

**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 amended¹. 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 28th 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:

¹ **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:

Table 4.1 Strategic Sites for Testing – 2018		
Site Reference	Name	No of Dwellings
Kidderminster East		
OC/13	Land at Stone Hill North	900
OC/6	R/O Offmore	300
Kidderminster North		
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
Kidderminster Town		
BW/1	Churchfields	300
BW/2	Limekiln Bridge	80
Stourport		
AKR/20	Carpets of Worth	170
MI/38	School Site Coniston Crescent	100
Bewdley		
WA/BE/1	Stourport Road Triangle	100
WA/BE/3	Catchems End	76
Total		3,456

Source: Table 3.1, 2018 Viability Update

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

Table 4.2 Strategic Sites s106 Costs - 2018			
	No of Dwellings		Cost Per Dwelling
Kidderminster East			
Land at Stone Hill North	900	£12,534,791	£13,928
R/O Offmore	300	£4,996,562	£16,655
Kidderminster North			
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
Kidderminster Town			
Churchfields	300	£2,501,266	£8,338
	2,930	£38,071,927	£12,994

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.

Table 4.3 Strategic Sites for Testing – 2019		
Site Reference	Name	No of Dwellings
Kidderminster East		
OC/13N	Land at Stone Hill North	1,100
OC/6	R/O Offmore	300
Kidderminster North		
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
Total and Averages		2,800

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:

Table 4.4 Strategic Sites s106 Costs - 2019			
	No of Dwellings		Cost Per Dwelling
Kidderminster East			
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
Kidderminster North			
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
	2,800	£48,984,246.37	£17,494.37

Source: WFDC May 2019

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

Table 4.5 Change in Strategic Sites s106 Costs – 2018 to 2019				
	2018	2019	Difference	
Kidderminster East				
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%
Kidderminster North				
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.

Table 4.5 Strategic Sites Modelling Assumptions - 2019				
	No of Dwellings	Gross Area 60% net	Net Area 35/ha	Total Site Area
Kidderminster East				
Land at Stone Hill North	1,100	52.38	31.43	57.10
R/O Offmore	300	14.29	8.57	28.36
Kidderminster North				
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
	2,800	133.33	80.00	189.76

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 values².

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*

² 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 B4³) 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)⁴ 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 dwelling⁵. The additional cost of Category 2 is taken to be £521⁶ (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.

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

⁴

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/418414/150327_-_HSR_IA_Final_Web_Version.pdf

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

⁶ 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.

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

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.

Table 4.7 Residual Values Compared to Benchmark Land Value 30% Affordable, s106 from IDP.					
			EUV	BLV	Residual Value
2018 Viability Update					
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
June 2019					
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:

- 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).*
- 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:

Table 4.7 Residual Values Compared to Benchmark Land Value 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

			EUV	BLV	Residual Value							
					0%	5%	10%	15%	20%	25%	30%	
		AFFORDABLE %										
Site 1	Land at Stone Hill North	Kidderminster East	20,000	374,000	327,507	266,049	204,288	141,526	78,764	16,003	-49,500	
Site 2	R/O Offmore	Kidderminster East	20,000	374,000	460,149	390,467	320,784	251,101	181,419	110,631	39,298	
Site 3	Lea Castle Hospital	Kidderminster North	350,000	420,000	333,793	272,728	210,765	148,439	86,112	23,785	-40,803	
Site 4	Lea Castle East	Kidderminster North	20,000	374,000	607,074	537,391	467,709	398,026	328,343	258,661	188,978	
Site 5	Lea Castle West	Kidderminster North	20,000	374,000	459,906	395,464	331,023	266,581	202,139	136,584	70,719	
Site 6	Lea Castle North	Kidderminster North	20,000	374,000	469,977	401,617	333,257	264,896	195,536	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.

