).
- b. **Amber Marginal** – where the Residual Value per hectare exceeds the EUV but not the BLV per hectare. These sites should not be considered as viable when measured against the test set out – however, depending on the nature of the site and the owner, they may come forward.
- c. **Red Non-viable** – where the Residual Value does not exceed the EUV.

4.15 It is important to note that a report of this type applies relatively simple assumptions that are broadly reflective of an area to make an assessment of viability. The fact that a site is shown as viable does not necessarily mean that it will come forward and vice versa. An important part of any final consideration of viability will be relating the results of this study to what is actually happening on the ground in terms of development and what planning applications are being determined – and on what basis.

*Base Appraisals – full current policy requirements*

4.16 The initial appraisals are based on the full policy requirements of the emerging Local Plan. The main assumptions are summarised as follows:

- a) Affordable Housing 30% (10% as Intermediate to Buy and 20% Social Rent).
- b) Environmental Standards 20% Accessible and Adaptable, 1% Wheelchair accessible.  
Car Charging Points  
10% Carbon Reduction
- c) CIL and s106 As follows for the Strategic Sites:

Name	Total	£/unit
Kidderminster East		
Land at Stone Hill North	£22,391,869.44	£20,356.24
R/O Offmore	£6,776,939.65	£22,589.80
Kidderminster North		
Lea Castle Hospital	£7,967,918.83	£13,279.86
Lea Castle East	£4,408,698.42	£14,695.66
Lea Castle West	£5,785,585.22	£14,463.96
Lea Castle North	£1,653,234.81	£16,532.35

**Table 4.6 Residual Values**  
30% Affordable, s106 £2,000/unit / from IDP.

<b>2018 Viability Update</b>													
					Units	Existing Use Value		Benchmark Land Value		Residual Value (£)			
						£/ha	£ site	£/ha	£ site	Gross ha	Net ha		
Site 1	Land at Stone Hill North												
Site 2	R/O Offmore	Kidderminster East	Green	Agricultural	900	20,000	857,143	374,000	16,028,571	76,182	126,970	3,264,933	
Site 3	Lea Castle Hospital	Kidderminster East	Green	Agricultural	300	20,000	285,714	374,000	5,342,857	154,585	257,642	2,208,362	
Site 4	Lea Castle East	Kidderminster North	Mixed	Mixed	600	350,000	10,000,000	420,000	12,000,000	-11,184	-18,640	-319,543	
Site 5	Lea Castle West	Kidderminster North	Green	Agricultural	360	20,000	342,857	374,000	6,411,429	200,291	333,818	3,433,559	
Site 6	Churchfields	Kidderminster North	Green	Agricultural	470	20,000	447,619	374,000	8,370,476	95,108	158,513	2,128,610	
		Kidderminster Town	Brown	PDL	300	450,000	5,125,500	540,000	6,150,600	4,680	6,219	53,302	
<b>June 2019</b>													
					Units	Existing Use Value		Benchmark Land Value		Residual Value (£)			
						£/ha	£ site	£/ha	£ site	Gross ha	Net ha		
Site 1	Land at Stone Hill North												
Site 2	R/O Offmore	Kidderminster East	Green	Agricultural	1,100	20,000	1,047,619	374,000	19,590,476	-54,055	-90,092	-2,831,467	
Site 3	Lea Castle Hospital	Kidderminster East	Green	Agricultural	300	20,000	285,714	374,000	5,342,857	34,731	57,886	496,163	
Site 4	Lea Castle East	Kidderminster North	Mixed	Mixed	600	350,000	10,000,000	420,000	12,000,000	-45,396	-75,661	-1,297,040	
Site 5	Lea Castle West	Kidderminster North	Green	Agricultural	300	20,000	285,714	374,000	5,342,857	184,522	307,536	2,636,025	
Site 6	Lea Castle North	Kidderminster North	Green	Agricultural	400	20,000	380,952	374,000	7,123,810	66,313	110,521	1,263,099	
		Kidderminster North	Green	Agricultural	100	20,000	95,238	374,000	1,780,952	55,434	92,390	263,970	

Source: HDH (June 2019). This table is directly comparable with Table 10.1 in the 2018 Viability Update



- 4.17 Across the sites the increased strategic infrastructure and mitigation costs results in a fall in the Residual Value when considered on a £/ha basis indicating a fall in viability. Bearing in mind the increase in the strategic infrastructure and mitigation costs this chapter, this is to be expected.
- 4.18 In the following tables, the Residual Value is compared with the BLV. The BLV being an amount over and above the EUV that is sufficient to provide the willing landowner with a premium to induce them to sell the land for development as set out in Chapter 6 above.

<b>Table 4.7 Residual Values Compared to Benchmark Land Value</b>					
30% Affordable, s106 from IDP.					
			EUV	BLV	Residual Value
<b>2018 Viability Update</b>					
Site 1	Land at Stone Hill North	Kidderminster East	20,000	374,000	76,182
Site 2	R/O Offmore	Kidderminster East	20,000	374,000	154,585
Site 3	Lea Castle Hospital	Kidderminster North	350,000	420,000	-11,184
Site 4	Lea Castle East	Kidderminster North	20,000	374,000	200,291
Site 5	Lea Castle West	Kidderminster North	20,000	374,000	95,108
Site 6	Churchfields	Kidderminster Town	450,000	540,000	4,680
<b>June 2019</b>					
Site 1	Land at Stone Hill North	Kidderminster East	20,000	374,000	-54,055
Site 2	R/O Offmore	Kidderminster East	20,000	374,000	34,731
Site 3	Lea Castle Hospital	Kidderminster North	350,000	420,000	-45,396
Site 4	Lea Castle East	Kidderminster North	20,000	374,000	184,522
Site 5	Lea Castle West	Kidderminster North	20,000	374,000	66,313
Site 6	Lea Castle North	Kidderminster North	20,000	374,000	55,434

Source: HDH (June 2019) This table is directly comparable with Table 10.3 in the 2018 Viability Update

- 4.19 The above results are less good to those in the 2018 Viability Update, this is because of the greater level of developer contributions now being sought.
- 4.20 The 2019 NPPF refers to 'deliverable' sites and includes a new definition:

**Deliverable**

*To be considered deliverable, sites for housing should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within 5 years. In particular:*

- a) *sites which do not involve major development and have planning permission, and all sites with detailed planning permission should be considered deliverable until permission expires, unless there is clear evidence that homes will not be delivered within 5 years (for example because they are no longer viable, there is no longer a demand for the type of units or sites have long term phasing plans).*
- b) *where a site has outline planning permission for major development, has been allocated in a development plan, has a grant of permission in principle, or is identified on a brownfield register, it*



*should only be considered deliverable where there is clear evidence that housing completions will begin on site within 5 years.*

- 4.21 When considering these results, it is important to note that the strategic infrastructure and mitigation costs are officers' best estimates as at May 2019 and tend to be maximum costs, based on worst case scenarios. This cautious approach is appropriate at this stage of the plan-making process, but it will be necessary to keep these under review as the process continues. It is expected that some of the costs will be less than those modelled in this note.
- 4.22 The results highlight the challenges often found in delivering large sites with high infrastructure costs. These results are consistent with the 2017 Viability Assessment and 2018 Viability Update. Based on the current assumptions, if these Strategic Sites are to be expected to bear their own full s106 costs and 30% affordable housing, none of the sites generate a Residual Value above the Benchmark Land Value, so can not be considered as being viable.
- 4.23 The options open to the Council are explored below. In any event, as in the earlier work, it is recommended that the Council continues to engage with the owners in line with paragraph 10-006-20190509 of the updated PPG.

