

## **South Worcester Councils (SWC) - Worcester City Council, Malvern Hills District Council and Wychavon District Council (– Development Plan Viability Policy Review**

\* Those policies with a Direct impact on viability include policies such as affordable housing, that have a measurable impact on viability. These have been explicitly factored into our economic viability appraisals.

Those policies with an Indirect impact have been incorporated into the viability study indirectly through the property market cost and value assumptions adopted e.g. market values and BICS costs.

It is important to note that all the policies have an indirect impact on viability. The Council's Local Plan sets the 'framework' for the property market to operate within. All the policies have an indirect impact on viability through the operation of the property market (price mechanism) and via site allocations which shapes land supply over time.

The policies in the table below have been provided to us to review (email dated 12/04/2019)

Development Management (DM) policies Reviewed	Policy Contents [...paraphrased where appropriate for ease]	Impact on Viability *	Implications for Local Plan Viability Assessment
<b>SWDP5: Green Infrastructure (update of existing policy)</b>	<p>The current requirements is for 40% GI on greenfield sites of 1ha or more and 20% on greenfield sites of less than 1 ha. Private gardens are excluded from the GI provision.</p> <p>The GI requirement will also applicable to employment sites.</p> <p>GI on brownfield sites will still not be set at a prescribed standard but the policy will set an expectation that some GI will be provided in all cases even if it is relatively limited or in an innovative way such as green roofs or walls</p>	Direct	This policy impacts the net to gross ratio of greenfield sites. This is set out within our Benchmark Land Value assumptions (see separate Land Value Paper).
<b>SWDP13: Effective Use of Land (update of existing policy)</b>	<p>To deliver places that are more sustainable, development will make the most effective and sustainable use of land, focusing on:</p> <ol style="list-style-type: none"> <li>i. Housing density;</li> <li>ii. Reusing previously developed land; and</li> <li>iii. Making only exceptional use of the Best and Most Versatile Agricultural Land.</li> </ol> <ul style="list-style-type: none"> <li>• On sites within the city of Worcester and allocations for more than 100 new dwellings in Droitwich Spa, Evesham and Malvern, development should achieve a minimum net density of 40 dwellings / ha.</li> <li>• On sites within Worcester city centre and the town centres of Droitwich Spa, Evesham and Malvern, development of mainly flatted units should achieve a minimum net density of 75 dwellings / ha.</li> <li>• In Pershore, Tenbury Wells, Upton-upon-Severn and the villages, and on sites of less than 100 dwellings in Droitwich</li> </ul>	Direct	The density of development has a direct impact on the quantum of land required for any particular development. This therefore has an impact on the overall land value. We have had regard to the minimum density policy requirements within our financial viability assessment (see Typologies Matrix).

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	<p>Spa, Evesham and Malvern outside their identified town centres, new development should be provided at a minimum net density of 30 dwellings / ha.</p> <p>In allocated new settlement(s) and urban extensions, densities will be determined through masterplanning and the development management process.</p>		
<b>SWDP14: Market Housing Mix (update of existing policy)</b>	<p>All new residential developments of five or more units, having regard to location, site size and scheme viability, should contain a mix of types and sizes of market housing. The mix will be informed by the latest Strategic Housing Market Assessment and, where available, by other local data.</p>	Direct	<p>The scheme mix assumption(s) are set out within our Typologies Matrix. This has regard to the SHMA.</p>
<b>SWDP15: Meeting Affordable Housing Needs (update of existing policy)</b>	<p>A. All new residential development, including conversions, above the thresholds in SWDP 15 B, will contribute to the provision of affordable housing.</p> <p>B. The number, size, type, tenure and distribution of affordable dwellings to be provided will be subject to negotiation, dependent on recognised local housing need, specific site and location factors and development viability and having regard to the sliding scale approach set out below:</p> <ul style="list-style-type: none"> <li>i) On sites of 10 or more dwellings (or on sites of 0.5ha or more) on greenfield land, 40% of the units should be affordable and provided on site.</li> <li>ii) On sites of 10 or more dwellings (or on sites of 0.5ha or more) on higher value brownfield land, 40% of the units should be affordable and provided on site.</li> </ul>	Direct	<p>We have had explicit regard to this affordable housing policy (target and mix) within our financial viability assessment. See the Typologies Matrix.</p> <p>The purpose of our financial viability assessment is to test the sensitivity of development to changes to the affordable housing target % in order to inform this policy.</p>