[illegible]

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									
		AFFORDABLE %			10%	10%					10%		
		Social Rent %			33%						90%	80%	70%
		Affordable Rent %			33%	90%	80%	70%	60%				60%
		Intermediate Housing %			33%	10%	20%	30%	40%		10%	20%	30%
		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
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
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
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
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
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
Full s106, Varied Affordable MIX													
			EUV	BLV									
		AFFORDABLE %			20%	20%					20%		
		Social Rent %			33%						90%	80%	70%
		Affordable Rent %			33%	90%	80%	70%	60%				60%
		Intermediate Housing %			33%	10%	20%	30%	40%		10%	20%	30%
		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
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
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
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
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
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
Full s106, Varied Affordable MIX													
			EUV	BLV									
		AFFORDABLE %			25%	25%					25%		
		Social Rent %			33%						90%	80%	70%
		Affordable Rent %			33%	90%	80%	70%	60%				60%
		Intermediate Housing %			33%	10%	20%	30%	40%		10%	20%	30%
		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
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
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
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
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
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
Full s106, Varied Affordable MIX													
			EUV	BLV									
		AFFORDABLE %			30%	30%					30%		
		Social Rent %			33%						90%	80%	70%
		Affordable Rent %			33%	90%	80%	70%	60%				60%
		Intermediate Housing %			33%	10%	20%	30%	40%		10%	20%	30%
		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
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
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
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
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
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
Full s106, Varied Affordable MIX													
			EUV	BLV									
		AFFORDABLE %			40%	40%					40%		
		Social Rent %			33%						90%	80%	70%
		Affordable Rent %			33%	90%	80%	70%	60%				60%
		Intermediate Housing %			33%	10%	20%	30%	40%		10%	20%	30%
		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
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
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
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
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
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

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%												
	AFFORDABLE %															
Developer Contributions																
				£0	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	£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 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	574,939	528,812	483,584	438,357	393,129	347,902	302,674	257,211	210,880	164,550	118,219		
Site 4	Kidderminster North	20,000	374,000	880,432	834,342	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	540,954	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%												
	AFFORDABLE %															
Developer Contributions																
				£0	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	£20,000	£22,500	£25,000	
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		
Varied Developer Contributions																
		EUV	BLV	Residual Value 10%												
	AFFORDABLE %															
Developer Contributions																
				£0	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	£20,000	£22,500	£25,000	
Site 1	Land at Stone Hill North	20,000	374,000	559,616	516,014	472,412	428,812	385,210	341,609	298,007	254,406	210,653	165,994	121,315		
Site 2	R/O Offmore	20,000	374,000	743,988	697,900	651,092	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		
Varied Developer Contributions																
		EUV	BLV	Residual Value 15%												
	AFFORDABLE %															
Developer Contributions																
				£0	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	£20,000	£22,500	£25,000	
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	192,560	147,891	103,222	58,553		
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 4.12b Residual Values – Varied Affordable Housing and Developer Contributions (£/ha) (65% Social Rent / 35% Intermediate Housing)