*Plan makers should engage with landowners, developers, and infrastructure and affordable housing providers to secure evidence on costs and values to inform viability assessment at the plan making stage.*

*It is the responsibility of site promoters to engage in plan making, take into account any costs including their own profit expectations and risks, and ensure that proposals for development are policy compliant. Policy compliant means development which fully complies with up to date plan policies...*

- 4.24 Similar advice is set out in the Harman Guidance (page 23):

*Landowners and site promoters should be prepared to provide sufficient and good quality information at an early stage, rather than waiting until the development management stage. This will allow an informed judgement by the planning authority regarding the inclusion or otherwise of sites based on their potential viability.*

#### *No Policy Requirements*

- 4.25 The following appraisals show the Residual Value where the Council's policy requirements for affordable housing, the £2,000/unit base s106 cost on the typologies and the strategic infrastructure costs of the Strategic Sites are removed:

<b>Table 4.7 Residual Values Compared to Benchmark Land Value</b>					
0% Affordable Housing and no s106 costs					
			EUV	BLV	
Site 1	Land at Stone Hill North	Kidderminster East	20,000	374,000	682,327
Site 2	R/O Offmore	Kidderminster East	20,000	374,000	881,747
Site 3	Lea Castle Hospital	Kidderminster North	350,000	420,000	574,039
Site 4	Lea Castle East	Kidderminster North	20,000	374,000	880,432
Site 5	Lea Castle West	Kidderminster North	20,000	374,000	720,507
Site 6	Lea Castle North	Kidderminster North	20,000	374,000	801,819

Source: HDH (June 2019) This table is directly comparable with Table 10.4b in the 2018 Viability Update

- 4.26 All six sites are shown to be viable on this basis, providing evidence that with policy flex the sites can be deliverable.

*Affordable Housing*

- 4.27 The requirement for affordable housing is a key policy in the Plan, and is one of the principal costs applied to development. In the following table, the Strategic Sites are assumed to bear their full strategic infrastructure and mitigation costs and the affordable housing requirement is varied.

**Table 4.9 Residential Development – Residual Values Compared to Viability (£/ha)**  
Varied Affordable Housing (35% Intermediate / 65% Social Rent), s106 as per IDP

Site	AFFORDABLE %	EUV	BLV	Residual Value	5%	10%	15%	20%	25%	30%
Site 1	Land at Stone Hill North	20,000	374,000	327,507	266,049	204,288	141,526	78,764	16,003	-49,500
Site 2	R/O Offmore	20,000	374,000	460,149	390,467	320,784	251,101	181,419	110,631	39,298
Site 3	Lea Castle Hospital	350,000	420,000	333,793	272,728	210,765	148,439	86,112	23,785	-40,803
Site 4	Lea Castle East	20,000	374,000	607,074	537,391	467,709	398,026	328,343	258,661	188,978
Site 5	Lea Castle West	20,000	374,000	459,906	395,464	331,023	266,581	202,139	136,584	70,719
Site 6	Lea Castle North	20,000	374,000	469,977	401,617	333,257	264,896	196,536	128,176	59,816

Source: HDH (June 2019) This table is directly comparable with Table 10.5 in the 2018 Viability Update

- 4.28 As in the 2017 Viability Assessment and the 2018 Viability Update, the appraisals indicate that the delivery of the Strategic Sites is challenging and suggest that the sites are unable to deliver affordable housing and their full estimated strategic infrastructure and mitigation requirements. The relationship between affordable housing and developer contributions is explored later in this chapter.
- 4.29 The Council is concerned about the ‘affordability’ of affordable housing when provided as Affordable Rent. The above modelling is based on the Social Rent tenure (where the rents are lower than in the Affordable Rent tenure) as this reflects the nature of need in the District. This is a different approach to that taken in the 2017 Viability Assessment where the affordable housing for rent was assumed to be under the Affordable Rent tenure. The value of Social Rent is less than that of Affordable Rent, so specifying Social Rent results in reduced Residual Values and lower viability.
- 4.30 In the following tables the results of appraisals are set out for scenarios where all the affordable housing is as either Affordable Rent, Social Rent or Intermediate Housing.

**Table 4.10 Residential Development – Residual Values Compared to Viability (£/ha)**  
Affordable Housing Mixes, Full S106.

Full s106, Varied Affordable Tenure		EUV	BLV	Residual Value	10%	20%	30%	40%
	Social Rent %			0%				
	Affordable Rent %			0%				
	Intermediate Housing %			0%				
Site 1	Land at Stone Hill North	20,000	374,000	327,507	174,815	19,819	-145,162	-321,436
Site 2	R/O Offmore	20,000	374,000	460,149	289,590	118,027	-60,121	-248,046
Site 3	Lea Castle Hospital	350,000	420,000	333,793	180,120	24,820	-139,459	-311,598
Site 4	Lea Castle East	20,000	374,000	607,074	436,515	265,956	94,199	-85,123
Site 5	Lea Castle West	20,000	374,000	459,906	300,888	140,760	-23,432	-199,964
Site 6	Lea Castle North	20,000	374,000	469,977	302,584	135,191	-35,961	-215,495
<b>Full s106, Varied Affordable Tenure</b>								
	Social Rent %	EUV	BLV	Residual Value	10%	20%	30%	40%
	Affordable Rent %			0%				
	Intermediate Housing %			0%				
Site 1	Land at Stone Hill North	20,000	374,000	327,507	210,230	90,648	-30,557	-159,641
Site 2	R/O Offmore	20,000	374,000	460,149	327,073	193,996	58,633	-82,134
Site 3	Lea Castle Hospital	350,000	420,000	333,793	216,944	98,468	-21,355	-148,223
Site 4	Lea Castle East	20,000	374,000	607,074	473,997	340,921	207,844	73,219
Site 5	Lea Castle West	20,000	374,000	459,906	337,098	214,290	89,374	-38,581
Site 6	Lea Castle North	20,000	374,000	469,977	342,743	215,509	88,275	-43,051
<b>Full s106, Varied Affordable Tenure</b>								
	Social Rent %	EUV	BLV	Residual Value	10%	20%	30%	40%
	Affordable Rent %			0%				
	Intermediate Housing %			0%				
Site 1	Land at Stone Hill North	20,000	374,000	327,507	258,105	188,233	117,444	46,655
Site 2	R/O Offmore	20,000	374,000	460,149	378,715	297,281	215,847	134,115
Site 3	Lea Castle Hospital	350,000	420,000	333,793	267,320	199,938	132,198	64,457
Site 4	Lea Castle East	20,000	374,000	607,074	525,640	444,206	362,771	281,337
Site 5	Lea Castle West	20,000	374,000	459,906	386,987	314,068	241,148	168,120
Site 6	Lea Castle North	20,000	374,000	469,977	390,220	310,463	230,706	150,949

Source: HDH (June 2019) This table is directly comparable with Table 10.6c in the 2018 Viability Update

- 4.31 With a 20% affordable housing requirement, the Residual Value is about £75,000/ha higher with Affordable Rent rather than Social Rent. With a 30% requirement the Residual Value is about £115,000/ha higher with Affordable Rent rather than Social Rent.
- 4.32 In the previous section it was established that a requirement for all the affordable housing to be delivered as Social Rent rather than Affordable Rent depresses the Residual Value. The Council are now considering three alternative mixes. A range of affordable housing products





can be useful in an area and that at least 10% of the housing on site should be to affordable housing to buy (as per Paragraph 64 the 2019 NPPF). Various mixes of affordable housing are considered below.

**Table 4.11 Residential Development – Residual Values Compared to Viability (£/ha)**  
Impact of Affordable Mix, Full s106.

