



**Stafford Borough Council – Whole Plan
Viability
Stakeholder Workshop**

Wednesday 15th December 2021 14:00 – 16:00

Overview

1. Introduction
2. Local Plan Viability Context
3. Methodology
4. Research and Emerging Assumptions
5. Feedback and Next Steps

About AspinallVerdi

- Specialist Property Development Consultants
- RICS GP and P&D Surveyors / RTPI
- Local Plan / Affordable Housing Viability
- CIL Viability Studies
- RTPI England Policy Panel / RICS FVIP Panel
- Homes England Property Panel
- Financial Viability Appraisals for S106
- Market Studies to support change of use
- Heritage - Conservation Deficit / Enabling Dev. Appraisals
- London | Leeds | Liverpool | Newcastle | Birmingham



Objectives of the Study

Viability Assessment of the Stafford Borough Council's new Local Plan 2020 – 2040 and Infrastructure Levy:

- to undertake a Local Plan Viability Assessment in accordance with national policy and guidance, and to investigate the context for establishing a local viability level and the mechanisms to deliver development
- to investigate the viability of implementing an [Community] Infrastructure Levy at the local level and demonstrate the maximum charging rates
- The Viability Study will provide evidence that the policies are realistic and do not undermine the delivery of the plan, in accordance with the guidance in the National Planning Policy Framework (NPPF).

Purpose of the Workshop

- To explain our methodology and emerging assumptions
- To engage and receive feedback

- We will then refine and revise the assumptions
- Run viability appraisals
- Make recommendations to SBC

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NPPF (July 2021)

2012 Para 173. *Pursuing sustainable development requires careful attention to viability and costs in plan-making and decision-taking.....To ensure viability, the costs of any requirements likely to be applied to development (affordable housing, infrastructure contributions etc.) should, when taking account of the normal cost of development, provide **competitive returns to a willing land owner and willing developer** to enable the development to be deliverable*

2021 Para 58. Where up-to-date policies have set out the contributions expected from development, ***planning applications that comply with them should be assumed to be viable.....***

.....All viability assessments, including any undertaken at the plan-making stage, should *reflect the recommended approach in national planning guidance*, including standardised inputs, and should be made publicly available.

NPPF (cont.)

2021 Para 34. Plans should set out the contributions expected from development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, flood and water management, green and digital infrastructure). Such policies should not undermine the ***deliverability*** of the plan.

PPG - Viability

Includes sections on:

- Viability and plan making
- Viability and decision taking
- Standardised inputs to viability assessment

- Policy requirements should be informed by evidence of infrastructure and affordable housing need, and a proportionate assessment of viability that takes into account all relevant policies, and local and national standards, ***including the cost implications of the Community Infrastructure Levy (CIL) and section 106***
- Policy requirements should be ***clear so that they can be accurately accounted for in the price paid for land.*** To provide this certainty, affordable housing requirements should be expressed as a single figure rather than a range
- ***Different requirements*** may be set for ***different types*** or location of site or types of development

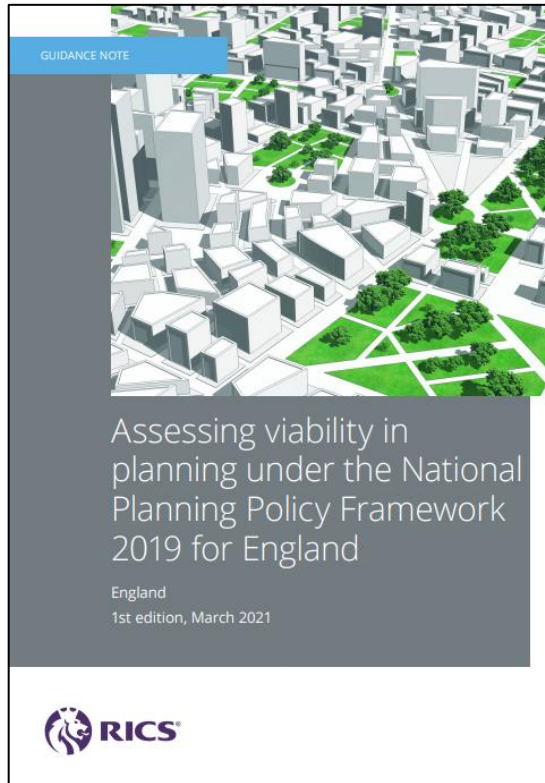
- Paragraph 010 - What are the principles for carrying out a viability assessment? - *strike a balance*
- Paragraph 011 - How should gross development value be defined for the purpose of viability assessment? - *Sales values evidence; rents and yields*
- Paragraph 012 - How should costs be defined for the purpose of viability assessment? - *All costs; including abnormals*
- Paragraph 013 - How should land value be defined for the purpose of viability assessment? - *‘existing use value plus’ (EUV+).*
- Paragraph 018 -How should a return to developers be defined for the purpose of viability assessment? - *15-20% of gross development value (GDV)*