Varied Developer Contributions														
		EUV	BLV	Residual Value 20%										
	AFFORDABLE %													
	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	436,701	393,099	349,498	305,896	262,295	218,694	174,468	85,130	40,460	-4,613
Site 2	R/O Offmore	Kidderminster East	20,000	374,000	609,619	584,673	511,727	464,781	417,835	370,889	323,943	276,997	230,051	183,105
Site 3	Lea Castle Hospital	Kidderminster North	350,000	420,000	329,777	284,549	239,322	193,225	146,895	100,564	54,234	7,879	-40,682	-89,705
Site 4	Lea Castle East	Kidderminster North	20,000	374,000	604,304	557,358	510,412	463,466	416,520	369,574	322,628	275,682	228,736	181,790
Site 5	Lea Castle West	Kidderminster North	20,000	374,000	464,878	419,465	374,052	328,640	283,227	237,815	192,402	145,913	99,359	52,805
Site 6	Lea Castle North	Kidderminster North	20,000	374,000	528,378	478,197	428,016	377,836	327,655	277,474	227,294	177,113	126,932	76,752
Varied Developer Contributions														
		EUV	BLV	Residual Value 25%										
	AFFORDABLE %													
	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	375,243	331,642	288,040	244,439	200,837	156,375	111,706	67,037	22,368	-23,597
Site 2	R/O Offmore	Kidderminster East	20,000	374,000	535,936	488,990	442,044	395,098	348,152	301,206	254,260	207,314	160,368	112,362
Site 3	Lea Castle Hospital	Kidderminster North	350,000	420,000	268,711	223,484	177,229	130,899	84,568	38,237	-8,854	-57,467	-107,117	-157,288
Site 4	Lea Castle East	Kidderminster North	20,000	374,000	534,622	487,676	440,730	393,784	346,838	299,892	252,946	206,000	159,054	111,047
Site 5	Lea Castle West	Kidderminster North	20,000	374,000	400,436	355,023	309,611	264,198	218,786	173,156	126,602	80,048	33,494	-14,246
Site 6	Lea Castle North	Kidderminster North	20,000	374,000	460,018	409,837	359,656	309,475	259,295	209,114	158,933	108,753	58,572	6,632
Varied Developer Contributions														
		EUV	BLV	Residual Value 30%										
	AFFORDABLE %													
	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	313,785	270,184	226,583	182,951	138,282	93,613	48,944	4,261	-42,616	-90,928
Site 2	R/O Offmore	Kidderminster East	20,000	374,000	466,254	419,308	372,362	325,416	278,470	231,524	184,578	137,380	89,204	41,029
Site 3	Lea Castle Hospital	Kidderminster North	350,000	420,000	207,563	161,233	114,902	68,572	22,241	-25,638	-74,357	-124,528	-174,699	-224,871
Site 4	Lea Castle East	Kidderminster North	20,000	374,000	464,939	417,993	371,047	324,101	277,155	230,209	183,263	136,065	87,890	39,714
Site 5	Lea Castle West	Kidderminster North	20,000	374,000	335,994	290,582	245,169	199,757	153,845	107,291	60,737	14,183	-34,509	-84,795
Site 6	Lea Castle North	Kidderminster North	20,000	374,000	391,657	341,477	291,296	241,115	190,935	140,754	90,573	40,042	-12,443	-65,095

Source: HDH (June 2019) This table is directly comparable with Table 10.9b 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%									
Developer Contributions													
				£0	£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	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	558,781	514,889	470,997
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
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
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
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
Varied Developer Contributions													
		EUV	BLV	Residual Value									
				5%									
Developer Contributions													
				£0	£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
Site 2	R/O Offmore	20,000	374,000	824,870	778,782	732,694	686,011	639,065	592,119	545,173	498,227	451,281	404,335
Site 3	Lea Castle Hospital	350,000	420,000	524,677	479,450	434,222	388,995	343,767	298,540	253,312	208,085	162,858	117,631
Site 4	Lea Castle East	20,000	374,000	823,556	777,468	731,380	684,696	637,750	590,804	543,858	496,912	449,966	403,020
Site 5	Lea Castle West	20,000	374,000	668,472	623,924	579,146	533,733	488,320	442,908	397,495	352,083	306,670	261,258
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
Varied Developer Contributions													
		EUV	BLV	Residual Value									
				10%									
Developer Contributions													
				£0	£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	189,003
Site 2	R/O Offmore	20,000	374,000	767,994	721,906	675,456	628,510	581,564	534,618	487,672	440,726	393,780	346,834
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
Site 4	Lea Castle East	20,000	374,000	766,680	720,591	674,141	627,195	580,249	533,303	486,357	439,411	392,465	345,519
Site 5	Lea Castle West	20,000	374,000	616,437	571,885	526,472	481,060	435,647	390,234	344,822	299,409	253,997	208,584
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	239,576
Varied Developer Contributions													
		EUV	BLV	Residual Value									
				15%									
Developer Contributions													
				£0	£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	183,105	139,503
Site 2	R/O Offmore	20,000	374,000	711,118	664,901	617,955	571,009	524,063	477,117	430,171	383,225	336,279	289,333
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
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
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	154,907
Site 6	Lea Castle North	20,000	374,000	635,893	585,713	535,532	485,351	435,170	384,990	334,809	284,628	234,448	184,267

