

Maldon District Council

Addition Viability Note for LDP Examination

The Maldon and Heybridge Garden Suburbs

The Inspector has asked:

Council to provide new viability information on the North Heybridge and South Maldon allocations making sure that:

- 1) the boundaries assessed are the same as those allocated in the LP (also checking those at Burnham);*
- 2) that the LP requirements are factored into viability calculations (e.g. social v. affordable rents and housing mixes); and*
- 3) that a recommendation is provided for the affordable housing target percentage at North Heybridge given the suggested removal of the flood alleviation requirement in the policy.*

Each of these questions has been considered in isolation before being considered together.

This brief note has been prepared by Simon Drummond-Hay of HDH Planning and Development Ltd.

Every effort has been made to ensure that this report is prepared in the same way as the earlier work to allow the straightforward comparison of 'apples with apples'. For ease of reference, where tables from the viability studies have been updated we have copied the original table and the new table.

1) the boundaries assessed are the same as those allocated in the LP (also checking those at Burnham);

In the following table we have shown the areas used in the studies and the checked areas. There are a number of significant differences – although the Burnham areas are correct (the agents and Maldon District Council having confirmed that they are happy with the assumptions used).

TABLE 1										
		Site details tested in the LDP Viability Study				Site details checked February 2015				
		Broad Area	Gross Area	Net Area	Density		Broad Area	Gross Area	Net Area	Density
S2a Limebrook Way	1,000	83.5	42.0	25.0	40.0		70.3	64.6	39.6	25.3
S2c Wycke Hill South	75	6.0	3.2	1.9	39.9			2.9	2.9	26.0
S2b Wycke Hill North	300	19.7	12.5	7.5	40.0		19.7	17.49	10.4	
S2f Park Drive	120	4.9	4.9	3.0	40.0			4.9	3.0	40.0
S2d North of Heybridge	1,035	102.3	45.0	25.9	40.0			44.46	34.5	30.0
S2e North of Holloway Road	100	3.8	3.8	2.5	40.0			3.5	3.5	28.6
S2g Heybridge Swifts	100	3.2	3.2	2.5	40.0			3.2	2.5	40.0
Additional Site	100	6.0	4.2	2.5	40.0			4.2	2.5	40.0
S2h West Burnham on Crouch	180	6.2	6.2	4.5	40.0			6.2	4.5	40.0
S2i NW Burnham on Crouch	180	14.2	7.5	4.5	40.0			7.5	4.5	40.0
S2j NE Burnham on Crouch	90	7.6	3.8	2.3	40.0			3.8	2.3	40.0

In the above the following definitions are used:

- Broad Area Full area of allocation as shown in Local Plan

- Gross Area Broad Area less the undevelopable areas such as areas subject to flooding, woodlands and nature reserves etc. These areas exclude the undevelopable areas of the LDP sites, taking out the Maldon Wycke Nature Reserve, Heybridge Wood, Country Park areas.
- Net Area Developed area, excluding openspace, services and the like.

Page 32 of the Local Plan and CIL Development Viability Study – May 2014 Update (document EB040d) includes UPDATED Table 10.3. This is copied below:

TABLE 2										
MAY 2014 - UPDATED Table 10.3 Strategic Sites Residual Values – Base Appraisals Scenario 2										
25% Affordable Housing at site S2d North Heybridge, 40% Affordable Housing on all other sites, Full Infrastructure Requirement										
					Area		Units	Residual Value		
					Gross	Net		Gross ha	Net ha	£ site
1	S2a Limebrook Way	Sth Maldon	Green	Agricultural	42.00	25.00	1,000	405,473	681,194	17,029,852
2	S2c Wycke Hill South	Sth Maldon	Green	Agricultural	3.20	1.88	75	529,095	900,587	1,693,103
3	S2b Wycke Hill North	Sth Maldon	Green	Agricultural	12.50	7.50	300	463,996	773,327	5,799,954
4	S2f Park Drive	Sth Maldon	Green	Agricultural	4.90	3.00	120	1,032,441	1,686,320	5,058,961
5	S2d North of Heybridge	Nth Heybridge	Green	Agricultural	45.00	25.88	1,035	314,393	546,664	14,147,676
6	S2e North Holloway Rd	Nth Heybridge	Green	Agricultural	3.80	2.50	100	344,751	524,021	1,310,054
7	S2g Swifts	Nth Heybridge	Green	Agricultural	3.20	2.50	100	1,219,776	1,561,313	3,903,283
8	Additional Heybridge	Nth Heybridge	Green	Agricultural	4.20	2.50	100	452,715	760,562	1,901,404
9	S2h WEST Burnham on Crouch	Burnham on Crouch	Green	Agricultural	6.20	4.50	180	706,898	973,948	4,382,768
10	S2i NW Burnham on Crouch	Burnham on Crouch	Green	Agricultural	7.50	4.50	180	575,991	959,986	4,319,935
11	S2j NE Burnham on Crouch	Burnham on Crouch	Green	Agricultural	3.75	2.25	90	622,567	1,037,612	2,334,628

This table has been updated below – only changing the net and gross areas.

No other changes have been made in the table other than to the areas used.

TABLE 3										
FEBRUARY 2015 - UPDATED Table 10.3 Strategic Sites Residual Values – Base Appraisals Scenario 2 25% Affordable Housing at site S2d North Heybridge, 40% Affordable Housing on all other sites, Full Infrastructure Requirement										
					Area ha		Units	Residual Value		
					Gross	Net		Gross ha	Net ha	£ site
1	S2a Limebrook Way	Sth Maldon	Green	Agricultural	64.6	39.6	1,000	263,620	430,047	17,029,852
2	S2c Wycke Hill South	Sth Maldon	Green	Agricultural	2.88	2.88	75	587,883	587,883	1,693,103
3	S2b Wycke Hill North	Sth Maldon	Green	Agricultural	17.4	10.4	300	333,331	557,688	5,799,954
4	S2f Park Drive	Sth Maldon	Green	Agricultural	4.9	3	120	1,032,441	1,686,320	5,058,961
5	S2d North of Heybridge	Nth Heybridge	Green	Agricultural	44.46	34.5	1,035	318,211	410,078	14,147,676
6	S2e North Holloway Rd	Nth Heybridge	Green	Agricultural	3.5	3.5	100	374,301	374,301	1,310,054
7	S2g Swifts	Nth Heybridge	Green	Agricultural	3.2	2.5	100	1,219,776	1,561,313	3,903,283
8	Additional Heybridge	Nth Heybridge	Green	Agricultural	4.2	2.5	100	452,715	760,562	1,901,404
9	S2h WEST Burnham on Crouch	Burnham on Crouch	Green	Agricultural	6.2	4.5	180	706,898	973,948	4,382,768
10	S2i NW Burnham on Crouch	Burnham on Crouch	Green	Agricultural	7.5	4.5	180	575,991	959,986	4,319,935
11	S2j NE Burnham on Crouch	Burnham on Crouch	Green	Agricultural	3.75	2.25	90	622,567	1,037,612	2,334,628

In the May 2014 update the residual values were compared with the Viability Thresholds in Updated Table 10.6:

TABLE 4					
MAY 2014 - UPDATED Table 10.6 Base Appraisals. Residual Value compared to Viability Threshold Scenario 2					
25% affordable housing on site S2d North Heybridge, 40% affordable housing on all other sites, Full Infrastructure Requirement					
			Alternative Use Value	Viability Threshold	Residual Value
			£/ha	£/ha	£/ha
1	S2a Limebrook Way	Sth Maldon	25,000	330,000	405,473
2	S2c Wycke Hill South	Sth Maldon	25,000	330,000	529,095
3	S2b Wycke Hill North	Sth Maldon	25,000	330,000	463,996
4	S2f Park Drive	Sth Maldon	25,000	330,000	1,032,441
5	S2d North of Heybridge	Nth Heybridge	25,000	330,000	314,393
6	S2e North Holloway Rd	Nth Heybridge	25,000	330,000	344,751
7	S2g Swifts	Nth Heybridge	25,000	330,000	1,219,776
8	Additional Heybridge	Nth Heybridge	25,000	330,000	452,715
9	S2h WEST Burnham on Crouch	Burnham on Crouch	25,000	330,000	706,898
10	S2i NW Burnham on Crouch	Burnham on Crouch	25,000	330,000	575,991
11	S2j NE Burnham on Crouch	Burnham on Crouch	25,000	330,000	622,567

