

NOTE FOR INSPECTOR

RE: VIABILITY

22 AUGUST 2018

1. During the Kingston Bagpuize with Southmoor (within Fyfield and Tubney Parish) site Hearing Session on Tuesday 24th July, the Inspector referred to the issue of viability particularly regarding the larger site allocations and sought confirmation as to the delivery of required infrastructure. This Note is intended to assist the Inspector and provides a brief summary of the viability work undertaken, as set out in the Council's Matter 8 Statement (**VWS08**), Viability Update (**INF02**) and Viability Statement (**INF03**), and identified infrastructure costs, as outlined in the Submission Infrastructure Delivery Plan (**CSD10**), demonstrating the proposed site allocations, alongside the plan's policies, can deliver the necessary infrastructure and be viable in accordance with the National Planning Policy Framework 2012 (NPPF) and Planning Practice Guidance (PPG). The Council have prepared this Note with HDH Planning, who are the Council's viability consultants.

Viability Assessment

2. The Council commissioned HDH Planning to undertake a viability assessment of the Local Plan 2031 Part 2, which is presented in the Viability Update (Feb 2017) (**INF02**) and Viability Statement (Oct 2017) (**INF03**). A significant amount of viability work has been undertaken with the Viability Update (**INF02**) following on from previous viability work undertaken for both Local Plan 2031 Part 1 (Viability Study, Oct 2014) and CIL (CIL-Pre Hearing Viability Update, Dec 2016). The Viability Update (**INF02**) follows the same methodology used and examined through the Local Plan Part 1 plan making process, which was found sound, and CIL process and therefore provides an appropriate starting point for the viability assessment of the Part 2 plan.
3. The main income and costs assumptions were updated for the CIL Examination and are presented in the CIL – Pre-Hearing Viability Update (December 2016). The market value assumptions used within the Viability Update (**INF02**) are as per the CIL Pre-Hearing Viability Update (December 2016) based on residential property market values (£/m²) and typologies which form the basis for the Viability Update (**INF02**) providing up to date assumptions, in accordance with the Planning Practice Guidance¹. The income and cost assumptions are summarised in Chapter 2, and Chapter 3 of the Viability Update (**INF02**).
4. The appraisals used, as shown in the Viability Update (**INF02**), applied the residual valuation approach, and are designed to assess the value of the site after taking into account the costs of development, the likely income from sales

¹ Planning Practice Guidance, Reference 10-004-20180724

and/or rents and an appropriate amount for developers' profit. The residual value represents the maximum bid for the site where the payment is made in a single tranche on the acquisition of a site. In order for the proposed development to be described as viable, it is necessary for this value to exceed the Existing Use Value by a satisfactory margin. This is in accordance with the NPPF², which states that the costs of any development should provide competitive returns to a willing land owner and willing developer to enable the development to be deliverable.

5. At the time of the Viability Update in February 2017 (**INF02**), the Council understandably did not have the full s106 strategic infrastructure and mitigation costs for the sites, so multiple sets of appraisals were run against different levels of developer contribution. This has enabled the Council to understand the scale of developer contributions that the sites may be able to bear taking account of the full policy requirements of the plan, as required by the NPPF³. Table 4.5⁴ in the Viability Update (**INF02**) provides the outcomes of this, which is included for ease below (Table 1). The appraisals are based on the full policy requirements of the Plan, contributions towards CIL and modelling has taken account of the net development area which has been calculated assuming 35 units/ha and on the full area of the allocation.
6. In doing this, the Viability Update (**INF02**) and Viability Statement (**INF03**) have provided proportionate evidence, using only appropriate available evidence, in accordance with the NPPF⁵, to demonstrate that the cumulative impact of policy requirements do not put implementation of the plan at serious risk, and will facilitate development throughout the economic cycle. The Council is therefore satisfied, through this robust assessment, that the infrastructure required to support planned development will be delivered in a timely fashion.

Infrastructure Delivery Plan

7. The Submission Infrastructure Delivery Plan (IDP) (**CSD10**) provides the known identified infrastructure costs of the proposed site allocations in the Part 2 plan. This has been informed by engagement with landowners and/or developers, and infrastructure providers ensuring the costs are based on appropriate and proportionate evidence, in accordance with the PPG⁶. Table 2 below provides a summary of the identified infrastructure costs associated with each of the larger sites (200 plus dwellings) and provides an infrastructure cost per dwelling.