Full s106, Varied Affordable MIX													
			EUV	BLV									
		<b>AFFORDABLE %</b>			<b>10%</b>	<b>10%</b>				<b>10%</b>			
		Social Rent %			33%					90%	80%	70%	60%
		Affordable Rent %			33%	90%	80%	70%	60%				
		Intermediate Housing %			33%	10%	20%	30%	40%	10%	20%	30%	40%
		Starter Homes											
Site 1	Land at Stone Hill North	Kidderminster East	20,000	374,000	214,290	215,109	219,941	224,712	229,482	183,236	191,657	200,078	208,498
Site 2	R/O Offmore	Kidderminster East	20,000	374,000	331,371	332,237	337,401	342,565	347,730	298,503	307,415	316,328	325,240
Site 3	Lea Castle Hospital	Kidderminster North	350,000	420,000	221,166	222,017	227,091	232,164	237,238	188,876	197,632	206,388	215,143
Site 4	Lea Castle East	Kidderminster North	20,000	374,000	478,295	479,162	484,326	489,490	494,654	445,427	454,340	463,252	472,165
Site 5	Lea Castle West	Kidderminster North	20,000	374,000	341,250	342,087	347,076	352,064	357,053	309,498	318,108	326,718	335,328
Site 6	Lea Castle North	Kidderminster North	20,000	374,000	344,756	347,491	352,239	356,986	361,734	311,348	320,111	328,875	337,638
Full s106, Varied Affordable MIX													
			EUV	BLV									
		<b>AFFORDABLE %</b>			<b>20%</b>	<b>20%</b>				<b>20%</b>			
		Social Rent %			33%					90%	80%	70%	60%
		Affordable Rent %			33%	90%	80%	70%	60%				
		Intermediate Housing %			33%	10%	20%	30%	40%	10%	20%	30%	40%
		Starter Homes											
Site 1	Land at Stone Hill North	Kidderminster East	20,000	374,000	98,769	100,406	110,165	119,923	129,682	36,661	53,502	70,344	87,185
Site 2	R/O Offmore	Kidderminster East	20,000	374,000	202,592	204,324	214,653	224,981	235,310	136,295	154,562	172,506	190,331
Site 3	Lea Castle Hospital	Kidderminster North	350,000	420,000	106,913	108,615	118,762	128,909	139,056	42,332	59,844	77,356	94,868
Site 4	Lea Castle East	Kidderminster North	20,000	374,000	349,517	351,249	361,578	371,906	382,235	283,781	301,606	319,431	337,256
Site 5	Lea Castle West	Kidderminster North	20,000	374,000	222,594	224,267	234,245	244,223	254,201	158,386	176,011	193,529	210,749
Site 6	Lea Castle North	Kidderminster North	20,000	374,000	219,536	225,004	234,500	243,995	253,491	152,718	170,245	187,772	205,300
Full s106, Varied Affordable MIX													
			EUV	BLV									
		<b>AFFORDABLE %</b>			<b>25%</b>	<b>25%</b>				<b>25%</b>			
		Social Rent %			33%					90%	80%	70%	60%
		Affordable Rent %			33%	90%	80%	70%	60%				
		Intermediate Housing %			33%	10%	20%	30%	40%	10%	20%	30%	40%
		Starter Homes											
Site 1	Land at Stone Hill North	Kidderminster East	20,000	374,000	-41,009	43,055	-55,253	67,451	79,650	-38,629	-16,540	5,477	26,528
Site 2	R/O Offmore	Kidderminster East	20,000	374,000	137,756	139,975	153,207	166,189	179,100	53,544	76,379	99,214	122,049
Site 3	Lea Castle Hospital	Kidderminster North	350,000	420,000	49,787	51,914	64,598	77,282	89,965	-32,826	-9,858	12,840	34,730
Site 4	Lea Castle East	Kidderminster North	20,000	374,000	285,127	287,293	300,204	313,114	326,025	202,958	225,239	247,520	269,801
Site 5	Lea Castle West	Kidderminster North	20,000	374,000	162,755	164,896	177,662	190,302	202,775	81,505	103,536	125,568	147,600
Site 6	Lea Castle North	Kidderminster North	20,000	374,000	156,925	163,761	175,631	187,500	199,369	73,403	95,312	117,221	139,130
Full s106, Varied Affordable MIX													
			EUV	BLV									
		<b>AFFORDABLE %</b>			<b>30%</b>	<b>30%</b>				<b>30%</b>			
		Social Rent %			33%					90%	80%	70%	60%
		Affordable Rent %			33%	90%	80%	70%	60%				
		Intermediate Housing %			33%	10%	20%	30%	40%	10%	20%	30%	40%
		Starter Homes											
Site 1	Land at Stone Hill North	Kidderminster East	20,000	374,000	-17,774	-15,198	161	14,979	29,617	-117,830	-90,498	-63,166	-36,007
Site 2	R/O Offmore	Kidderminster East	20,000	374,000	71,848	74,511	90,389	106,266	122,144	-31,369	-2,617	25,597	52,999
Site 3	Lea Castle Hospital	Kidderminster North	350,000	420,000	-8,064	-5,385	10,434	25,654	40,875	-110,996	-82,532	-54,584	-27,022
Site 4	Lea Castle East	Kidderminster North	20,000	374,000	220,738	223,337	238,830	254,322	269,815	121,601	148,872	175,609	202,347
Site 5	Lea Castle West	Kidderminster North	20,000	374,000	102,124	104,693	120,013	135,332	150,652	4,308	31,062	57,500	83,938
Site 6	Lea Castle North	Kidderminster North	20,000	374,000	94,315	102,518	116,761	131,004	145,247	-8,375	19,211	46,501	72,961
Full s106, Varied Affordable MIX													
			EUV	BLV									
		<b>AFFORDABLE %</b>			<b>40%</b>	<b>40%</b>				<b>40%</b>			
		Social Rent %			33%					90%	80%	70%	60%
		Affordable Rent %			33%	90%	80%	70%	60%				
		Intermediate Housing %			33%	10%	20%	30%	40%	10%	20%	30%	40%
		Starter Homes											
Site 1	Land at Stone Hill North	Kidderminster East	20,000	374,000	-142,066	-138,524	-117,408	-96,291	-75,175	-280,651	-242,008	-204,125	-167,134
Site 2	R/O Offmore	Kidderminster East	20,000	374,000	-63,647	-59,921	-37,707	-15,494	6,719	-208,367	-168,687	-129,007	-90,016
Site 3	Lea Castle Hospital	Kidderminster North	350,000	420,000	-129,922	-126,233	-104,242	-82,252	-60,492	-271,344	-231,930	-193,978	-156,027
Site 4	Lea Castle East	Kidderminster North	20,000	374,000	90,838	94,389	115,560	136,730	157,395	-46,787	-8,451	29,171	65,707
Site 5	Lea Castle West	Kidderminster North	20,000	374,000	-20,624	-17,029	4,403	25,140	45,565	-160,854	-122,710	-84,567	-46,423
Site 6	Lea Castle North	Kidderminster North	20,000	374,000	-34,601	-23,124	-3,198	16,728	36,555	-177,432	-139,369	-101,306	-64,475

Source: HDH (June 2019) This table is directly comparable with Table 10.7c in the 2018 Viability Update

4.33 The results show the challenges of delivering the full strategic infrastructure and mitigation requirements together with affordable housing.