- Strike an ***appropriate balance***
- The levy is expected to have a positive economic effect on development
- Use ‘***appropriate available evidence***’ to inform their draft charging schedule – ‘*unlikely to be fully comprehensive*’
- No requirement for CIL rate to exactly mirror the evidence
- But, appropriate to ensure that a ‘buffer’ or margin is included
- Regulations allow charging authorities to apply **differential rates** in a flexible way.... BUT, avoid undue complexity
- Charging authorities can set differential rates that reflect differences in ***land value uplift*** created i.e. greenfield and brownfield

Overview

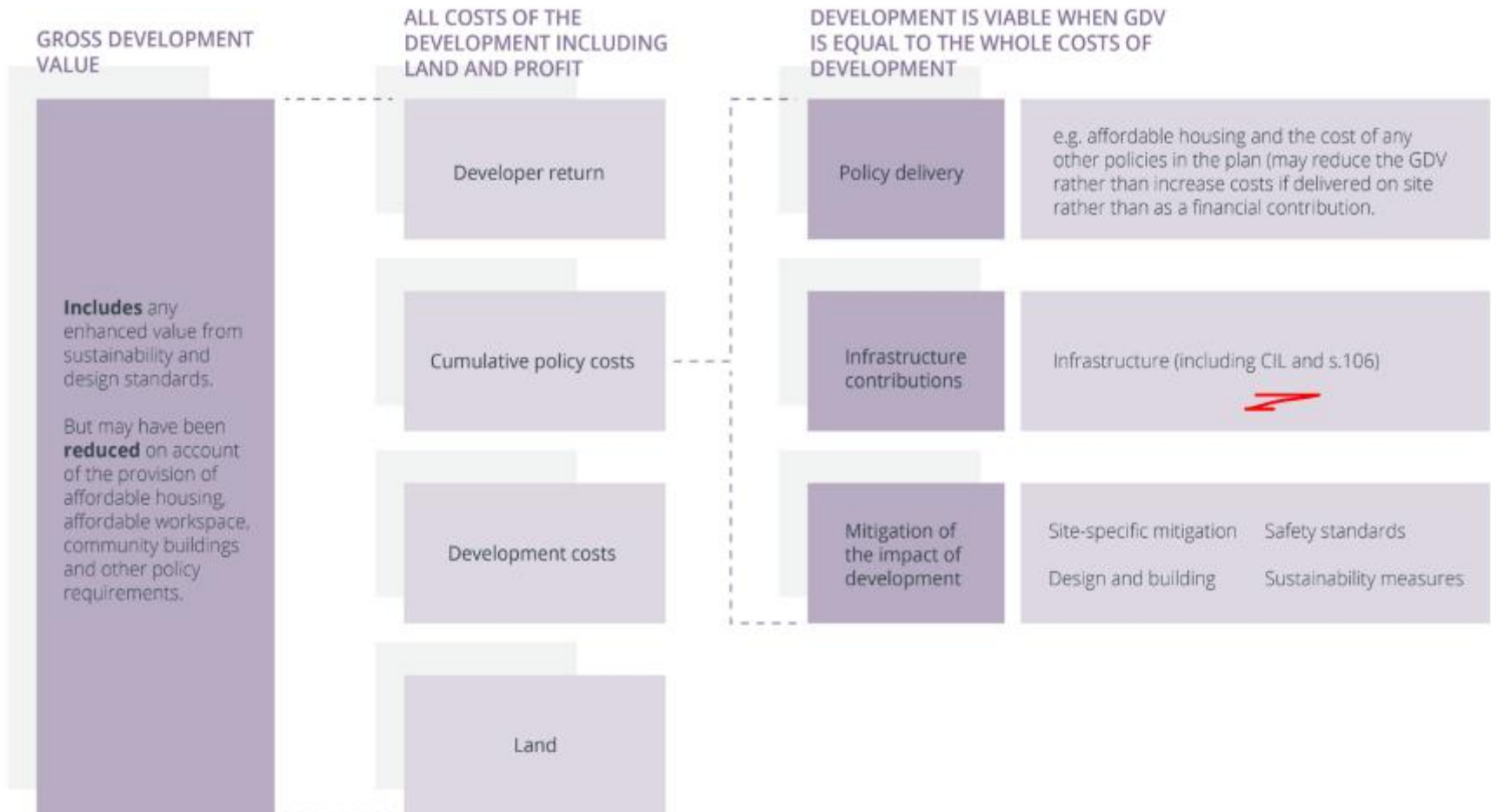
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RICS AVIP from 1 July 2021



- Best Practice for RICS Members
- Includes viability testing CIL
- Differential rates: Geographical zones; Types of development; Scale of development, Uplift in land value where, e.g. the site typologies are *greenfield or brownfield*
- Differential rates can be set for strategic sites - higher or lower - taking into account the requirement to deliver specific elements of infrastructure
- The impact of the CIL should be considered alongside the impact of other policy requirements.