² National Planning Policy Framework 2012, paragraph 173

³ National Planning Policy Framework 2012, paragraph 173

⁴ Table 4.5 Residual Value compared to Viability Thresholds, Full Policy Requirements with varied Developer Contributions – NEW SITES

⁵ National Planning Policy Framework 2012, paragraph 174

⁶ Planning Practice Guidance, Reference 10-006-20180724

Table 1: Residual Value compared to Viability Thresholds, Full Policy Requirements with varied Developer Contributions – NEW SITES

			Alternative Use Value	Viability Threshold	Residual Value												
			£/ha	£/ha	£0	£2,500	£5,000	£7,500	£10,000	£12,500	£15,000	£17,500	£20,000	£22,500	£25,000	£27,500	£30,000
HASC_A	Harwell Campus	Higher Rural	750,000	900,000	1,801,778	1,746,609	1,691,441	1,636,273	1,581,104	1,525,936	1,470,768	1,415,599	1,360,431	1,305,263	1,250,094	1,194,028	1,137,770
GROV_A	North West of Grove	Lower Main Settlement	20,000	374,000	887,818	837,715	787,612	737,510	686,487	635,246	584,005	532,764	481,524	430,283	379,042	327,801	276,560
SHIP_A	Dalton Barracks	Higher Rural	400,000	480,000	1,018,481	987,094	955,707	924,226	892,403	860,579	828,756	796,932	765,109	733,285	701,239	668,897	636,554
KBAG_A	East of Kingston Bagpuize	Higher Rural	20,000	374,000	1,420,903	1,377,800	1,334,697	1,291,437	1,247,552	1,203,667	1,159,782	1,115,897	1,072,012	1,028,127	984,242	940,358	896,473
MRCH_A	North East of Marcham	Higher Rural	20,000	374,000	1,427,232	1,384,055	1,340,877	1,297,699	1,254,521	1,211,343	1,168,165	1,124,987	1,081,809	1,038,632	995,454	952,276	908,873

Table 2: Infrastructure Costs identified in the Submission Infrastructure Delivery Plan (Feb 2018)

Infrastructure Costs	Harwell Campus (1,000 dws)	Dalton Barracks (1,200 dws)	East of Kingston Bagpuize (600 dws)	NW Grove (400 dws)
Transport infrastructure improvements	£2.5 mil + £3 mil+ TBC (junction improvements)	£4.5 mil + £2.5 mil + TBC (junction improvements)	6 mil + 2 mil + TBC (junction improvements)8000	£1.5 mil + £2mil + TBC (junction improvements)
Primary School	£9,166,000	£10,952,000	£7,212,015	TBC
SEN/Secondary School Contributions	TBC	TBC	TBC	TBC
Healthcare contributions	£1,008,000	£1,209,600	604,800	£403,200
Emergency Services	£50,660	£160,745	N/A	N/A
Outdoor Sport and Recreation	£15,400 + £93,000 + £66,850 + £313,933	£18,200 + £112,000 + £85,950 + £377,400	£9,800 + £56,000 + £38,200 + £188,133	£5,600 + £37,000 + £28,650 + £125,800
Community Facilities	£434,518	£521,058	£260,529	£174,110
Indoor Sports	£493,500 + £91,293 + £367,200 + £67,291 + £24,000	£585,150 + £109,552 + £440,640 + £81,458 + £29,000	£296,100 +£54,776 + £220,320 + £38,958 + £14,000	£197,400 + £36,517 + £146,610 + £26,920 + £7,000
GI / Open Space <i>Designated Equipped Playing Space TBC</i>	£1,335,038 + £276,276 + £21,935	£1,594,629 + £2,161,860 + £26,212	£797,315 + £260,735 + £13,024	£531,790 + £212,712 + £8,682
Country Park	N/A	£4,004,371	N/A	N/A
Utilities	TBC	TBC	TBC	TBC
Flood Risk	TBC	TBC	TBC	TBC
Total Infrastructure Costs*	£19,324,894	£29,469,825	£18,064,705	£5,441,991
Total Infrastructure Cost per Dwelling*	£19,324	£24,558	£30,107	£13,604

**the costs reflect the top end of the range representing a cautious approach*