
BRIEFING NOTE

ADDITIONAL VIABILITY TESTING

OPEN SPACE CONTRIBUTIONS – 10 DWELLINGS

ST HELENS LOCAL PLAN

ECONOMIC VIABILITY ASSESSMENT

APRIL | 2021

1.0 INTRODUCTION

- 1.1 The Inspectors Initial Questions in relation to the Generic and Development Management Policies included Q43 which asked whether a lower threshold, of say 10 dwellings, had been assessed for provision of, or contribution to, open space in terms of its impact on viability?
- 1.2 The Council confirmed in their response (SHBC002) that this lower threshold of say 10 dwellings was not formally tested through the Economic Viability Assessment (VIA001).
- 1.3 The follow up questions from the Inspectors dated 29 March 2021 ask that consideration be given to such testing in advance of the hearings and a note published on this matter to supplement the Economic Viability Assessment (VIA001).
- 1.4 The purpose of this briefing note is therefore to address the Inspectors requirements in relation to this viability testing based on 10 dwellings.
- 1.5 The testing undertaken in relation to open space in the Economic Viability Assessment (VIA001) is based on the approach outlined at para 2.24-2.27 of the QS report contained at Appendix 5 of the Economic Viability Assessment. The reference in the Economic Viability Assessment report is to the policy threshold of 40 dwellings, however for the sake of clarity the viability testing of 25 dwellings (and hence the report results for this typology) also includes the cost of open space provision. Hence the surplus sum (per sq.m) identified for the 25 dwelling typology in the results tables at 6.1-6.15 is inclusive of the cost of open space provision.

2.0 VIABILITY TESTING 10 DWELLINGS

- 2.1 In accordance with the request made by the Inspectors we have considered the impact on viability of open space provision for the 10 dwelling typology. This is based on the same parameters as the other testing in the Economic Viability Assessment, save for the fact that the cost of provision is assumed to be by way of a contribution to offsite provision rather than onsite.
- 2.2 The threshold for any affordable housing requirement (in zones 2 and 3) is 11 or more units, therefore the viability testing for 10 dwellings does not include any affordable housing. Similarly requirements for M4(2) and M4(3a) apply only to developments of 25 or more new homes.
- 2.3 We have reproduced the results from tables 6.1 – 6.15 of the Economic Viability Assessment (VIA001) in so far as they relate to the 10 dwelling typology. The surplus column shows the viability of the 10 dwelling scheme with no affordable housing in line with the plan policy. We have then included the columns relating to the impact on this surplus arising from requirements for S106 and education contributions. These results are all taken from the Economic Viability Assessment (VIA001).
- 2.4 The results of the additional testing inclusive of an open space contribution are provided in the final column titled "POS Contribution". The results are presented in the same way as those for S106 and education contributions with the figure shown being the reduction to the surplus (per sq.m) as a result of this requirement for an open space contribution.

Zone 1

				Surplus
Density (dph)	No. Dwellings	Ave (sq.m)	sq.ft per acre	0% Affordable
Brownfield				
30	10	92	12,041	-£154
35	10	92	14,048	-£118
40	10	92	16,054	-£92
Greenfield				
30	10	92	12,041	-£11
35	10	92	14,048	£20
40	10	92	16,054	£43

Impact on Surplus (per sq.m)		
S106	Education	POS Contribution
Brownfield		
-£11	-£8	-£9
-£11	-£8	-£9
-£11	-£8	-£9
Greenfield		
-£11	-£8	-£9
-£11	-£8	-£9
-£11	-£8	-£9

Table 2.1: Zone 1 Viability Testing Results

Zone 2

				Surplus
Density (dph)	No. Dwellings	Ave (sq.m)	sq.ft per acre	0% Affordable
Brownfield				
30	10	92	12,041	-£44
35	10	92	14,048	£4
40	10	92	16,054	£40
Greenfield				
30	10	85	11,139	£155
35	10	85	12,995	£187

Impact on Surplus (per sq.m)		
S106	Education	POS Contribution
Brownfield		
-£10	-£7	-£8
-£10	-£7	-£8
-£10	-£7	-£8
Greenfield		
-£11	-£8	-£9
-£11	-£8	-£9

Table 2.2: Zone 2 Viability Testing Results

Zone 3

				Surplus
Density (dph)	No. Dwellings	Ave (sq.m)	sq.ft per acre	0% Affordable
Brownfield				
30	10	88	11,505	£80
35	10	88	13,422	£143
Greenfield				
30	10	85	11,139	£288
35	10	85	12,995	£334