AVIP – Residual Valuation Framework



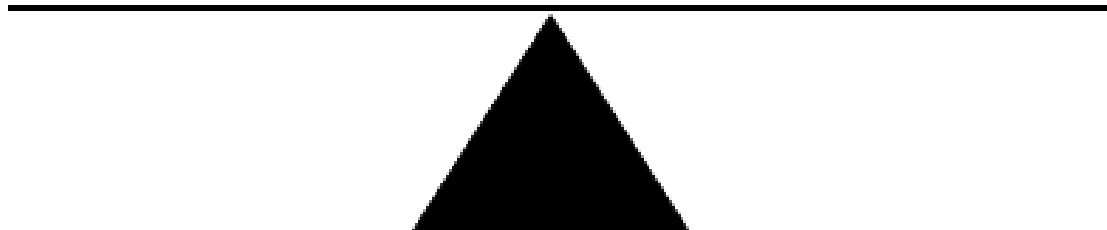
Best Practice Model

GDV (inc. AH)

Less

- Fees
 - S106/CIL
 - Build costs
 - Profit
 - Interest etc.
- = RLV**

No. Units / Size
x Density
= size of site (ha)
x BLV (£/ha)
= BLV



BLV Summary



Existing
Use Value
(EUV)



Policy
Compliant
Residual Land
Value (RLV)
/ Market
Value (MV)



Hope Value

Alternative Use Value (AUV)

