



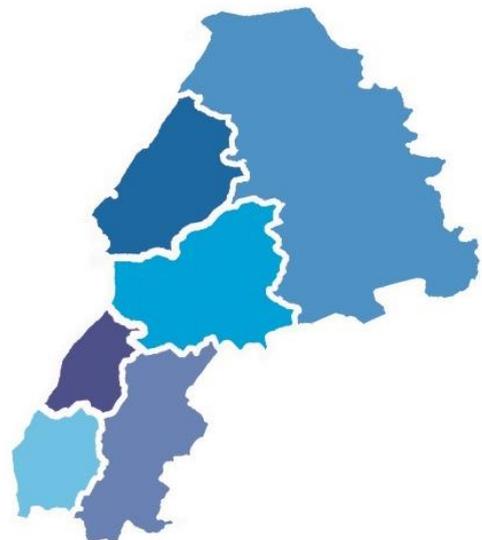
# Allerdale Borough Council



## Allerdale Local Plan (Part 2) Site Allocations

Viability Topic Paper

September 2018



## **1.0 Introduction**

- 1.1 The Local Plan (part 1) strategy and policies are underpinned by viability testing carried out by GVA in 2012 (The Allerdale Housing Viability Study). As part of the work on the second part of the Local Plan the Council commissioned Keppie Massie to undertake a further viability assessment of the policies and sites intended for allocation.

## **2.0 Methodology**

- 2.1 The detailed methodology and assumptions made as part of the viability assessment are set out in the full Viability Report (September 2018). The purpose of the assessment is to establish the viability of the proposed allocated sites taking into account the cumulative impact of the policies within the adopted Local Plan (part 1) and those emerging in the second part of the Plan. Based on the outcome of the assessment consideration is then given to the deliverability of the allocations and the impact of Local Plan policies on viability.

## **3.0 Stakeholder Consultation**

- 3.1 On 22 June 2018 the Council along with Keppie Massie held a Stakeholder Event in relation to the Viability Assessment. The event included a presentation to explain the methodology that was to be used in the assessment and obtain stakeholders views regarding this. In addition the event allowed an explanation of the development typologies that would be used for testing and the respective financial appraisal inputs. A copy of the presentation and details of who attended the event are set out in appendix 1 of the Viability Study.
- 3.2 Following the event a copy of the presentation was sent both to the attendees and the full list of stakeholders who had been invited asking for their views on the assumptions to be used in the viability testing.

## **4.0 Local Plan (part 1)**

- 4.1 To understand the cumulative impact of local plan policies on the viability and deliverability of the proposed allocations a review of existing policies was undertaken to identify those that could have a specific impact on viability across the plan area. The policies most relevant to the assessment are:

### **4.2 Policy S3- Spatial Strategy and Growth**

This policy sets the level of growth and broad areas for development in accordance with a settlement hierarchy.

#### **4.3 Policy S4- Design Principles**

This policy supports the delivery of high quality design in development

#### **4.4 Policy S5- Development Principles**

This policy states that development will be located within the physical limits of Principal, Key and Local Service Centres and appropriate development in Infilling and Rounding Off Villages. Development has to be commensurate to the size of the settlement.

#### **4.5 Policy S8 (SA3) - Affordable Housing**

Policy S8 applies to development in excess of 10 dwellings and is expected to provide on-site affordable housing as part of the housing mix. In Cockermouth the policy seeks 40% affordable provision and 20% elsewhere. The tenure split is 50:50 split between affordable rent and intermediate tenure.

#### **4.6 Policy S10: Elderly Needs Housing**

The Council will encourage provision of housing to maximise the independence and choice of older people. Life time Homes are encouraged within all new residential development.

#### **4.7 Policy S12 land and Premises**

The Council will plan proactively to support economic development by ensuring sufficient quality employment land is available. The Council will ensure a diversity of quality sites is available to meet new and existing business needs.

#### **4.8 Policy S21- Developer Contributions**

The Council will require new developments to secure infrastructure improvements which are necessary to make the development acceptable in planning terms. This covers physical, social and green infrastructure.

#### **4.9 Policy S29 Flood Risk and Surface Water Drainage**

The Council expects all new developments to defer to the drainage hierarchy, seeking to incorporate SuDs in preference to local watercourses or main sewers.