*Differing affordable housing requirements and different levels of developer contributions*

- 4.34 To assist the Council to understand the relationship impact on viability of different levels of affordable housing, we have run further appraisals with affordable housing from 0% to 30% where the affordable housing is provided as 65% Social Rent / 35% Intermediate Housing (being the Council's preference). 2 further scenarios have also been run where the affordable housing is provided as 65% Affordable Rent / 35% Intermediate Housing and 50% Social Rent / 50% Intermediate Housing. All other matters are as in the base appraisals and subject to the full policy requirements as in the tables above:

**Table 4.12a Residual Values – Varied Affordable Housing and Developer Contributions (£/ha) (65% Social Rent / 35% Intermediate Housing)**

Varied Developer Contributions		EUV	BLV	Residual Value	0%	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	£22,500	£25,000
	<b>AFFORDABLE %</b>														
	Developer Contributions														
Site 1	Land at Stone Hill North	20,000	374,000	682,327	638,930	595,328	551,727	508,125	464,524	420,923	377,321	333,720	290,118	246,517	
Site 2	R/O Offmore	20,000	374,000	881,747	835,659	789,571	743,483	696,566	649,620	602,674	555,728	508,781	461,835	414,889	
Site 3	Lea Castle Hospital	350,000	420,000	574,039	528,812	483,584	438,357	393,129	347,902	302,674	257,447	210,880	164,550	118,219	
Site 4	Lea Castle East	20,000	374,000	880,432	834,344	788,256	742,168	695,251	648,305	601,359	554,413	507,467	460,521	413,575	
Site 5	Lea Castle West	20,000	374,000	720,507	675,980	631,412	586,407	540,994	495,581	450,169	404,756	359,344	313,931	268,518	
Site 6	Lea Castle North	20,000	374,000	801,819	751,638	701,457	651,277	601,096	550,915	500,735	450,554	400,373	350,193	300,012	
<b>Varied Developer Contributions</b>															
	<b>AFFORDABLE %</b>														
	Developer Contributions														
Site 1	Land at Stone Hill North	20,000	374,000	621,074	577,472	533,871	490,269	446,668	403,066	359,465	315,863	272,262	228,661	184,077	
Site 2	R/O Offmore	20,000	374,000	812,867	766,779	720,691	673,829	626,883	579,937	532,991	486,045	439,099	392,153	345,207	
Site 3	Lea Castle Hospital	350,000	420,000	512,973	467,746	422,519	377,291	332,064	286,836	241,214	194,884	148,553	102,223	55,892	
Site 4	Lea Castle East	20,000	374,000	811,553	765,465	719,377	672,514	625,568	578,622	531,676	484,730	437,784	390,838	343,892	
Site 5	Lea Castle West	20,000	374,000	656,890	612,342	567,377	521,965	476,552	431,140	385,727	340,315	294,902	249,489	203,847	
Site 6	Lea Castle North	20,000	374,000	733,459	683,278	633,097	582,916	532,736	482,555	432,374	382,194	332,013	281,832	231,652	
<b>Varied Developer Contributions</b>															
	<b>AFFORDABLE %</b>														
	Developer Contributions														
Site 1	Land at Stone Hill North	20,000	374,000	559,616	516,014	472,413	428,812	385,210	341,609	298,007	254,406	210,805	167,204	123,603	
Site 2	R/O Offmore	20,000	374,000	743,988	697,900	651,812	604,146	557,200	510,254	463,308	416,362	369,416	322,470	275,524	
Site 3	Lea Castle Hospital	350,000	420,000	451,908	406,680	361,453	316,226	270,998	225,218	178,888	132,557	86,226	39,896	-7,114	
Site 4	Lea Castle East	20,000	374,000	742,673	696,585	649,778	602,832	555,886	508,940	461,994	415,048	368,102	321,156	274,210	
Site 5	Lea Castle West	20,000	374,000	593,273	548,348	502,936	457,523	412,111	366,698	321,285	275,873	230,460	184,535	137,981	
Site 6	Lea Castle North	20,000	374,000	665,098	614,918	564,737	514,556	464,376	414,195	364,014	313,833	263,653	213,472	163,291	
<b>Varied Developer Contributions</b>															
	<b>AFFORDABLE %</b>														
	Developer Contributions														
Site 1	Land at Stone Hill North	20,000	374,000	498,158	454,557	410,955	367,354	323,753	280,151	236,550	192,949	149,348	105,747	62,146	
Site 2	R/O Offmore	20,000	374,000	675,109	628,356	581,410	534,464	487,518	440,572	393,626	346,680	299,733	252,787	205,841	
Site 3	Lea Castle Hospital	350,000	420,000	390,842	345,615	300,387	255,160	209,222	162,891	116,561	70,230	23,900	-23,898	-72,511	
Site 4	Lea Castle East	20,000	374,000	673,794	627,041	580,095	533,149	486,203	439,257	392,311	345,365	298,419	251,473	204,527	
Site 5	Lea Castle West	20,000	374,000	529,319	483,907	438,494	393,082	347,669	302,256	256,844	211,431	165,224	118,670	72,116	
Site 6	Lea Castle North	20,000	374,000	596,738	546,557	496,377	446,196	396,015	345,835	295,654	245,473	195,293	145,112	94,931	

Source: HDH (June 2019) This table is directly comparable with Table 10.9a in the 2018 Viability Update





**Table 4.13a Residual Values – Varied Affordable Housing and Developer Contributions (£/ha) (65% Affordable Rent / 35% Intermediate Housing)**

Varied Developer Contributions		EUV	BLV	Residual Value	0%	5%	10%	15%	20%	25%	30%	35%	40%	45%	50%	55%	60%	65%
Developer Contributions				£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	£22,500	£25,000					
Site 1	Land at Stone Hill North	20,000	374,000	682,327	638,930	595,328	551,727	508,125	464,524	420,923	377,321	333,720	290,118	246,517				
Site 2	R/O Olifmore	20,000	374,000	881,747	835,659	789,571	743,483	696,566	649,620	602,674	555,728	508,781	461,835	414,889				
Site 3	Lea Castle Hospital	350,000	420,000	574,039	528,812	483,584	438,357	393,129	347,902	302,674	257,447	212,219	167,000	121,772				
Site 4	Lea Castle East	20,000	374,000	880,432	834,344	788,256	742,168	695,251	648,305	601,359	554,413	507,467	460,521	413,575				
Site 5	Lea Castle West	20,000	374,000	720,507	675,960	631,412	586,407	540,994	495,581	450,169	404,756	359,344	313,931	268,518				
Site 6	Lea Castle North	20,000	374,000	801,819	751,638	701,457	651,277	601,096	550,915	500,735	450,554	400,373	350,193	300,012				
Varied Developer Contributions																		
Developer Contributions				£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	£22,500	£25,000					
Site 1	Land at Stone Hill North	20,000	374,000	632,326	588,725	545,124	501,522	457,921	414,319	370,718	327,116	283,515	239,914	196,313				
Site 2	R/O Olifmore	20,000	374,000	824,870	778,782	732,694	686,606	640,518	594,430	548,342	502,254	456,166	410,078	363,990				
Site 3	Lea Castle Hospital	350,000	420,000	524,677	479,450	434,222	388,995	343,767	298,540	253,313	208,086	162,859	117,632	72,405				
Site 4	Lea Castle East	20,000	374,000	823,556	777,468	731,380	685,292	639,204	593,116	547,028	500,940	454,852	408,764	362,676				
Site 5	Lea Castle West	20,000	374,000	668,472	623,924	579,376	533,828	488,280	442,732	397,184	351,636	306,088	260,540	214,992				
Site 6	Lea Castle North	20,000	374,000	746,510	696,330	646,149	595,968	545,788	495,607	445,426	395,245	345,065	294,884	244,703				
Varied Developer Contributions																		
Developer Contributions				£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	£22,500	£25,000					
Site 1	Land at Stone Hill North	20,000	374,000	582,122	538,520	494,919	451,317	407,716	364,115	320,513	276,912	233,310	189,708	146,107				
Site 2	R/O Olifmore	20,000	374,000	767,994	721,906	675,818	629,730	583,642	537,554	491,466	445,378	399,290	353,202	307,114				
Site 3	Lea Castle Hospital	350,000	420,000	475,315	430,088	384,860	339,633	294,406	249,179	203,952	158,725	113,498	68,271	23,044				
Site 4	Lea Castle East	20,000	374,000	766,680	720,592	674,504	628,416	582,328	536,240	490,152	444,064	397,976	351,888	305,800				
Site 5	Lea Castle West	20,000	374,000	616,437	571,889	526,341	480,793	435,245	390,197	344,822	299,409	253,997	208,584	163,172				
Site 6	Lea Castle North	20,000	374,000	691,202	641,021	590,840	540,660	490,479	440,298	390,118	339,937	289,756	239,575	189,395				
Varied Developer Contributions																		
Developer Contributions				£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	£22,500	£25,000					
Site 1	Land at Stone Hill North	20,000	374,000	531,917	488,316	444,714	401,113	357,511	313,910	270,308	226,707	182,420	137,751	93,082				
Site 2	R/O Olifmore	20,000	374,000	711,118	664,901	617,955	571,009	524,063	477,117	430,171	383,225	336,279	289,333	242,387				
Site 3	Lea Castle Hospital	350,000	420,000	425,954	380,726	335,499	290,271	245,044	198,794	152,464	106,133	59,803	13,472	-34,839				
Site 4	Lea Castle East	20,000	374,000	709,803	663,586	616,640	569,694	522,748	475,802	428,856	381,910	334,964	288,018	241,072				
Site 5	Lea Castle West	20,000	374,000	564,401	519,211	473,799	428,386	382,973	337,561	292,148	246,736	201,323	154,807	108,253				
Site 6	Lea Castle North	20,000	374,000	635,993	585,713	535,532	485,351	435,170	384,990	334,809	284,628	234,448	184,267	134,086				