Impact on Surplus (per sq.m)		
S106	Education	POS Contribution
-£10	-£7	-£8
-£10	-£7	-£8
-£11	-£8	-£9
-£11	-£8	-£9

Table 2.3: Zone 3 Viability Testing Results

Zone 1

- 2.5 The results for zone 1 demonstrate that the impact of this requirement is a reduction in the level of surplus by £9 per sq.m. The viability testing for the brownfield sites in zone 1 shows that the 10 dwelling typology generates a loss, therefore the addition of the open space contribution only serves to increase the extent of the deficit.
- 2.6 In relation to the greenfield sites, the typologies at densities of 35 and 40 dwellings per hectare would be able to support this policy requirement, although at 35 dwellings per hectare the surplus is £20 per sq.ft and so this requirement would have to be balanced against other potential policy for education and S106 contributions. At 30 dwellings per hectare the 10 dwelling typology generates a loss so this typology would not be able to support a contribution towards open space.

Zone 2

- 2.7 The results for zone 2 demonstrate that the impact of this requirement is a reduction in the level of surplus of between £8 and £9 per sq.m. The viability testing for brownfield sites in zone 2 shows that at 30 and 35 dwellings per hectare there is either a deficit or a small surplus that would not be sufficient to support this contribution. At 40 dwellings per hectare the viability position improves and this typology could support open space contributions in combination with other policy requirements for S106 and education contributions.
- 2.8 The results for greenfield sites in zone 2 show that the 10 dwellings typology is sufficiently viable to support a contribution towards open space with other policy requirements for S106 and education contributions.

Zone 3

- 2.10 The results for zone 3 demonstrate that the impact of this requirement is a reduction in the level of surplus of between £8 and £9 per sq.m. In all cases the typologies tested are sufficiently viable to support an open space contribution in combination with other planning policies.

Summary

- 2.12 The additional viability testing based on 10 dwellings shows that in zone 1 development on brownfield sites is not sufficiently viable to support a contribution to open space. On greenfield sites at densities of 35 and 40 dwellings per hectare 10 dwelling typologies could support an open space contribution although in some cases this may need to be balanced against other policy requirements for S106 and education contributions.

- 2.13 In zone 2 lower density development on brownfield sites may not be able to support a contribution to open space. At higher densities and on greenfield sites in these zone 2 locations development is sufficiently viable to support an open space contribution together with S106 and education contributions.
- 2.14 In zone 3 the 10 dwelling typology is sufficiently viable to support contributions towards open space, education and other S106 requirements.

3.0 CONCLUSIONS

- 3.1 The viability testing of open space contributions for a 10 dwelling scheme demonstrates that in the lower value zone 1 locations, particularly on brownfield sites development is not always sufficiently viable to support these contributions. Similarly on brownfield sites in zone 2 developed at a lower density it may not be possible to support an open space contribution.
- 3.2 In all other cases in zones 2 and 3 development is viable and able to support open space contributions.
- 3.3 The threshold for affordable housing on greenfield sites in zone 2 and all sites in zone 3 is 11 dwellings. The viability position would clearly change significantly once the affordable housing requirement is taken into consideration on the smaller sites. The results of the viability testing in the Economic Viability Assessment (VIA001) illustrate that the impact of affordable housing provision on the typologies tested is greatest at 25 dwellings. As noted in para 1.5 above the testing of this 25 dwelling typology included onsite open space provision.
- 3.4 With reference to Economic Viability Assessment (VIA001), the following tables include the results for the 25 dwelling typologies that include affordable housing provision:
- Zone 2 (greenfield) – tables 6.10 and 6.11
Zone 3 (brownfield) – tables 6.12 and 6.13
Zone 3 (greenfield) – tables 6.14 and 6.15.
- 3.5 Tables 6.10 and 6.11 show that with 30% affordable housing provision (and onsite open space provision) the 25 dwelling greenfield typologies in zone 2 produce deficits (£64 and £29 per sq.m respectively). Table 6.12 shows that the 25 dwelling brownfield typology at 30 dph in zone 3 produces a very small deficit of -£2 per sq.m. Without requirements for open space, then the viability position in all of these cases will improve.
- 3.6 Even in the absence of affordable housing in zone 1 and 2 (brownfield) the results in Economic Viability Assessment (VIA001) at tables 6.1 to 6.9 generally show the 25 dwelling typology to be the least viable. Hence careful consideration will be required as to the threshold at which open space in new development is required particularly in zones 1 and 2.