#### **4.10 Development Management Policies**

#### **4.11 Policy DM12: Sustainable Construction**

This policy requires all development to mitigate against the impacts of climate change. This includes measures such as SuDs, water storage, renewable energy efficiency, provision recycling.

#### **4.12 Policy DM14- Standards of Good Design**

Housing density for sites will be considered on a site by site basis with decisions informed by local context such design, historical or environmental integration.

#### **4.13 Local Plan Part 2**

In the Pre-submission draft of the Local Plan (part 2) there are a small number of policies which are likely to have an impact on viability. These are:

#### **4.14 Policy SA5- Housing Standards**

This policy provides that all new homes must be designed and constructed to meet the requirements set out in optional Building Requirements M4 (2).

In addition for all residential developments over 30 units 5% of the total units, across market and affordable dwellings) should be designed and constructed to meet optional Building Requirement M4 (3).

#### **4.15 Policy SA6: Housing Delivery**

This policy identifies sites for housing development.

#### **4.16 Policy SA33: Broadband**

This policy applies to all new residential and commercial development. It states that all applicants must demonstrate to the Council how they will install the necessary infrastructure to allow broadband service operators to provide future occupants with superfast broadband connectivity.

### **5.0 Assessment Methodology**

5.1 The detailed methodology and assumptions used can be found in the full Viability Study. However as an over view the assessment adopted the Residual Appraisal Approach. In order to assess the viability of development specific assessments for each proposed housing allocation have been prepared (table 3.2 full Viability Study). In line with the Harman Guidance the study has sought to prepare hypothetical development typologies on which to base the testing of the sites. In addition evidence of the residential, commercial and retail property markets have been factored in as well as agricultural, commercial and residential land sales. Financial appraisal included such factors as land and sale value, construction costs, S106 and policy requirements, finance costs and developer profit.

## 6.0 Results of Viability Testing

### 6.1 Residential Sites

- 6.2 The majority of the proposed residential allocations are viable. However it is acknowledged that this is achieved in some cases only if a flexible approach is taken to policy requirements especially with regard to affordable housing provision. The wording of Policy SA3 allows for this flexibility to maximise delivery and the Council will take a pragmatic, prioritised approach to negotiating planning obligations.
- 6.3 It is acknowledged that in order to deliver the spatial strategy a proportion of the housing allocations will be in lower value areas. However, the Council has been mindful in selecting the sites to identify those mostly likely to come forward both in terms on site costs and market attractiveness. Although there are brownfield sites identified in the list of allocations the vast majority are green field. The implications are two fold; firstly the cost of development including site abnormalities is likely to be lower on greenfield sites and secondly, the alternative use land value is likely to be lower given many sites are agricultural land use
- 6.4 It is important to recognise that plan level assessment provide a high level assessment with broad assumptions made on the variables included in the model. The table below details past consents including in the lower value areas and the level of policy compliance and developer contributions that have been achieved. In particular it demonstrates that in the lower market value areas affordable housing and other developer contributions are being achieved. The market strength category is taken from Table 5.8 in the Allerdale Viability Study September 2018.

Location	Market Strength Category	Detail of permission
Land adjacent Central Road, Dearham	5	78 dwellings delivered, including 4 affordable dwellings, associated infrastructure and substantial remediation and remodelling of colliery spoil mound and capping of mine shaft.
Land adjacent Moor Road, Great Clifton	4	46 dwellings delivered including 7 affordable homes.

Land adjacent Moor Road, Workington	3	136 of 150 delivered including 30 affordable homes.
Land at Scholars Green, Wigton	2	Site now complete including 9 affordable homes.
Land adjacent Church Meadows, Great Broughton	2	Site now complete including 12 affordable homes.
Land West of Main Road, High Harrington, Workington	4	Site now complete including 15 affordable homes.
Land off Netherhall Road, Maryport	5	Planning permission granted in August 2013 for 152 dwellings, including 11 affordable homes and £7,000 towards provision of waiting restrictions.
Land adjacent Newlands Park, Dearham	5	Site completed including six affordable homes and £35,000 was also received for a play area.
Former Snooker Hall, Duke Street, Workington	5	Planning permission granted in December 2013 for 14 dwellings and 2 affordable units have been delivered.
Land off Curwen Road, Workington	5	Planning permission granted in December 2013 for 94 dwellings, including 8 affordable units and £39,300 travel plan contribution.
Land off Wilsons Terrace, Broughton Moor	5	Planning permission granted February 2014 for nine dwellings, including 2 affordable