We have updated this table

TABLE 5					
FEBRUARY 2015 UPDATED Table 10.6 Base Appraisals. Residual Value compared to Viability Threshold Scenario 2					
25% affordable housing on site S2d North Heybridge, 40% affordable housing on all other sites, Full Infrastructure Requirement					
			Alternative Use Value	Viability Threshold	Residual Value
			£/ha	£/ha	£/ha
1	S2a Limebrook Way	Sth Maldon	25,000	330,000	263,620
2	S2c Wycke Hill South	Sth Maldon	25,000	330,000	583,829
3	S2b Wycke Hill North	Sth Maldon	25,000	330,000	333,331
4	S2f Park Drive	Sth Maldon	25,000	330,000	1,032,441
5	S2d North of Heybridge	Nth Heybridge	25,000	330,000	318,211
6	S2e North Holloway Rd	Nth Heybridge	25,000	330,000	374,301
7	S2g Swifts	Nth Heybridge	25,000	330,000	1,219,776
8	Additional Heybridge	Nth Heybridge	25,000	330,000	452,715
9	S2h WEST Burnham on Crouch	Burnham on Crouch	25,000	330,000	706,898
10	S2i NW Burnham on Crouch	Burnham on Crouch	25,000	330,000	575,991
11	S2j NE Burnham on Crouch	Burnham on Crouch	25,000	330,000	622,567

On the whole this change does not have a material difference. There are two exceptions. These relate to the larger elements (S2a and S2d) of each of the Garden suburbs, that contain the bulk of the units. The S2a Limebrook Way site sees a significant drop in the residual value per ha (although the amount paid to the landowner is no less overall) and S2d North of Heybridge sees a significant increase in the residual value per ha (although the amount paid to the landowner is no more overall). The consequence of this change is considered at the end of this note.

2) that the LP requirements are factored into viability calculations (e.g. social v. affordable rents and housing mixes); and

The Local Plan does not specify a mix of housing to be provided. The analysis in the Local Plan and CIL Viability Study, Post Consultation Update - November 2013 (document EB040c) and Local Plan and CIL Development Viability Study – May 2014 Update (document EB040d) assumes the affordable housing is provided as 70% Affordable Rent and 30% Shared Ownership and on the assumption that a typical market unit is 105m² and a typical affordable unit is 80m². It has been suggested that this is not reflective of the Council’s policy requirements with reference being made to the SHMA.

TABLE 6				
Table 15.3 Maldon SHMA 2014				
Tenure	1-Bed	2-Bed	3-Bed	4-Bed+
Market	60%		40%	
Intermediate	50%	30%	20%	0%
Social and Affordable Rented	50%	25%	25%	

The Council is seeking to balance the market over the plan-period and over the housing market area but does not seek these proportions on a site by site basis.

It is also important to note that the above proportions are based on the space standards used in the SHMA process. This is derived from the Housing, Health and Safety Rating System (HHSRS) that was introduced by the Housing Act 2004 and is based on absolute minimum standards about same sex and different sex people and sharing bedrooms depending on their age. It does not make allowance for households to have any spare bedrooms and assumes households will always reside in the smallest house that meets their requirements under the space standards. No allowance is made for changes in family circumstances or for aspirations for children to have their own bedrooms.

The Council’s housing team have confirmed that the analysis should be based on Affordable Rent and not Social Rent. When negotiating for affordable housing the council does not require affordable housing to be provided as social rent. It is relevant to note that at the planning application stage the council enter into a dialog with the developer to agree the mix of housing required and to suit the most up to date

understanding of the local requirements. Depending on the circumstances this could include the provision of an extra care scheme, highly adapted level access accommodation – or standard specification affordable housing.