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
Developer Contributions														
Site 1	Land at Stone Hill North	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 Offmore	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	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	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	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	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
Varied Developer Contributions														
		EUV	BLV	Residual Value	25%									
					£0	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	£22,500
Developer Contributions														
Site 1	Land at Stone Hill North	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 Offmore	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	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	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	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	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
Varied Developer Contributions														
		EUV	BLV	Residual Value	30%									
					£0	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	£22,500
Developer Contributions														
Site 1	Land at Stone Hill North	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 Offmore	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	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	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	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	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%									
Developer Contributions													
				£0	£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
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
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
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
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
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
Varied Developer Contributions													
		EUV	BLV	Residual Value									
				5%									
Developer Contributions													
				£0	£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	627,248	583,647	540,045	496,444	452,842	409,241	365,640	322,038	278,437	234,835
Site 2	R/O Offmore	20,000	374,000	819,454	773,366	727,278	680,513	633,567	586,621	539,675	492,729	445,783	398,837
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
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
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
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
Varied Developer Contributions													
		EUV	BLV	Residual Value									
				10%									
Developer Contributions													
				£0	£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	571,965	528,364	484,762	441,161	397,560	353,958	310,357	266,755	223,154	178,553
Site 2	R/O Offmore	20,000	374,000	757,161	711,073	664,461	617,515	570,569	523,623	476,677	429,731	382,785	335,839
Site 3	Lea Castle Hospital	350,000	420,000	464,752	419,525	374,297	329,070	283,842	238,615	192,021	145,691	99,360	53,030
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
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
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
Varied Developer Contributions													
		EUV	BLV	Residual Value									
				15%									
Developer Contributions													
				£0	£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	516,882	473,081	429,479	385,878	342,277	298,675	255,074	211,472	166,838	122,169
Site 2	R/O Offmore	20,000	374,000	694,867	648,409	601,463	554,517	507,571	460,625	413,679	366,733	319,787	272,841
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
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
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
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

Source: HDH (June 2019)

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

Varied Developer Contributions														
		EUV	BLV	Residual Value										
	AFFORDABLE %			20%										
	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	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 Offmore	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	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	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	20,000	374,000	490,707	445,295	399,382	354,469	309,057	263,644	218,232	172,352	125,798	79,244	32,690
Site 6	Lea Castle 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
Varied Developer Contributions														
		EUV	BLV	Residual Value										
	AFFORDABLE %			25%										
	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	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 Offmore	20,000	374,000	569,358	522,412	475,466	428,520	381,574	334,628	287,682	240,736	193,790	146,614	98,439
Site 3	Lea Castle Hospital	350,000	420,000	300,821	255,594	210,064	163,733	117,403	71,072	24,741	-23,015	-71,628	-121,708	-171,879
Site 4	Lea Castle East	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	20,000	374,000	432,723	387,310	341,898	296,485	251,073	205,660	159,650	113,036	66,542	19,988	-28,418
Site 6	Lea Castle 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
Varied Developer Contributions														
		EUV	BLV	Residual Value										
	AFFORDABLE %			30%										
	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	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 Offmore	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	350,000	420,000	246,178	200,634	154,304	107,973	61,643	15,312	-32,909	-81,833	-132,004	-182,175	-232,346
Site 4	Lea Castle East	20,000	374,000	505,045	458,099	411,153	364,207	317,261	270,315	223,369	176,423	128,992	80,817	32,644
Site 5	Lea Castle West	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	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.

2018 Viability Update												
				Units	Existing Use Value £/ha	£ site	Viability Threshold £/ha	£ site	Gross ha	Net ha	Residual Value (£)	
												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	
June 2019												
				Units	Existing Use Value £/ha	£ site	Viability Threshold £/ha	£ site	Gross ha	Net ha	Residual Value (£)	
												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.

Table 4.14 Residential Development – Residual Values Compared to Benchmark Land Value 25% Affordable Housing (35% Intermediate / 65% Social Rent), s106 as per IDP.					
			Alternative Use Value	Benchmark Land Value	Residual Value
2018 Viability Update					
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
June 2019					
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						Residual Value	
		NET DEVELOPABLE AREA		EUV	BLV	60%	70%
Site 1	Land at Stone Hill North	Kidderminster East		20,000	374,000	-54,055	-63,064
Site 2	R/O Offmore	Kidderminster East		20,000	374,000	34,731	40,520
Site 3	Lea Castle Hospital	Kidderminster North		350,000	420,000	-45,396	-52,962
Site 4	Lea Castle East	Kidderminster North		20,000	374,000	184,522	215,275
Site 5	Lea Castle West	Kidderminster North		20,000	374,000	66,313	77,365
Site 6	Lea Castle North	Kidderminster North		20,000	374,000	55,434	64,673
25% Affordable Housing						Residual Value	
		NET DEVELOPABLE AREA		EUV	BLV	60%	70%
Site 1	Land at Stone Hill North	Kidderminster East		20,000	374,000	16,003	18,670
Site 2	R/O Offmore	Kidderminster East		20,000	374,000	110,631	129,070
Site 3	Lea Castle Hospital	Kidderminster North		350,000	420,000	23,785	27,749
Site 4	Lea Castle East	Kidderminster North		20,000	374,000	258,661	301,771
Site 5	Lea Castle West	Kidderminster North		20,000	374,000	136,584	159,348
Site 6	Lea Castle North	Kidderminster North		20,000	374,000	128,176	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 years⁷. 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.