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	<p>iii) Within the Designated Rural Areas, on sites of 6-9 dwellings, 20% of units should be affordable and provided on site, and on sites of less than 5 dwellings a financial contribution towards local affordable housing provision should be made, based on the cost of providing the equivalent in value to 20% of the units as affordable housing on site. The sum will be payable on completion of the development.</p> <p>iv) Outside of the Designated Rural Areas, on sites of 9 dwellings or less (unless the site area is 0.5ha or more), no affordable housing contributions will be sought.</p> <p>C. Where a robust justification exists, off-site contributions may be accepted in lieu of on-site provision.</p> <p>The final tenure mix of the remainder of the affordable housing on individual sites will be subject to negotiation. <u>The Council's preference will be for social rented</u>, unless for example a contribution from an alternative affordable housing tenure is required to achieve scheme viability or local need has been demonstrated for a different affordable housing tenure.</p>		
<p><b>Providing Opportunities for Self-Build and Custom Build Housebuilding (new policy)</b></p>	<p>Proposals of more than 20 dwellings will be expected to provide 5% of dwelling plots for sale as serviced self or custom build plots unless demand identified on the Local Planning Authority's Self-Build and Custom Register, or other relevant evidence, demonstrates that there is a higher or lower level of demand for plots.</p>	<p>Indirect</p>	<p>This provision of Custom Self-build (CSB) plots is a deliverability rather than viability matter.</p> <p>In viability terms, we consider the impact of CSB plots to be neutral and within the 'buffer' of the appraisal(s). The hypothesis in our approach to CSB housing is that our models assess the viability of (A) taking a site, (B) servicing the site and mitigating harm, and (C) building</p>

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			<p>out that site by one house-builder/developer i.e. (A) to (C).</p> <p>It should therefore not impact significantly on the viability if this process is carried out by more than one economic actor e.g. a plot developer/enabler and a CSB plot builder. The process is the same: (A) to (B) and (B) to (C). We acknowledge that there will be some differences in the individual actors' value, cost and profit motives however, these would be shared between the actors. Thus:</p> <ul style="list-style-type: none"> <li>• the value of a 'one-off' custom build house will be at a premium to general estate housing; and value to the enabler is the RLV of the single plot;</li> <li>• there will be no affordable housing or CIL for the custom self-builder;</li> <li>• construction cost are higher for 1-3 units schemes in BCIS;</li> <li>• external works costs will be split between the enabler (for the estate roads / utilities etc) and for the custom self-builder in on-plot drives and paths etc.;</li> <li>• contingency is likely to be higher for the custom self-builder;</li> <li>• professional fees (%) are likely be higher for the custom self-builder – to include project management;</li> </ul>

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			<ul style="list-style-type: none"> <li>• the custom-self builder does not have any marketing or sales costs;</li> <li>• Profit is reduced in proportion to the risks for the enabler as they are only required to service plots. Depending upon demand this could also provide an early cashflow injection. There is no profit required for the custom self-builder;</li> <li>• Interest is likely to be higher for the custom self-builder e.g. if bridging finance is required before they can sell their existing home;</li> </ul> <p>As you can see there are financial costs and benefits for each of the actors in the custom-self build model.</p> <p>Furthermore, if there is sufficient buffer in the appraisal in terms of developer profit and residual land value for the land owner, then the buffer should be able to accommodate the subtle difference in delivery mechanism.</p> <p>In this respect key development management considerations which will lessen the financial impact of this policy include:</p> <ul style="list-style-type: none"> <li>• will developers be required to prepare a design code for the serviced plots?</li> <li>• how long are developers required to market the serviced plots before they can be built out?</li> </ul> <p>who will monitor compliance?</p>