We confirm that the modelling has been carried out on the correct basis.

3) that a recommendation is provided for the affordable housing target percentage at North Heybridge given the suggested removal of the flood alleviation requirement in the policy.

The modelling in the Local Plan and CIL Viability Study, Post Consultation Update - November 2013 (document EB040c) and Local Plan and CIL Development Viability Study – May 2014 Update (document EB040d) assumes:

- The Flood Alleviation Scheme would cost £7,700,000.
- That all sites incorporate SuDS – it is important to note that the rate of discharge into the Flood Alleviation Scheme would be no more than the current, pre-development, discharge rate from the site.

The site's promoters have considered the costs of an alternative system scheme to drain the site in the event of the Flood Alleviation Scheme not going ahead and estimate the extra costs of this to be £7,700,000 – being the same cost as the Flood Alleviation Scheme. No detailed costing has been provided to the Council to support this but Countryside make the following points:

- a. The volume of water to be attenuated on site would increase by around 50%-plus.
- b. The SuDS scheme has both a capital cost and a land cost. Land would be required to be purchased or alternatively developed in a different way, ensuring sufficient space for surface water management.
- c. The matters of maintenance/management body(ies) and costs remain to be determined. Further discussions are necessary with relevant parties. In the absence of a detailed design there can be no certainty on these costs.
- d. It follows that foregoing the SFA cost does not translate into money being 'released' to spend in other areas. Rather, revised engineering principles and design would lead to other costs (engineering and land). 'Balance' and 'trade-off' such as this is pointed out in the Harman Report.
- e. On balance, a 'cost neutral' approach is taken where the cost of the SFA and the alternative SuDS scheme would be equivalent. There is no cost saving, merely different cost heads.

In direct response to the inspector's question we have run an alternative appraisal without the cost of the Flood Alleviation Scheme. In this analysis we have used the revised site areas from Question 1 above. These assume 25% affordable housing.

TABLE 7 – Adjusted Infrastructure Costs			
Infrastructure Costs	April 2014 Update	Change	Total
North Heybridge masterplanned area			
Site S2 (d) - North of Heybridge	30,648,392	(-£6,453,036)	£24,195,356
Site S2 (e) - North Heybridge – North of Holloway Road	2,927,691	(-£623,482)	£2,304,209
Additional Site	2,275,122	(-£623,482)	£1,651,640

TABLE 8 – Impact of Adjusted Infrastructure Costs on Residual Value (with checked site areas)										
					Area		Units	Residual Value		
					Gross	Net		Gross ha	Net ha	£ site
5	S2d North of Heybridge	Nth Heybridge	Green	Agricultural	44.46	34.5	1,035	409,950	528,300	18,226,358
6	S2e North Holloway Rd	Nth Heybridge	Green	Agricultural	3.5	3.5	100	535,836	535,836	1,875,426
8	Additional Heybridge	Nth Heybridge	Green	Agricultural	4.2	2.5	100	585,299	983,302	2,458,254

Table 9 – Residual Value compared to Viability Threshold £/Gross ha (based on checked areas)					
			Alternative Use Value	Viability Threshold	Residual Value
			£/ha	£/ha	£/ha
5	S2d North of Heybridge	Nth Heybridge	25,000	330,000	409,950
6	S2e North Holloway Rd	Nth Heybridge	25,000	330,000	535,836
8	Additional Heybridge	Nth Heybridge	25,000	330,000	585,299

The values in the table above are directly comparable with those in the final table in response to question 1 above. Over the larger sites the residual value has improved very substantially from about £14,150,000 to about £18,225,000.

REVISED ADVICE

In the responses to the inspector's three questions we considered the points in isolation above. It is necessary to consider the impact of points 1 and 3 together to address the inspector's question as to whether or not the affordable housing target remains appropriate on the garden suburb sites.