EUV + Premium

Policy adjustment

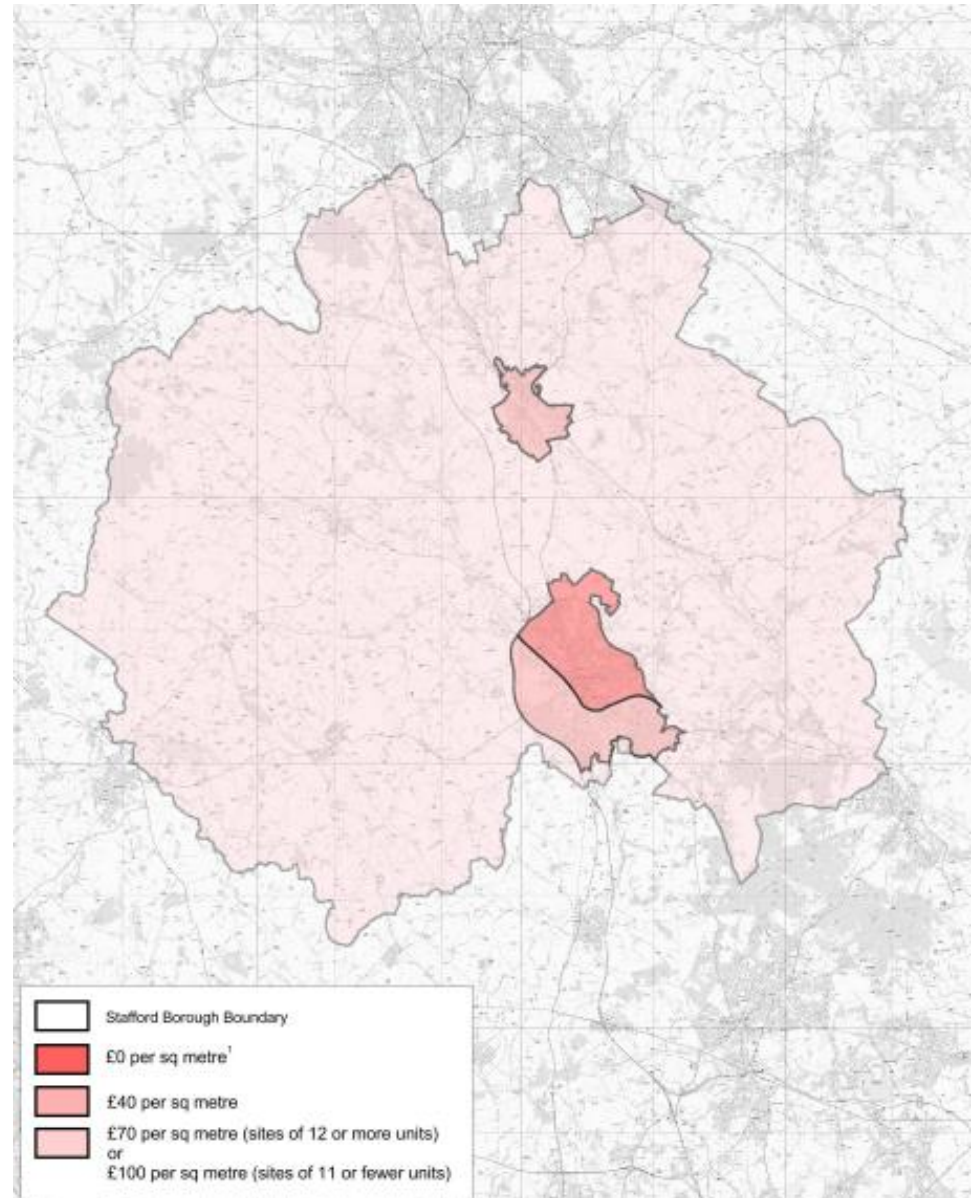
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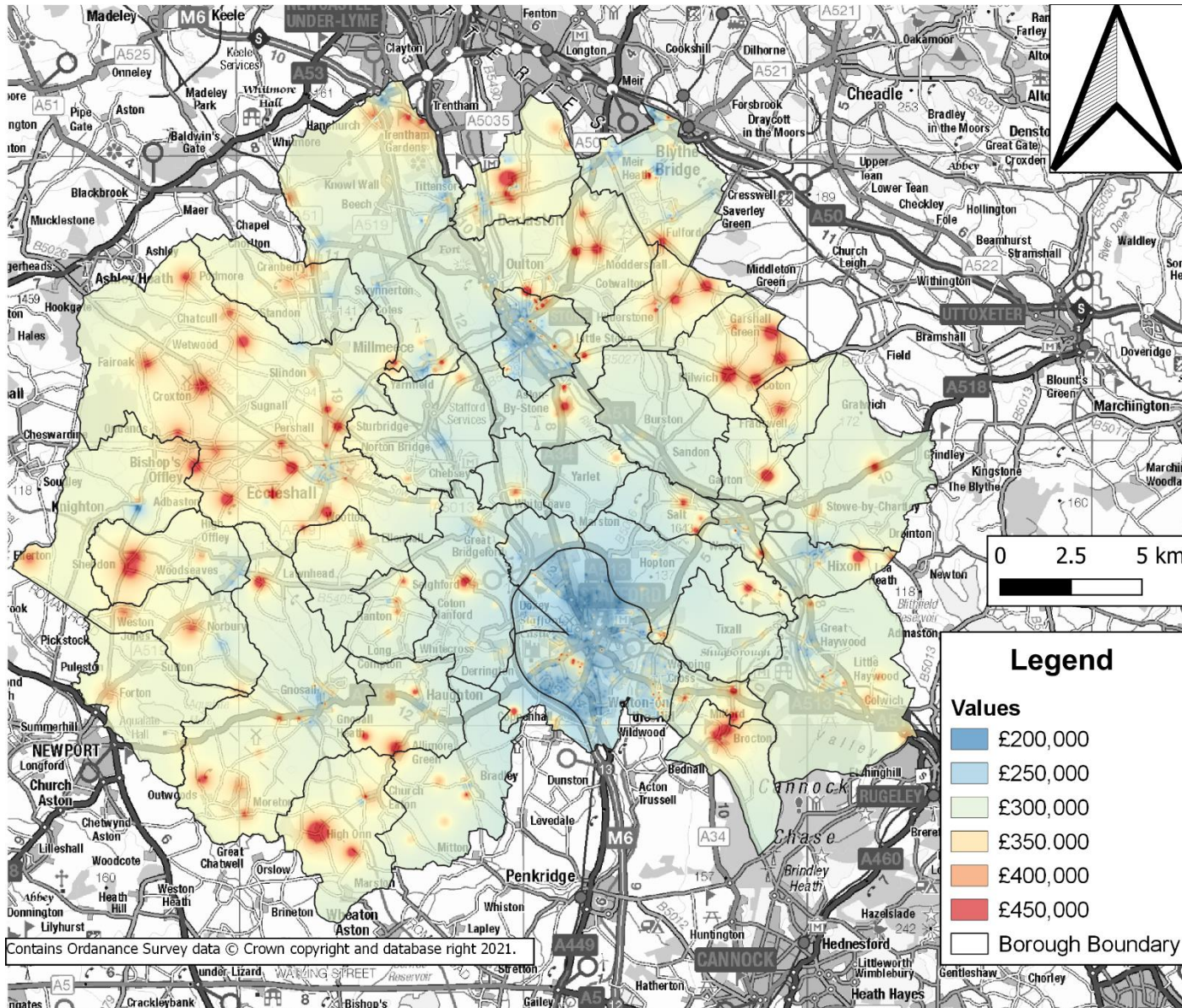
Recommended CIL Charging Schedule (2015)

CIL rates are:

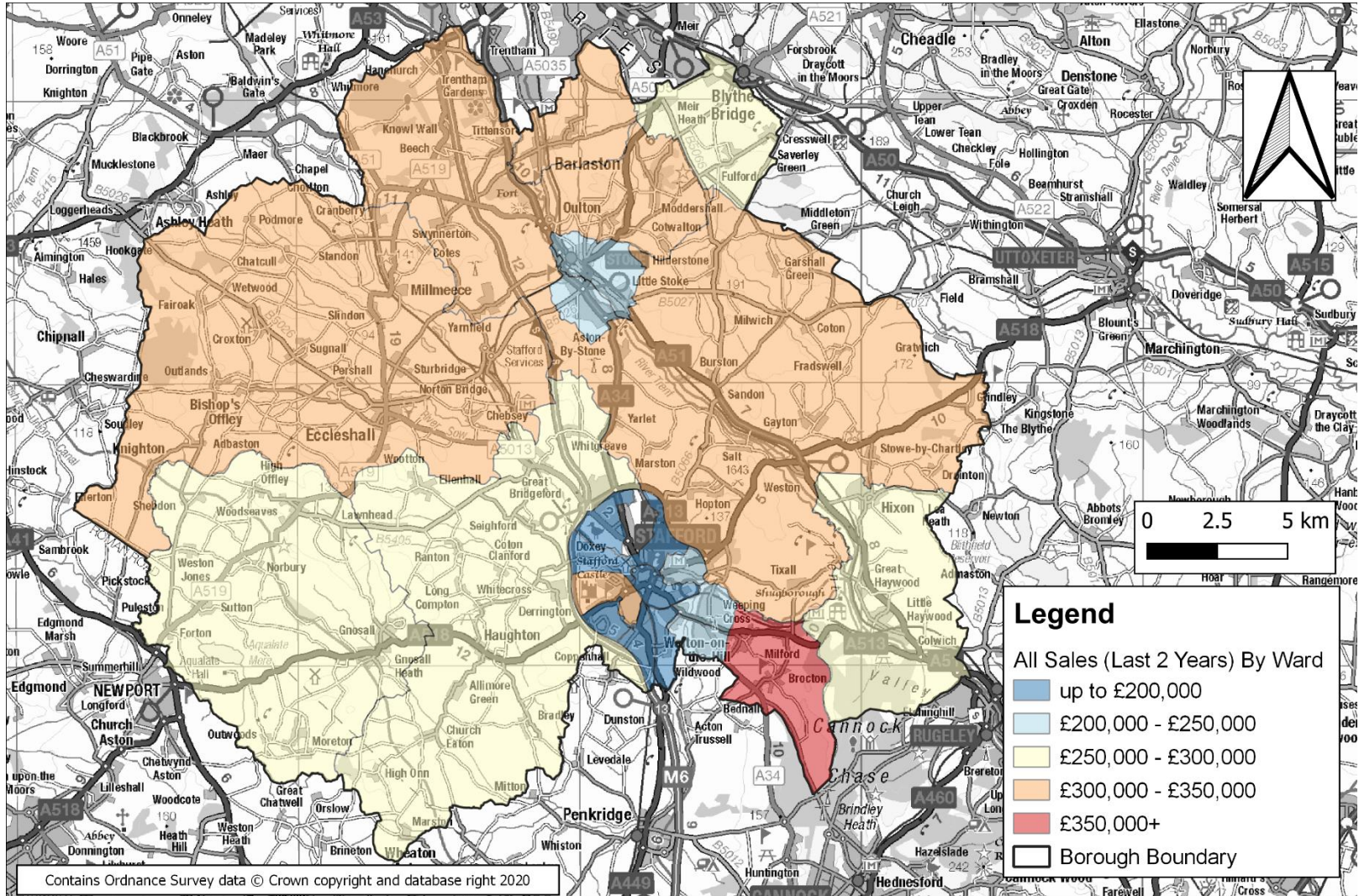
- Residential Development in northern Stafford - £0 psm
- Within and adjacent to Stafford and Stone - £40 psm
- All other areas, sites of 12 units or more - £70 psm
- All other areas, sites of 11 or fewer - £100 psm
- Older People's Housing - £0 psm