⁷ 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					0.00%	-5.00%	-10.00%	+5%	+10%	+15%	+15%
		Residential Values								0.00%	-5.00%	-10.00%	+5%	+10%	+15%	+15%
60% Net Developed Area																
Site 1	Land at Stone Hill North	Kidderminster East	20,000	374,000	-405,323	-256,641	-118,381			16,003	-134,348	-290,989	-118,381	296,331	434,388	
Site 2	R/O Offmore	Kidderminster East	20,000	374,000	-303,224	-160,991	-22,213			110,631	-46,020	-210,594	-22,213	411,878	561,949	
Site 3	Lea Castle Hospital	Kidderminster North	350,000	420,000	-429,475	-269,941	-121,097			23,785	-131,107	-291,614	-121,097	315,195	458,560	
Site 4	Lea Castle East	Kidderminster North	20,000	374,000	-139,579	-1,548	130,326			258,661	107,638	-49,161	130,326	558,803	708,725	
Site 5	Lea Castle West	Kidderminster North	20,000	374,000	-281,712	-136,538	4,593			136,584	-12,049	-170,944	4,593	426,004	570,158	
Site 6	Lea Castle North	Kidderminster North	20,000	374,000	-307,299	-157,993	-12,104			128,176	-31,222	-197,856	-12,104	439,900	595,762	
65% Net Developed Area																
Site 7	Land at Stone Hill North	Kidderminster East	20,000	374,000	-439,100	-278,028	-128,246			17,336	-145,544	-315,238	-128,246	321,026	470,587	
Site 8	R/O Offmore	Kidderminster East	20,000	374,000	-328,493	-174,407	-24,065			119,851	-49,855	-228,143	-24,065	446,201	608,778	
Site 9	Lea Castle Hospital	Kidderminster North	350,000	420,000	-465,264	-292,436	-131,189			25,767	-142,033	-315,915	-131,189	341,461	496,773	
Site 10	Lea Castle East	Kidderminster North	20,000	374,000	-151,210	-1,677	141,187			280,216	116,608	-53,257	141,187	605,370	767,786	
Site 11	Lea Castle West	Kidderminster North	20,000	374,000	-305,188	-147,916	4,976			147,966	-13,053	-185,190	4,976	461,505	617,671	
Site 12	Lea Castle North	Kidderminster North	20,000	374,000	-332,908	-171,159	-13,113			138,857	-33,824	-214,344	-13,113	476,558	645,408	
75% Net Developed Area																
Site 13	Land at Stone Hill North	Kidderminster East	20,000	374,000	-472,877	-299,415	-138,111			18,670	-156,740	-339,487	-138,111	345,720	506,786	
Site 14	R/O Offmore	Kidderminster East	20,000	374,000	-353,762	-187,823	-25,916			129,070	-53,689	-245,693	-25,916	480,524	655,607	
Site 15	Lea Castle Hospital	Kidderminster North	350,000	420,000	-501,054	-314,931	-141,280			27,749	-152,959	-340,216	-141,280	367,727	534,986	
Site 16	Lea Castle East	Kidderminster North	20,000	374,000	-162,842	-1,806	152,047			301,771	125,578	-57,354	152,047	651,936	826,846	
Site 17	Lea Castle West	Kidderminster North	20,000	374,000	-328,664	-159,294	5,359			159,348	-14,058	-199,435	5,359	497,005	665,184	
Site 18	Lea Castle North	Kidderminster East	20,000	374,000	-358,516	-184,326	-14,121			149,538	-36,426	-230,832	-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.