We have run a further set of appraisals with affordable housing requirements of 20% to 40% affordable housing, based on the revised and up to date site areas set out above. In the case of the Heybridge sites we have run a further iteration without the costs of the Flood Alleviation Scheme. These results are equivalent to those set out in Chapter 8 of the Local Plan and CIL Development Viability Study – May 2014 Update (document EB040d) – albeit without the range of potential CIL payments.

TABLE 10 Residual Value compared to Viability Threshold £/Gross ha									
			Alternative Use Value	Viability Threshold	Residual Value				
		Affordable %			20%	25%	30%	35%	40%
1	S2a Limebrook Way	Sth Maldon	25,000	330,000	423,010	384,710	345,679	305,643	263,620
2	S2c Wycke Hill South	Sth Maldon	25,000	330,000	927,227	842,704	758,800	674,926	583,829
3	S2b Wycke Hill North	Sth Maldon	25,000	330,000	534,609	485,839	436,409	385,974	333,331
WITHOUT FLOOD ALLEVIATION SCHEME									
4	S2d North of Heybridge	Nth Heybridge	25,000	330,000	457,267	409,950	361,754	312,195	260,024
5	S2e North Holloway Rd	Nth Heybridge	25,000	330,000	886,406	800,471	714,702	628,491	535,836
6	Additional Heybridge	Nth Heybridge	25,000	330,000	877,440	805,828	734,354	662,511	585,299
WITH FLOOD ALLEVIATION SCHEME									
7	S2d North of Heybridge	Nth Heybridge	25,000	330,000	365,906	318,211	268,997	218,535	165,753
8	S2e North Holloway Rd	Nth Heybridge	25,000	330,000	727,306	641,371	555,602	469,391	374,301
9	Additional Heybridge	Nth Heybridge	25,000	330,000	744,857	673,245	601,770	529,928	452,715

Based on the above assessment, amendments to the affordable housing requirements for sites S2a and S2d would be recommended. Site S2a would be deliverable at 30% affordable housing – having taken into account the full policy requirements of the policies in the submitted Local Plan.

In relation to site S2d, the Council considers that on large strategic sites it is necessary to consider the residual value over the whole site and per net ha as well as on a per gross ha basis (such as, as set out above). The Residual Value per gross ha would not exceed the Viability Threshold either with 25% affordable Housing and the Flood Alleviation Scheme or 30% affordable housing and without the flood alleviation scheme. The Residual Value of the scheme is therefore sufficient to provide the Landowner and Developer with a competitive return and ensure that the site is released for development.

The Residual Values with 30% affordable housing are set out in the following table.

TABLE 11 –Residual Value (with checked site areas) and 30% Affordable Housing								
			Area		Units	Residual Value		
			Gross	Net		Gross ha	Net ha	£ site
1	S2a Limebrook Way	Sth Maldon	64.60	39.60	1,000	345,679	563,910	22,330,833
2	S2c Wycke Hill South	Sth Maldon	2.90	2.90	75	758,800	758,800	2,200,519
3	S2b Wycke Hill North	Sth Maldon	17.40	10.40	300	436,409	730,146	7,593,521
WITHOUT FLOOD ALLEVIATION SCHEME								
4	S2d North of Heybridge	Nth Heybridge	44.46	34.50	1,035	361,754	466,191	16,083,604
5	S2e North Holloway Rd	Nth Heybridge	3.50	3.50	100	714,702	714,702	2,501,458
6	Additional Heybridge	Nth Heybridge	4.20	2.50	100	734,354	1,233,714	3,084,286
WITH FLOOD ALLEVIATION SCHEME								
7	S2d North of Heybridge	Nth Heybridge	44.46	34.50	1,035	268,997	346,656	11,959,621
8	S2e North Holloway Rd	Nth Heybridge	3.50	3.50	100	555,602	555,602	1,944,608
9	Additional Heybridge	Nth Heybridge	4.20	2.50	100	601,770	1,010,974	2,527,436

Based on the information set out within tables 10 and 11, it is recommended that where the Flood Alleviation Scheme is not a policy requirement, site S2d will be deliverable at 30% affordable housing. Where the Flood Alleviation Scheme is a policy requirement, site S2d is deliverable at 25% affordable housing.