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Havant Borough Local Plan Examination Statement

Matter 7: Viability



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This statement has been produced as part of the examination of the Havant Borough Local Plan. It answers the Inspectors' questions relating to matter 7.

Any queries about the report should be sent to the programme officer:

Address: Ms Charlotte Glancy
Banks Solutions
80 Lavinia Way
East Preston
West Sussex
BN16 1DD

Email bankssolutions@gmail.com

Telephone 01903 776601

Website: <https://www.havant.gov.uk/local-plan-examination>

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Viability

7.1 Overall, is the methodology and assumptions in the Local Plan CIL Viability Study (Ref EB48) and its update note (Ref EB49) robust? In answering the above question, the Council should have particular regard to representation number R256 to the 2019 Regulation 19 Consultation.

1. Yes, the Council considers EB48 and EB49, which were prepared by highly experienced consultants - Dixon Searle Partnership (DSP) - to be comprehensive and robust for the required purpose. DSP has also provided the three statements (including this response) in respect to matter 7 on the Council's behalf.
2. An established methodology and assumptions basis were used, adapted to reflect the local characteristics and emerging policies in Havant Borough. A wide range of assumptions needed to be applied; judgments needed to be made throughout, based on an overview approach. This is not the same as considering or appraising schemes at planning application or other development management stage, of which DSP also has considerable experience of through its day-to-day work. Within such a process, representation R256 appears to infer a level of accuracy which is not attainable at the plan-making stage. Instead, this is more appropriate to the planning application stage where site specifics or scheme designs act as a basis for the assessment.
3. The purpose of the typologies approach included in EB48 and EB49 is to set out a proportionate representation of a variety of potential scheme types in order to assess whether the plan as a whole can be delivered viably. Ultimately the strategic level viability exercise is about the likely strength of the relationship between assumptions on estimated development values and potential costs, using unit based measures and indicative percentages. The approach is proven to serve the purpose appropriately and is widely used.
4. A number of points are made within R256 between paras 2.16-2.28 relating to residential development scenarios, unit sizes, development mix and density concerning policies H1-H4 of the Plan. The comments will not be repeated here but it is important to reiterate that any Local Plan viability assessment is a high-level exercise based, in the main, on site typologies and scenario testing. Both EB48 and EB49 use the same methodology. Site typologies are not actual sites and therefore there are no fixed site areas, plans or scheme details – all the typologies are assumptions based with assumptions made at a point in time.
5. The site areas assumed for the purposes of this study are considered to be appropriate overall although it is acknowledged that for particular town centre site typologies, the areas could be looked at differently. However, the appraisals assume relatively high-density (although not unusually so) development with a net:gross site area of 100%. This is not an uncommon approach for such typologies within the scope of high-level viability testing in the consultant's experience and has both been accepted through Examination and is an

assumption used by others where assuming compact sites for relatively high-density urban development.

6. The appraisals assume 3-5 storey development with build costs matching that type of development the data for which covers a range of developments including those that would, by their nature, accommodate undercroft and other types of parking provision. Further allowances have also been made for external works costs. Again – given that the exercise is carried out on a cost v value £/sq.m basis, the relationship between these is important to bear in mind (where actual sites and schemes with fixed characteristics are not appraised). In each case the highest of the minimum space standard range has been assumed (i.e. 2 person / 1-bed and 4 person 2-bed rather than 1 person / 1-bed and 3 person 2-bed); it is of course possible that smaller unit sizes could be designed and yet still meet the standard for a 1 and 2-bed property (the Nationally Described Space Standard indicates a range dependent on the number of persons).
7. For those schemes that assume a mix of houses and flats, where an 80% net:gross site area adjustment was made, again the view is that that the assumptions used are appropriate for this high-level purpose.
8. Overall, and as has been clearly indicated within the assessments, the results for urban area e.g. town centre, flatted development occurring on previously developed land have been finely balanced, and consequently some form of policy adjustment was considered necessary to balance viability with housing needs and supply. This led to a recommendation to the Council to introduce a lower element of the affordable housing requirement in order that delivery and policy issues would be minimised, and this approach has been included within policy informed by the appropriate assessment of viability overall.
9. Whilst the Planning Practice Guidance as updated (in association with the revised NPPF from 2018 onwards) does place more emphasis on engagement, the PPG has not fundamentally changed the basis for such a study. Although the assessment work in its entirety spanned different versions of the NPPF and PPG, the assessment (acknowledged as high-level) is considered to be appropriate and proportionate, using an established approach and assumptions.
10. DSP undertook stakeholder consultation exercises at an early stage, seeking to engage with a wide range of developer/housebuilder organisations, planning and property consultancies and others. Affordable Housing providers were also approached as part of a separate exercise. BDW (R256), and Persimmon Homes (R258) were contacted amongst the extensive list of potentially relevant/interest parties, but no responses were received as a result of this exercise.
11. Overall, in the consultants' and Council's view, and reflective of the limited number of representations on this to the HBLP process, the assessment has been prepared on a robust basis. This considers the potential costs of development cumulatively, and effectively informs and supports the Local Plan as part of the comprehensive evidence base. The assessment has informed suitable affordable housing policy (which is invariably the key policy cost). The Local Plan requirements are less onerous than some others on matters such as enhanced accessibility of dwellings, immediate climate change response (that seeks to secure provision beyond current national expectations) and other

requirements - but is considered to take a practical approach in guiding development overall. The Council has been careful in considering the opportunities and constraints presented by the local characteristics; and has balanced the policies in the Submission Local Plan (CD01) accordingly. The nature of the development and the policies within the Plan are considered to be deliverable and effective overall.

7.2 Have all potential costs been suitably assessed in the viability studies?

12. Yes, the potential costs, both development and policy related, have been suitably assessed – cumulatively and using a wide range of sensitivity tests. Reports EB48 and EB49 set out the assumptions used within the report text. A summary of assumptions is also included at Appendix I to each document. The approach taken and assumptions made have been set out within comprehensive Local Plan & CIL Viability stage assessment work within EB48 and EB49, building on earlier work as above. The Council's response is noted at paragraphs 31 to 33 of CRO8, response to the Inspector's third letter, with information included within the Viability Annex there.

7.3 Do the viability studies suitably demonstrate that the spatial strategy of the Plan and its policies can be delivered?

13. Yes, as noted in the response to 7.1 above, the Council has taken a suitable, comprehensive approach to considering the opportunities and constraints presented by the local characteristics; and balanced the proposed policies accordingly. This has reflected an appropriate two-way relationship between the viability evidence (EB48 and EB49) and the Council's wider work informing the Plan, and thus its development in recent years. Overall, the nature of the development and the policies within the Plan are considered to be deliverable.