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<b>Residential Space and Accessibility Standards (new policy)</b>	<p>Developers will be required to comply with the Nationally Described Space Standard.</p> <p>On sites of 20 or more dwellings 10% of the market dwellings on the site should meet the requirements of Building Regulations Part M4 (3) (2) (a) and the remaining market dwellings should meet the requirements of Building Regulations Part M4 (2).</p>	Direct	<p>We have incorporated the Nationally Described Space Standards when formulating the generic house sizes to appraise.</p> <p>The requirement for Category M4 (2) accessible and adaptable housing has a cost implication for development. In addition to the baseline BCIS construction costs we have made extra-over allowance per unit for housing M4 (2) Category 2 housing (see Typologies Matrix).</p> <p>This cost has been factored into our appraisals. This is based on the DCLG housing Standards Review, Final Implementation Impact Assessment, March 2015, paragraphs 153 and 157.</p>
<b>SWDP17: Meeting the needs of Gypsies, Travellers and Travelling Showpeople (update of existing policy)</b>	<p>The policy is to be updated. The suggested change is that any new settlements or strategic urban extensions where G &amp; T sites are proposed, the specific proposed site will be identified on the policies map (within the allocation) so that the implications (including viability) and suitability of the site can be tested at the SWDPR examination stage.</p>	Indirect	<p>Indirect impact through the price mechanism.</p> <p>This is not a large sector of the property market and therefore the supply of these sites will have limited, if any impact, on viability. Cost and value assumptions and land supply / price should be monitored for future reviews.</p>
<b>SWDP27: Renewable and Low Carbon Energy (update of existing policy)</b>	<p>Incorporating Renewable and Low Carbon Energy into New Development;</p> <p>A. To increase the supply of renewable and low carbon energy and heat, all new developments over 100 sqm gross or one or more dwellings should incorporate the generation of energy from renewable or low carbon sources equivalent to at least 15% of predicted energy</p>	Indirect	<p>A. We have included an allowance of £4,847 to meet based on Option 2 of the Future Homes Standard consultation document.</p> <p>B. This is an aspirational policy. Developers are only required to <i>examine</i> the potential for decentralised energy. We assume that they would no pursue this unless it added value to the scheme.</p>

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	<p>requirements, unless it has been demonstrated that this would make the development unviable.</p> <p>B. Large scale development proposals are required to examine the potential for a decentralised energy and heat network. If practical and viable, a decentralised energy and heat network should be provided as part of the development.</p> <p>Stand Alone Renewable and Low Carbon Energy Schemes</p> <p>C. With the exception of wind turbines (see D below) proposals for stand-alone renewable and other low carbon energy schemes will be supported if their impacts are (or can be made) acceptable.</p> <p>D. Proposals for stand-alone wind turbines will be considered favourably if the site is identified as suitable for wind energy development in a made Neighbourhood Plan and the proposal has the local community's backing.</p>		<p>C. n/a for Plan viability. ditto.</p>
<p><b>SWDP30: Water Resources, Efficiency and Treatment (update of existing policy)</b></p>	<p>The only suggested change is the suggested requirement for all development to incorporate grey water recycling and rain water harvesting.</p>	<p>Indirect</p>	<p>We have included an explicit allowance for this water efficiency standard within our appraisals.</p>
<p><b>SWDP37: Built Community Facilities (update of existing policy)</b></p>	<p>C. Any proposal that would result in the loss of a site or building currently or last used as a community facility will only be permitted if the following criteria are met:</p> <p>i. An alternative community facility which meets local needs to at least the same extent is, or will be,</p>	<p>Indirect</p>	<p>C. The purpose of S106 and CIL (and hence our viability assessment) is to ensure that there is sufficient funding for community facilities.</p>



