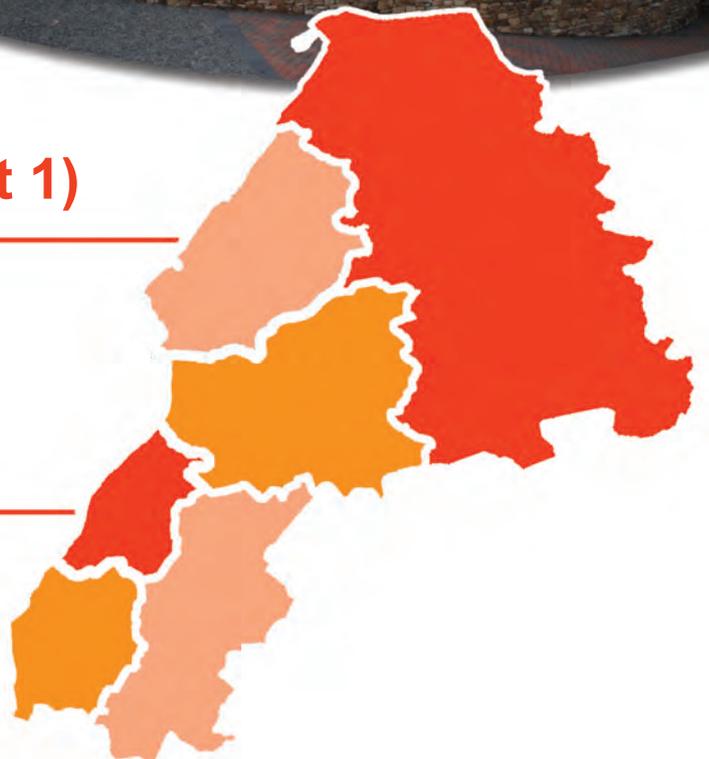




Allerdale Local Plan (Part 1)

Cumulative Viability Assessment Update

October 2013



1 Introduction

1.1 Background

1. In May 2013 Allerdale Borough Council produced a short topic paper concerning the potential cumulative impact of viability on the development identified in the Allerdale Local Plan (Part 1) Pre-Submission Draft. This paper identified key policies that have the potential to impact upon the economic viability of development sites and considered their impact both individually and cumulatively. The Paper aimed to provide the Council with a summary of evidence that demonstrates that the policy requirements for development set out within the Allerdale Local plan are compatible with the economic viability related to the development land within the plan area.
2. The study subsequently formed a key part of the evidence base underpinning the Allerdale Local Plan Pre-Submission Draft (Part 1), which was published in June 2013.
3. The Council has produced this short update to the Cumulative Viability Assessment Topic Paper to provide clarity on key conclusions and the evidence presented.

2 Viability modelling in perspective

2.1 Introduction

4. The Allerdale Housing Viability Study (2012) was carried out by GVA Grimley Ltd using detailed scenarios to test the supply of housing land against a range of potential requirements covering the main policies such as; affordable Housing, Code for Sustainable Homes, and section 106 contributions. Although site viability can be challenging in parts of Allerdale the study found that under current economic conditions, and with a 20% affordable housing contribution there was an estimated potential yield of 1,444 dwellings. Under this scenario Allerdale Borough has 4.75 years of dwelling supply when required to achieve the annual dwelling target of 304 in the emerging Plan, when 'viable' and 'marginal' sites are taken into account.
5. This assessment has been undertaken from a strategic perspective, with broad assumption made that can significantly impact on results. Therefore, it is reasonable to state that the level of economic viability according to this assessment is likely to differ significantly in a site-specific assessment. This fact must be borne in mind when considering the future deliverability of development sites. The Plan has also been developed against a backdrop of a severe economic recession. There are signs at national and local level that conditions are improving; therefore, it is not unreasonable to assume there will be uplift in future

years that will lead to an improvement in overall economic viability throughout the Borough.

6. When the cumulative impact of Local Plan policies was tested in the May 2013 Topic Paper, the model yielded a potential 1,624 dwellings (5.3 years supply) under 'moderate' conditions (10% uplift), while 2,437 and over 8 years supply under 'good' conditions (20% uplift).
7. The Council has developed flexible and realistic policies, however, a key to the strategy will be to monitor the situation carefully, and take a pragmatic, prioritised approach to negotiating planning contributions from development.

2.2 The Plan strategy

8. Following the Council's regeneration and sustainability objectives, Plan Policies seek to encourage the effective reuse of previously developed and vacant sites within the Plan Area. However, it is acknowledged within the Plan that given the evidence contained with the latest Allerdale Strategic Housing Land Availability Assessment (2013) the major proportion of allocations will likely to be on greenfield land.
9. Indeed, 88% of the SHLAA sites are categorised as greenfield. The implications of this are two fold; firstly the cost of development including site abnormalities is likely to be significantly lower on greenfield sites, and secondly, the alternative land value is likewise likely to be lower given existing largely agricultural use. Both these factors suggest that detailed site specific viability is likely to yield a more positive view of viability across the Plan Area.