Source: HDH (June 2019)



**Table 4.13b Residual Values – Varied Affordable Housing and Developer Contributions (£/ha) (65% Affordable Rent / 35% Intermediate Housing)**

Varied Developer Contributions															
			EUV	BLV	Residual Value										
					20%										
					£0	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	£22,500	£25,000
		<b>Developer Contributions</b>													
		<b>AFFORDABLE %</b>													
Site 1	Land at Stone Hill North	Kidderminster East	20,000	374,000	481,712	438,111	394,510	350,908	307,307	263,705	220,104	175,837	131,168	86,499	41,830
Site 2	R/O Olifmore	Kidderminster East	20,000	374,000	654,241	607,400	560,454	513,508	466,562	419,616	372,670	325,724	278,778	231,832	184,886
Site 3	Lea Castle Hospital	Kidderminster North	350,000	420,000	376,592	331,364	286,137	240,909	194,766	148,435	102,105	55,774	9,444	-39,066	-88,003
Site 4	Lea Castle East	Kidderminster North	20,000	374,000	652,927	606,085	559,139	512,193	465,247	418,301	371,355	324,409	277,463	230,517	183,571
Site 5	Lea Castle West	Kidderminster North	20,000	374,000	511,950	466,538	421,125	375,713	330,300	284,887	239,475	194,062	147,541	100,987	54,433
Site 6	Lea Castle North	Kidderminster North	20,000	374,000	580,585	530,404	480,223	430,043	379,862	329,681	279,501	229,320	179,139	128,958	78,778
		<b>Developer Contributions</b>													
		<b>AFFORDABLE %</b>													
		<b>Developer Contributions</b>													
		<b>AFFORDABLE %</b>													
Site 1	Land at Stone Hill North	Kidderminster East	20,000	374,000	431,508	387,906	344,305	300,703	257,102	213,501	169,254	124,585	79,916	35,247	-10,084
Site 2	R/O Olifmore	Kidderminster East	20,000	374,000	596,845	549,899	502,953	456,007	409,061	362,115	315,169	268,223	221,277	174,331	126,609
Site 3	Lea Castle Hospital	Kidderminster North	350,000	420,000	327,230	282,003	236,775	190,737	144,407	98,076	51,746	5,318	-43,293	-92,446	-142,618
Site 4	Lea Castle East	Kidderminster North	20,000	374,000	595,531	548,585	501,639	454,693	407,747	360,801	313,854	266,908	219,962	173,016	125,294
Site 5	Lea Castle West	Kidderminster North	20,000	374,000	459,277	413,864	368,452	323,039	277,626	232,214	186,801	140,276	93,722	47,168	101
Site 6	Lea Castle North	Kidderminster North	20,000	374,000	525,276	475,095	424,915	374,734	324,553	274,373	224,192	174,011	123,831	73,650	22,453
		<b>Developer Contributions</b>													
		<b>AFFORDABLE %</b>													
		<b>Developer Contributions</b>													
		<b>AFFORDABLE %</b>													
Site 1	Land at Stone Hill North	Kidderminster East	20,000	374,000	381,303	337,702	294,100	250,499	206,897	162,671	118,002	73,333	28,664	-16,991	-64,524
Site 2	R/O Olifmore	Kidderminster East	20,000	374,000	539,344	492,398	445,452	398,506	351,560	304,614	257,668	210,722	163,776	115,936	67,760
Site 3	Lea Castle Hospital	Kidderminster North	350,000	420,000	277,868	232,641	186,709	140,378	94,048	47,717	1,093	-47,520	-96,890	-147,061	-197,232
Site 4	Lea Castle East	Kidderminster North	20,000	374,000	538,030	491,084	444,138	397,192	350,246	303,300	256,354	209,408	162,462	114,621	66,446
Site 5	Lea Castle West	Kidderminster North	20,000	374,000	406,603	361,191	315,778	270,366	224,953	179,540	133,010	86,456	39,902	-7,523	-56,952
Site 6	Lea Castle North	Kidderminster North	20,000	374,000	469,968	419,787	369,606	319,426	269,245	219,064	168,883	118,703	68,522	17,073	-35,580

Source: HDH (June 2019)



**Table 4.14a Residual Values – Varied Affordable Housing and Developer Contributions (£/ha) (50% Social Rent / 50% Intermediate Housing)**