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	<p>provided in an equally or more accessible location; or</p> <ul style="list-style-type: none"> <li>ii. It has been demonstrated that there is an excess of similar provision in the appropriate catchment area for that particular facility and the site or building is not needed for any other community facility; or</li> <li>iii. In the case of commercial community facilities, it has been demonstrated that it would not be economically or operationally viable to retain the facility for community use; or</li> <li>iv. In the case of non-commercial community facilities, the use is no longer operationally viable; or</li> <li>v. The community facility could not be provided or operated by either the current occupier or by an alternative occupier (e.g. by a local community body, public-private partnership, etc.) and it has been marketed in accordance with Annex F (Marketing Requirements).</li> <li>vi. Applicants are required to scope existing facilities in the area and consider whether it would be more appropriate to combine or rationalise existing facilities in the first instance.</li> </ul> <p>D. All new development over 10 dwellings or 1,000 Sqm (or over 5 dwellings in Designated Rural Areas*1) is required to make a financial contribution to the off-site provision or enhancement of built community halls (including village halls). Large strategic sites may need</p>		<p>D. New housing development of a certain size will be required to make a financial contribution to either new community halls, or to enhance existing ones.</p> <p>We have incorporated the necessary S106 costs into the financial viability assessment herein (see Typologies matrix)</p>

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	to provide for on-site community halls, which will be detailed in site specific policies.														
<p><b>SWDP39 Provision of Green Space and Outdoor Community Uses in New development (update of existing policy)</b></p>	<p>The policy replaces existing policy SWDP 39: Provision of Green Space and Outdoor Community Uses in new Development.</p> <p>A. Residential development proposals exceeding 10 dwellings or 1,000 sqm floor space should make provision for Green Space and outdoor community uses as set out in the table below, together with secure arrangements for its long-term management and on-going maintenance.</p> <p>B. Proposals in Designated Rural Areas of 6 to 9 dwellings should provide an off-site contribution.</p> <table border="1" data-bbox="566 802 1218 1212"> <thead> <tr> <th colspan="3">Open Space quantity and accessibility standards of provision</th> </tr> <tr> <th>Typology</th> <th>Open Space quantity standards (ha/ 1000 population)</th> <th>Access standards</th> </tr> </thead> <tbody> <tr> <td>Allotments</td> <td>0.3</td> <td>720 metres or 15 minutes' walk time</td> </tr> <tr> <td>Amenity Green Space (sites&gt; 0.15ha)</td> <td>0.7</td> <td>600 metres or 12-13 minutes' walk time</td> </tr> </tbody> </table>	Open Space quantity and accessibility standards of provision			Typology	Open Space quantity standards (ha/ 1000 population)	Access standards	Allotments	0.3	720 metres or 15 minutes' walk time	Amenity Green Space (sites> 0.15ha)	0.7	600 metres or 12-13 minutes' walk time	Direct	<p>A. The Green space requirements are incorporated into our financial viability assessment through the net-to-gross development area assumptions. The net developable to gross site area ratio is important as our viability appraisals are based on a net developable area/density. The gross site area is required to support on-site non-developable uses such as green space and outdoor community use etc. The net to gross area is lower for larger sites as these will require more non-developable uses. This extends up to strategic sites which have extensive landscaping and/or on-site schools' provision etc. Note that in a brownfield context we assume that 100% of the site is developable.</p> <p>B. We have allowed for the Green space contribution within the S106 assumptions for development in DRA's. This is shown on the Typologies Matrix. We have incorporated the necessary S106 costs into the financial viability assessment herein.</p>
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Typology	Open Space quantity standards (ha/ 1000 population)	Access standards													
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	Parks and recreation Grounds (public and private)*	1.7	600 metres or 12-13 minutes' walk time		
	Play Space (Children)	0.05	600 metres or 12-13 minutes' walk time		
	Play Space (Youth)	0.04	720 metres or 15 minutes' walk time		
	Natural Green Space	1.0	920 metres or 20 minutes' walk time		
	Total provision	3.79 ha/1000 population			

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