		units.
Croft House Farm, Allonby	6	Planning permission granted for 15 dwellings including two affordable units which were delivered in 2017/18.
Land at station Hill, Wigton	2	Permission granted in 2016 for 79 dwellings, including 15 affordable units.
Land to the East of Heatherfields.	5	Permission granted in 2016 for up to 64 dwellings with 25% affordable housing.
Land at Syke Road, Wigton	2	Permission granted in 2016 for approximately 50 dwellings including 20% affordable housing.
Land at Ewanrigg Hall, Maryport	5	Permission granted in 2016 for approximately 124 dwellings including 24 affordable units, travel plan, children's play area and public open space.
Land at Meadowbank, Oughterside	5	Permission granted in 2016 for up to 25 dwellings, including 25% affordable housing, provision of a play area and traffic regulation order contribution.
Land at Lowca Lane, Seaton	3	Permission granted in 2016 for up to 49 dwellings including 20% affordable housing and education contribution initially £199,622 (depending on final

		number of dwellings).
Land at Lowmoor Road, Wigton	2	Permission granted in 2017 for 50 dwellings including 20% affordable housing, offsite play area contribution, £4,500 towards a mini roundabout and extension of 30mph zone.
Land North East of Coachman Inn, Seaton	3	Permission granted in 2017 for 69 dwellings including 13 affordable units and £120,000 for education.
Ashfield Road, Workington	4	Permission granted in 2017 for up to 290 dwellings including £60,000 education contribution, £11,500 highways contribution and 15% affordable housing on phase two.
Land at Salterbeck Road, Harrington	4	Permission granted in 2017 for 12 dwellings including two affordable units.
The Went, Dearham	5	Permission granted in 2018 including two affordable units.
Kirkland Road, Wigton	2	Permission granted in 2018 for 25-30 dwellings including 20% affordable dwellings and offsite play provision.
Grahams Garage, Prospect	5	Permission granted in 2018 for up to 20 dwellings including 25%

		affordable housing.
Princess Hall, Low Seaton	3	Permission granted in 2018 for 100 dwellings including 25% affordable units, management and maintenance of public open space and financial contributions to education and a monitoring travel plan.

6.5 To further bolster delivery the Council recognises it has to take a proactive approach, especially where viability is more challenging. Evidence of this is the Council securing funding from the Homes England Accelerated Construction Programme for two sites in Workington. In addition Council Officers regularly contact and meet developers and landowners to discuss delivery issues including facilitating contact and information sharing with partners such as Registered Providers and Developers and Homes England.

#### 6.6 Employment Sites

6.7 The Council acknowledges that speculative employment/office floor space is unviable in the plan area. Past delivery in this sector, particularly office space has been underpinned by public subsidy. However to deliver the spatial strategy and support economic growth both from existing and future businesses the supply of employment land and premises is an important ingredient. The Council will work with partners and seek funding to support delivery of employment and office floor space. The Council's commitment to actively supporting delivery is demonstrated by it securing ERDF funding to build business units in Derwent Howe. In addition, it has recently taken ownership and management of the Lillyhall site.

#### 6.8 Retail Sites

6.9 The Viability Study does indicate that retail development within prime locations is viable when large units are provided. The site allocations are confined to Workington which is not only the prime retail location in the Borough but has a wider catchment serving West Cumbria. The main retail site allocation, on Central Car Park, is in the Council's ownership and as such there is an opportunity for the Council to explore alternative delivery mechanisms.

## **7.0 Conclusions**

- 7.1 It is recognised that the plan area has a number of towns and villages that due to their low values represent a greater challenge to housing delivery. However, except for a few cases, the losses identified in the viability testing can be viewed as marginal, and therefore unlikely to prevent the sites coming forward. The Council is committed to delivering the spatial strategy which aims to support sustainable growth across all towns and villages which includes lower value areas. To boost delivery the Council recognise that in some cases a flexible approach may need to be adopted in terms of policy and other development contributions. This flexibility has been incorporated into policy wording.
- 7.2 The Council will work proactively with the LEP to secure funding to deliver employment and office floorspace to support the delivery of economic growth in the Borough.