Varied Developer Contributions														
		EUV	BLV	Residual Value										
				0%										
				£0	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	£22,500	£25,000
	<b>AFFORDABLE %</b>													
	Developer Contributions													
Site 1	Land at Stone Hill North	20,000	374,000	682,327	638,930	595,328	551,727	508,125	464,524	420,923	377,321	333,720	290,118	246,517
Site 2	R/O Olifmore	20,000	374,000	881,747	835,659	789,571	743,483	696,566	649,620	602,674	555,728	508,781	461,835	414,889
Site 3	Lea Castle Hospital	350,000	420,000	574,039	528,812	483,584	438,357	393,129	347,902	302,674	257,447	212,220	167,000	121,773
Site 4	Lea Castle East	20,000	374,000	880,432	834,344	788,256	742,168	695,251	648,305	601,359	554,413	507,467	460,521	413,575
Site 5	Lea Castle West	20,000	374,000	720,507	675,960	631,412	586,407	540,994	495,581	450,169	404,756	359,344	313,931	268,518
Site 6	Lea Castle North	20,000	374,000	801,819	751,638	701,457	651,277	601,096	550,915	500,735	450,554	400,373	350,193	300,012
Varied Developer Contributions														
		EUV	BLV	Residual Value										
				5%										
				£0	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	£22,500	£25,000
	<b>AFFORDABLE %</b>													
	Developer Contributions													
Site 1	Land at Stone Hill North	20,000	374,000	627,248	583,647	540,045	496,444	452,842	409,241	365,640	322,038	278,437	234,835	190,392
Site 2	R/O Olifmore	20,000	374,000	819,454	773,366	727,278	680,513	633,567	586,621	539,675	492,729	445,783	398,837	351,891
Site 3	Lea Castle Hospital	350,000	420,000	519,395	474,168	428,941	383,713	338,486	293,258	247,781	201,451	155,120	108,790	62,459
Site 4	Lea Castle East	20,000	374,000	818,139	772,051	725,963	679,199	632,253	585,307	538,361	491,415	444,469	397,523	350,577
Site 5	Lea Castle West	20,000	374,000	663,245	618,697	573,835	528,422	483,010	437,597	392,185	346,772	301,359	255,947	210,456
Site 6	Lea Castle North	20,000	374,000	740,031	689,851	639,670	589,489	539,309	489,128	438,947	388,766	338,586	288,405	238,224
Varied Developer Contributions														
		EUV	BLV	Residual Value										
				10%										
				£0	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	£22,500	£25,000
	<b>AFFORDABLE %</b>													
	Developer Contributions													
Site 1	Land at Stone Hill North	20,000	374,000	571,965	528,364	484,762	441,161	397,560	353,958	310,357	266,755	223,154	178,615	133,946
Site 2	R/O Olifmore	20,000	374,000	757,161	711,073	664,461	617,515	570,569	523,623	476,677	429,731	382,785	335,839	288,893
Site 3	Lea Castle Hospital	350,000	420,000	464,752	419,525	374,297	329,070	283,842	238,352	192,021	145,691	99,360	53,030	6,640
Site 4	Lea Castle East	20,000	374,000	755,846	709,758	663,146	616,200	569,254	522,308	475,362	428,416	381,470	334,524	287,578
Site 5	Lea Castle West	20,000	374,000	605,983	561,263	515,851	470,438	425,025	379,613	334,200	288,788	243,375	197,755	151,201
Site 6	Lea Castle North	20,000	374,000	678,244	628,063	577,882	527,702	477,521	427,340	377,160	326,979	276,798	226,618	176,437
Varied Developer Contributions														
		EUV	BLV	Residual Value										
				15%										
				£0	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	£22,500	£25,000
	<b>AFFORDABLE %</b>													
	Developer Contributions													
Site 1	Land at Stone Hill North	20,000	374,000	516,882	473,081	429,479	385,878	342,277	298,675	255,074	211,472	166,838	122,169	77,500
Site 2	R/O Olifmore	20,000	374,000	694,867	648,409	601,463	554,517	507,571	460,625	413,679	366,733	319,787	272,841	225,895
Site 3	Lea Castle Hospital	350,000	420,000	410,108	364,881	319,654	274,426	228,922	182,592	136,261	89,931	43,600	-3,227	-51,840
Site 4	Lea Castle East	20,000	374,000	693,553	647,094	600,148	553,202	506,256	459,310	412,364	365,418	318,472	271,526	224,580
Site 5	Lea Castle West	20,000	374,000	548,691	503,279	457,866	412,454	367,041	321,629	276,216	230,803	185,053	138,499	91,945
Site 6	Lea Castle North	20,000	374,000	616,456	566,275	516,095	465,914	415,733	365,553	315,372	265,191	215,011	164,830	114,649

Source: HDH (June 2019)



Table 4.14b Residual Values – Varied Affordable Housing and Developer Contributions (£/ha) (50% Social Rent / 50% Intermediate Housing)															
Site	Description	Developer Contributions	EUV	BLV	Residual Value	EUV	BLV	Developer Contributions	EUV	BLV	Residual Value	EUV			
					20%								25%	30%	
<b>Varied Developer Contributions</b>															
		<b>AFFORDABLE %</b>													
		Developer Contributions			£0	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	£22,500	£25,000
Site 1	Land at Stone Hill North	Kidderminster East	20,000	374,000	461,399	417,798	374,197	330,595	286,994	243,392	199,730	155,061	110,392	65,723	21,054
Site 2	R/O Olifmore	Kidderminster East	20,000	374,000	632,356	585,410	538,464	491,518	444,572	397,626	350,680	303,734	256,788	209,842	162,896
Site 3	Lea Castle Hospital	Kidderminster North	350,000	420,000	355,465	310,238	265,010	219,493	173,163	126,832	80,501	34,171	-13,121	-61,734	-111,412
Site 4	Lea Castle East	Kidderminster North	20,000	374,000	631,042	584,096	537,150	490,204	443,258	396,312	349,366	302,420	255,474	208,528	161,582
Site 5	Lea Castle West	Kidderminster North	20,000	374,000	490,707	445,295	399,882	354,469	309,057	263,644	218,232	172,352	125,798	79,244	32,690
Site 6	Lea Castle North	Kidderminster North	20,000	374,000	554,669	504,488	454,307	404,127	353,946	303,765	253,585	203,404	153,223	103,042	52,862
<b>Varied Developer Contributions</b>															
		<b>AFFORDABLE %</b>													
		Developer Contributions			£0	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	£22,500	£25,000
Site 1	Land at Stone Hill North	Kidderminster East	20,000	374,000	406,116	362,515	318,914	275,312	231,711	187,953	143,284	98,614	53,945	9,276	-37,334
Site 2	R/O Olifmore	Kidderminster East	20,000	374,000	569,358	522,412	475,466	428,520	381,574	334,628	287,682	240,736	193,790	146,844	98,439
Site 3	Lea Castle Hospital	Kidderminster North	350,000	420,000	300,821	255,584	210,064	163,733	117,403	71,072	24,741	-23,015	-71,628	-121,708	-171,879
Site 4	Lea Castle East	Kidderminster North	20,000	374,000	568,044	521,097	474,151	427,205	380,259	333,313	286,367	239,421	192,475	145,300	97,124
Site 5	Lea Castle West	Kidderminster North	20,000	374,000	432,723	387,310	341,898	296,485	251,073	205,660	159,660	113,096	66,542	19,988	-28,418
Site 6	Lea Castle North	Kidderminster North	20,000	374,000	492,881	442,700	392,520	342,339	292,158	241,978	191,797	141,616	91,436	40,929	-11,538
<b>Varied Developer Contributions</b>															
		<b>AFFORDABLE %</b>													
		Developer Contributions			£0	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	£22,500	£25,000
Site 1	Land at Stone Hill North	Kidderminster East	20,000	374,000	350,834	307,232	263,631	220,029	176,175	131,506	86,837	42,168	-2,822	-49,930	-98,242
Site 2	R/O Olifmore	Kidderminster East	20,000	374,000	506,360	459,414	412,468	365,522	318,576	271,630	224,684	177,738	130,307	82,132	33,956
Site 3	Lea Castle Hospital	Kidderminster North	350,000	420,000	246,178	200,684	154,304	107,973	61,643	15,312	-32,909	-81,833	-132,004	-182,175	-232,346
Site 4	Lea Castle East	Kidderminster North	20,000	374,000	505,045	458,099	411,153	364,207	317,261	270,315	223,369	176,423	128,992	80,817	32,642
Site 5	Lea Castle West	Kidderminster North	20,000	374,000	374,739	329,326	283,914	238,501	193,088	146,949	100,395	53,841	7,102	-41,884	-92,244
Site 6	Lea Castle North	Kidderminster North	20,000	374,000	431,094	380,913	330,732	280,551	230,371	180,190	130,009	79,829	28,936	-23,717	-76,369

Source: HDH (June 2019)

4.35 In considering the above it is necessary to consider the level of the full strategic infrastructure and mitigation costs. As set out earlier, in this note, the worst case scenario of s106 costs lies in the range of £13,000/unit to £23,000/unit. Looking at the 25% affordable housing scenario the mix where the affordable housing for rent is delivered as Affordable Rent rather than Social





Rent generates higher Residual Values. This change increases the ability of a scheme to make developer contributions by £2,500/unit or so, compared where the affordable housing for rent is provided as Social Rent. The results are broadly similar where the mix is 50% Social Rent / 50% Intermediate Housing, as to where the mix is 65% Affordable Rent / 35% Intermediate Housing.