2.3 Land Values

10. The Viability Assessment (2010) study established land values within Allerdale by using a small sample of available sales. These values were then agreed by the SHLAA Working Group to confirm they were broadly appropriate. The sample of sites and values were linked to location to areas of broad market strength in line with values and applied across the Borough. Given the limited number of recent transactions and the strategic nature of the Viability Assessment (2011) the study retained these figures.

Figure 1: Land Values by Market Area & Land Type

Area Typology	Price per Hectare (£)
High Market	£833,951
Moderate Market	£694,959
Low Market	£555,967

11. The SHLAA Working Group (24 March 2013) once again confirmed these value figures were representative for the High and Moderate areas, while a decision was taken to reduce the Low market land value to a more representative £494,000 per hectare.
12. These land values represent the best available data that was available at the time and they were agreed in consultation with stakeholders, including the development industry. They provide a useful insight into land value from a strategic perspective, however given the broad assumptions it is recognised that the level of economic viability is likely to differ in a site-specific assessment.

2.4 Delivery in low market areas

13. In order to triangulate land values and provide some recent intelligence on housing land sales, the Council has investigated recent housing land transactions via Land Registry. Figure 2 shows a sample of land sales from across Allerdale with an indication of the land values and an indication of the developer contribution associated with the sites.

Figure 2: Recent Housing Land Transactions

Location	Sale date	Sale value (per ha)	Market Strength Category	Notes
Land adjacent Central rd, Dearham	Jan 2013	£250,000	Low (Dearham)	Permission for 78 dwellings secured in 2012, including 5 affordable dwellings, associated infrastructure (including education contribution in excess of £100,000) and substantial remediation and remodelling of colliery spoil mound and capping of mine shaft.
Land adjacent Moor rd, Great Clifton	Oct 2012	£304,000	Low (Great Clifton)	Permission for 46 dwellings secured in 2012, including 7 affordable dwellings
Land adjacent Moor rd, Workington	June 2013	£689,655	Low (Workington)	Permission for 150 dwellings secured in 2013, including 30 affordable dwellings, public open space & associated infrastructure.
Land at Scholars Green, Wigton	Sept 2011	£763,358	Low (Wigton)	Permission for 46 dwellings secured in 2011, including 9 affordable dwellings.

Land adjacent Church Meadows, Great Broughton	Sept 2011	£588,000	Moderate (Broughton)	Permission for 58 dwellings secured in 2011, including 12 affordable dwellings.
Land West of Main Road, High Harrington, Workington	July 2013	£204,142	Low (Workington)	Permission for 75 dwellings secured in 2013, including 15 affordable dwellings.

Source: Land Registry October 2013

14. Recent transactions have been concentrated in 'low' market areas and reveal a range of values demonstrating the broad spectrum of sub-market areas used in the Allerdale Housing Viability Study (2012), and the variation within the same areas.
15. The evidence shows that despite the lack of an up-to-date development plan and in the face of a challenging economic backdrop there continues to be significant developer interest in housing sites across Allerdale. Contrary to the viability modelling delivery of housing sites have consistently been able to provide affordable housing and other S106 developer contributions. Figure 2 demonstrates that even in 'low' value sub market areas affordable housing quotas are being delivered.
16. The delivery of housing on the ground, including policy requirements such as affordable housing, provides further evidence to satisfy the Council that the cumulative impact of policies will not stymie development.

2.5 Sub-Market Areas

17. An additional factor that must be considered when evaluating the policies and the viability work that the Council has undertaken is the use of sub market areas.
18. The relative strength of sub market areas reflects a point in time value and, as such, there will be a requirement for careful future monitoring of the relative market values, especially given the level of pricing and transactional volatility within the housing market at the time of the study. Furthermore, it should be noted that within each value typology there is a spectrum of values (as demonstrated by Figure 2) along which individual parishes/wards lie. Moreover, within some parishes/wards there are areas demonstrating variance in local market housing values. This is particularly pertinent in the larger parishes such as Workington and Cockermouth where house prices varies

considerable across the settlements, therefore care must be exercised when considering the outcomes of this work.

19. All these factors have been taken into consideration when developing policy.

2.6 Housing Market

20. The Plan has been developed against a backdrop of a severe economic recession. There are signs at national and local level that economic conditions are improving. This has been particularly notable in the housing market where latest evidence suggests that English house prices rose by 4.1% in the year to August 2013 (Office for National Statistics October 2013). While, this increase was mainly driven by London and the Southeast, figures for the Northwest still revealed a 2.3% rise. It is not unreasonable to assume there will be uplift in future years that will lead to an improvement in overall economic viability throughout the Borough.

3 Conclusions

21. The Allerdale Housing Viability Study (2012) and the Allerdale Cumulative Viability Assessment Topic Paper (2013) demonstrate that viability in Allerdale can be challenging, especially against a backdrop of a severe economic recession. However, careful consideration of available evidence shows that the Local Plan Strategy is deliverable and policies will not constrain development, given; continued evidence of housing delivery, the proportion of deliverable and greenfield land in the SHLAA, flexible policy approach, together with prospects of economic/housing growth over the Plan Period.