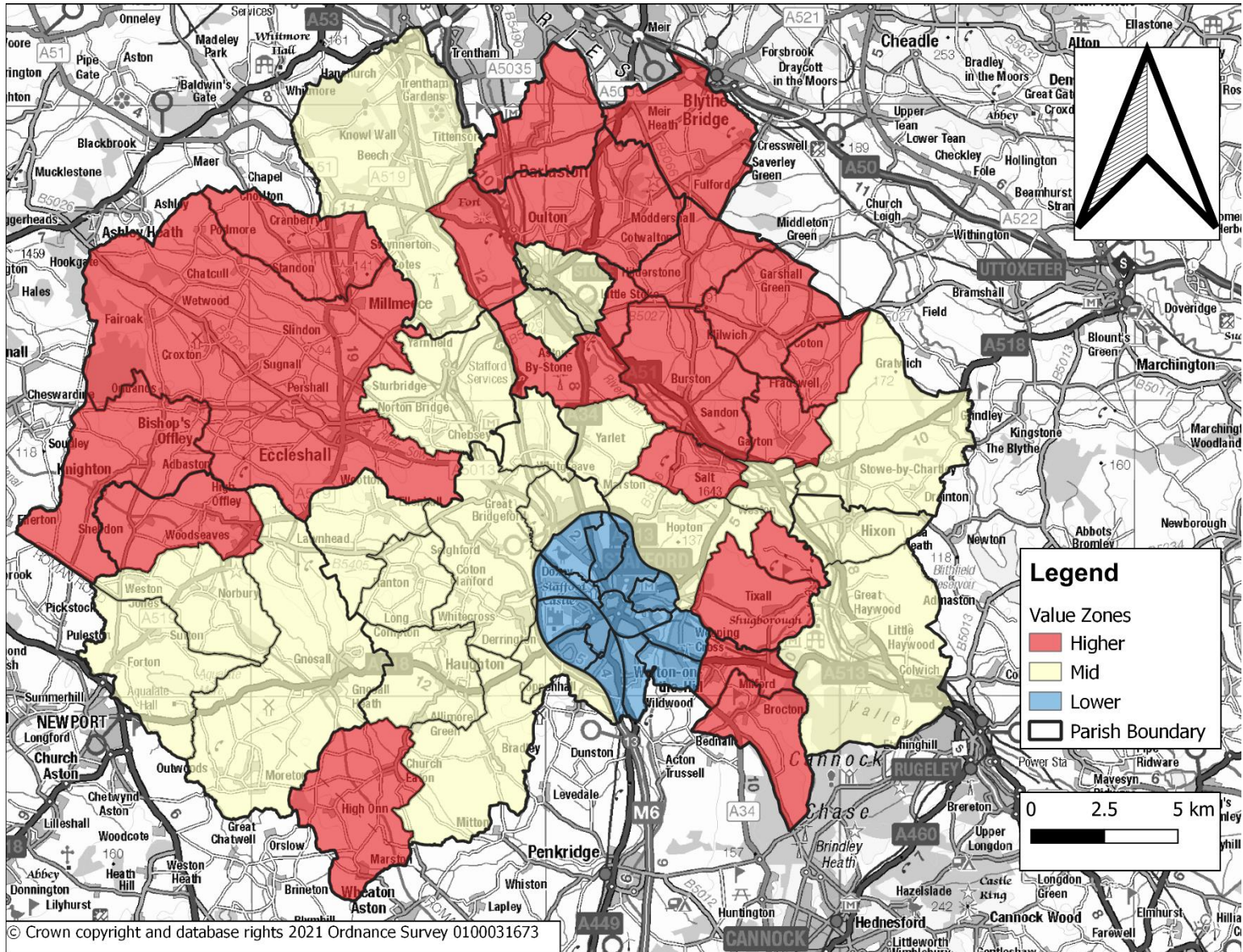
New Build Achieved Values 2019 - 2021



Value Zones by Ward



Value Zones by Parish



Residential Value Assumptions, £ 2021

Property type	Higher Value area	Medium Value Area	Lower Value Area
1 Bed Flat	£175,000	£160,000	£145,000
2 Bed Flat	£230,000	£210,000	£195,000
2 Bed House	£275,000	£250,000	£215,000
3 Bed House	£335,000	£305,000	£265,000
4 Bed House	£375,000	£335,000	£300,000
5 Bed House	£450,000	£400,000	£375,000

Residential Value Assumptions, £ psm 2021

Property type	Higher Value Area	Medium Value Area	Lower Value Area
1 Bed Flat	£3,500	£3,200	£2,900
2 Bed Flat	£3,286	£3,000	£2,786
2 Bed House	£3,481	£3,165	£2,722
3 Bed House	£3,350	£3,050	£2,650
4 bed House	£3,261	£2,913	£2,609
5 Bed House	£2,813	£2,500	£2,344

Garage Assumptions

- 3 bed houses - 50% have garages;
- 4 bed houses - 100% have garages;
- 5 bed houses - 150% have garages (i.e. 1.5 garages per units – 100% have single garages and 50% have double garages)

- £6,000 cost per garage space

Affordable Housing Assumptions (40% AH)

Affordable Housing Tenure	% Mix	Transfer Value (% of OMV)
Affordable Housing %	40%*	
Of which...		
Affordable Rent	n/a	55%
Social Rent	65%	50%
Intermediate	10%	70%
First Homes	25%	70% [30% discount capped at £250,000]

*30% in specific areas within the Borough. This will be assessed using sensitivity analysis in our development appraisals.