4.36 Whilst a tenure changes on their own are not sufficient to ‘tip’ any of the sites from unviable to viable, it does show that some flexibility in this regard can greatly assist in improving the viability of the sites.

4.37 As set out above, the results do give rise to some concerns about the delivery of the sites, if they are to be expected to bear their full s106 costs. Whilst these results are from high level appraisals, carried out under the 2019 NPPF and updated PPG, the Council should be cautious about proceeding with sites unless there is further evidence to demonstrate the deliverability of the schemes.

#### *25% Affordable Housing Targets*

4.38 In the 2018 Viability Update it was recommended that the overall affordable housing target be reduced to 25%. The base appraisals have been rerun with a 25% housing requirement. The updated appraisals are based on the full policy requirements of the emerging Local Plan. The main assumptions are summarised as follows and the results are directly comparable to those in Tables 4.6 and 4.7 at the start of this chapter.:

- a) Affordable Housing 25% (35% as Intermediate to Buy and 65% Social Rent).
- b) Environmental Standards 20% Accessible and Adaptable 1% Wheelchair accessible  
Car Charging Points  
10% Carbon Reduction
- c) CIL and s106 As follows for the Strategic Sites:

Name	Total	£/unit
Kidderminster East		
Land at Stone Hill North	£12,534,791	£13,928
R/O Offmore	£4,996,562	£16,655
Kidderminster North		
Lea Castle Hospital	£7,075,751	£11,793
Lea Castle East	£4,836,575	£13,435
Lea Castle West	£6,126,982	£13,036
Kidderminster Town		
Churchfields	£2,501,266	£8,338

**Table 4.13 Residential Development – Residual Values**

25% Affordable, s106 from IDP.

<b>2018 Viability Update</b>											
				Units	Existing Use Value		Viability Threshold		Residual Value (£)		
					£/ha	£ site	£/ha	£ site	Gross ha	Net ha	Site
Site 1	Land at Stone Hill North	Kidderminster East	Green	900	20,000	857,143	374,000	16,028,571	154,619	257,698	6,626,522
Site 2	R/O Offmore	Kidderminster East	Green	300	20,000	285,714	374,000	5,342,857	239,993	399,988	3,428,469
Site 3	Lea Castle Hospital	Kidderminster North	Mixed	600	350,000	10,000,000	420,000	12,000,000	67,466	112,444	1,927,612
Site 4	Lea Castle East	Kidderminster North	Green	360	20,000	342,857	374,000	6,411,429	284,672	474,454	4,880,097
Site 5	Lea Castle West	Kidderminster North	Green	470	20,000	447,619	374,000	8,370,476	173,980	289,966	3,893,833
Site 6	Churchfields	Kidderminster Town	Brown	300	450,000	5,125,500	540,000	6,150,600	99,168	131,777	1,129,518
<b>June 2019</b>											
				Units	Existing Use Value		Viability Threshold		Residual Value (£)		
					£/ha	£ site	£/ha	£ site	Gross ha	Net ha	Site
Site 1	Land at Stone Hill North	Kidderminster East	Green	1,100	20,000	1,047,619	374,000	19,590,476	16,003	26,671	838,228
Site 2	R/O Offmore	Kidderminster East	Green	300	20,000	285,714	374,000	5,342,857	110,631	184,386	1,580,448
Site 3	Lea Castle Hospital	Kidderminster North	Mixed	600	350,000	10,000,000	420,000	12,000,000	23,785	39,641	679,566
Site 4	Lea Castle East	Kidderminster North	Green	300	20,000	285,714	374,000	5,342,857	258,661	431,101	3,695,152
Site 5	Lea Castle West	Kidderminster North	Green	400	20,000	380,952	374,000	7,123,810	136,584	227,640	2,601,603
Site 6	Lea Castle North	Kidderminster North	Green	100	20,000	95,238	374,000	1,780,952	128,176	213,626	610,361

Source: HDH (June 2019) This table is directly comparable with Table 10.10 in the 2018 Viability Update

4.39 In the following table, the Residual Value is compared with the Benchmark Land Value.



<b>Table 4.14 Residential Development – Residual Values Compared to Benchmark Land Value</b>					
25% Affordable Housing (35% Intermediate / 65% Social Rent), s106 as per IDP.					
			Alternative Use Value	Benchmark Land Value	Residual Value
<b>2018 Viability Update</b>					
Site 1	Land at Stone Hill North	Kidderminster East	20,000	374,000	154,619
Site 2	R/O Offmore	Kidderminster East	20,000	374,000	239,993
Site 3	Lea Castle Hospital	Kidderminster North	350,000	420,000	67,466
Site 4	Lea Castle East	Kidderminster North	20,000	374,000	284,672
Site 5	Lea Castle West	Kidderminster North	20,000	374,000	173,980
Site 6	Churchfields	Kidderminster Town	450,000	540,000	99,168
<b>June 2019</b>					
Site 1	Land at Stone Hill North	Kidderminster East	20,000	374,000	16,003
Site 2	R/O Offmore	Kidderminster East	20,000	374,000	110,631
Site 3	Lea Castle Hospital	Kidderminster North	350,000	420,000	23,785
Site 4	Lea Castle East	Kidderminster North	20,000	374,000	258,661
Site 5	Lea Castle West	Kidderminster North	20,000	374,000	136,584
Site 6	Lea Castle North	Kidderminster North	20,000	374,000	128,176

Source: HDH (June 2019) This table is directly comparable with Table 10.12 in the 2018 Viability Update

- 4.40 If these Strategic Sites are to be expected to bear their own full s106 costs and 25% affordable housing, none of the sites generate a Residual Value above the Benchmark Land Value. Whilst a lowering of the affordable housing requirement from 30% to 25% on its own is not sufficient to ‘tip’ any of the sites from unviable to viable, it does show that some flexibility in this regard can greatly assist in improving the viability of the sites.

#### *Development Density*

- 4.41 In the run up to this note the Council has continued its deliberations around open space requirements. The above modelling is based on the assumption of a 60% net developable area. This is a reduction from 65% used earlier in the plan-making process (and a change that has the impact of reducing viability). In this context paragraph 122 of the 2019 NPPF is relevant.

#### *Achieving appropriate densities*

122. *Planning policies and decisions should support development that makes efficient use of land, taking into account:*
- a) *the identified need for different types of housing and other forms of development, and the availability of land suitable for accommodating it;*
  - b) *local market conditions and viability;*

- c) *the availability and capacity of infrastructure and services – both existing and proposed – as well as their potential for further improvement and the scope to promote sustainable travel modes that limit future car use;*
- d) *the desirability of maintaining an area’s prevailing character and setting (including residential gardens), or of promoting regeneration and change; and*
- e) *the importance of securing well-designed, attractive and healthy places.*

4.42 It is clear that one of the factors to determine the density of planned development is viability.

4.43 The following analysis shows the results of a further set of appraisals run with a 65% and a 70% net developable area. In this analysis the number of units and net development area is unchanged.



**Table 4.15 Effect of a greater net developed area**  
25% Affordable Housing (35% Intermediate / 65% Social Rent), s106 as per IDP.

