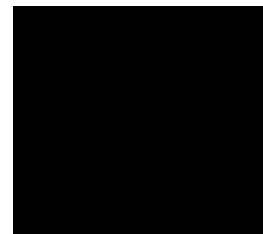


13 March 2024  
Wimblebury Road, Cannock - Viability 13.03.24



Planning Policy Team  
Cannock Chase Council

By Email Only



savills.com

Dear Sir / Madam

### **Cannock Chase District Local Plan Pre-Submission (Regulation 19) – Wimblebury Road (SH2)**

Savills has been appointed by Taylor Wimpey to support viability matters for their site at Wimblebury Road, which is identified in the emerging Cannock Local Plan as SH2. We have reviewed the pre-submission draft, and have the following comments in relation to viability matters.

#### **Changes in the Market**

The PPG states at 10-002-20190509 that “*the role for viability assessment is primarily at the plan making stage*”. We note that the evidence prepared for the Local Plan “Local Plan and CIL Viability Assessment” has been undertaken by Aspinall Verdi in August 2022. Notwithstanding the time lapse since the work was undertaken, there have been fundamental market shifts that have not been captured by the viability work, and therefore do not reflect the challenges facing the development market. Key to these are:

- The September 2022 “mini budget” that destabilised the UK economy, and led to the resignation of the UK Prime Minister and Chancellor
- Interest rates at 1.75% in August 2022 – these are now at 5.25%
- Housing transactions in 2023 were 19% lower than those in 2022.
- National house price fall of 2.03% from August 2022 to December 2023
- BCIS all in tender price index continued increase of 4.85% from August 2022 to Q1 2024.

While we understand that any viability assessment is taken at a point in time, the extent of the challenges faced by the development market were unknown at the point of the study, and we do not feel the sensitivity testing of the results was able to fully gauge the economic climate that we now operate in. It is thus unclear as to if the viability appraisal sufficiently reflects the likely costs of development (including policy costs), and is therefore not considered to be soundly based. .

#### **Financial Contribution Formula**

Policy SO3.2 states that “*where delivery on site is not feasible or viable, sites of 10-14 residential units and exceptionally on sites of 15 or more units, financial contributions instead of on site provision may be accepted. Financial contribution will be based on a formula in the evidence on viability (Local Plan Viability Assessment 2022 or successor document) which enables delivery on other sites and as calculated by the Council’s Valuer.*”

However, in our review of the Aspinall Verdi work, we have not found reference to this formula, and therefore question if it has been tested. Without such evidence (or alternative evidence) this policy criteria is not justified and so is not soundly based.

Offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

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## Viability Review Mechanism

Policy SO3.2 also states, “*where sites have a construction programme which is proposed to extend beyond 2 years, the planning obligation will provide for the affordable housing component of later phases to be reviewed based on updated viability evidence which may result in an increase of the affordable housing requirement*”.

However, whilst there may not be an objection to a viability review mechanism, clear guidance as to how this will be carried out so not to delay or obstruct the wider development programme is not provided in either the draft Local Plan or the Aspinall Verdi Viability Assessment. This renders the mechanism without sufficient detail in the Plan as to how it will be applied at the planning application stage. On this basis, the draft policy criteria is not effective (lack of clarity) and so is not soundly based.

## Viability Testing of Strategic Site SH2

In relation specifically to Strategic Site SH2, we note that there is no specific testing of this strategic site (nor other strategic sites) in the Aspinall Verdi Viability Assessment. There are site typologies of larger sites in excess of 200 units, but that these are not formally identified as strategic sites. The PPG is clear that strategic sites should be assessed for viability in plan making, stating at 10-005-20180724 that “*It is important to consider the specific circumstances of strategic sites*”.

Strategic sites require significant infrastructure to unlock development. Page 10 of the Aspinall Verdi work suggests that the strategic sites have been tested separately in an addendum report, which has not been published on the Council’s website as part of the evidence base. We have raised this with the Council, who advised us that this work was not intended to be publicly available due to sensitive information. However, without the release of this information, we are unable to fully comment on the viability testing of SH2. We have carried out our own viability assessment of the site that shows that the site is deliverable under key assumptions, but is also highly sensitive to the provision of infrastructure and cost. We therefore request the release of this information in order to fully interrogate the planning obligations and infrastructure that the Council believe the site can accommodate. In our experience, strategic sites can have an infrastructure burden of over £50,000 per dwelling, whereas “typical” developments may not. This has a significant impact on the scheme’s viability, which could undermine the deliverability of the site specific policy, contrary to paragraph 34 of the NPPF (2023).

In addition, there are some contradictions within the Council’s evidence base on the treatment of strategic sites. For example, at page 19 of the Aspinall Verdi report it suggests that the strategic sites “*mitigate their own harm through s106 and not contribute through CIL (£0 per sq m zone(s))*”. However, currently the site is within a CIL zone (with a £40 per sq m + indexing charge), which would have a significant impact on the ability of the site to be able to deliver the full range of expected s106 or affordable housing contributions.

We also note that the typologies that are tested, are done so at 20% affordable housing, not the 35% that the policy would require on the site (as SH2 is in a 35% affordable housing zone). Whilst the results show that there is capacity for the site to take more affordable housing, it is unclear as to if 35% affordable was tested. Particularly for a strategic site, where the infrastructure burden is higher. We therefore request that the viability addendum referred to is released, in order to truly establish if the site is deliverable and viable.

## Proposed Modifications

We recommend the following modifications are made to the Plan to make it sound:

At SO3.2 the reference to the financial contribution formula should be removed as this has not been provided and therefore is unable to be tested:

*Where delivery on site is not feasible or viable, sites of 10-14 residential units and exceptionally on sites of 15 or more units, financial contributions instead of on site provision may be accepted. ~~Financial contribution will~~*

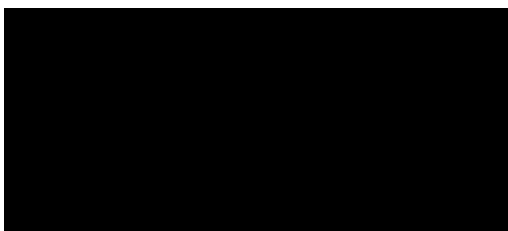
~~be based on a formula in the evidence on viability (Local Plan Viability Assessment 2022 or successor document) which enables delivery on other sites and as calculated by the Council's Valuer.~~

At SO3.2, we consider that greater flexibility should be incorporated into the policy with regard the provision of affordable housing to reflect market dynamics and that site dynamics and circumstances may change over time following the adoption of the Local Plan. We suggest that wording should include "subject to viability" at this point:

*A mix of housing sizes, types and tenure appropriate to the area and as supported by local evidence should be provided, to ensure that there is a range of housing to meet the needs of existing and future residents. All phases of development should require the percentage of affordable housing required by this police, **subject to viability** or unless otherwise agreed by the Council.*

To this end, we would welcome the opportunity to attend the Examination to ensure our comments on viability are addressed.

Yours sincerely



Sarah Gregory  
Director