Cost Assumptions – Initial Payments

Item	Assumption	Comments
Planning Application Professional Fees and reports	Allowance for typology	Generally x 3 Stat Planning fees
Statutory Planning Fees	Based on national formula	
CIL / IL	£0 psm	Nil baseline assumption, but will consider headroom for CIL in sensitivity analysis alongside Site Specific S106 (below)
Site Specific S106	£11,766 per unit	Provided by Council and SCC including: Special Area of Conservation (SAC), open space, sport provisions & educations - (see Typologies Matrix)

Cost Assumptions – Construction

Item	Build Cost	Comments
Site Clearance, Demolition & Remediation	£50,000 per acre	If brownfield site clearance / remediation allowance (as for Local Plan viability)
Site Infrastructure Costs	Inc. in External Works for generic typologies	Strategic Sites appraised separately
Estate Housing	£1,086 – 1,219 psm	Lower – Median BCIS, Stafford (last 5 years)
Flats 3-5 Storey	£1,348 psm	Median BCIS
Garages	£6,000 per garage	
External Works	15%	

Cost Assumptions – Design Policies

Item	Cost	Comments
Net Biodiversity Costs (BNG)	£1,003 per unit for greenfield sites £268 per unit for brownfield sites	DEFRA Biodiversity net gain and local nature recovery strategies Impact Assessment (15/10/2019) (Reference No: RPC-4277(1)-DEFRA-EA).
M4(2) Category 2 – Accessible and Adaptable housing	+£521 per unit (all units)	DCLG housing Standards Review, Final Implementation Impact Assessment, March 2015, paragraphs 153 and 157
M4(3)(2)(b) Category 3 - Wheelchair Adaptable dwellings	+£22,791 per unit (10% of AH units)	Equality and Human Rights Commission & Habinteg, A toolkit for local authorities in England: Planning for accessible homes

Cost Assumptions – Design Policies (cont.)

Item	Assumption	Comments
Future Homes Standards (FHS Interim Uplift) achieving, resulting in a 31% improvement on carbon dioxide emissions.	£4,847 per house £2,256 per flat	The Future Homes Standard 2019 Consultation on changes to Part L (conservation of fuel and power) and Part F (ventilation) of the Building Regulations for new dwellings.
Net Zero Carbon	£6,000 per unit, in addition to the FHS Interim Uplift	From previous Local Plan viability work, thereby also achieving the full FHS implementation, as at 2025.
EV Charging	£1,000 per unit house £2,500 per 4 flats	
Water Efficiency	£10 per unit	From Local Plan viability

Cost Assumptions - Other

Item	Assumption	Comments
Contingency	+3% / 5%	Greenfield / brownfield
Professional Fees	6.5%	Based on average of recent EVA evidence
OMS Marketing and Promotion	3%	% of OMS GDV
Sales Agent	1%	As above
Sales Legal	0.25%	As above
AH Legal	£10,000	

Residential Cost Assumptions – Finance, OH&P

Item	Assumption	Comments
Debit Interest	6.5%	Applies to 100% of cashflow to include Finance Fees etc.
Profit on Market Sales	18%	With sensitivities between 15% and 20%
Profit on Affordable Housing	6%	

Residential Typologies

- Based on allocations and likely development in Plan period – sites provided by SBC.
- Typologies are sites with shared characteristics such as location/value zone, brownfield or greenfield, size of site and current and proposed use or type of development.
- The characteristics used to group sites should reflect the nature of typical sites that may be developed within the plan area and the type of development proposed for allocation in the plan.
- Typologies matrix – easy navigation, checks NPPF 10% affordable home ownership requirement.
- Unit sizes based on Nationally Described Space Standards – and Market Evidence.

Unit Sizes

We have assumed the floor areas as follows:

- 1 Bedroom Flat – 50 sqm
- 2 Bedroom Flat – 70 sqm
- 2 Bedroom House – 79 sqm
- 3 Bedroom House – 100 sqm
- 4 Bedroom House – 115 sqm
- 5 Bedroom House – 140 sqm

Unit Mixes (market and affordable housing)