30% Affordable Housing		NET DEVELOPABLE AREA		EUV	BLV	Residual Value	60%	65%	70%
Site 1	Land at Stone Hill North	Kidderminster East		20,000	374,000	-54,055	-58,560	-63,064	
Site 2	R/O Offmore	Kidderminster East		20,000	374,000	34,731	37,626	40,520	
Site 3	Lea Castle Hospital	Kidderminster North		350,000	420,000	-45,396	-49,179	-52,962	
Site 4	Lea Castle East	Kidderminster North		20,000	374,000	184,522	199,899	215,275	
Site 5	Lea Castle West	Kidderminster North		20,000	374,000	66,313	71,839	77,365	
Site 6	Lea Castle North	Kidderminster North		20,000	374,000	55,434	60,053	64,673	
25% Affordable Housing		NET DEVELOPABLE AREA		EUV	BLV	Residual Value	60%	65%	70%
Site 1	Land at Stone Hill North	Kidderminster East		20,000	374,000	16,003	17,336	18,670	
Site 2	R/O Offmore	Kidderminster East		20,000	374,000	110,631	119,851	129,070	
Site 3	Lea Castle Hospital	Kidderminster North		350,000	420,000	23,785	25,767	27,749	
Site 4	Lea Castle East	Kidderminster North		20,000	374,000	258,661	280,216	301,771	
Site 5	Lea Castle West	Kidderminster North		20,000	374,000	136,584	147,966	159,348	
Site 6	Lea Castle North	Kidderminster North		20,000	374,000	128,176	138,857	149,538	

Source: HDH (June 2019)

- 4.44 A 5% increase in the net developable area results in an increase in Residual Values of about 8% and 10% in the net developable area results in an increase in Residual Values of about 16.5%. Whilst this change on its own is not sufficient to ‘tip’ any of the sites from unviable to viable, it does show that some flexibility in this regard can greatly assist in improving the viability of the sites.



*Impact of Change in Values and Costs*

- 4.45 It is important that, whatever policies are adopted, the Plan is not unduly sensitive to future changes in prices and costs. In this report, the analysis is based on the build costs produced by BCIS. As well as producing estimates of build costs, BCIS also produce various indices and forecasts to track and predict how build costs may change over time. The BCIS forecasts an increase in prices of 10.08% over the next 3 years<sup>7</sup>. We have tested a scenario with increases in build costs.
- 4.46 As set out in Chapter 4, we are in a current period of uncertainty in the property market. We have tested five price change scenarios, minus 10% and 5%, and plus 15%, 10% and 5%. In this analysis, we have assumed all other matters in the base appraisals remain unchanged. It is important to note that, in the following table, only the costs of construction and the value of the market housing are altered.

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<sup>7</sup> See Table 1.1 (Page 7) of in *Quarterly Review of Building Prices* (Issue No 149 – June 2018)

**Table 4.16 Impact of Price and Cost Change**

25% Affordable Housing (35% Intermediate / 65% Social Rent), s106 as per IDP.

		BCIS	EUV	BLV	Residual Value	+15%	+10%	+5%	-5.00%	0.00%	+5%	+10%	+15%
		Residential Values								0.00%			
<b>60% Net Developed Area</b>													
Site 1	Land at Stone Hill North	Kidderminster East	20,000	374,000	-405,323	-256,641	-118,381	-290,989	-134,348	16,003	-118,381	296,331	434,388
Site 2	R/O Offmore	Kidderminster East	20,000	374,000	-303,224	-160,991	-22,213	-210,594	-46,020	110,631	-22,213	411,878	561,949
Site 3	Lea Castle Hospital	Kidderminster North	350,000	420,000	-429,475	-269,941	-121,097	-291,614	-131,107	23,785	-121,097	315,195	458,560
Site 4	Lea Castle East	Kidderminster North	20,000	374,000	-139,579	-1,548	130,326	-49,161	107,638	258,661	130,326	558,803	708,725
Site 5	Lea Castle West	Kidderminster North	20,000	374,000	-281,712	-136,538	4,593	-170,944	-12,049	136,584	4,593	426,004	570,158
Site 6	Lea Castle North	Kidderminster North	20,000	374,000	-307,299	-157,993	-12,104	-197,856	-31,222	128,176	-12,104	439,900	595,762
<b>65% Net Developed Area</b>													
Site 7	Land at Stone Hill North	Kidderminster East	20,000	374,000	-439,100	-278,028	-128,246	-315,238	-145,544	17,336	-128,246	321,026	470,587
Site 8	R/O Offmore	Kidderminster East	20,000	374,000	-328,493	-174,407	-24,065	-228,143	-49,855	119,851	-24,065	446,201	608,778
Site 9	Lea Castle Hospital	Kidderminster North	350,000	420,000	-465,264	-292,436	-131,189	-315,915	-142,033	25,767	-131,189	341,461	496,773
Site 10	Lea Castle East	Kidderminster North	20,000	374,000	-151,210	-1,677	141,187	-53,257	116,608	280,216	141,187	605,370	767,786
Site 11	Lea Castle West	Kidderminster North	20,000	374,000	-305,188	-147,916	4,976	-185,190	-13,053	147,966	4,976	461,505	617,671
Site 12	Lea Castle North	Kidderminster North	20,000	374,000	-332,908	-171,159	-13,113	-214,344	-33,824	138,857	-13,113	476,558	645,408
<b>75% Net Developed Area</b>													
Site 13	Land at Stone Hill North	Kidderminster East	20,000	374,000	-472,877	-299,415	-138,111	-339,487	-156,740	18,670	-138,111	345,720	506,786
Site 14	R/O Offmore	Kidderminster East	20,000	374,000	-353,762	-187,823	-25,916	-245,693	-53,689	129,070	-25,916	480,524	655,607
Site 15	Lea Castle Hospital	Kidderminster North	350,000	420,000	-501,054	-314,931	-141,280	-340,216	-152,959	27,749	-141,280	367,727	534,986
Site 16	Lea Castle East	Kidderminster North	20,000	374,000	-162,842	-1,806	152,047	-67,354	125,578	301,771	152,047	651,936	826,846
Site 17	Lea Castle West	Kidderminster North	20,000	374,000	-328,664	-159,294	5,359	-199,435	-14,058	159,348	5,359	497,005	665,184
Site 18	Lea Castle North	Kidderminster East	20,000	374,000	-358,516	-184,326	-14,121	-230,832	-36,426	149,538	-14,121	513,216	695,055

Source: HDH (June 2019) This table is directly comparable with Table 10.14 in the 2018 Viability Update



- 4.47 The analysis demonstrates that a relatively small increase in build costs will adversely impact on viability, although this is unlikely to be sufficient to impact on the deliverability of the Plan.

*Conclusions on Strategic Sites*

- 4.48 Inevitably the increase in strategic infrastructure and mitigation costs has caused the viability of these Strategic Sites to worsen. There are several policy changes that could be made that would improve viability.

- a. To consider increasing the numbers on units on the sites – although this will also impact on the infrastructure and mitigation requirements.
- b. To consider other sources of funding (for example from HIF bits)
- c. Reconsider the preference for social rent rather than affordable rent.
- d. Reconsider the strategic infrastructure and mitigation requirements.
- e. Reconsider the overall affordable housing requirements.
- f. Reconsider the density requirements.

- 4.49 It is beyond the scope of a viability assessment to recommend which of these, either individually or in combination may be appropriate in the Wyre Forest situation.

- 4.50 In any event, as in the earlier work, it is recommended that the Council continues to engage with the owners in line with paragraph 10-006-20190509 of the updated PPG.

*Plan makers should engage with landowners, developers, and infrastructure and affordable housing providers to secure evidence on costs and values to inform viability assessment at the plan making stage.*

*It is the responsibility of site promoters to engage in plan making, take into account any costs including their own profit expectations and risks, and ensure that proposals for development are policy compliant. Policy compliant means development which fully complies with up to date plan policies...*

- 4.51 Similar advice is set out in the Harman Guidance (page 23):

*Landowners and site promoters should be prepared to provide sufficient and good quality information at an early stage, rather than waiting until the development management stage. This will allow an informed judgement by the planning authority regarding the inclusion or otherwise of sites based on their potential viability.*