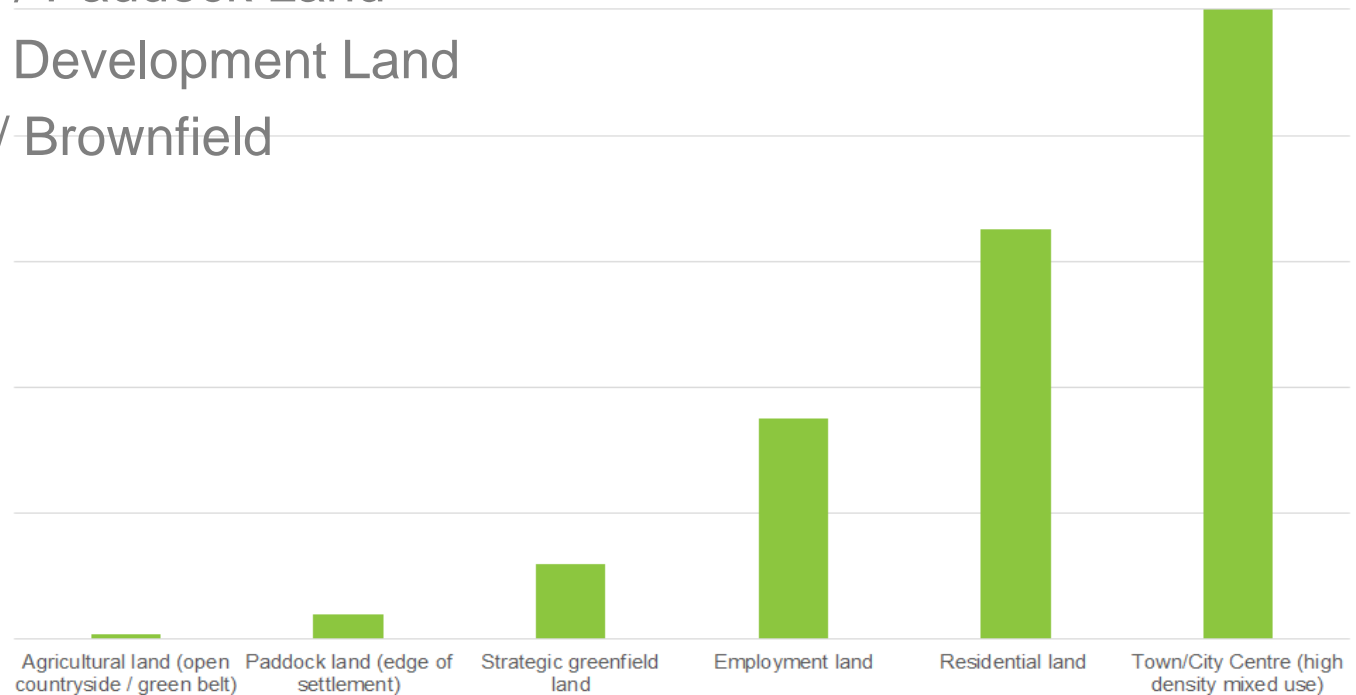
We have assumed the following housing mix:

- 1 Bedroom – 20%
- 2 Bedroom – 35%
- 3 Bedroom – 35%
- 4 Bedroom – 10%

Benchmark Land Value (BLV)

Approach:

- Existing Evidence Base Review (inc. Neighbouring Authorities)
- UK Land Context
- Agricultural / Paddock Land
- Residential Development Land
- Greenfield / Brownfield



BLV – Working Assumptions

Typology	Ref.	Greenfield /Brownfield	EUV -					Uplift Multiplier x [X] x [Y]%	BLV -	
			(per acre) (gross)	(per ha) (gross)	Net: Gross (%)	(per acre) (net)	(per ha) (net)		(per acre) (net developable)	(per ha) (net developable) (rounded)
A	BF LV 15	Brownfield	£400,000	£988,400	90%	£444,444	£1,098,222	13%	£500,000	£1,235,500
B	BF LV 250	Brownfield	£400,000	£988,400	90%	£444,444	£1,098,222	10%	£490,000	£1,210,800
C	GF LV 250	Greenfield	£10,000	£24,710	75%	£13,333	£32,947	12.1	£175,000	£432,400
D	BF MV 10	Brownfield	£400,000	£988,400	90%	£444,444	£1,098,222	18%	£525,000	£1,297,300
E	BF MV 18	Brownfield	£400,000	£988,400	90%	£444,444	£1,098,222	18%	£525,000	£1,297,300
F	BF MV 110	Brownfield	£400,000	£988,400	90%	£444,444	£1,098,222	13%	£500,000	£1,235,500
G	GF MV 20	Greenfield	£10,000	£24,710	90%	£11,111	£27,456	18.8	£220,000	£543,600
H	GF MV 115	Greenfield	£10,000	£24,710	75%	£13,333	£32,947	14.8	£210,000	£518,900
H	GF HV 10	Greenfield	£10,000	£24,710	90%	£11,111	£27,456	22.5	£250,000	£617,800
J	GF HV 50	Greenfield	£10,000	£24,710	80%	£12,500	£30,888	19.2	£240,000	£593,000

BLV – call for evidence

- We would welcome more comparable land value evidence for all land uses (including any minimum land value clauses within agreed option agreements).
- We need specific details of:
 - the existing use (greenfield / brownfield);
 - transaction date;
 - net and gross site area;
 - price paid;
 - planning consent (including affordable housing % and S106 details)
 - abnormal costs
- ***Any confidential information will be treated as such***

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Documents to Issue

1. These presentation slides
2. Policies Matrix
3. Typologies Matrix
4. Residential Market Paper
5. Land Market Paper

SBC Feedback

Send written observations/evidence to –

Alex Yendole

Strategic Planning & Placemaking Manager

Stafford Borough Council

By email to: ayendole@staffordbc.gov.uk

Deadline for evidence – Friday 5th January 2022

SBC Next Steps

1. Review workshop feedback
2. Refine assumptions
3. Run appraisals
4. Prepare recommendations / report to members
5. Publication of Viability Report – for public consultation
6. Examination

Any final questions?

Please participate / provide feedback